Water and Energy for Food (WE4F) Grand Challenge for Development

West Africa Landscape Mapping

February 2020
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Nothing contained in the information regarding the companies referenced in this presentation constitutes investment advice. The Team is providing the information contained herein to guide the review and evaluation of potential investments in the region. In exchange for receiving this presentation, the reader agrees to hold the Team and its affiliates, agents and representatives harmless from and against any claims whatsoever and of any nature for damages that may arise from or relate to any decision that is made based on this information.

Information on the companies is based solely from, and in reliance on, desk research and information provided by the companies and investors to the Team. It is provided “as is” without warranties of any kind.

The authors’ views expressed in this report do not necessarily reflect the views of Germany’s Federal Ministry of Economic Cooperation and Development (BMZ), the Netherlands Ministry of Foreign Affairs (MFA – NL), the Swedish International Development Cooperation Agency (SIDA), nor the United States Agency for International Development (USAID).
Objectives and Methodology
The Team focused on gathering information in service of WE4F’s objectives

This work is supporting the WE4F GCD West Africa Regional Hub by providing a current investment opportunity pipeline and landscape assessment focusing on innovators in the sector, the capital and technical / advisory services needed to grow and scale these companies, and the market operators who could provide these services.

To achieve this, the Team analyzed the following questions

1. Which scalable enterprises are operating in the WE4F nexus in the West Africa?
2. What types of capital are available to support the growth of WE4F enterprises in the West Africa?
3. Which Financial / Investment partners would be able to support the enterprises’ growth objectives?
4. What kinds of Technical and Advisory services are needed by the enterprises and what is the availability of service providers linked to these needs?
The Team synthesized regional experience gained since 2014 with interview insights from 50 enterprises, 21 investors and 15 service providers

The transaction Team performed an in-depth analysis of the West African business environment at the nexus of water, energy and food. The purpose of the project was to better understand the enterprises operating in the sector and their unmet financing and advisory requirements, and to provide input to the Hub on the best ways to facilitate investment in the sector. The enterprise list was developed from multiple sources, including:

- The Team’s network, Securing Water for Food, Powering Agriculture
- Conference attendance (AFSIC, ANDE and AGRF) and various referrals

In order to source data and insights for this project, the Team conducted:

- Global Financial Development database
- World Bank Ease of Doing Business and World Development Indicators databases
- African Private Equity and Venture Capital Association reports
- IMF International Financial Statistics database

Note: the list of enterprises, investors, and service providers is intended to be illustrative and, to the extent possible, comprehensive.
The enterprise pipeline was developed by drawing on previous West Africa experience, investor and service provider introductions, travel and desk research.

Developed the enterprise pipeline using the Team’s strong institutional track record and key partnerships throughout West Africa.

The Team relied on a number of channels to cover the region:

- Bamako-based team conducted outreach in the capital district and in rural areas like Segou, relying on years-old networks and new connections alike.
- Lagos-based team leveraged its strong off-grid energy ecosystem to source leads in agricultural areas north of the capital.
- Our Conakry-based team member liaised with DFIs and local professional associations to secure interviews around Guinea.
- A team member was sent to work out of our Accra office, attending trade conferences and sourcing leads through pre-arranged meetings.
- A trusted consultant was deployed to Dakar, where he met with a range of nexus-relevant stakeholders active across Senegal.
- A trusted consultant based in Abidjan tapped into local and regional networks to gain Ivorian perspectives on the WE4F mandate.

Used the following methodology to source a range of enterprises across the region:

- Leveraged existing pipeline and enterprise engagement in the region to identify similar or related enterprises operating at the WE4F nexus.
- Referenced the Team’s institutional relationships with pan-African organizations operating in the region.
- Undertook trips to Senegal and Cote d’Ivoire to conduct interviews in key markets.
- Attended regional conferences sponsored by ANDE, Power Africa and AGRF.

