

NOVEMBER 2022

Invest2Impact

A 2X CHALLENGE INITIATIVE

SUPPORTING AFRICAN WOMEN ENTREPRENEURS A SUMMARY REPORT



Global Affairs
Canada
Affaires mondiales
Canada



with the support of:





Thirty percent of businesses in Africa are led or owned by women.

The African Development Bank estimates that these entrepreneurs face a cumulative financing gap of USD 42 billion, which hampers their ability to grow. This lack of accessible funding is only the first challenge. Women entrepreneurs in Africa also face exclusion from business networks, social and legal constraints, and labour and skills gaps. These factors combine to hinder businesses from reaching their potential and positively impacting communities.

The African Development Bank estimates that these entrepreneurs face a cumulative financing gap of

**USD
42B**

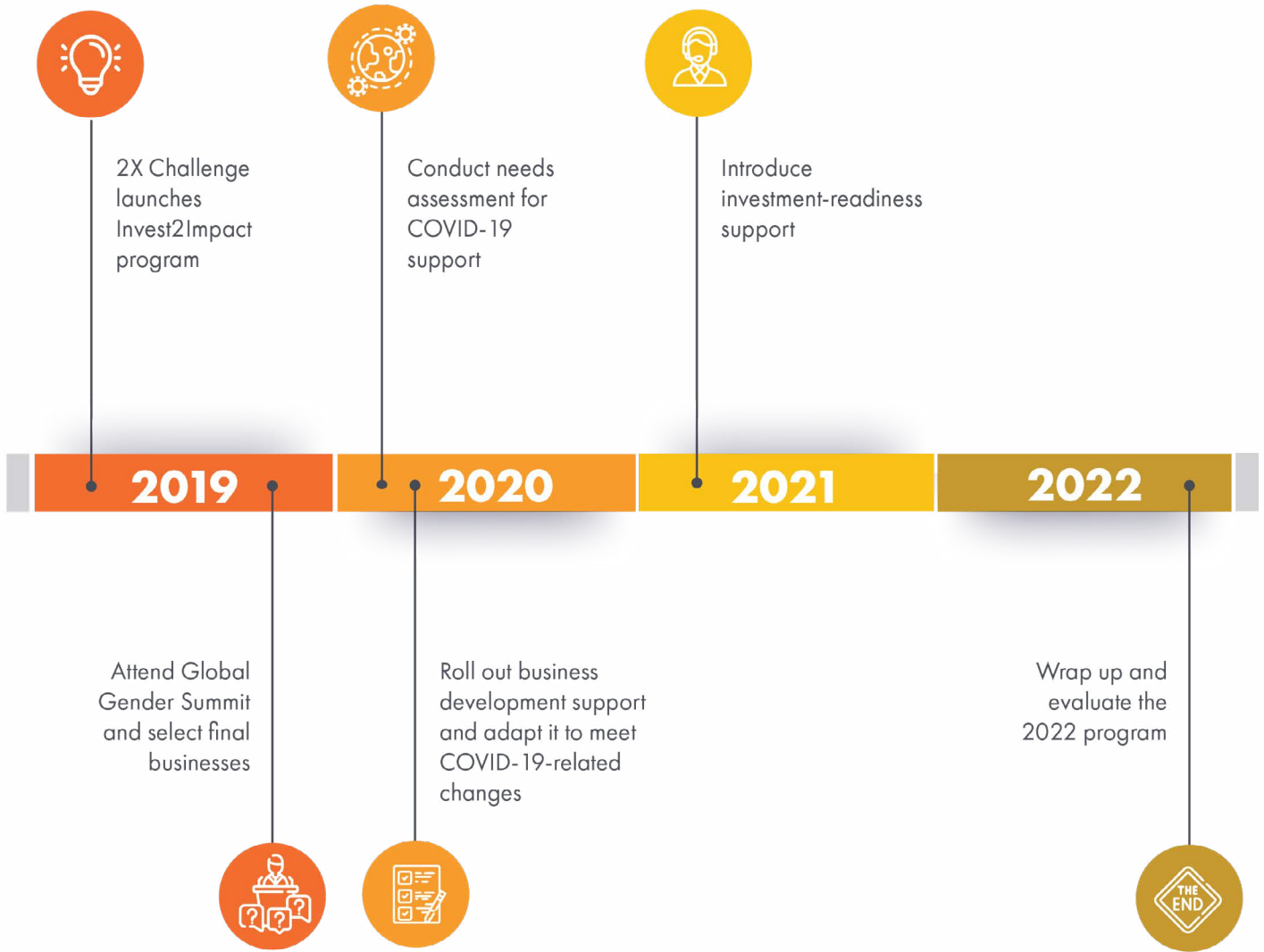
This is the context in which the **2X Challenge** was launched at the 2018 G7 Summit. It is a bold commitment to inspire development finance institutions, international financial institutions, and the broader private sector to invest in the world's women.

