

How to support the acceleration phase of small businesses in the Sahel region

LESSONS FROM I&P ACCELERATION
IN SAHEL'S MID-TERM EVALUATION





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Preface



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Thanks to the support of the European Union Emergency Trust Fund for Africa (EUTF for Africa), Investisseurs & Partenaires (I&P) has had the opportunity to launch an acceleration program called I&P Acceleration in Sahel. This activity, which aims to meet the financing and support needs of young companies not sufficiently mature or well-structured to access traditional financing (banks, investment funds, etc.), offers a comprehensive approach, that provides men and women entrepreneurs with all the tools they need, while strengthening the capacities of the support structures that assist them in this process.

In order to improve this innovative approach, I&P set out to evaluate the program two years after its launch. The program team, in collaboration with the Dalberg consulting firm, carried out a study, which results confirm the effectiveness of I&P's approach.

At the end of December 2022, the achievements of the program, which is on track to achieving its objectives, also demonstrate the extent to which it meets a need, particularly in the fragile countries of the Sahel region, whose economies are still too underdeveloped to attract private investors. The support provided by I&P to small and medium-sized enterprises (SMEs) not only helps to improve and create thousands of jobs but also to foster and launch entrepreneurial champions who contribute to the economic growth of these countries.

Thank you to the European Union, to I&P's partner funds, to the program's 30 staff members and to Dalberg for making it possible to demonstrate the success of the acceleration method designed by I&P, thus allowing it to be disseminated and promoted to both ecosystem actors and funders.”

Sophie Ménager

Program Director
I&P Acceleration in Sahel
(2019-2022)

Raphaël Dumont

Program Director
I&P Acceleration in Sahel

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SMEs are the pillar of development and make up the bulk of the economy in low-income countries like Burkina Faso. They provide effective solutions to problems of energy access to energy and drinking water, health services, and education. They create secure jobs that provide employees access to training and social security. Unfortunately, in Burkina Faso, as in many other Sahelian countries, access to financing remains a major constraint, especially for the youngest start-ups. In this context, seed programs become opportunities for these small companies to test their ideas and structure their businesses. For SINERGI Burkina too, as an impact investment fund, acceleration is an answer to the challenges of «Investment Readiness”.

From 2018 to 2020, thanks to the Partnership to Accelerate Entrepreneurship Initiative (PACE) seed program financed by the United States Agency for International Development (USAID), some

start-ups that have benefited from the program, such as **Palobdé Afrique**, operating in the women's hygiene sector, or Bioprotect, developing bio-pesticides and bio-fertilizers, are now reference models in their field.

I&P Acceleration in Sahel, which provides both financial and technical support, has funded 19 companies in several business sectors, including livestock breeding, agri-food, services, cabinet making, fashion, and recycling. More than 1.4 million euros have been committed to supporting these companies in strengthening their structuring and organization. I'd like to take this opportunity to reiterate my thanks to the European Union for its contribution to the development and success of Burkina Faso's businesses through the financing of this important program.

Job Zongo

Managing Director
SINERGI Burkina



01 About I&P Acceleration in Sahel

Financing and supporting SMEs in the Sahel region



Financing and supporting SMEs in the Sahel region

With the many challenges confronting the Sahel, the development of economic opportunities through local small and medium-sized enterprises (SMEs) is essential for inclusive growth and sustainable development in the region. In the Sahel region, SMEs stimulate local growth, build value chains, and provide employment. Yet they face significant difficulty accessing quality financial and technical support.

In 2019, Investisseurs & Partenaires launched I&P Acceleration in Sahel, which aims to help innovative and competitive SMEs in the region thrive and to promote their access to financing. This high social impact program is made up of three complementary components:

1. Seed funding & support:

Around one hundred small businesses will receive seed funding, ranging from €3,000 to €60,000 in the form of a repayable advance, enabling them to access the resources they need to grow: premises and/or equipment to increase and optimize production capacity, recruitment, purchase of raw materials, diversification of products and services, etc. In addition to funding, each company receives personalized support and guidance from the program's teams, who participate in strategic decision making in order to facilitate the company's scaling up (definition of key performance indicators, commercial strategy, environmental, social and good governance strategy, search for partnerships, etc.).

This on-the-ground support consists of monthly meetings between I&P's team and the company to review its progress and challenges and to consider areas for improvement.



2. Technical assistance: In addition to strategic support, the companies benefit from technical assistance provided by mainly national experts on specific topics such as market research, marketing, sales and communication strategy, accounting, human resources management, and implementation of both a quality management and information and management system, as well as of an occupational health and safety policy, etc. There are often numerous missions (2 to 5 per company) that generally last several months, long enough to fully assess the company's needs, develop strategies and management tools, and train and support the teams. Technical assistance also helps strengthen the capacities of the management teams of I&P's partner funds (Comoé Capital, Teranga Capital, Sinergi, Sinergi Burkina) and to create new ones, like, for example, Zira Capital, which was founded in December 2022, as well as Fako Capital in Cameroon and Gola Capital in Guinea, which are currently in the process of being established.

3. Ecosystem support: Entrepreneurship support structures such as incubators, startup studios, and accelerators assist young entrepreneurs in their day-to-day business activities and in their search for financing and are essential partners not only for entrepreneurs and project leaders but also for investors. By providing close support during the incubation and acceleration phases, they enable start-ups and young companies to develop and seek funding. However, these structures do not always have staff with the necessary skills to provide solutions adapted to the financial challenges that entrepreneurs typically encounter. Some 20 SME support professionals have been selected to participate in Investment Readiness, a 9-month training program designed to strengthen their staff's financial competencies so they can better prepare entrepreneurs for fundraising.

In total, I&P Acceleration in Sahel will both directly and indirectly promote the growth and access to financing of some

300
companies in the
Sahel region

and create and
improve
5 000
jobs

benefiting
35 000
people.