The Team held pre-arranged and opportunistic telephonic meetings with stakeholders in a number of additional countries in the region:
Executive summary - key findings: Enterprises

1. Enterprises in West Africa are predominantly self-funded and have found it difficult to raise capital due to challenges around prohibitive costs of local bank financing, evolving business structures and smaller ticket sizes
   - Similar to findings in East Africa, the majority of enterprises profiled are focused on improving yields and maximizing input efficiency, especially for small scale farmers, mainly through deploying technology which is appropriately sized, made affordable through innovative financing, and often powered by clean energy.
   - There is a high concentration of enterprise activity within irrigation due to the dry climate in West Africa. There is strong demand for enterprises to facilitate year-round productive land use since West Africa has some of the continent’s most populous countries and both food security and potential exports are critical to the region.
   - Geographically, enterprises are more distributed across West African economies unlike in East Africa where innovation was heavily concentrated within the largest economy, Kenya.
   - Enterprises are collectively seeking ~US$ 71m in financing over the next 2-3 years; the median ticket size is US$ 900k to fund growth, particularly equipment. West African companies are smaller in size and are currently absorbing less capital compared to companies in East Africa.
   - There is a preference for grant financing because it is non-recourse, is often aligned with enterprise needs and is offered in combination with subsidized BAS / TA; there is also a desire for more hands-on equity partners who can contribute meaningfully to the strategy and operational direction of firms as they expand.
   - The enterprise category with the highest financing need is Irrigation (US$ 18.8m) due to high working capital needs and delayed cash flows.
   - Companies are at the cusp of expansion and the TA / BAS most requested to guide the transition is general business strategy and transaction advisory and facilitation.
   - Although over 80% of enterprises have at least one female in management positions, similar to our findings in East Africa, challenges remain in creating an equitable investment landscape across genders.
2. **Domestic and regionally-focused investors recognize the critical importance of agriculture to the region’s economies and to food security in general, but tend to diverge in terms of structuring flexibility**

- **Private equity is scarce in West Africa** with Nigeria accounting for the vast majority of PE deals (76%) in recent years; the median ticket size of US$ 6m is too large for most SMEs’ expansion plans – and these enterprises are often too small to absorb that much equity

- Investors may **benefit from the stability of the pegged Franc CFA** when making USD- or EUR-denominated investments into the West African Economic and Monetary Union (WAEMU) zone, but this bloc only covers ~20% of regional GDP

- **Impact-oriented debt and equity investors** are able to tailor their product offerings more closely to enterprise requirements, offering flexible structuring and (in some cases) applying a portfolio approach whereby large debt investments’ regular interest income reduces the risk of a portfolio that includes smaller equity tickets in early-stage firms

- **Local and regional banks**, many with a specific mandate to support the agricultural sector, are often large and highly bureaucratic; high interest rates, monthly straight-line principal amortization and significant overcollateralization help banks compensate for weak institutions (property registration, e.g.) but are punitive to borrowers

- **Investors frequently identified high upfront diligence costs** as a barrier to making more investments, indicating an opportunity for WE4F grant capital and transaction advisory services to realize catalytic interventions

- 40% of investors cited **informality and a lack of documentary preparedness as barriers to investment**; this deficiency was not similarly interpreted by enterprises, which did not identify help from tax, audit and accounting consultants as a priority

- While **impact-oriented investors and equity investors** were most interested in service providers that could assist with capacity building, commercial **banks** preferred borrowers to be connected with financial advisors that could assist with **cash flow forecasting**

- **Impact-oriented investors** were likely to apply **active and deliberate gender lens programming** to their investment decisioning, while **banks** recognized the economic vitality of female-led businesses as a **purely commercial matter**
3. Service providers can play a critical role in helping formalize entrepreneurs’ businesses in order to provide investors with an unambiguous view of these innovators’ commercial viability and investment theses

