

Benchmarking Study on Existing Startup Incubation and Acceleration Programs in Armenia

Collaborate for Impact project, 2022

European Venture Philanthropy Association



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1. Background

This benchmarking analysis of the incubation and acceleration programs in Armenia has been conducted as part of the project titled “Collaborate for Impact: Development of Social Entrepreneurship and Social Investments towards Economic and Social Cohesion in the Eastern Partnership and Russia”, funded by the European Union. Implementation of the project, planned from 2020 to 2025 is being led by the European Venture Philanthropy Association (EVPA), in collaboration with partner organizations in the region’s countries: Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine and Russia. The project partner for Armenia, which is the focus of this analysis, is Impact Hub Yerevan.

The project activities in Armenia include the development of an incubation or acceleration program as well as a venture philanthropy fund. These would serve to support the existing social entrepreneurship ecosystem in the country and are expected to remain operational beyond the date of the project’s scheduled closure in 2025.

This benchmarking analysis provides an overview of relevant incubation and acceleration programs that are ongoing in Armenia, including but not limited to those that work with social enterprises or businesses with impact. The objective of this is to provide EVPA and Impact Hub Yerevan with a better understanding on how to have the most impact on the social entrepreneurship ecosystem in the country through the Collaborate for Impact project. More specifically, the analysis will provide insights on whether the current gaps in the ecosystem suggest a greater need for social enterprise incubation or acceleration, as well as provide some recommendations on what to consider when developing the program.

2. Scope and methodology

This document was developed through desk research involving two main documents (see *Introduction*) and interviews with ten organizations and one independent expert (see *Appendix 2* for a list of the interviewees). The document was prepared in January 2022.

While the activities of the Collaborate for Impact project (including the planned incubator/accelerator in Armenia) are focused on social entrepreneurship, this analysis has not limited itself to that sector. Interviewees included organizations that were running incubation or acceleration projects for commercial businesses as well. However, inputs were not sought from incubators or accelerators that worked purely with informational technology (IT) companies, because many elements of how incubation and acceleration are carried out in the technology sector are not relevant to the purpose of this analysis. Additionally, there have been incubation projects that existed in Armenia in the past but are no longer operational. This analysis has only focused on incubators or accelerators that are currently implementing their activities in Armenia. Thus, the scope of gathered data has been limited to currently ongoing, non-tech small business incubators and accelerators, including, but not limited to, social enterprises.

3. Introduction

This section aims to lay the foundation for the analysis of existing incubation and acceleration programs in Armenia as well as for the recommendations that are presented at the end of this document.

The first point that must be clarified for anyone reading this document is the difference between **incubation** and **acceleration**. These two terms are sometimes used inconsistently, and it is important to define their meaning within the scope of this analysis. Based on the report titled [Enablers of Impact](#), published by EVPA and MAZE in March 2020, the difference between the two terms lies in how they are positioned according to:

- 1) the type of support they provide and
- 2) the maturity of the organizations with whom they work.

Incubators work with less mature organizations and provide more non-financial support, with perhaps an opportunity for seed funding for some graduates of the program.

Accelerators work with more mature organizations and focus both on financial and non-financial support.

The *Enablers of Impact* report also distinguishes another category – **investment readiness programs**. These are considered very similar to accelerators, with the key difference that the main focus is on ensuring repayable forms of finance at the end of the program.

Within the scope of this analysis, we will distinguish only between incubators and accelerators, with “investment readiness” considered to be a part of acceleration, though not the exclusive focus.

According to research cited in [Startup Accelerator Programmes: A Practice Guide](#), published by NESTA in 2014, most accelerators share the following characteristics:

- An application process that is open to all, yet highly competitive
- Provision of investment (around 10,000-50,000 GBP), usually in exchange for equity
- A focus on small teams, not individual founders
- Time-limited support, usually between three to six months, comprising programmed events and intensive mentoring.
- Cohorts or “classes” of startups, rather than individual companies.

The publication goes on to clarify that accelerator programs are *not* the same thing as angel networks, business competitions, coworking spaces, entrepreneurship courses, hackathons, maker/hacker spaces, mentoring schemes, seed funds, or social venture academies.

In simpler terms, incubators focus more on individual entrepreneurs and take them from the idea stage to the ready-for-market stage. Most incubator residents are not already selling their products or services on the market and use the incubation program to get a good understanding of where to begin. Acceleration programs, on the other hand, focus on taking an operational enterprise from a certain level of revenue (and impact, in case of social enterprises) to a higher level – scaling up both the business and the impact of the company.

4. Incubation and Acceleration Programs in Armenia

This section outlines each of the organizations interviewed in Armenia and provides an overview of the incubation or acceleration program they are implementing. The differences and similarities between these programs are then summarized in a table in Appendix 1.

In general, the programs considered were of two kinds – they were either **recurring/institutional incubation or acceleration programs** that had a dedicated budget, or they were **project-based programs** that served as the component to a larger, time-bound initiative.

For example, the Women’s Entrepreneurship program run by the Armenian General Benevolent Union (AGBU), the Entrepreneurship and Product Innovation Center (EPIC) at the American University of Armenia (AUA), and the Zartir and ACBA fellowships at Impact Hub Yerevan are recurring or institutional programs. They have been implemented for several years and there is no set end date after which they will stop accepting new cohorts. In contrast, the incubation and accelerations programs implemented by Development Principles and Green Lane, were time-bound and scheduled to close in 2022, since both were part of separate EU4Youth programs that are drawing to a close – Social Entrepreneurship in Armenia and Georgia (SEAG) and Social Entrepreneurship Ecosystem Development (SEED) respectively.