Invest2Impact was the first initiative of the 2X Challenge. It was created and spearheaded by FinDev Canada and supported by PROPARCO (France), British International Investment (UK), Development Finance Corporation (USA), the Mastercard Foundation, and the Graça Machel Trust. The initiative aimed to support women entrepreneurs in East Africa and to better understand their business growth and financing journeys.

PROGRAM TIMELINES

Invest2Impact launched in 2019 with a business competition.

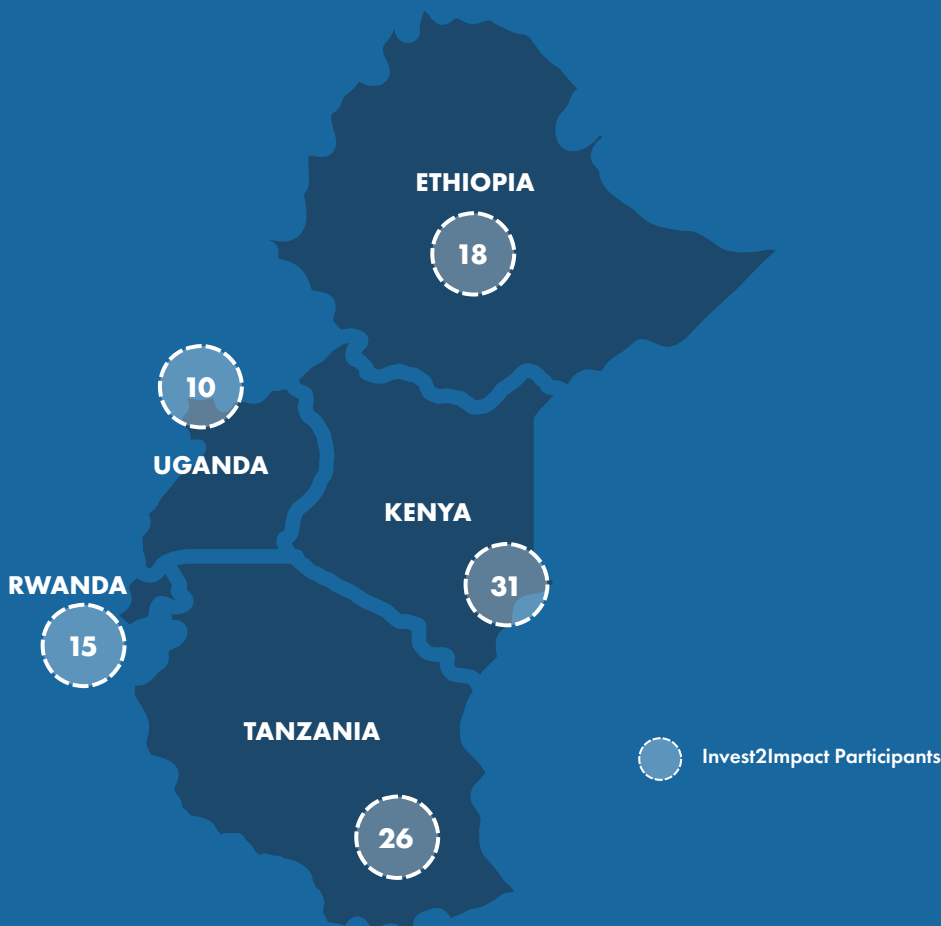
Following the launch, 100 entrepreneurs were selected to receive two years of business development support. Programming focused on adapting to the challenges of COVID-19, strengthening business management skills, gaining access to resources and networks, and increasing overall investment-readiness.