- Enterprises overwhelmingly indicated a need for general business advisory services and transaction advisory and facilitation, while downplaying the need for legal, audit and tax consultancies
- This was somewhat contradictory to what investors identified as the principal barrier to developing strong pipelines of investable companies and projects: namely informality and a lack of documentary preparedness
- While specialist TA providers are sought for capacity building in technical and general managerial areas, interviews with enterprises found that as part of the marketing process many enterprises provide technical assistance-style demonstrations directly to target segments to demonstrate the merits of a new technology
- This suggests that an increase in ‘train the trainer’-style services could benefit management and have a direct linkage to revenue generation
- While certain advisory services have immediately recognizable benefits (e.g. financial statement preparation, negotiation of supply contracts), others lack tangible value in the short term, leading to skepticism about their utility
- The value of documents such as business plans or financial models is not always immediately discernible to informal businesses which are guided by undocumented commercial intuition
- Overcoming this dynamic requires tactful management education and effective intervention to bridge the gap between what investors require and what entrepreneurs are willing to undertake; judicious use of grant capital to provide pre-funded solutions can mitigate the costs of addressing such gaps

1 General business advisory includes drafting business plans, performing market research and analysis, creating performance measurement methodologies and others
Executive summary - key findings: Contrasts with East Africa and within the region

4. While some challenges to accessing capital and quality advisory services are common across sub-Saharan Africa, capital markets are generally shallower in West Africa, where weak institutions and high private sector informality serve as barriers to quality pipeline;
   • Nexus innovators in West Africa were considerably more likely than their East Africa peers to be involved in the irrigation subsector, largely a function of the region’s semi-arid climate and food security concerns
   • Firms in East Africa sought growth capital for equipment purchases and physical expansion and working capital in roughly equivalent proportions, while West African enterprises overwhelmingly sought expansion capital only; as many of these firms reported not yet having reached full capacity utilization, an important TA / advisory function may be to educate firms on how to approach growth
   • Outside of Nigeria, West African private equity markets were considerably shallower than in East Africa, and across both regions median ticket sizes (US$ 6m) were too high to be of relevance to growing SMEs, which generally demanded investments below US$ 2m in both regions
   • Credit markets in both regions are underdeveloped, and while banks finance twice as many projects in East Africa as in West Africa this figure is still just 12% on average

5. Within West Africa, despite currency stability, francophone countries still attract less investment
   • Within francophone West Africa, the Franc CFA currency union offers investors a stable FX environment through a fixed peg to the euro; though helpful, currency union member states only account for ~20% of regional GDP and other barriers like weak institutions and private sector informality make investing there consistently challenging
   • Anecdotally, investors and others suggest that legacy colonial institutional structures in francophone West African countries’ governments result in a heightened bureaucratic burden, but there is no conclusive proof of this
Consistent with our East Africa program recommendations, the Team favors a combination of services coordination and targeted provision of grant capital.

<table>
<thead>
<tr>
<th>Summary of key pain points</th>
<th>Recommendations</th>
<th>Services</th>
<th>Capital</th>
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<tbody>
<tr>
<td><strong>Enterprises</strong></td>
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<tr>
<td>Common themes:</td>
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<tr>
<td>• Onerous and costly debt terms</td>
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<td>• Small ticket sizes unpalatable</td>
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<td>• Limited understanding of capital raising process</td>
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<tr>
<td>West Africa considerations:</td>
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<tr>
<td>• Emphasis on documentary readiness</td>
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<td>• Challenges with collateral requirements</td>
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<td><strong>Investors</strong></td>
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<tr>
<td>Common themes:</td>
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<tr>
<td>• High DD costs</td>
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<tr>
<td>• Perceived outsized risks related to sector or firm size</td>
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<tr>
<td>• Limited pipeline of investable projects</td>
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<tr>
<td>West Africa considerations:</td>
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<td></td>
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<tr>
<td>• Hard currency instruments advantaged by FX stability</td>
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<td><strong>TA &amp; Advisory</strong></td>
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<tr>
<td>Common themes:</td>
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<tr>
<td>• Difficulty identifying the type of TA needed and/or who the appropriate provider is</td>
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<td>West Africa considerations:</td>
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<tr>
<td>• Managers of informal firms are skeptical of some advisory outputs’ value and hesitate to pay</td>
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**Recommended Hub activity / structure**:  
- Source, vet and coordinate TA and investment advisory service providers that can address firms’ specific hurdles to investability  
- Form a Technical Assistance Unit and a Brokering Unit to promote or directly establish investor connections  
- Bilingual legal advisors often critical for francophone deals with impact investors  