DIRECT BENEFICIARIES OF THE PROGRAM TO DATE:

Spotlight on G5 Sahel

36 companies in the portfolio 8 entrepreneurship support structures (ESS) trained Total number of jobs: 1,635 - 329 jobs created and 1,306 jobs maintained

Mali

7 companies
2 SAEs

Niger

8 companies
2 SAEs

Mauritania

1 SAE

Chad

1 company

Burkina Faso

19 companies
2 SAEs

Chad

1 SAE

Senegal

17 companies
2 SAEs

Guinea

2 companies
1 SAE

Cameroon

10 companies
2 SAEs

Benin

2 SAE

Côte d'Ivoire

18 entreprises
4 SAE

Togo

2 companies
2 SAEs

Ghana

3 companies
1 SAE

221
beneficiary companies,
including:

87
companies financed
and supported (TA)

15
companies supported
(TA)

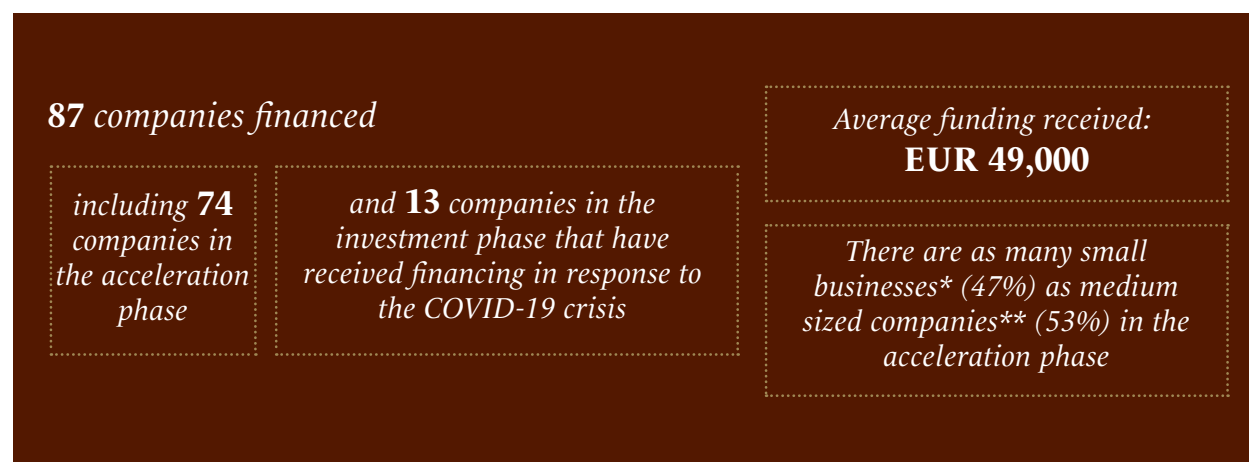
119
companies trained in
fundraising

Total number
of jobs:

