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IIP INVESTISSEURS
& PARTENAIRES

Accelerating SMES in the Sahel

EXECUTIVE SUMMARY

The proposal aims to develop an innovative acceleration model in the Sahel, through the creation of a seed funding mechanism carried by a network of existing investment companies. Its goal is to bridge the gap of investment-readiness for high potential start-ups and Small Growing Businesses (SGBs) in Senegal, Burkina Faso and Niger.



Accelerating 52
SGBs



unlocking 5.6
million USD



3 countries
in the Sahel
region

- ▶ The mechanism will combine seed funding with high-touch management coaching
- ▶ The proposal is led by Investisseurs & Partenaires (I&P), an experienced impact investor with a strong West African presence and will be implemented by 3 local investment companies sponsored by I&P.
- ▶ It will promote USAID's goals by benefiting in particular to SGBs in priority sectors (agricultural value chain, human health, education and other essential goods and services), and mobilizing 30+ private African actors (business angels, banks, insurance companies and corporates) to invest in and grow SGBs in the region.

THE CHALLENGE

Unlocking the job-creating potential of early-stage SGBs in the Sahel requires a new generation of early-stage investors able to both accelerate SGBs and finance them in a sustainable way.

Economic growth in the Sahel region has accelerated but is not generating enough jobs

- Africa is expected to push 110 Million new entrants on the job market while creating only 45 Million jobs in the meantime
- Creating decent jobs on a large scale is one of the chief challenges for building political stability and resilience to crises
- Small Growing Businesses (SGBs) are among the fastest growing businesses in developing countries and major job creators : they can account for 40% to 50% of job creation in developing countries

In the Sahel region most SGBs are still at an early-stage of their development, and require small investments (between 40 000 USD and 400 000 USD)

- First obstacle to growth: access to finance and management support
- Unlikely clients for commercial banks
- Most investment funds do not finance businesses with needs below USD 1 million
- The Sahel region is particularly neglected by private equity funds as well as impact investors



Sahel Lab © Béchir Malum

OBJECTIVES AND OUTPUTS (I)

The purpose of the proposed Alliance is to bridge this “pioneer gap” by facilitating a sustainable market for SGB investment-readiness in Senegal, Niger and Burkina Faso. Four main objectives are derived:

1 Foster an innovative, financially sustainable and scalable accelerator model

- Enable 3 investment companies in Niger, Senegal and Burkina Faso to **provide high-touch acceleration services to SGBs** via a combination of seed funding in the form of a loan, and results-oriented management coaching by expert investment teams
- **Accelerate the investment pace of the 3 investment companies** which will reach a critical mass of SGBs in portfolio

This objective brings a solution to the lack of sustainable acceleration models for high-potential SGBs in the region.

2 Solving the lack of “access to finance” for early-stage SGBs in the Sahel

- Facilitate access to finance (equity investment or bank loans) **for 52 SGBs in the three first years**, and 76 more in the following 4 years thanks to the recycling of the loan fund.

This objective brings a solution to the “pioneer gap” affecting early-stage SGBs with growth and impact potential, which lack access to finance and expert coaching.

OBJECTIVES AND OUTPUTS (II)

3 Leveraging African private capital

- Unlock **5.6 million USD in equity and debt investments** from African financial institutions and business angels into early-stage SGBs requiring individual investments between 40 000 and 400 000 USD

This objective brings a solution to the mismatch between African capital (banks, insurance companies, individuals, etc.) which lacks investment opportunities, and early-stage African SGBs which lack access to finance.

4 Strengthening the acceleration ecosystem

- Build a **market for SGB investment-readiness in the target countries** by aligning incentives between consultants and incubators, investors and entrepreneurs
- Contribute to **focusing African talent towards the needs of SGBs** in the region, via improving the ability of existing African actors (incubators, consultants) to provide adequate investment-readiness services for SGBs



Sinergi Niger © Béchir Malum

CORE PARTNERS (I)

The project is supported by the US Agency for International Development (USAID) and Partnering To Accelerate Entrepreneurship (Pace) Program. The proposal is led by Investisseurs & Partenaires (I&P) and implemented by 3 local investment companies launched and supported by I&P: Sinergi Niger, Sinergi Burkina and Teranga Capital.



Investisseurs & Partenaires (I&P) is an impact investment group entirely dedicated to African SGBs. Created in 2002, I&P has invested in 60 SGBs in 15 African countries and currently manages 75 Million USD from investors such as Development Finance Institutions (Proparco, EIB, FMO, AfDB), corporates and private individuals, through 7 permanent offices in Paris, Accra, Abidjan, Dakar, Douala, Madagascar and Ouagadougou.

I&P will coordinate the deployment of the activities in the 3 countries, cover the legal set-up costs and the yearly diffusion of the lessons learned



The Partnering to Accelerate Entrepreneurship (PACE) Initiative aims to catalyze private-sector investment into early-stage enterprises and identify innovative models or approaches that help entrepreneurs bridge the pioneer gap – thus unlocking the potential of thousands of promising enterprises around the world.

Working in partnership with over 40 incubators, accelerators, and seed-stage impact investors, USAID's U.S. Global Development Lab has created seventeen public-private partnerships dedicated to testing ways to bridge this gap and foster entrepreneurship. These partnerships are expected to leverage \$100 million in combined public and private investments over their lifetimes.

CORE PARTNERS (II)



Sinerigi Niger was launched in 2006 in partnership with 6 Nigerien entrepreneurs well-known of I&P, and with a EUR 760,000 equity raised from a diverse shareholding including financial institutions and private companies.

Sinerigi Niger targets start-ups and early-stage SGBs, most of them in formalization or still in the informal sector, to which it brings long-term finance in the form of minority equity participations and shareholders loans, as well as very close management coaching to support their formalization and growth. The team is composed of 5 people and has analyzed over 30 SGBs, approving 10 investments with an average amount of 50 000 EUR and realizing 3 exits.



Sinerigi Burkina is an investment company created in 2014 in Ouagadougou by Investisseurs & Partenaires (I&P) and Burkinabè entrepreneurs. Sinerigi Burkina is entirely dedicated to investing in and supporting early-stage Burkinabè Small Growing Businesses (SGBs), with investment needs ranging from 40 000 USD to 400 000 USD. Sinerigi Burkina is headed by M. Hervé Hien, Managing Director.

Sinerigi Burkina has made a first investment in Siatol, a high-impact SGB that sources soybeans from a network of 3000 smallholder farmers



Teranga Capital is a Senegalese investment company dedicated to early-stage Small Growing Businesses (SGBs) that was launched in 2015, with a mission to catalyse the growth and emergence of high-potential SGBs in Sénégal. Olivier Furdelle is the Managing Director of Teranga Capital. Since 2009, Olivier has been assisting investment funds (BIO-Invest, DEG, I&P) in closing SME transactions in Africa, especially in Sénégal where he was also supporting the incubator CTIC.

Teranga Capital plans to invest a total of 14 million USD in equity and loans into 50 Senegalese SGBs over the next ten years.

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