**West Africa considerations**:  
- Poor discipline with approved use of proceeds requires heightened monitoring

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**Investors**

**Recommended Hub activity / structure**:  
- Coordinate required pre-investment DD and post-investment TA in line with identified barriers  
- Provide introductions between investors and third-party providers of risk mitigants like credit guarantees or first-loss tranches  

**West Africa considerations**:  
- Pre-investment DD should focus on documentary readiness; post-investment TA must balance value creation with cash flow budgeting

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Enterprises
West African nexus enterprises are predominantly innovating within the irrigation space, driving year-round productive land use to meet increasing food demand.

About half the enterprises focus on transforming the irrigation space.

- **Number of companies by innovation type**
  - [Diagram showing distribution of companies by innovation type]

  - Irrigation
  - Energy infrastructure
  - Data / optimization
  - Biomass / biogas
  - Drying / processing
  - Fisheries
  - Inputs / planting
  - Cold storage facilities

- There is **heavy innovation within the irrigation space** with the following focus areas:
  - Tailoring irrigation mechanisms towards intended use, e.g. mist irrigation for greenhouses
  - Providing solutions for smaller scale producers
  - Incorporating solar PV into irrigation systems
- The heavy adaptation of irrigation is **contributing to higher yields** as land can be used all year round

- **WE4F nexus activity is more consolidated in larger economies and fragmented in the smaller ones**

- **Aggregate investment demand by country**
  - [Bar chart showing investment demand by country, in USDm (LHS), with the number of firms (RHS)]

  - Nigeria and Ghana, West Africa’s two largest economies, have the highest investment demand
    - Nigeria’s **large population provides a strong domestic market** for enterprises, and Ghana’s government is **actively pushing policies** targeted at facilitating more foreign investment, which has encouraged local entrepreneurship
  - **Smaller economies** such as Mali and Senegal are **heavily participating in the nexus** but demand smaller ticket sizes per enterprise

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1 Most enterprises identified were in Mali despite its small economy, due to the Team’s long-term presence in the market.
Enterprises identified are seeking an aggregate ~US$ 71m in growth capital, with individual ticket sizes mainly below US$ 2m

Firms are seeking ~US$71m in aggregate

No. of active companies: 50
Total market investment demand: US$ 70.7m
Median firm investment demand: US$ 0.9m
Highest firm investment demand: US$ 11m
Lowest firm investment demand: US$ 50k

Grant financing is the most attractive for the enterprises

<table>
<thead>
<tr>
<th>Type of financing sought</th>
<th>N/A</th>
<th>Debt &amp; Repayable grant</th>
<th>Debt &amp; Equity &amp; Repayable grant</th>
<th>Debt &amp; Grant</th>
<th>Debt &amp; Equity</th>
<th>Debt &amp; Equity &amp; Grant</th>
<th>Equity &amp; Grant</th>
<th>Grants</th>
<th>Term loan</th>
<th>Repayable grant</th>
<th>Not raising</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term of financing</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
<td>4%</td>
<td>5%</td>
<td>9%</td>
<td>27%</td>
<td>5%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Investment sizes sought are predominantly less than US$2m

Ticket size

- Below $100k: 1
- $100k-$500k: 14
- $500k-$2m: 23
- $2m-$5m: 6
- Above $5m: 1
- Not raising: 5

Sources: Enterprise interviews; Team analysis
Most enterprises generate between US$ 50k-500k in revenue and have previously benefited from grants and subsidized TA and advisory services

Most enterprises are still small in size

Companies by revenue range (#)

- Below $100k: 12
- $100k - $500k: 22
- $500k - $2m: 12
- Above $5m: 2
- Didn't report: 2