4 393 jobs =
1,533 of which were
created and 2,860 of
which were maintained

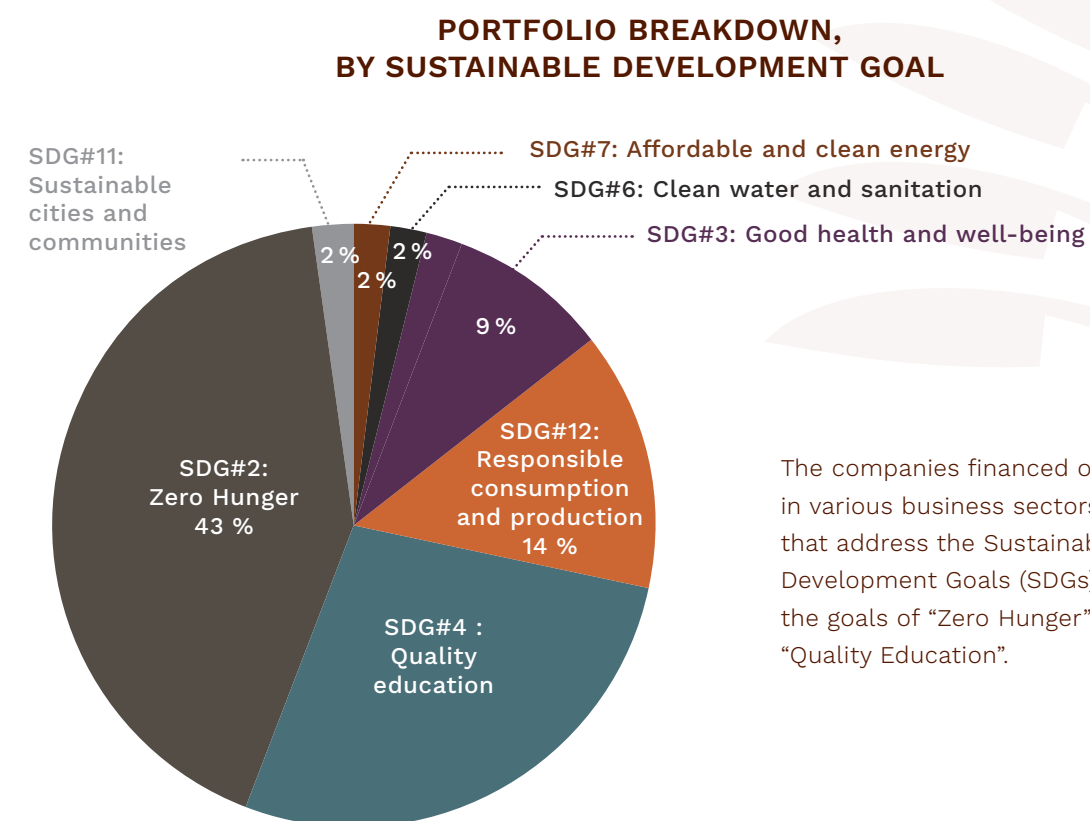
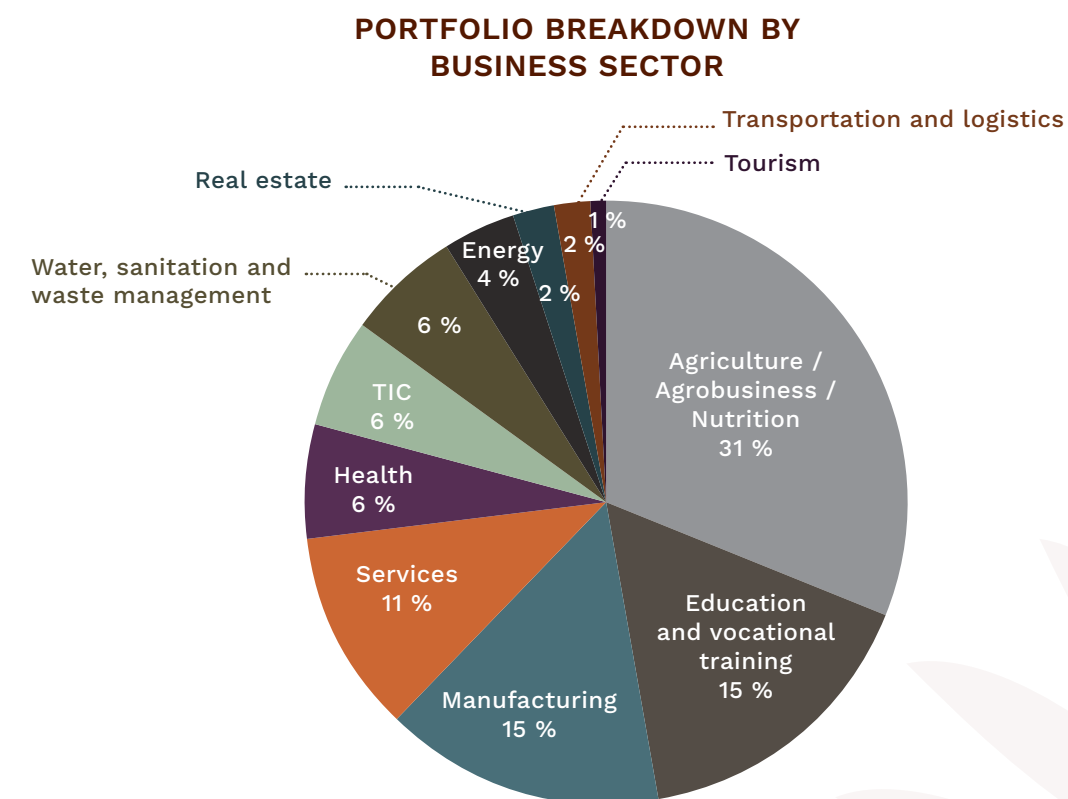
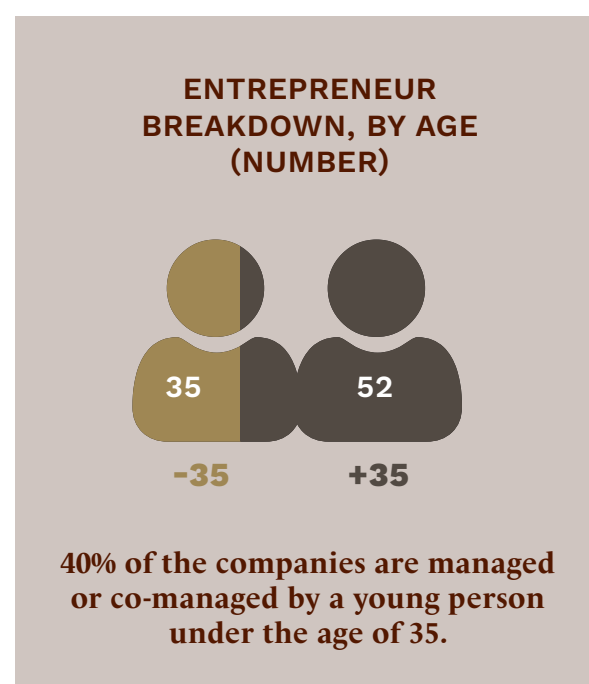
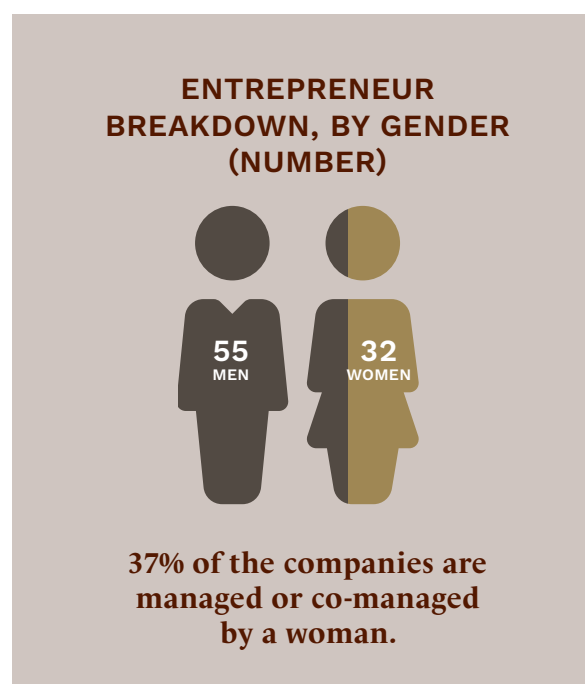
benefiting
28 937
people.

Portfolio overview of SMEs funded to date:



* Company with a turnover of less than 100k€ and between 5 and 30 employees

** Company with a turnover between 100k€ and 500k€ or over 30 employees



The companies financed operate in various business sectors that address the Sustainable Development Goals (SDGs), mainly the goals of “Zero Hunger” and “Quality Education”.

The impact of our funding on employment

2 860 jobs were maintained
and 1 533 were created

through the financing
of 87 companies

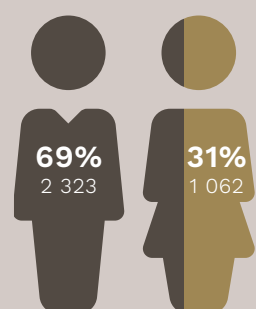
for a total of
4 393 jobs

1 280 € : amount of financing required to
maintain one job

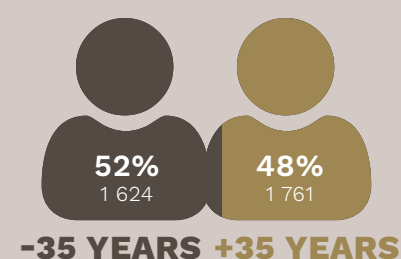
Prior to the financing, companies
have an average of 27 employees

Once financed, they create
an average of 11 jobs, i.e., a
creation rate of 42%.

EMPLOYMENT BREAKDOWN, BY GENDER



ENTREPRENEUR BREAKDOWN, BY AGE



Case study: Hygiène Solution Niger

Niger · Services · In portfolio since 2020
In partnership with SINERGI

Hygiène Solution Niger (HSN) is a cleaning services company in Niger. Founded in 2017 by Rabi Mahouaya Argis, a self-taught Nigerien woman, the company has about 100 employees, the majority of whom are women from disadvantaged backgrounds.