The next few sub-sections will describe these incubation and acceleration programs in greater detail.

4.1 Recurring/institutional programs

[Women’s Entrepreneurship \(W.E.\) Program \(AGBU\)](#)

Participant profile

This program was launched in 2017 and focuses on empowering women to found and successfully run businesses across the country. Since the launch of the program, more than 100 women have participated. The only requirement for participation is that the applicant is an adult woman living anywhere in Armenia with either:

- a) a business idea, in which case they may be included in the “startup” segment of the program, or
- b) a functional business, in which case they are considered for the “scale-up” segment.

The age range of participants is quite broad, with several participants also beyond the age of 60 years. The program covers the whole of the country and half the participants from recent cohorts are from outside the capital.

“Startups” usually participate as individuals and only register their businesses at the end of the incubation program. “Scale-ups” are usually represented by an individual but may also involve other team members and may or may not be legally registered. In both cases, the AGBU program encourages official registration of the business, and this is a pre-requisite to be considered for the financial support being offered.

Program duration and content

The program for both “startups” and “scale-ups” is 6 months, with the educational content consisting of 3 months and differing between the two groups only in their depth, not much in the topics covered. Both groups cover topics like the business model canvas, business strategy, market positioning, and so on. But the “scale-ups” receive more in-depth content on topics such as financial management, human resource management, etc.

After the educational content has been delivered, the remaining 3 months is used to deliver mentoring and expert support to the participants. Mentors consist of individuals involved in another program by the same organization, called the AGBU Mentoring Program, which brings experienced Diaspora Armenians in contact with the entrepreneurs. Mentor-entrepreneur matching takes place with a consideration for the entrepreneur’s needs, but is limited to the AGBU Diaspora pool. Additionally, the program may bring experts to help the entrepreneurs on technical/specific topics, e.g., chocolate making for an entrepreneur who makes and sells chocolate.

Other non-financial support also includes opportunities for networking, although this is mostly limited to contact between the participants themselves as well as alumnae of previous cohorts. There are some cases of meetings with local businesses but the main purpose of these is for inspiration, rather than business-to-business partnerships. The AGBU team also informs participants of external opportunities that may be of interest, such as business expos. In some cases, AGBU shares costs for participation in expos, but the entrepreneur must then calculate the return on investment from that participation.

Financial support

Participants receive “grades” during the incubation program and are invited to pitch their businesses at the end of the 6-month period. Based on their pitches and grades, the top three “startups” and “scale-ups” are provided with a cash prize. Startups get up to 2 million AMD (around 3,660 EUR), while the prizes for scale-ups go up to 2.4 million AMD (around 4,390 EUR).

Participant profile

EPIC was launched in 2017 within the American University of Armenia (AUA). With program delivery two times a year, nine cohorts have completed the program since its launch, which translates to more than 180 entrepreneurs and 72 startups.

Until 2020, EPIC only accepted applications that included either an AUA student or graduate in the team. The criteria are broader now and anyone can apply. However, EPIC is different from all other such programs in Armenia in that it is run only in English. This, in itself, means that its pool of applicants is relatively small compared to some of the other programs, and their residents and graduates are not fully representative of the whole country.

Applicants join as teams with a startup idea. In most cases, this is something they are doing as a side interest, most applicants are either employed or full-time students.

Program duration and content

The program duration is 15 weeks and consists of both instructor-led sessions as well as workshops. Participants are invited to “fireside chats” where they connect with each other and share their own experiences as entrepreneurs. There are also “entrepreneurship hack nights” when successful entrepreneurs from outside the program present their own stories for inspiration. Additionally, successful entrepreneurs are also involved in a program component called “hard talk”, where they challenge the ideas presented by the startups or their plans to implement them.

Early in the program, each team is provided with two mentors. Mentors are selected such that they are strong in a weak area of the team, e.g., a team of engineers is given a mentor strong on the business side. Mentors are selected through a mentor-matching event where the entrepreneurs and potential mentors meet and the EPIC team matches them based on preferences on both sides. Besides mentors, there is also a broad pool of experts that can provide short-term support for the startups on specific topics.

The program content focuses on teambuilding, developing an entrepreneurial mindset, and prototyping their business ideas. The aim is to get the entrepreneurs to idea validation.

Non-financial support at EPIC also includes access to the University’s Prototyping Laboratory (with engineering equipment, for hardware startups) and Legal Clinic (offering pro bono legal support given by AUA alumni).

Financial support

Every summer, EPIC residents are considered for two available prizes – the Pre-Seed Award and the Innovator Award. The former ranges from 2000-3000 USD, while the latter is for 1000-2000 USD. Since 2017, 18 startups in total have received one of these two awards.

Participant profile

These are two fellowship programs that were founded within one year of each other at Impact Hub Yerevan and are similar in many respects.

The ACBA Fellowship Program was founded in collaboration with ACBA Federation (majority shareholder of ACBA-Credit Agricole Bank Armenia) and has been running since 2017, i.e., five rounds of incubation. It focuses on startups that have business ideas mostly related to agricultural development, with some also on waste management. Around 50 teams have completed this fellowship program since its inception.

The Zartir Fellowship Program is supported by the Whitt Family Foundation and has been running since 2018, i.e., four rounds of incubation. It focuses on individuals and startups that have ideas related to solving social problems in the country (and may also include non-profit, non-business initiatives). There have been around 40 graduates from this program since it was launched.