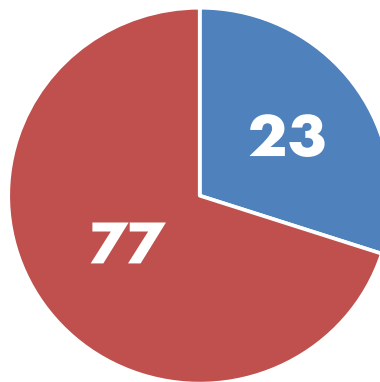
PARTICIPANTS

The 100 women entrepreneurs were chosen from a pool of 382 qualified applicants. Selection criteria required that businesses were majority-owned or led by women; based in Ethiopia, Kenya, Rwanda, Tanzania, or Uganda; and had revenues or assets of at least USD 50,000.





Number of businesses that were supported by the Invest2Impact program



■ Smaller Businesses (<USD 500K)
 ■ Larger Businesses (>USD 500K)

Participants gathered and were recognized for their achievements at the Global Gender Summit held in Kigali, Rwanda in November 2019. During the event four businesses were honoured for their outstanding impact on women, youth, social innovation, and the environment.

These high-impact companies were:

- **Ecocycle Ltd**, Kenya (Water & Sanitation)
- **Kosmotive**, Rwanda (Water & Sanitation)
- **Iriba Water Group**, Rwanda (Water & Sanitation)
- **Crystal Africa Cleaning Service Ltd**, Kenya (Professional Services)

Sectors of business' operation



PROGRAM ACTIVITIES

Invest2Impact partnered with two organizations, **Traction** and **Open Capital**, to provide capacity building and investment-readiness support over a two-year period.

Programming included webinars, mentoring, and resource sharing to enable entrepreneurs to grow their skills, build networks and share their experiences.



Webinars: Sessions covered adapting to COVID-19, scenario planning for businesses, liquidity and cash flow management, and understanding different types of capital. All webinars were recorded and made available for future viewing.



GrowthWheel: Participants received lifetime access to this online business tool for simplified business management.



Investor profiles: Brief overviews provided insight into business activities and progress to date.



Mentorship: Participants enjoyed one-on-one sessions with industry experts.



Social media profiles: Featured posts highlighted ways businesses can increase digital presence and visibility.



Regional gatherings: Half-day virtual meetings focused on investment opportunities and networking.



Newsletters: Monthly articles featured project updates and businesses opportunities, including technical assistance and fundraising opportunities.



Social media and E-Commerce workshops: Sessions touched on improving social media presence and digital sales.



2XConnect: Networking opportunities took place on web-based knowledge-sharing platforms with multi-media resources and forums.

“ We have been shortlisted for the Africa Prize by the Royal Academy of Engineering UK. Thank you for posting on Instagram. This has gone a long way in reaching potential customers.”

“ The social media and e-commerce training sessions were helpful—you actually learn a new skill. I truly appreciated it and used it to brief my team, so we all learned in the process to improve our client support and general customer care.”



Note: All quotes in this report are from Invest2Impact participants.

Invest2Impact provided general and tailored support to participating businesses based on their size.

The businesses were grouped based on annual revenues between 2018–2020. Smaller businesses were defined as having generated revenues below USD 500K; larger businesses generated annual revenues above USD 500K.



Peer to peer learning through group discussions

Smaller businesses shared their insights during bi-monthly peer councils. Topics of discussion included:



Identifying market opportunities



Creating business models and measuring impact



Creating and implementing growth strategies, and fundraising for scale-up



Creating, managing and maintaining effective teams



Tailored engagements

Larger businesses received customized assistance from experienced consultants at Open Capital. Support included:



Financial model creation and revision



Investor teaser creation



Market sizing analysis



Pitch training workshop and presentations

Entrepreneurs received help to create investor pitch materials, plus coaching to improve presentation skills. Larger businesses pitched to potential investors in a deal room set up by African Venture Partnership Alliances. Smaller businesses practiced their pitching skills during a mock pitch session with Value for Women.



Coming to this session, I realize that company culture has been a pain point for our organization that we have been sweeping under the rug. I now realize that we need to be more descriptive and have clarity on our values. That will be my homework!"



Thank you so much for organizing the investor mock pitching workshop, it adds value to what we are doing and what we're looking for."



The investor deck is excellent. Many, many thanks. I'm grateful for the support. It's a huge lift for us. Thank you."

COVID-19 IMPACTS

The launch of program activities coincided with the COVID-19 pandemic. This required quick adaptation to meet the changing needs of participants.