Initial results: Thanks to the program, the company was able to acquire new tools and the materials needed to modernize their cleaning practices and has also developed a garbage collection business. The company's turnover increased by **32% in 2021** due to the signing of new contracts, and the total number of **employees** increased from 73 (permanent) to **101** (88 permanent and 13 non-permanent). All permanent jobs have been formalized.



The program's implementation partners

To support these young businesses, the program is deployed by a pan-African team, as well as by a network of I&P's African impact fund partners.



Comoé Capital is the first impact investment fund dedicated to financing and supporting Ivorian SMEs and start-ups. Founded by Issa Sidibé and I&P in 2018 Comoé Capital targets Ivorian small and medium-sized enterprises that have a financing need of between CFAF 20 and 300 million. In its five years of investment, Comoé Capital has financed some twenty companies through equity investments as well as through seed financing.

For more information : www.comoecapital.com



SINERGI is the I&P family's first local investment fund. Created in Niger in 2006, SINERGI offers innovative financing solutions (between 20 and 170 million CFA francs) and support specifically designed to meet the needs of SMEs in Niger whose development is often hindered by difficult access to long-term financing and skills. To date, SINERGI has supported some twenty high-impact-potential SMEs and completed three exits.

For more information: www.sinerginiger.com



SINERGI Burkina is the first impact investment fund dedicated to financing and supporting Burkinabé SMEs and start-ups. Founded in 2014 by I&P and individual investors, SINERGI Burkina invests between FCFA 20 and 200 million per company and has a portfolio of more than 27 SMEs.

For more information: www.sinergiburkina.com



Co-founded in 2016 by Mr. Olivier Furdelle **Teranga Capital** is an impact fund management company that responds to the support needs of promising small and medium-sized enterprises in Senegal and Gambia and provides financing of up to CFAF 300 million. To date, Teranga Capital has supported about twenty high impact-potential SMEs through equity investments as well as through seed financing.

For more information: www.terangacapital.com



Zira Capital is the I&P family's latest impact investment fund dedicated to SMEs, and startups. Created in December 2022, Zira Capital supports Malian SMEs with financing needs ranging from CFAF 50 to 300 million. I&P Acceleration in Sahel has contributed to the creation and development of this fund.

For more information: www.ziracapital.com

In countries where I&P does not have a subsidiary or local partner fund, I&P Acceleration in Sahel calls on the services of local players that specialize in SME support including **Wangara Green Ventures** in Ghana, **MBM Capital** in Guinea, **M. Hermès Boco** in Benin and Togo, **M. Alpha Bahdjé** in Chad and, most recently, **OKT Consult** in Mauritania.



Sponsored by the Innohub Foundation through the World Bank's Ghana Climate Venture Facility (GCVF) under the infoDev Climate Technology program, **Wangara Green Ventures** is a climate-focused fund based in Ghana. Led by Mr. Ebenezer Arthur, Wangara Green Ventures is the implementing partner for IPAS in Ghana and is responsible for research and monitoring of the Ghanaian portfolio.

Learn more: <https://wagaragreenventures.com>



MBM Capital is a private Guinean law firm created in 2020 whose mission is to structure and organize local markets to enable investors and entrepreneurs to optimize the performance of their investments and companies. MBM Capital is working in partnership with I&P to create the first impact investment fund that provides financing and support solutions to small and medium-sized enterprises in Guinea.

02 Mid-term evaluation



Evaluation methodology

Two years after the launch of I&P Acceleration in Sahel in the second trimester of 2022, I&P conducted a mid-term evaluation of the program's various components in order to measure its impact, both quantitatively and qualitatively, and identify its strengths and weaknesses with the aim of improving its implementation. The objectives of the study were to:

◆ **Evaluate the impacts of the financing and support mechanisms offered to companies** by I&P Acceleration in Sahel

◆ **Evaluate the impacts** the program's funding, coaching, and technical assistance have had on direct beneficiaries

◆ **Understand key company success factors** as well as any challenges that may explain delays in either company development, deployment of value creation plans, or the achievement of objectives

◆ **Assess the initial impacts of the business fundraising** readiness training provided to entrepreneurship support structures

To carry out this project, I&P appointed Dalberg, which conducted several analyses using a rigorous approach and methodology. Dalberg is an international consulting firm that specializes in social impact and offers consulting services in strategy, design, implementation, research, media, and data science. Dalberg works in collaboration with public, private, and philanthropic actors to help them develop high-impact solutions. Their team of diverse experts is deeply anchored in the local context of the countries in which the firm operates. Dalberg has 30 offices around the world, including 11 in Africa. To ensure effective implementation and sustainable results for their clients, Dalberg's strategies draw on local practices and innovations that have proven successful on an international scale.

Dalberg

After mapping out the various companies and entrepreneurship support structures that benefited from the program through December 31, 2021, i.e., 55 SMEs and 10 SAEs, Dalberg carried out a document review, collected primary and secondary quantitative and qualitative data, and complementary interviews.

At the time of the study, the beneficiaries were as follows:

◆ 34 SMEs in the acceleration phase that received seed funding to finance their growth. These same companies received strategic and operational support from seed funding teams for an average of 7-8 months.

◆ 13 SMEs in the portfolios of I&P's partner investment funds received financing to deal with the health and economic crises caused by the COVID-19 pandemic. This financing made it possible to pay for equipment and materials for the collection campaigns of agri-food companies, the digitalization of certain activities, particularly in the education sector, the diversification of distribution channels, or simply for compliance with social distancing measures.

◆ 35 SMEs also benefited from technical assistance missions that aimed to strengthen skills of their workers in various areas (accounting and finance, sales and marketing, operational/technical, human resources management and business management), carry out market studies, adopt recognized international standards (HACCP, ISO 45001, 9001, etc.), support for recruitment and training, etc.