Enterprises are taking advantage of grants and BAS / TA

Grants and BAS / TA previously received

- Yes: 18
- No: 29

Most enterprises seek grants to supplement equity and debt

- As indicated by level of revenues, 68% of the enterprises surveyed are in the start-up and early growth stages
  - There is large opportunity for investors in the nexus given enterprises are still in nascent stages
  - 18 of the enterprises surveyed had previously received grant financing. Grants are favored among enterprises for a variety of reasons including:
    - Grants received have been offered in combination with subsidized technical assistance, which enterprises cited as being instrumental to growth
    - Grants are free and connect recipients to donor networks
    - Grant programs are usually tailored and well aligned to the needs of targeted businesses

- Enterprises cited growth capital as the primary use of proceeds, particularly to finance the following:
  - Equipment purchases and physical expansion (28)
  - Working capital (9)
  - Multiple uses including expanding to new geographies (5)
  - Equipment purchasing is crucial as enterprises are implementing financing mechanisms to ensure affordability
  - BAS / TA is well received and is actively sought among enterprises. All surveyed companies expressed additional need for BAS / TA
  - Enterprises are interested in equity partners but would like hands-on partners who can bring value to the business

Sources: Enterprise interviews; Team analysis
Enterprises find the capital raising process costly and time-intensive, and they have trouble finding value-adding growth partners

- Most enterprises only have experience raising debt and they find debt unappealing or prohibitive:
  - Early-stage firms lack adequate collateral and cash flows to make banks comfortable, and are also often too informal, lacking standardized financial records
  - Loans made to smaller firms generally have punitively high interest rates and require principal repayment at unrealistically frequent intervals (sometimes monthly)
  - Commercial banks are not perceived as growth partners, seen as focusing solely on debt repayment and being unable to take a longer view on firm success
  - Loan approval processes can be lengthy, yet capital needs are usually urgent
  - Entrepreneurs find that equity partners can be overly passive and removed from their businesses, not adding value beyond capital provision
    - Outside equity injections that aren’t accompanied by TA may not be value-creating
  - Some entrepreneurs erroneously consider grants and equity to be the same thing, especially when there is a competitive process to “win” a grant
    - Investee education about financing options should be a core element of advisory and TA provision
  - Other entrepreneurs understand equity but dislike the idea of being diluted or losing control of their company, especially when the investor is a regional or international organization with little local credibility

Sources: Enterprise interviews; Team analysis
Firms that offer new technologies find various challenges selling to unfamiliar and generally low-income segments

Clients are skeptical of untested technologies and systems

- **Consumer uptake of data optimization services is low** and involves a lengthy education process, yet volume is crucial because of low margins
- **Some products or technologies are unfamiliar to traditional smallholders** and require detailed demonstrations as part of the marketing process

**Innovator snapshot: CUECDA**

- CUECDA produces an innovative biofertilizer using local waste and biomass composites, reducing fermentation
  - The formula is unfamiliar to traditional smallholders, who **resist switching to an untested product**
- **The solution**: CUECDA initiated a trial program for farmers to use their product for free; thus far 2,000 farmers have participated and have been converted into paying customers

**Innovator snapshot: WeFly Agri**

- WeFly Agri provides farmers with a range of IT-enabled tools for land management, crop progress tracking and other activities promoting efficient land use
  - Technology includes sensors and drones, which have a **steep learning curve**
- **The solution**: WeFly offers hands-on instruction and a strong support staff, coaching clients through use cases and helping demonstrate products’ on-the-ground value

**Innovator snapshot: AgricCo**

- **AgricCo** provides an all-in-one portable solar irrigation kit that includes a solar panel, pump, and spray tape
  - The unit costs around US$ 1,200 which is **unaffordable for most target segments**
- **The solution**: AgricCo plans to implement a mobile money-equipped pay-as-you-go (PAYG) option, allowing clients to pay for service incrementally

**Innovator snapshot: Ilemel Energy**

- Ilemel sells solar pumps and multi-use solar power units for processing and cold storage equipment
  - The unit costs around US$ 3,000 which is **prohibitively expensive**
- **The solution**: Ilemel operates a captive financing entity which provides financing directly to clients, allowing them to avoid cumbersome and costly loans from banks