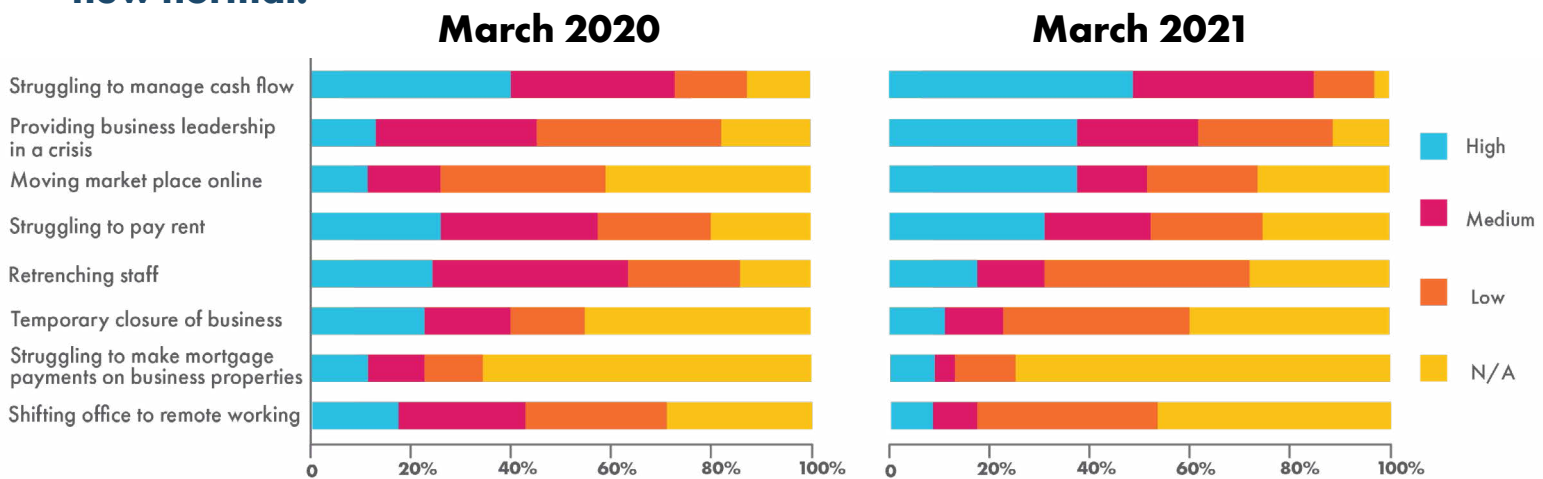


Businesses across the five participant countries faced similar challenges, including:

- Managing cash flow
- Providing leadership during crisis
- Improving online presence
- Paying rent and retrenching staff



An analysis conducted in March 2020 and March 2021 sheds light on other entrepreneur concerns and how they changed as businesses adjusted to the new normal.



I launched a digital marketing campaign that used text messages and social media to reach out to existing clients (including offering discounts)."