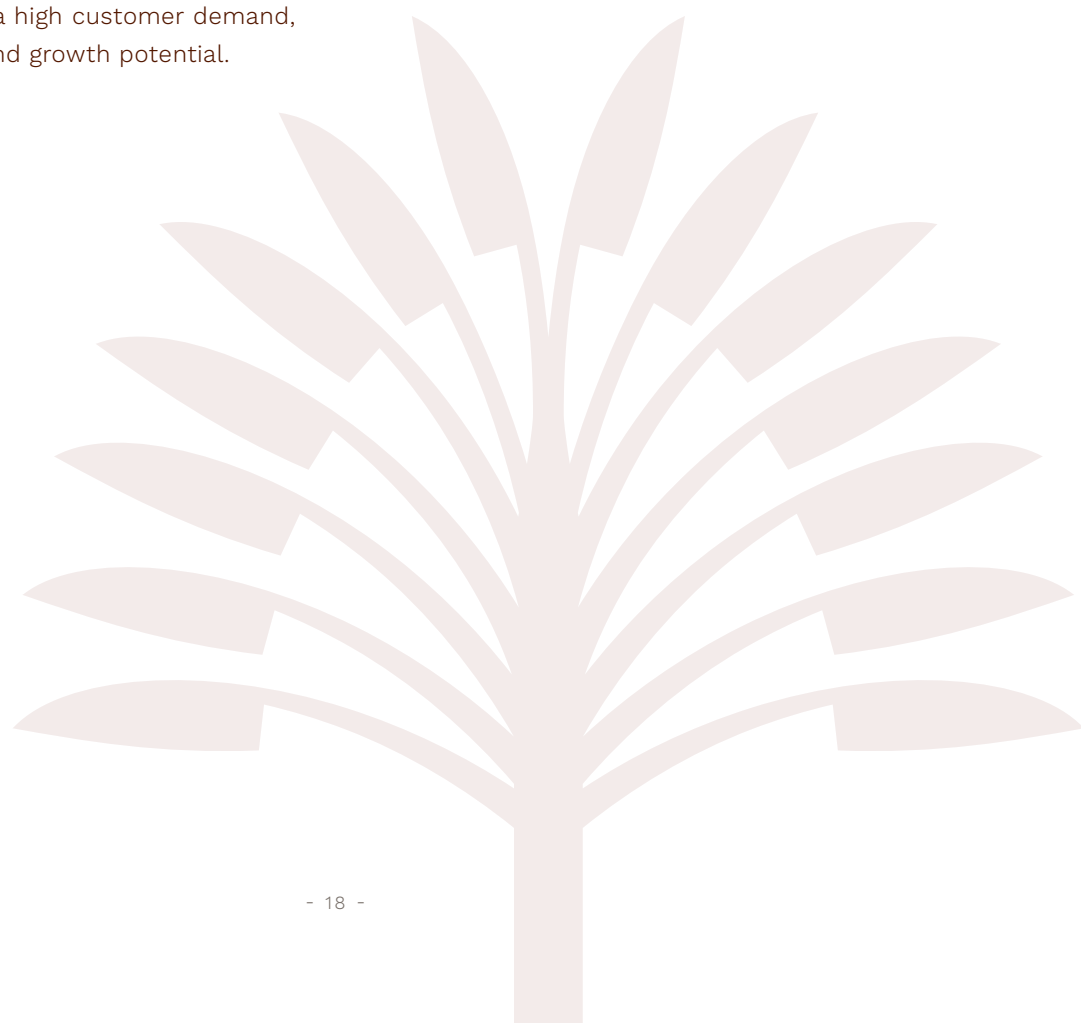
Study limitations: First, the scope of the mission did not include an evaluation of the program's organization and business model. Second, some participants were not available to respond to the questionnaire. Finally, as with any evaluation, this report is not an exhaustive assessment of the program. It captures various program elements at a specific point in time, some of which have not yet been implemented and completed. Some of the results of this evaluation should be taken with caution as they relate the words of the entrepreneurs, which should be taken in context.

Evaluation results summary

According to the study conducted by Dalberg, I&P Acceleration in Sahel has real additionality and ensures the survival and growth of the companies financed.

Before the program, the beneficiary companies were facing numerous challenges, including access to financing, due to their small size and low level of structuring. For example, the vast majority of these businesses did not have financial statements, which prevented them from initiating discussions with financial institutions. In addition, most of the companies in the program were in a vulnerable situation with regard to their longevity: they found themselves in a vicious circle in terms of their viability: using an insufficient production tool to provide satisfactory service to their clients, thus incur additional costs. Nevertheless, these companies were facing a high customer demand, revealing both market and growth potential.

100% of the SMEs surveyed have experienced difficulty accessing to funding. Before the program, half of them were self-financed and the other half had access to short-term, limited, and expensive financing (microfinance, overdraft authorization, factoring, etc.) or to "love money".



In general, the program is appreciated by the entrepreneurs. 80% would recommend it to a third party.

The triptych of "financing, support, and technical assistance" is an element of the program's attractiveness and effectiveness with regard to existing tools in the financial ecosystems of the countries concerned. These three support components are complementary and inseparable: a company cannot grow without financing and cannot grow sustainably without making good use of financial resources. Support and technical assistance enable entrepreneurs to make good management decisions and to train and retain human resources through good social governance.

They also help them to raise funds, particularly through the implementation of accounting and financial management, but also play a security role for the financier who has an eye on the management of the company.

ON A SCALE OF 1 TO 5, WHAT IS THE ADDED VALUE OF EACH OF THE 3 COMPONENTS?



*Source: Quantitative survey of 55 beneficiary companies as of 31.12.2021

Case study:

2AD Company

Mali · Industry · In portfolio since September 2022
In partnership with Zira Capital

2AD Company produces and markets menstrual panties under the brand name Sutura in Mali. This project was born from the desire to reduce the taboo around the menstrual cycles of girls and young women by offering them adapted and environmentally-friendly sanitary pads.

Initial results: 2AD Company has seen its revenues increase by **131%** in one year and its reputation grow.

At the beginning, the company had cash flow tensions due to the time lag between the payment of their main clients, which was on average 30 days, while their suppliers required immediate payment. In addition, they had a poorly diversified customer portfolio.

The funding 2AD Company received enabled it to increase its production capacity through the acquisition of new sewing equipment and raw materials.

At the same time, 2AD company received technical assistance to implement more efficient and time-saving quality and quantity production processes, thus strengthening its credibility. 2AD Company was thus able to conquer new markets within international NGOs present in Mali (UNICEF, IOM, Red Cross) and saw its reputation grow and its turnover increase by 65% in just one year.

2AD Company also benefits from legal and accounting assistance, which supports it in its formalization and governance via compliance with the tax code and the implementation of a customized accounting management system.

Lakelle 237

Cameroon · Textile · In portfolio since 2020

Lakelle is a Cameroonian company born from the desire of two young entrepreneurial sisters Sharon and Viola Welang to create a brand of affordable, ready-to-wear clothing curated for the diversities of African culture, while maintaining a strong modern vibe. Today, the company employs a large majority of women, including refugees from Cameroon's English-speaking zone.