Program duration and content

The fellowship programs at Impact Hub Yerevan are not classic incubation or acceleration programs in the sense that there are much more loosely and flexibly planned. The programs last 1 year and are, essentially, a sponsored opportunity to avail of all Impact Hub resources (co-working space, events, etc.) during that period. There are a few workshops focusing on topics like marketing, social media marketing, idea validation, financial management, proposal writing etc. but the fellowship process does not take the participant through a path of business modeling or idea validation like most other incubators. Participants are encouraged to map their own paths and use the Hub as a resource to achieve their goals. For example, a total of 13 workshops were organized within the fellowship programs in 2021. There are one-on-one meetings every 2 or 3 months to chart the progress of the participant and see what they need.

The fellowships are open to anyone – individuals, NGOs, and registered businesses.

Non-financial support includes opportunities for networking, such as gatherings with other alumni from the same program or general events at Impact Hub Yerevan. Mentorship is extremely limited – 2 hours for the whole duration of the ACBA Fellowship Program; no mentorship for the Zartir Fellowship Program. While mentorship embedded into the program is limited, the participants have potential access to everyone at Impact Hub Yerevan (including members located within and beyond Armenia), which can be arranged upon request. But the initiative for this must come from the participants.

Financial support

Since their launch, there has not been any financial support planned as part of the fellowships. In 2022, an award opportunity was added for the first time for ACBA fellows – one participant will receive 2000 USD. While Zartir fellows do not have the opportunity to compete for financial awards, the Whitt Family Foundation follows their progress and, on more than one occasion, has offered financial support to fellows that they considered to have high potential

Participant profile

This is a program that has been functioning for three years as a partnership between Prague Civil Society Centre and Impact Hub Yerevan. In May 2019, Prague Civil Society Centre offered grants to civil society organizations that wanted to launch social enterprises to secure financial sustainability for their core activities. However, the quality of applications received was not satisfactory and so the organization turned to Impact Hub Yerevan to design and deliver a program that would “incubate” those ideas and allow the civil society organizations to submit higher-quality applications.

Sustainability through Social Entrepreneurship has involved more than 45 social enterprises over the three years (2019-2021) that it has run so far. Participants are registered civil society organizations (mostly NGOs) that are represented during the program by up to two people. The participant organizations come from all over the country and their experience covers a broad range of topics as well as years of existence.

Each applicant organization comes with an idea for a social enterprise. In some cases, the organizations already have existing social enterprises, or a product/service prototype, but most of them are at the idea stage.

Program duration and content

The incubation program lasts for around 8 weeks with 4-5 weeks of workshops, followed by 3-4 weeks of mentorship and application writing. The workshops cover topics such as impact modeling, basic business strategy, the business model canvas, and financial management. After the workshops have been delivered, each participating team is matched with a mentor (each mentor supports 2-4 teams), who helps them submit a full application to the Prague Civil Society Centre. The applications are considered for grants, but there have been cases that a participating team has gone on to implement the social enterprise idea even after failing to get the grant.

There are no non-financial support elements in this program except for the educational content provided and mentoring. In the three iterations that have been delivered so far, there have not been any additional networking opportunities or any other components designed into the program.

Financial support

Every year, several of the participating teams get a grant of up to 15,000 EUR to implement their social entrepreneurship ideas. The number of funded teams is not decided in advance, and the budgets are sometimes negotiated and reduced if the Prague Civil Society Centre evaluation committee recommends this. In total, more than 10 civil society organizations have received funding through this program so far.

Participant profile

The School of Social Entrepreneurs was founded in 2018 and by an individual, Gohar Mkoyan, who is an instructor at the Armenian State Pedagogical University. During its first year, it was a series of free lectures at the University, after which it was developed as a separate program that had no relationship with the University.

The School of Social Entrepreneurs is different from all the other programs mentioned in this document in that it is a *paid* program, i.e., it is not free for participants. There are a few discounts or scholarships, such as for individuals with disabilities.

In 2019, 60 people participated in the program, each paying a fee of 47,000 AMD (around 86 EUR). In 2020, the fee was increased to 180,000 AMD (around 329 EUR) and 46 people were enrolled. Once the COVID-19 pandemic broke out and the sessions moved online, the fee was discounted to 120,000 AMD (around 219 EUR). In 2021, the fee was increased further to 300,000 AMD (around 548 EUR); 40 people were enrolled and 30 completed the program. The expected fee for the 2022 cohort will be 349,000 AMD (638 EUR). Flexible payment solutions are offered, such as paying in instalments.

The criteria for participants are quite flexible – adults from anywhere in Armenia can apply. They usually have a business idea or a social problem in mind, but even this is not a pre-requisite.

Program duration and content

The program is delivered over a period of 3.5-4 months. Topics include business idea generation, the business model canvas, marketing, business ethics, communication skills, entrepreneurial mindset, business culture, and finance. While the name of the program suggests that it is focused on social entrepreneurship, the founder admits that only around one-third of the businesses that have been created fit this profile. Overall, around 30 businesses have come out of the School for Social Entrepreneurs, although at least 20 of them are not yet fully financially viable.

Other non-financial support to the participants includes mentoring and one-on-one consultations with the participants.

Financial support

The School of Social Entrepreneurs offers grants to a small number of graduates. In 2019, this consisted of a total of 500,000 AMD (around 914 EUR) but it has increased to 1 million AMD (around 1,828 EUR) in 2021. While being an incorporated legal entity is not a pre-requisite to join the program, the grant is only given to a participant once there is a registered legal entity.