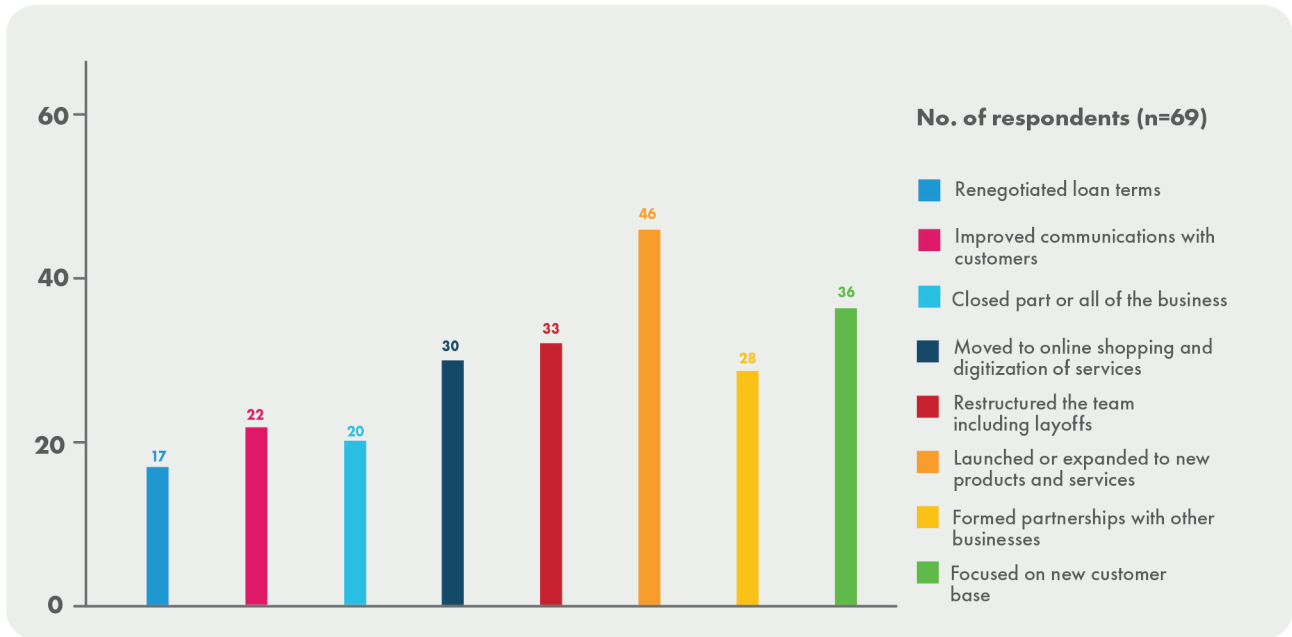


Our office was empty and [I] launched a coworking space."

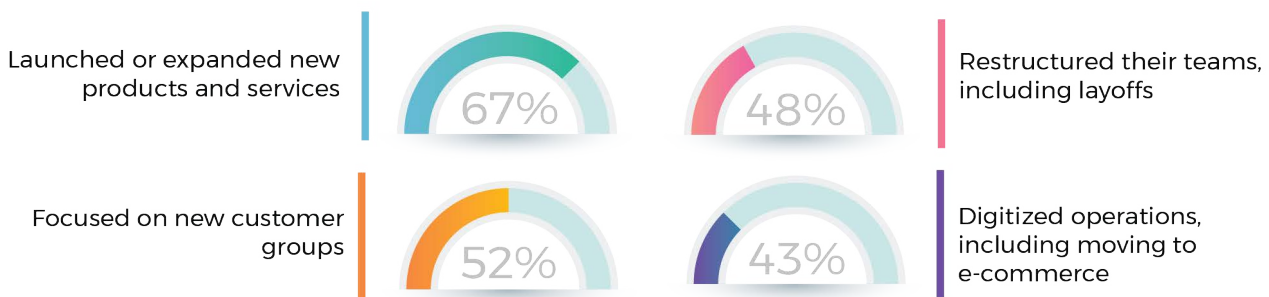


I entered a partnership with a retailer for a new coffee shop, Glovo, and [other] e-commerce platforms."

Invest2Impact entrepreneurs shifted their businesses to adapt to the challenges of COVID-19, as shown in this graph.



Top adaptation strategies included:



In the face of a global pandemic, Invest2Impact pivoted program content and delivery due to the inability to meet in person and the changing business landscape.

Business support was tailored to resilience rather than growth. Program content was re-designed to address imminent business concerns, such as managing cash flows, providing leadership during crisis situations, and improving businesses’ online presence.

Content was delivered via webinars and online workshops. This allowed for continuous and accessible programming, and important virtual connections during local lockdowns. However, over time, “Zoom fatigue” led to declines in participation and in-person connections were missed.



Emotionally, I was strong and looked forward to receiving any communication from Invest2Impact because it enabled me to get connected, learn and share with colleagues. The learnings kept me going throughout the lockdown and challenged me to keep my company open. We never closed at all, we just improved using digital.”

OUTCOMES

Two separate surveys were conducted to understand participants' satisfaction with programming and events, as well as impact on the entrepreneurs and their businesses.

Invest2Impact entrepreneurs reported many program benefits. Of note, they emerged better equipped to face economic volatilities, scale their businesses, and navigate various sources of capital.



Increased business resilience

A key objective of the program was to support businesses to overcome the challenges of the COVID-19 pandemic.

11 participants reported that the program strengthened their business' resilience during the pandemic. This was attributed mainly to changes in business models to reach new customers, and the use of online platforms and social media to maintain or increase sales.



Thank you for the great work you have done. It has led to quality insights in running our business."



Since I joined Invest2Impact, I have gone through mentorship and my business development, resource mobilization, pitch preparation and presentation skills have greatly increased."



Invest2Impact was most active in early 2020 when the pandemic hit the most, and a lot of pivoting and resilience ideas from mentor and group sessions helped tremendously."

Sharing of knowledge and resources



female managers participated in various capacity building activities. This led to an increase in their knowledge and skills in vital business topics.