Initial results: Through I&P Acceleration in Sahel, Lakelle has seen its revenue increase by **47%** in one year. Initially, Lakelle faced a number of problems, including difficulty sourcing certain fabrics and the lack of accounting and online payment systems, which hindered its commercial development. The financing provided by I&P Acceleration in Sahel has enabled Lakelle to improve its supply chain management, purchase new machinery and production equipment, and strengthen its marketing budget. Technical assistance has enabled Lakelle to improve the process and quality of its garment production, strengthen its information system and thus its business management, and implement a marketing and communication strategy. All these efforts have enabled this young company to open its first show room in Douala, the economic capital of Cameroon.

Top 7 program impacts on SMEs

IMPACT 1

Validation of business model

Before I&P Acceleration in Sahel, most companies had not yet validated their business model due to the additional resources (studies, financial resources, human resources, etc.) this requires. A clear and viable business model is essential to the survival of any start-up. It is also part of the requirements of any financier.

The four main components of the business model that are validated through the program are : business offering and positioning, clientele targeting, distribution channel, and profitability.

75% of the SMEs surveyed have validated or are in the process of validating their business model thanks to the funding, support, and technical assistance missions such as facilitating market research studies followed by the implementation of a sales and marketing plan.

Case study: La Maison Fenel

Burkina Faso · Textiles · In portfolio since December 2020

In partnership with SINERGI Burkina

La Maison Fenel is a Burkinabé company that specializes in the production and sale of fashion accessories (including couture and leather goods) from the local woven textile: Faso Dan Fani.

Initial results: The program allowed the founder Ms. Angéline Yougbaré Traoré to clarify her product offering. Ms. Yougbaré Traoré, who also wanted to develop a ready-to-wear clothing line, focused on her core business: accessories. Her jewelry has proven to be a success, about **6 000 accessories** have been sold since December 2020, and the company attended for the first time the Salon International de l'Artisanat de Ouagadougou (SAIO), a biennial event that brings together handicraft buyers and sellers from all Sub-Saharan African countries. Thanks to I&P Acceleration in Sahel, the company has seen a sharp increase in its revenue; it has almost tripled since the beginning of the financing.

IMPACT 2

Increase in sales revenue

By the end of 2021, at the time of the study, funded seed-stage companies had, on average, increased their annual sales revenues by 59%, i.e., a business plan success rate of 85%. Companies report that funding is by far the biggest factor driving their revenue growth. This attests to the importance that companies attach to this component of the program.

Case Study: Lomé Business School

Togo · Education · In portfolio since 2021

Lomé Business School (LSB) is a university institution in Lomé, Togo offering training courses in the fields of IT management and business management.

Initial results: Thanks to I&P Acceleration in Sahel, the school has set up an e-learning platform in partnership with the Ivorian start-up Etudesk, which has enabled it to digitize a large part of its training program. The school has also updated its pedagogical equipment, launched new certification training modules and begun the implementation of an internal management tool that covers human resources, finance, schooling, and student tracking. One year after receiving I&P's support, the school enrolled **215 students** in initial training, a 40% increase, coupled with the development of certification training, whose enrollment increased from 32 students in 2021 to **197 in 2022**. This growth in student recruitment translates into an increase of almost **68% of the school's turnover** over the 2021-2022 period.

On average, the companies financed have a +59% revenue growth rate per year.



IMPACT 3**Company formalization and structuration**

Developing an organizational structure is a primary step in a company's growth and has an impact on its success and longevity. Technical assistance and support have helped 68% of companies achieve better structuring through the implementation of a strategic committee or governance body, a dashboard with key performance indicators, an information and management system, a manual of administrative and accounting procedures, a quality management system (operational procedures), an occupational health and safety policy, and the development of an operational marketing strategy and communication plan, etc.

68% of companies surveyed consider that technical assistance has helped to improve their structuration.

More than half of the companies supported (53%) did not have any strategic committee or governance body before the program.

Case Study: Mon Salon Pas Cher

Burkina Faso • Manufacturing • In portfolio from April 2020 to November 2022

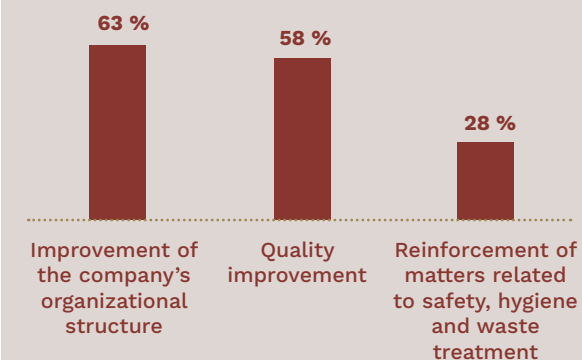
In partnership with SINERGI Burkina

Mon Salon Pas Cher is a Burkinabé company which is growing in the carpentry and interior decoration sector that produces and sells all types of kitchen, bedroom, and living room furniture (sofas, armchairs, tables, etc.).

Initial results: In addition to the financing, the company has benefited from three missions (accounting, technical assistance, and production process optimization and market research), two of which proved decisive for the formalization and structuring of the company.

The technical assistance mission on accounting allowed the company to implement an administrative, financial, and accounting management system, which included the recruitment and training of an accountant, implementation of an information and management system, a financial reporting system, a complete procedures manual covering all aspects of company management, and formalization of an organizational chart and job descriptions. On the production side, following recommendations by the program team, the company's operational procedures were improved and the staff was trained in workplace safety and security, which resulted in the installation of safety signage as well as the purchase of mandatory protection equipment (gloves, helmets) for all of the carpenters.

Despite slower growth than expected due to Burkina Faso's current economic situation, the strengthening of the company's management has allowed it to better manage its finances and to pay back the totality of the seed funding provided by the program.


TOP 3 BENEFITS OF TECHNICAL ASSISTANCE ACCORDING TO COMPANIES


Focus on technical assistance: According to the study conducted by Dalberg, the technical assistance missions were generally appreciated by the beneficiaries who took ownership of the program. When they have the means, 80% of companies implement the recommendations issued from these missions.

IMPACT 4**Job creation for women and youth**

By the end of 2021, 2,129 jobs had been maintained and/or created by 55 companies, out of a target of 5,000 jobs by 300 beneficiary companies (direct and indirect). Among these jobs, 34% were held by women and 39% by young people under the age of 35. These recruitments allow companies to create or reinforce strengthen their middle management, particularly in finance, sales and marketing, quality management, and workplace health and safety.