Participant profile

ImpactAim was set up by the United Nations Development Programme (UNDP) in Armenia to support early-stage and established start-ups that address identified gaps of achieving the Sustainable Development Goals (SDGs). It was launched in 2017-18 and has run 6 accelerator programs since its inception. Most of these programs have focused on a target sustainable development goal (SDG e.g., gender equality, smart cities, etc.). Only the first iteration had a mixed cohort where each venture focused on a different SDG.

These 6 acceleration cohorts have involved more than 27 ventures. The uniqueness of the ImpactAim approach is that there is no geographical limitation. When the SDG focus of the accelerator program is announced for the given cohort, applications are accepted from all over the world. It is assumed that there might be teams in Asia or Africa that have solutions relevant to the SDG that could also be applicable in Armenia, while there is also the possibility that Armenian teams have solutions that could be applied in other parts of the world.

All applicants must be existing companies, individuals or teams cannot apply with only an idea. In most cases, the ventures offer technological solutions that address the SDG, although this is not formally a pre-requisite.

In 2022, this accelerator is redefining its scope and activities. They are planning a new flagship program that will work in partnership with the Government of Armenia and will focus on the becoming an accelerator for career growth and entrepreneurship among women. The new program is currently being planned and is not expected to be rolled out before mid-2022.

Program duration and content

The duration of the program varies and can last up to 6 months. There are usually three components to the program that any cohort experiences:

- 1) business specific knowledge (such as product development, customer acquisition) that is delivered to all participants, but modified based on a previously conducted needs assessment,
- 2) impact measurement support, using a UNDP tool that verifies the SDG-alignment of the offered solution, and
- 3) technological review of the startup solution, which helps determine the gaps in the proposed solution, how to improve the engineering, and so on.

Importantly, ImpactAim does not have in-house delivery of the acceleration content and delivery, which is why it varies. This service has been outsourced to partner organizations such as the Foundation for Armenian Science and Technology (FAST), the Agrarian University, International Science and Technology Center (ISTC) for various cohorts.

The approach has varied from cohort to cohort, with non-financial support in some cases including participation in expositions and other international networking events as well as other activities aimed at securing a “soft landing” for internationalization.

In addition to these acceleration cohorts, ImpactAim also implemented other educational activities as part of its efforts to achieve SDG 5: Gender Equality. They worked with women in three different age groups (girls up to 10-12 years old, those up to 20 years old, and women above 20) to teach them basic technological skills, advanced technological skills as well as the basic of entrepreneurship. This was not considered an incubation or acceleration program by the organization, but as an additional activity.

Financial support

Participation in the ImpactAim accelerator does not assume the opportunity to compete for prize money at the end of the program. However, UNDP has a partnership with Granatus Ventures, a venture capital company in Armenia, through which a Tech4SDGs Fund was created (currently at 20 million USD, with plans to double in the coming years). Graduates of the ImpactAim accelerator are referred to Granatus Ventures, who may choose to provide them with financial support.

4.2 Project-based programs

This sub-section examines the incubation or acceleration activities occurring as part of a specific project.

[IRIS Business Incubator](#)

Participant profile

This incubator is an exception to the rest in the sense that it is not time-bound – it was founded in 2019 by Armenian Caritas NGO and the SME Cooperation Association within the framework of the *Increased Resilience of Syrian Armenians and Host Population* (IRIS) project funded by the EU Regional Trust Fund in Response to the Syrian Crisis (‘MADAD’ Fund), Austrian Development Cooperation and Austrian Red Cross. However, after this project ends in 2022, the IRIS Business Incubator will continue operating and already has a partnership with the *EU for Increasing Migrants’ Potential to Act for Development of Armenia (EU4IMPACT)* project led by the International Centre for Migration Policy Development (ICMPD). This project will last till mid-2024 and is expected to include five rounds of incubation.

When it was initially founded as part of the IRIS project, the incubator had a broad target range – any adult in the Republic of Armenia could apply, although the outreach was organized in a way to also particularly target Syrian-Armenians that had relocated to Armenia in recent years. With the ICMPD project, the target group focuses on Armenian citizens that are currently migrants abroad as well as those that have recently returned or their family members in Armenia.

There were three calls for applications as part of the IRIS project, with approximately 600 applicants each time and around 160 invited residents. Of these, the final number that would be admitted to the incubation process would be 70-80 people. Most participants were individuals, not teams. As a result of each call, three categories of participants were identified:

- 1) self-employed or individual-run businesses,
- 2) startups (consisting of slightly larger businesses, in some cases with up to 3 years of experience),
- 3) small businesses with more than 3 years of experience as an operational enterprise.

The third group constituted only around 10% of the total and, as admitted by the incubator team, did not really need the IRIS incubator for their development, they could have learned the same material from paid providers in the market.

Program duration and content

Delivery of the educational content was organized over a 2.5-3-month period. The content delivered to the first group above (self-employed or individual-run businesses) was different from the other two. It was much lighter on financial management and had no elements of human resource management. In all cases, educational material focused on idea validation as well as on all the topics within a typical business plan.

Other non-financial support included networking opportunities that were designed as community events with an expert speaking on a specific topic. The IRIS team also shared other external opportunities with their residents, such as expos and other relevant events. There were one or two meetings with investors, but this was not part of the original program and happened on a spontaneous basis. No meetings or matchmaking events were organized with larger commercial businesses.

IRIS Business Incubator is also planning an acceleration program for the future, but there are no details on this yet.