**High purchase prices necessitate innovative workarounds**

- Firms selling irrigation solutions or other pieces of expensive infrastructure find that their **target market of smallholders struggle to pay up front**
  - This may be mitigated by a collective **pooling cash to purchase equipment** that will benefit all
  - In other scenarios, enterprises have devised **innovative workarounds**

Sources: Enterprise interviews; Team analysis
Access to subsidized technical assistance and advisory services will permit enterprises to develop coherent expansion plans and present strong cases to investors

- An important advisory function is helping businesses determine what kind of assistance they actually need
  - Over half of interviewed lenders identified firms’ informality and lack of required documentation – not a fundamental issue with business model or profitability – as the main barrier to investability
  - Only 3% of interviewed enterprises, however, sought help from an accounting or legal firm with preparing accurate and presentable financials
  - While all enterprises interviewed envisioned raising capital, 44% did not have audited or complete financial records
- Another important consideration is phasing support appropriately – if an entrepreneur’s investment thesis is not well planned or articulated, even if underlying business fundamentals are attractive, they should not solicit assistance with a capital raise
- The average management estimate for compounded annual growth over the next 5 years was a staggering 74% - likely overstated by most
  - Furthermore, of the 28 firms (56%) planning for equipment purchases and physical expansion, 21 also stated they were not operating at full capacity
  - Enterprises possibly confused working capital for inventory purchases with expansion capex
  - While each expansion plan has its own nuances, these figures suggest a misunderstanding of when to seek growth capital, and what for

Sources: Enterprise interviews; Team analysis
As in East Africa, the Team recommends that WE4F Hubs coordinate and fund technical assistance and advisory services – while considering West Africa contrasts

The Team recommends that the West Africa Regional Innovation Hub coordinate the provision of tailored TA and investment advisory services, and when appropriate, deploy grant funding to subsidize these services

<table>
<thead>
<tr>
<th>Services</th>
<th>East Africa considerations</th>
<th>West Africa considerations</th>
<th>Commentary</th>
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<tbody>
<tr>
<td>Provide budget for tailored TA and investment advisory services</td>
<td>• East African enterprises sought introductions to investors, talent acquisition and upskilling, and help optimizing operating margins</td>
<td>• Most West African enterprises sought business advisory services such as business plan creation and market research, as well as transaction advisory and investor introductions</td>
<td>• While East African firms seem focused on increasing capacity utilization and efficiency, West African firms appear to require a more hands-on approach to becoming investment-ready</td>
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<td>• A majority of innovators planned to spend growth capital on sales, marketing and R&amp;D efforts; 44% of firms sought working capital</td>
<td>• Most firms sought growth capital for equipment purchases and physical expansion; only 16% of firms sought working capital</td>
<td>• It is likely that upon closer review of their growth plans, more WA firms will be found to need working capital instead of a growth investment</td>
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Provide cross-enterprise services via the TA and Brokering Units

- **Subsidize tailored TA to unlock growth** for enterprises with specific product / capacity constraints to scaling
- **Subsidize tailored investment advisory** services (e.g. fundraising, deal structuring and valuation) for more advanced enterprises who are seeking external capital
- **Form a Technical Assistance Unit** that helps equipment suppliers design financing, leasing and / or pay-as-you-go (PAYG) programs for clients and that supports talent acquisition and capacity building, including ‘train the trainer’ programs for firms providing upskilling clinics as part of an integrated marketing and sales strategy
- **Form a Brokering Unit** to facilitate introductions to investors or sources of credit support such as loan guarantees, potentially supporting the initial phases of a capital raise process ahead of handoff for targeted support; develop and regularly maintain / circulate enterprise pipelines to investors

Note: Complete overview available in Appendix 3
As in East Africa, WE4F West Africa should deploy grant capital to assist enterprises in overcoming hurdles to investability, but only after a thorough commercial review.

The Team recommends WE4F provide various forms of grant capital directly to innovators – though not until a careful review of expansion plans and existing capacity utilization has been conducted.