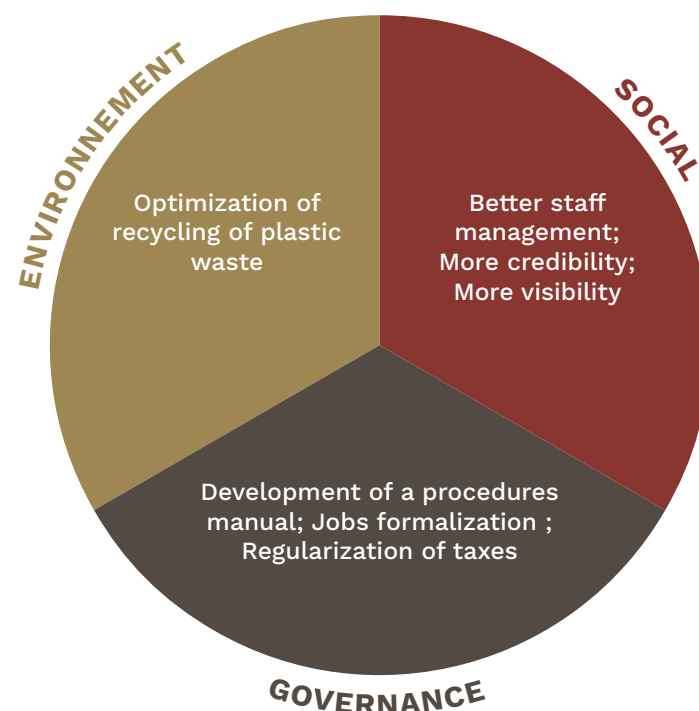
IMPACT 5**Improving working conditions**

The program's impact on employment has been considerable, not only in terms of quantity (number of jobs created and retained) but also in terms of quality of employment (remuneration, security, declaration of employees), namely:

◆ an impact on formalization*: 81% of beneficiary SMEs have improved the formalization of their employees. Formal employment represents about 40% of total employment on average within investee companies (compared to 29% prior to joining the program).

◆ an impact on remuneration: 67% of SMEs have increased employee salaries. Minimum wages in companies are on average 1.4 times higher than national minimum wages.

◆ an impact on workplace health and safety: 60% of the SMEs surveyed have benefited from a technical assistance mission on workplace health and safety. These missions have enabled them to formalize a professional health and safety management system and educate their employees on the importance of complying with health and safety measures, as well as to upgrade their personal protective equipment (PPE).

**IMPACT 6****Improving ESG performance**

Entrepreneurs and their employees are now more aware of environmental, social, and governance (ESG) issues.

Among the companies that had received support on their ESG policy at the time of the study, 89% found the program team's actions, advice, and solutions effective in improving their ESG performance. The main impacts noted by these companies are listed in the graph above.

Case Study: E'Sens

Côte d'Ivoire · Industry · In portfolio since 2020

In partnership with Comoé Capital

Epices et Essences de Côte d'Ivoire (E'Sens) is a company that specializes in the production of essential oils made from citrus fruits (bigarade, bergamot) in Côte d'Ivoire. This young SME, founded in 2018 by two young Ivorian entrepreneurs, has a high social and environmental impact, as it sources from **around 100 small-scale producers and revitalizes crops that were once neglected and abandoned** in a difficult to access region in Côte d'Ivoire.

Initial results: The financing provided by I&P Acceleration in Sahel has enabled the company to make a considerable impact on small local producers by **formalizing jobs** and improving working and living conditions. Thanks to the program team's support, E'Sens obtained a GIZ program that enabled the company to provide several **training sessions for small producers** on waste treatment and on how to contract and negotiate with production companies. In terms of environmental issues, E'Sens has benefited from both a study and a waste valorization training on how to use their production losses as fertilizer and/or biogas. The company is also working on becoming **certified organic**, which will allow them to access new export markets.



*The formalization of jobs refers to those jobs held by employees who now have a formal employment contract and/or who have been declared to the national social security agency.

IMPACT 7

Support fundraising

Two years after the launch of the program, seed financing has facilitated the raising of funds for more than half of the companies. These funds are mainly grants and loans (75% of funds raised) from various donors:

- ◆ Public donors through national and international programs in support of entrepreneurship
- ◆ Private donors such as investment funds, international programs and/or business angels

I&P Acceleration in Sahel has facilitated fundraising for 54% of the companies enrolled. 13 SMEs surveyed raised a total of €800,000, mainly in loans and grants, between 2020 and 2021.

Case Study: Le Lionceau

Senegal · Agri-business · In portfolio since September 2020

In partnership with Teranga Capital

Le Lionceau is a small Senegalese company that specializes in the production and marketing of smoothies for young children between the ages of 6 and 36 months.

Initial results: Thanks to I&P Acceleration in Sahel, Le Lionceau was able to raise **€28 000 in 2022** and re-engage with equity investors such as Teranga Capital for the financing of a new production facility.

Initially, Le Lionceau's co-founders approached several investors to raise funds. However, negotiations were halted due to the company's lack of maturity. Through the financing of production and delivery equipment and the development of a marketing strategy and sales network, the program first allowed the company to increase its sales revenue **372%** from the beginning of the financing, notably by winning contracts with international retailers. I&P Acceleration in Sahel has also helped the company to structure itself through the establishment of a strategic committee and an accounting, administrative and financial management system that allows for the production of reliable financial statements.



Some ways to strengthen the program’s impact on companies

Greater financing and more flexible terms and conditions

Under I&P Acceleration in Sahel, funding is limited to €60,000. More than half of the companies interviewed, as well as the locally-based teams, believe that the amount of financing received by companies may be insufficient. This may be the case for fast-growing companies or for those whose business model requires significant working capital. According to the Dalberg study, the current amount of financing may also be insufficient for so-called "risk-taking" SMEs. These are companies with undeveloped activities (insufficient customer portfolio to ensure the company's profitability) or those operating in an innovative sector (with a high level of risk and a business model that lacks examples to imitate), that require time to develop, or companies that are highly dependent on external factors (changes in export conditions, inflation, etc.). These companies often have little visibility on their cash flow, and even when they have it, it is unlikely that their cash inflows will be sufficient to repay the debt over the two years of the program's support. These companies tend to need medium- to long-term financing.