Financial support

The European Union had made 1.2 million EUR available overall as support to third parties in this project, which was disbursed by the project both as grants and as loans through a financial partner. On average, a participant from the first group (self-employed or individual-run businesses) could expect to receive a grant of around 3,500 EUR, while those in the startup or more experienced group could receive a grant/loan combination (usually split 50-50) of up to 13,000 EUR. A total of 152 businesses received funding as part of this project.

[*Social Entrepreneurship in Armenia and Georgia, SEAG \(Development Principles\)*](#)

Participant profile

This is an EU4Youth cross-border project involving Armenia and Georgia, with the Armenian component implemented by Development Principles NGO. It was launched in February 2020 and will end in July 2022. The project targeted young people in the three northern regions of Armenia (Shirak, Lori, Tavush) and had set a target for the incubation and creation of 12 social enterprises. At the end of the project, this number is expected to be around 25, thus exceeding the initial target.

The project received applications from both individuals with new business ideas as well as a few existing social enterprises. In the case of the existing enterprises, the applications were for a new line of business, not for the growth or expansion of their existing operations.

Program duration and content

The educational content of the program was delivered over a period of 3 months. It took the participants from the basic concepts of social entrepreneurship through the development of their business idea using the business model canvas and other tools. Social media marketing, fundraising and other topics were also included in the content. Participants were connected to mentors as they developed and implemented their business ideas. These were generalist mentors, not experts in a specific topic. But visits had been organized by experts to beneficiary sites in order to support with specific topics, when needed. The project did not include and does not plan to organize any matchmaking or networking events with commercial businesses.

Non-financial support in this project includes a planned study visit to Romania, so that social entrepreneurs from Armenia and Georgia can learn from the experience of social businesses in an Eastern European country.

Financial support

The total funding to third parties envisaged in this project is 240,000 EUR, which includes savings from COVID-related cancelled travel and other events. The amount provided to each social entrepreneur has ranged from 2 to 7 million AMD (3,650-15,300 EUR) and has been provided only in the form of grants.

Social Entrepreneurship Ecosystem Development, SEED (Green Lane)

Participant profile

This is an EU4Youth cross-border project involving Armenia and Georgia, with the Armenian component implemented by Green Lane NGO. It was launched in October 2019 and will end in October 2022. The project targeted young people in the three northern regions of Armenia (Shirak, Lori, Tavush). The project outsourced the delivery of its incubation content to a service provider and launched a call for applications in 2021. They received 57 applications, selected 25 participants, and funded 14 of them. Green Lane as an organization focuses mostly on agricultural development, and a large part of the participants in this program were also focused on agricultural solutions, though this was not a pre-requisite for selection.

Program duration and content

The incubator delivered educational content over a period of 3 weeks. Most of the 25 participants were individuals with first-time involvement in agriculture, but some already applied with operational businesses. In all cases, the content delivered was the same and took the participants from ideation to idea validation.

Non-financial support to the participants included mentoring, which was limited to the three-week incubation period. There was limited networking with a few other established social enterprises in Armenia, but no plans for meetings with commercial businesses.

Additionally, Green Lane runs an annual marketplace event called the Village Life Festival, and project beneficiaries had the opportunity to sell their products at this event to the thousands of people that visited.

Financial support

The total funding to third parties envisaged in this project is 100,000 EUR. The maximum amount provided to a social entrepreneur among the 14 funded applicants has been 10,000 EUR.

Khtan Incubator (KASA Foundation)

Participant profile

This is a program being implemented with the involvement of young people from the northern regions of Armenia (Shirak, Lori, Tavush) of Armenia, as well as the territory of Nagorno-Karabakh. A total of 170 applications were received, of which 55 were selected to participate in the incubator. The Khtan Incubator (*khtan* means “stimulus” in Armenian) program was designed to support young people displaced from the 2020 Nagorno-Karabakh War, after funding was left over from the money raised by KASA Foundation to provide relief to victims during the fighting.

The participant group is very broad and includes adults that have been impacted by the war as well as those that have not. Participants have applied as teams with a social business idea, although they do not have to participate in the training sessions as teams.

Program duration and content

The program consists of three face-to-face training sessions, each five days in duration, interspersed with online education (KASA Foundation developed a few online modules on social entrepreneurship several years ago). The overall duration of the program is expected to be 1 year, but some elements are still being designed on the go. There are plans for a mentoring component, for example, that have not yet fully materialized.

The program content started with ideation and then focused on the business aspects of the social enterprise idea. A focus on the social problem will be introduced later. The aim of the program is to get the participants to develop a minimum viable product (MVP) from their business ideas.

A few visits to other social enterprises will be organized as part of the program. No networking events with businesses are planned at this stage.

Financial support

The team is continuing to fundraise for this project as it is being implemented, both to cover the planned costs of the current year as well as to potentially consider having a new cycle of participants next year. If funding is secured, there are plans to provide participants with 1,000 EUR per developed MVP as well as a prize of 5,000-10,000 EUR for the winners of a pitching competition held among participants.

[Tourism Innovation Academy, TIA \(Tourism Support Center, GIZ Armenia\)](#)

Participant profile

This is part of the EU4Business *Innovative Tourism and Technology Development for Armenia (ITTD)*, led by GIZ Armenia. The project was launched in December 2020 and will end in December 2022. The Tourism Support Center was set up by Impact Hub Yerevan as an independent structure to implement the incubation, pre-acceleration, and acceleration programs of the ITTD project.