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<tr>
<td>Milestone-based grants</td>
<td>• Enterprises sought a workable local currency financing solution that didn’t expose them to harsh terms on loans; local currency grants could provide this</td>
<td>• A number of entrepreneurs mistakenly equated grants with equity, seeing both as capital that does not need to be repaid; <strong>education should be a priority</strong></td>
<td>• In countries and markets with greater development challenges, prevalent in West Africa, some entrepreneurs rely on donors perpetually, becoming aid agency favorites</td>
</tr>
<tr>
<td>Repayable grants</td>
<td>• Grants allow East African recipients to expand without concerns about repaying hard currency dent amidst FX volatility</td>
<td>• Some banks noted in interviews a lack of discipline around approved use of proceeds; borrowers outlined a certain project to get debt funding but then spent differently</td>
<td>• Without careful structuring, monitoring, and simulated recourse, grants can artificially buoy poorly run firms and prevent true value creation; <strong>strict oversight is critical</strong></td>
</tr>
<tr>
<td>Grants structured into a larger transaction</td>
<td></td>
<td>• Adhering to hurdles simulates the operational and financial discipline required by risk capital</td>
<td></td>
</tr>
</tbody>
</table>

|  | | • This allows firms to build a track record in a non-recourse scenario | |
|  | | • Firms can create a precedent for creditworthiness, still in a non-recourse relationship with donors; opens capital to recipients with little or no suitable collateral | |
|  | | • Grants can act as a non-recourse ‘first-loss’ instrument, comforting lenders | |
|  | | • Product assets capitalized by grants enhances cash flow without the associated interest expense or repayment, increasing creditworthiness | |

Note: Complete overview available in Appendix 3
A majority of the companies interviewed have women in management positions, but few in the nexus are female-founded or -run enterprises.

**In WA women are secondary beneficiaries of WE4F activity**

- Over 80% of nexus companies have women in leadership positions, but there are only four with female founders.
- However, women are taking advantage of income-generating opportunities offered by the enterprises, e.g., pooling money to buy inputs in aquaculture and greenhouse operations, and realizing returns once output is sold to offtakers.
- Most enterprises view the work they do as physically intensive and cited this as the primary reason for less female representation in operational leadership.
- Some enterprises run or participate in gender-focused programs that aim to provide technical training to women and provide women with alternative sources of livelihood.

**Gender initiative highlight: Matan Arewa Initiative (MASAI)**

- The project mission is to strengthen capacity of women in Northern Nigeria in the production, sales, service and installation of renewable energy products.
- Women are trained to become distributors of energy products within their local communities with the goal of increasing their incomes.
- Women apply and once approved, are introduced to the enterprise’s range of products and provided with NGN 20,000 (US$ 55) of startup capital.
- The program is focused on rural areas where women are usually disenfranchised due to lack of financial independence.

**Enterprises with female leadership (c-suite or equivalent)**

Sources: Enterprise interviews; Team analysis
Investors
West Africa’s shallow capital markets and challenging commercial climate present barriers to investment compared to leading East Africa peers

- The commercial climates of East Africa and West Africa have several important macroeconomic differences that affect the investment landscape:
  - Nigeria’s GDP dwarfs those of its smaller West African neighbors – but the country is largely closed to regional trade
  - While regulatory hurdles to getting a loan are light in Nigeria, it has some of the shallowest credit markets in the region, with domestic credit to the private sector just 15.7% and only 3.4% of investments financed by bank loans
  - Kenya’s relative institutional strength readily attracts investors, but this applies mostly to private equity (60% of East Africa PE deals by value) while debt investors finance just 24% of projects
  - Total PE capital deployed in West Africa far outpaced East African amounts between 2013-2018, but 74% of these deals took place in Nigeria
  - Median PE ticket sizes are still well above what most SMEs require to grow – or can absorb in equity
  - Unlike in East Africa, the West African Economic and Monetary Union provides currency stability to investors in 8 fast-growing francophone West African states – though these together represent only 20% of the regional economy