Several businesses reported that the investment-readiness support, monthly newsletters, and webinars were among the most beneficial aspects of the Invest2Impact program (see page 6 for the full list of activities).



The team did an excellent job on the financial model and the investment pitch deck! It is revolutionizing how we manage the business."

Despite pandemic challenges, many businesses reported revenue growth, increased number of staff, and improved ability to raise funding.*

9 **Growth in staff numbers** businesses reported growth in staff numbers between 2020 and 2021. There was a 25% increase in staff numbers, with more full-time than part-time hires. This trend is expected to continue through 2022.

4 **businesses reported team stability** during this period.

Improved ability to raise funding
A key objective of the program was to empower entrepreneurs to raise funding and drive growth.

14 respondents met their fundraising goals. **USD 2.6 M** in funding raised in 2021. **USD 1.075 M** in funding under negotiation as of March 2022.




“**I have managed to grow my team from 10 to 17 employees and am able to reach more customers.”**

“**Let me extend my sincere gratitude to the team of Invest2Impact. This program has been so impactful to myself and my business growth. I received a grant of €10,000 from the Tony Elumelu Entrepreneurship Program.”**



15 **Revenue growth** businesses report revenue growth between 2020 and 2021. Their combined revenues went from **USD 4.4M to USD 8.8M** during this period.

Smaller businesses grew revenues by an average of 2.2X per business. Larger businesses grew revenues by an average of 3X per business. These businesses project a 30% growth in revenue for 2022, from a combined USD 8.7M to USD 11.3M.

 ***Note:** Successful fundraising activities were likely impacted by additional factors beyond their participation in the Invest2Impact program.



CASE STUDY

Exotic EPZ, is a Kenyan macadamia nut processor that sells high-quality raw macadamia kernels in the USA, Europe, and Asia.



Open Capital provided support with reviewing existing company materials (historical financial information, the pitch deck, etc.) and conducting management interviews to better understand the company's growth plans, operations, and financing needs. Leveraging this information, Open Capital assessed the company's investment-readiness status and identified potential areas for improvement in the company's existing financial model. Open Capital then proceeded to support specific intervention areas. First, Open Capital built a three-statement, five-year operational financial model aligned to the company's growth strategy, in addition to providing flexibility to test different scenarios. Through an assessment of the model outputs and complementary desk research, Open Capital then developed an investor teaser template outlining key performance drivers, traction to date, impact, and financial performance sensitivities which the company can use to update and facilitate future outreach.



KEY INSIGHTS

Invest2Impact entrepreneurs exemplify the thriving diversity of businesses owned and led by women in Sub-Saharan Africa.

These entrepreneurs have strong business acumen. They rely on proven business models that stand up to major external shocks, such as COVID-19.

Learnings from the Invest2Impact program



Business development programs are critical to close skills gaps among entrepreneurs, and in providing access to networks. These programs are most successful when they couple with individualized mentorship and resources to target entrepreneurs' capabilities, growth stages, and sectors.



Virtual activities extend reach and increase accessibility, but in-person activities remain important to develop connections and realize the full value of networks. Networks—especially among peers—are invaluable opportunities for learning, support, and making connections with potential funders.



Entrepreneurs funding needs vary significantly. Therefore, matching entrepreneurs with appropriate funding opportunities (grants, seed capital, debt, or equity) is an important value-add. Specific support to build investment-readiness is in high demand. This includes developing investment pitches, writing funding applications, preparing financial projections, and conveying business and operating models clearly.



Invest2Impact

A 2X CHALLENGE INITIATIVE

Women entrepreneurs are ultimately enabled to grow their businesses through access to business development programs, networks, and capital.

These components are clearly interrelated, which suggests that funders and other stakeholders should consider the value of partnerships to leverage expertise and resources for long-term impact.

Invest2Impact was a collaborative initiative across funders and, most importantly, with participants.

We are grateful for the connections developed, the progress achieved, and the mutual commitment to the continued growth and success of women entrepreneurs in Africa.



Invest2Impact

A 2X CHALLENGE INITIATIVE

www.invest2impact.africa

Murakoze!

Thank you!

አመሰግናለሁ

Asante!

Merci beaucoup!

Mahadsanid!



Global Affairs
Canada
Affaires mondiales
Canada

PROPARCO
GROUPE AGENCE FRANÇAISE DE DÉVELOPPEMENT



with the support of:



British
International
Investment