The project targets tourism businesses that have innovative ideas. In order to be eligible, the business idea must be located in at least one or all of the northern regions of Armenia (Shirak, Lori, Tavush). At the incubation stage, 143 applications were received, of which 45 were selected. Participants consisted of teams or individuals that had a business idea – in some cases, they were operational businesses with a new, innovative idea.

20 of the 45 incubated businesses were then included in the pre-acceleration stage, along with 30 more businesses selected through a second round of applications (but that had not been involved in the incubation stage).

The project plans to then move 20 of these 50 pre-accelerated businesses into the acceleration stage.

Program duration and content

The incubation program was delivered over 3 months and included workshops that took the participants through the basics of business strategy, business modeling (using the business model canvas), and idea validation. The incubation program also included networking events where the participants met with other stakeholders from the tourism industry, including state authorities and other businesses. Participants were also provided with mentors that were matched on a needs-basis and included both generalists and those with specialist knowledge in a particular area.

The pre-acceleration program will focus on product development and will be delivered from January 2022 over a period of 4 months. There will be more workshops and mentorship, including the opportunity this time to choose from a pool of mentors and work with several different ones.

The acceleration program has not yet been developed but the purpose is to secure investment readiness among the selected participants. It will be delivered in late 2022 and is expected to last 4 months.

Financial support

20 of the 45 incubated projects received grants of up to 32,000 EUR. Grants of similar size were also provided to the 30 projects that were selected in the second round and included with the 20 incubated businesses into the pre-acceleration round.

After the project ends in December 2022, GIZ Armenia has long-term plans to repeat this project with a new cohort of businesses, through the support of another donor. But these plans have not yet been confirmed.

In addition to the programs interviewed and outlined above, two others were also considered – ArtBox by Creative Armenia (another component under the EU4Business *Innovative Tourism and Technology Development for Armenia* project) and a program by the Enterprise Incubator Foundation, Granatus Ventures, and other partners titled *Investment Readiness Program for Businesses with Female Founders*. However, both programs have just launched and are still in early stages, so no detailed information could be provided on them.

4.3 Common points between existing programs

When it comes to how these programs measured success, there were two areas where most of them were similar:

Measurement of business success – all of the interviewed programs suggested that they measured the business success of their beneficiaries by simply considering whether the business is operational at the end of the incubation/acceleration period (including alumni of past iterations of the program). There were no specific key performance indicators (KPIs) on revenue or profit that the incubators/accelerators had set for the businesses (or the businesses for themselves) and simply the fact that they continued to exist on the market was considered sufficient. For the institutional/recurring programs, there were no measures of what percentage of their incubated alumni had reached the break-even point (or how soon they had reached it) and how their revenues or profitability had changed over the years.

Measurement of social impact – very few of the interviewed programs did any kind of measurement regarding the social impact of their beneficiaries. This is understandable for many of them given that they were not *social* business incubators, but even some of the institutional/recurring and project-based programs that were specifically looking to incubate social enterprises did not have an instrument or tool that they used to measure impact. In some cases, they would discuss impact with their beneficiaries and ask questions about achievements on that front, but this was done on an informal, non-systematic basis.

Appendix 1 summarizes the interviewed programs and compares them to each other on some points such as duration, content focus, target groups etc.

5. Recommendations for *Collaborate for Impact* project in Armenia

Based on discussions with representatives of the incubation/acceleration program listed above, as well as an expert in the field of startup incubation and acceleration, several recommendations can be brought forward and categorized as below.

5.1 General recommendation – incubation vs. acceleration

The area of startup incubation—whether the focus is on social enterprises or more commercial entities—is quite broadly addressed already and adding yet another incubator into the mix may not result in much added value for the field of social entrepreneurship in Armenia. Entrepreneurs with social business ideas also participate in some of the incubators with a broader focus, such as the W.E. Program at AGBU, or IRIS Incubator, so there is no lack of choice when it comes to a social entrepreneur’s pathway to bringing their idea to market. On the other hand, there is a gap when it comes to acceleration programs, specifically for social enterprises. By focusing on this area, Impact Hub Yerevan and the *Collaborate for Impact* project can truly add a new element to the social entrepreneurship ecosystem that is more in line with the project’s overall objective of contributing to a more favorable ecosystem for social entrepreneurship.

Additionally, given plans for the development of a venture philanthropy fund in Armenia as part of the *Collaborate for Impact* project, it makes sense to develop the acceleration program as an investment-readiness program, so that it develops a pipeline for the venture philanthropy fund to consider.

Recommendation 1 – focus on acceleration of social enterprises, not incubation. This means working with more mature social enterprises and supporting them in scaling up their impact and business success as well as becoming more investment-ready.

5.2 Recommendations on program content

The gaps revealed during the interviews suggest that an acceleration program for social enterprises in Armenia should consider the following points –

- Like many accelerator programs, the one developed within the *Collaborate for Impact* program should consist of a *general track* (workshops and events attended by all participants) as well as a *customized track* (mentoring, expert support, and activities individualized to a beneficiary’s needs).
 - The selection process for the acceleration cohort could include a “needs assessment” that will help determine the elements of the customized track.