Additional financing needs may also emerge from technical assistance missions needed to bring a company up to industry standards, particularly in terms of production.

Some companies also suggest receiving a sliding scale amount based on their size.

Longer and more intensive support

To meet all their needs, some companies hope for a longer overall period of support, on average 4-5 years, to have more time to validate their business model, which often requires additional human and financial resources. Longer technical assistance missions would also allow for consultants to provide long-term follow-up with companies, particularly on how to implement their recommendations and use the tools they've developed.

The program's entrepreneurs also express the need for complete and intensive support to help them, for example, with technical and business issues, as well as in raising funds to complement or follow the seed financing.

Simplify the administrative procedures

While technical assistance missions are highly valued by the entrepreneurs, finding specialized external consultants who are available to support companies requires both time and following often complex administrative procedures derived from international procurement standards that can weaken companies by delaying their activity schedule. Simplifying access to technical assistance missions would provide more flexibility in the management of missions and respond to the eventual need to extend a mission to provide consultant follow-up, according to a company's needs.

Support dedicated to entrepreneurship support structures

Despite their potential, entrepreneurship support structures (incubators, accelerators, start-up studios, etc.) can encounter difficulties in assisting their entrepreneurs with fundraising. These difficulties, confirmed by a study conducted by I&P's acceleration team on some forty entrepreneurial support structures in the Sahel region during the first year of the program, mainly arise from a lack of corporate finance skills on the part of staff, leading them to make mistakes in evaluating business models or limiting their ability to find viable economic models, as well as a lack of understanding of the expectations and functioning of traditional financiers such as banks or investment funds.

To address these issues, I&P Acceleration in Sahel has designed a training program called Investment Readiness, which is composed of three successive courses covering:

- 1.** Finance and corporate governance to equip participants with fundamental knowledge of accounting basics, understanding financial records and the formalization of African SMEs
- 2.** Helping the company build a convincing business plan and understand the economic study of a business project, from determining the cost and pricing strategy to developing financial forecasts
- 3.** Financing the company to become familiar with the different financing tools, the role and expectations of an investor, the prerequisites for writing a funding application and the essential elements of negotiation with an investor

71% of the 41 ESSs surveyed by the I&P Acceleration in Sahel team say they outsource financial support, and 83% say they do not have the internal skills to provide financial-education and investment-readiness training.

I&P Conseil is a part of I&P's group that prepares ecosystems for a better relationship with investment funds through training programs aimed at entrepreneurs and intermediary public and private players (incubators, accelerators, etc.). I&P Conseil has also developed a research and consulting business, which capitalizes on I&P's expertise in financing and formalizing African SMEs and on evaluating their impact.

The Investment Readiness training is hybrid and delivered in the form of:

- ◆ **Online training:** Nine months of access to three online training courses specially designed by I&P investment experts. The online training modules consist of three to four hours of work per week for the nine months of the course.

- ◆ **Individual mentoring:** In order to combine practice and theory, the entrepreneurial support structures benefit from individualized mentoring by I&P investment experts two days per month for six months provided.

- ◆ **Regional workshops:** Two four-day regional workshops are organized in the middle and at the end of the program to allow for networking and knowledge sharing among participants and to role play negotiating with a funder.

Two cohorts of 22 ESSs were receiving training as of December 31, 2022:

COHORT 1 (July 2021-May 2022): 10 ESSs



COHORT 2 (November 2022-July 2023): 12 ESSs



Impacts on the entrepreneurial ecosystem

SURVEY RESULTS FROM THE 1ST COHORT

Adequacy of the training in meeting the needs of entrepreneurship support structures:

Both cohorts affirm that, after the various courses, they are now able to train their entrepreneur cohorts on all financial subjects and thus reduce their outsourcing expenses. 67% of the entrepreneurship support structures also affirm that their understanding of the operational problems of African SMEs has been strengthened thanks to the training.

Development of new offers or modification of existing offers to funders and incubators:

The training has enabled the entrepreneurship support structures to improve their services and develop new tools to support companies, such as creating a business plan, supporting companies in the scaling-up phase, developing support services (especially in fundraising), and creating an impact consulting hub.

90% of participants affirm at the halfway point that the training has met their needs.

Implementation and/or modification of the selection criteria for company cohorts:

The training has even enabled the entrepreneurship support structures to improve their ability to assess a company's business potential. 87% stated that they would like to establish or modify the selection criteria for company cohorts, 53% of whom had already done so or were in the process of doing so at the time of the study.

Credibility and reputation:

Developing the skills of entrepreneurship support structures strengthens their credibility, in particular with investors and donors. This improves their reputation among key players in the entrepreneurship ecosystem and ultimately generates more revenue.

42% of the entrepreneurship support structures confirm that they are already in discussion with investment funds and have had the opportunity to present their entrepreneurs' funding applications to potential financial partners.

"Investment Readiness training really helped me to understand and clearly identify investors' expectations, as well as the expectations of entrepreneurs, so that I could best put them in touch with suitable financing opportunities.

This training enabled Concree to develop an Investment Readiness matrix that helps an entrepreneur to assess his stage of development and find out what financing opportunities he's eligible for as well as to determine whether he's actually ready to seek investment.

This training has been a real springboard for us and has enabled us to strengthen our support offer and develop Investment Readiness tools, and it will certainly allow us to develop an acceleration offer for entrepreneurs."

Adia Gnacko
Coaching and Support Director
Concree (Senegal)





Additional resources

To better understand acceleration, I&P has produced a series of articles which are posted on the **Entreprenante Afrique blog**, a platform that brings together research articles, experience sharing and field testimonials on African entrepreneurship. Blog Entreprenante Afrique, une plateforme regroupant articles de recherches, partages d'expériences et témoignages de terrain sur l'entrepreneuriat africain.

◆ [Start-ups and Businesses Acceleration Programs: What does the academic literature say?](#)

◆ [Acceleration programs: a miracle solution for early-stage companies? \(1/2\)](#)

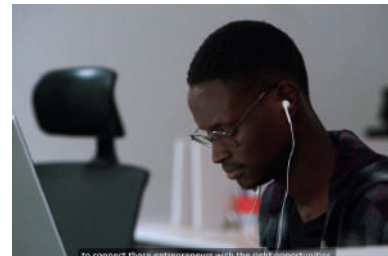
◆ [Acceleration programs: a miracle solution for early-stage companies? \(2/2\)](#)



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