- General track content should be developed with the following considerations –
 - **Social impact measurement continues to remain a weak area.** Any acceleration program for social enterprises, especially one focusing on investment readiness, should be able to prepare social enterprises for basic, but real social impact measurement and reporting. Impact investors would not consider putting money into a social enterprise without a clear understanding of how the enterprise is having an impact. Additionally, a social impact measurement plan and report for each accelerated enterprise, even as a brief document, could be a clear output for the given social enterprise that could serve them well for many years to come.
 - **Financial management and planning are not covered sufficiently.** Most of the interviewed incubator programs admitted that financial management and planning were relatively superficial, with a basic introduction on revenues and costs that would be sufficient for a person making their first steps into the world of entrepreneurship. An acceleration program would need to develop entrepreneurs’ knowledge and skills in this area in much greater depth.
 - Another area mentioned in the interviews is education on **specific business tools/software** that can make social enterprises more efficient and professional. Many social enterprises use basic spreadsheets at best while there are other solutions that could help them perform their everyday tasks more efficiently and collaboratively.
 - Other content that all social entrepreneurs access together should include general networking events (including meetings with commercial businesses that may not be targeted as customers) and peer-to-peer discussions. **Business-to-business** networking remains a weak point in existing programs and should be developed more solidly here. Business-to-business networking can be included both under general education as well as in the form of a customized activity based on the profile of a specific participating social enterprise.

- Customized track content should be developed with the following considerations –
 - Entrepreneurs often **need direct connects to potential customers**, especially on the business-to-business side. Good acceleration programs can facilitate meetings with targeted businesses that have the specific objective of expanding the beneficiary social enterprise’s market, or providing them key customer insights and feedback from real stakeholders. For example, a social enterprise can identify such potential customers at the beginning of the acceleration program and the program team can facilitate a connection with them during the duration of the program.

- Entrepreneurs can benefit from **participation in international expos and events** if this is relevant to their product or service, but acceleration programs that facilitate this process must plan in detail to get the most benefit from such travel opportunities. For example, it is usually not enough to simply participate in an exposition and display one's products there, a social business team of 2-3 people can also attend several meetings with potential customers and investors during their stay at the event, *if these meetings are planned and confirmed in advance*. A good accelerator program facilitates this process, especially for entrepreneurs that have no experience attending such events.
- Accelerators may also help entrepreneurs **fill talent gaps**, at least for the duration of the acceleration program. For example, a social entrepreneur that has a good quality product but bad branding can be provided with a branding expert or team that will develop a new look for them. This is done at the cost of the accelerator, although the enterprise and expert can choose to continue working together after the program, at the business' cost. Additionally, accelerators should provide entrepreneurs with **short-term experts** that are asked to solve a specific problem, e.g., understanding export regulations to a particular target market, or tackling a specific supply chain issue.
- Mentors are a key component of acceleration programs, but the matchmaking process **needs to meet specific needs identified by the social entrepreneurs and mentors together** at the beginning of the program.. Mentors should be clearly differentiated from the experts mentioned above in that they provide more general support and connect the entrepreneur to their own networks. The involvement of business coaches (i.e., individuals that work more on the entrepreneurs' motivation, wellness, leadership, etc.) can be considered. Additionally, mentors may themselves need to elicit and elaborate on certain needs, of which the entrepreneurs themselves may not always be aware.

Recommendation 2 – develop both general/shared educational content as well as program content that is customized to each social enterprise's need. General content relevant to all entrepreneurs should cover social impact measurement and reporting as well as financial management and planning, and digital tools. Customized content should include connections for the social entrepreneurs to real customers as well as experts to solve specific problems.

5.3 Recommendations on partnerships

The organizations interviewed focused mostly on incubation and had little to no experience on acceleration. They are therefore not suitable as partners on the content side. However, as incubators, they can help develop the pipeline for social enterprises that should be considered for admission into the acceleration program.

On the content side, partners should include organizations that have extensive experience in developing acceleration programs, such as Finance in Motion, other Impact Hubs, etc. It is important to clearly differentiate the accelerator being developed from other programs in the country in order to attract the right kind of social enterprises and get them to a stage that will be most useful both for the enterprise as well as the venture philanthropy fund being developed.

One recurring point that came up in many interviews is that social enterprises often go from one incubation program to the other. Given the likelihood that many will come to the acceleration program from these incubators, it is also worthwhile contacting the incubators for recommendations/comments on the applying enterprises, in cases when they are not well known.

Another potential area of partnerships is on business-to-business connections. Given that networking with other businesses is a weak point in existing incubator/accelerator programs in Armenia and would be a good component to include in the Impact Hub Yerevan accelerator, it is worth considering partnerships either with individual businesses, or with business associations such as the American Chamber of Commerce, Armenian-British Business Connect, or European Business Association. However, outreach to businesses that are not members of these organizations may require additional effort.

Recommendation 3 – work with existing incubators as pipeline-developers for admission to the accelerator program. Seek recommendations and comments from specific incubators on lesser-known applicants that apply to the acceleration program after being a beneficiary of that incubator.

Recommendation 4 – work with organizations experienced in acceleration programs on the content side, such as Finance in Motion, other Impact Hubs etc. Explore other possibilities for partnership on the content side.

Recommendation 5 – develop partnerships with business associations and specific businesses that can then be used for business-to-business networking as part of the general and customized acceleration program components.

5.4 Recommendations on duration and delivery

Accelerator programs tend to admit teams, not individuals. At the same time, several social enterprises in Armenia are operating as “one-man shows”, which makes them very unattractive for investors. The accelerator program being developed by Impact Hub Yerevan should focus on working with teams, thus also providing a clear message to solo social entrepreneurs that they cannot expect to grow beyond a certain point without a team. On delivery, the education component (including all of the general content and part of the customized one) should be implemented within 3-4 months, with a consideration for making the workload of the social enterprise reasonable. The remaining part of the customized content (especially external events such as expos etc. the dates of which cannot be controlled by the accelerator team) can be delivered over an additional 6-9 months. Thus, in total, each social enterprise will be supported as part of the acceleration program for a total of up to 12 months, where the bulk of the time will be spent on the customized program. Given the experience of the Hub of building a community of small businesses through its fellowship programs, the same approach can be used with this accelerator – alumni will join the Hub community, irrespective of whether they attract funding through the venture philanthropy fund after acceleration. Impact Hub Yerevan can show ongoing support to these alumni organizations by informing them of other available opportunities and offering continued mentorship, when available, while the alumni organizations will keep the Hub informed of their progress (including social impact reports), thus allowing a continued period of monitoring by the Hub.

Recommendation 6 – envisage support of social enterprises in the acceleration program for up to 12 months, if possible, with 3-4 months for the education component (including all of the general workshops and some of the customized content) as well as another 6-9 months for some of the customized content such as mentoring, participation in expos etc.

These recommendations are presented together as a single list in Appendix 4.

Appendix 1 – Summary of interviewed incubation and acceleration programs

Program name	Implementer	Program type	Target group	Edu. duration (months)	Financial support	Mentoring	Networking	Beneficiary no. (approx.)
<i>Recurring/institutional programs</i>								
W.E. Program	AGBU	Incubation	Women from all over Armenia	3	€€	✓✓	✓✓	100+
EPIC	AUA	Incubation	Anyone in Armenia	3.5-4	€	✓✓	✓✓	180
Zartir/ACBA fellowships	Impact Hub	Incubation	Social/agri. entrepreneurs	12	-	✓	✓	90
Sust. through Soc. Ent.	Impact Hub	Incubation	CSOs→SEs	2	€€€	✓	-	45+
School of Soc. Ent.	SSE	Incubation	Anyone in Armenia	3.5-4	€	✓	✓	130+
ImpactAim	UNDP	Acceleration	Any SDG-led company	6	-	✓	✓	27
<i>Project-based programs</i>								
IRIS BI	IRIS BI	Incubation	Current focus on migrants	2.5-3	€€€	✓	✓	160
SEAG	DP	Incubation	Northern regions	3	€€	✓	-	25
SEED	GL	Incubation	Northern regions	0.75	€€	✓	-	25
Khtan Incubator	KASA	Incubation	Northern regions and NK	12	€	✓	-	55
TIA	TSC	Incubation	Tourism in northern regions	3	€€€	✓	✓✓	45
		Pre-accel.		4		✓		50
		Acceleration		4		✓		20

Appendix 2 – List of interviewees

1. Jesus Lozano, startup incubation and acceleration expert, interviewed on 11 January 2022
2. Anahit Ghazanchyan and Anna Arakelyan, SEAG project (Development Principles NGO, interviewed on 12 January 2022
3. Lusine Verdyan, SEED project (Green Lane NGO), interviewed on 13 January 2022
4. Narine Terzyan, IRIS Incubator, interviewed on 13 January 2022
5. Gohar Mkoyan, School of Social Entrepreneurs, interviewed on 14 January 2022
6. Nejdeh Hovanesian, EPIC (AUA), interviewed on 17 January 2022
7. Areg Tadevosyan, Khtan Incubator (KASA Foundation), interviewed on 17 January 2022
8. Tatevik Manukyan and Astghik Hoveyan, W.E. Program (AGBU), interviewed on 18 January 2022
9. Tijay Jeghelian, TIA (Tourism Support Center), interviewed on 18 January 2022
10. Narek Manukyan, Impact Aim acceleration (UNDP), interviewed on 19 January 2022
11. Anasheh Hakhverdian, ACBA/Zartir fellowships (Impact Hub Yerevan), interviewed on 20 January 2022

Appendix 3 – Topics discussed during interviews

Interview questions focused on –

1. Type of program – incubation, acceleration
 - a. Stage at which startups are selected
 - b. Selection process
2. Program duration
3. Program content –
 - a. Workshops, networking, coaching, mentoring, etc.
 - b. Details of program workshops and other components
4. Results so far (if available)
 - a. Number of entities incubated/accelerated
 - b. Total funding provided, if any
 - c. Measures of success/impact (if available)
5. Lessons learned and recommendations for our incubator/accelerator

Appendix 4 – Combined list of recommendations for *Collaborate for Impact* project

The following list combines and summarized the recommendations presented in more detail in the final section of the text (see page 15) –

- 1) Focus on acceleration of social enterprises, not incubation. Work with more mature social enterprises and support them in scaling up their impact and business success as well as becoming more investment-ready.
- 2) Develop both general/shared educational content as well as program content that is customized to each social enterprise's need.
 - a. General content relevant to all entrepreneurs should cover social impact measurement and reporting as well as financial management, planning and business tools.
 - b. Customized content should include connections for the social entrepreneurs to real customers as well as experts to solve specific problems.
- 3) Work with existing incubators as pipeline-developers for admission to the accelerator program. Seek recommendations and comments from specific incubators on lesser-known applicants that apply to the acceleration program after being a beneficiary of that incubator.
- 4) Work with organizations experienced in acceleration programs on the content side, such as Finance in Motion, other Impact Hubs etc. Explore other possibilities for partnership on the content side.
- 5) Develop partnerships with business associations and specific businesses that can then be used for business-to-business networking as part of the general and customized acceleration program components.
- 6) Envisage support of social enterprises in the acceleration program for up to 12 months, if possible, with 3-4 months for the education component (including all of the general workshops and some of the customized content) as well as another 6-9 months for some of the customized content such as mentoring, participation in expos etc.