---

**Selected indicators: Availability of capital**

<table>
<thead>
<tr>
<th></th>
<th>West Africa</th>
<th>East Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of total PE deals 2013-2018 (USDb, % SSA)</td>
<td>$10.8, 25%</td>
<td>$2.4, 8%</td>
</tr>
<tr>
<td>Median PE ticket size (USDm)</td>
<td>$6.0</td>
<td>$6.0</td>
</tr>
<tr>
<td>Domestic credit to private sector (% of GDP)</td>
<td>17.9%</td>
<td>20.8%</td>
</tr>
<tr>
<td>Investments financed by banks (%)</td>
<td>6.3%</td>
<td>12.3%</td>
</tr>
<tr>
<td>Ease of doing business ranking (low, median, high)</td>
<td>181, 149, 114</td>
<td>190, 152, 29</td>
</tr>
<tr>
<td>Getting credit (low, median, high)</td>
<td>161, 144, 12</td>
<td>186, 168, 3</td>
</tr>
<tr>
<td>Protecting minority investors (low, median, high)</td>
<td>180, 149, 38</td>
<td>190, 132, 2</td>
</tr>
</tbody>
</table>

---

1 GDP-weighted average using 2018 GDP and most recent country data available
Sources: World Bank World Development Indicators; World Bank Ease of Doing Business Index, IMF International Financial Statistics, African Private Equity and Venture Capital Association
Within the region, scattered indicators render investment theses drawn along anglophone or francophone lines difficult to defend

- Within West Africa, contrasts can be seen between regional economies – sometimes along the line between francophone and anglophone
  - Though fra [sic] nchophone West Africa consists of 10 countries compared to 5 anglophone counterparts, these 10 economies account for just 24% of the region’s GDP; this is due to Nigeria’s economy being massively larger than its neighbors’
  - Ex-Nigeria, francophone states’ share is 66%
- Regarding commercial climate, outliers like Cote d’Ivoire and Ghana refute potential correlation:
  - Coastline and an active port do not correspond to an improved business climate (Cote d’Ivoire and Ghana vs. Senegal)
  - GDP does not correspond to credit-related regulations or business climate
  - Francophone vs. anglophone institutions and legacy governance structures from the colonial era don’t advantage or disadvantage business climate (Cote d’Ivoire vs. Ghana)
- Very little PE capital was deployed in francophone markets between 2013-2018, but francophone banks financed more investments
- Despite Ghana and Nigeria having higher ease of getting credit rankings, domestic anglophone lending lagged overall

<table>
<thead>
<tr>
<th>Largest economies within region (2018 GDP, current USDb)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Francophone</td>
</tr>
<tr>
<td>Cote d’Ivoire</td>
</tr>
<tr>
<td>43</td>
</tr>
<tr>
<td>Ghana</td>
</tr>
<tr>
<td>397</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commercial climate: West Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rank: Getting credit</td>
</tr>
<tr>
<td>Circle size indicates relative GDP</td>
</tr>
<tr>
<td>Rank: Ease of doing business</td>
</tr>
<tr>
<td>Circle size indicates relative GDP</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Selected indicators: Availability of capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anglophone</td>
</tr>
<tr>
<td>Value of total PE deals 2013-2018 (USDb, % WA total)</td>
</tr>
<tr>
<td>Median PE ticket size (USDm)</td>
</tr>
<tr>
<td>Domestic credit to private sector (% of GDP)$^1$</td>
</tr>
<tr>
<td>Investments financed by banks (%)$^1$</td>
</tr>
<tr>
<td>Ease of doing business ranking (low, median, high)</td>
</tr>
<tr>
<td>Getting credit (low, median, high)</td>
</tr>
<tr>
<td>Protecting minority investors (low, median, high)</td>
</tr>
</tbody>
</table>

1 GDP-weighted average using 2018 GDP and most recent country data available
Sources: World Bank World Development Indicators; World Bank Ease of Doing Business Index, IMF International Financial Statistics, African Private Equity and Venture Capital Association
Investors preferring hard currency benefit from the stability of the francophone West African Economic and Monetary Union (WAEMU) currency peg

- Currency volatility both within West Africa and compared to East Africa make investments in the WAEMU countries attractive to investors preferring USD, EUR or GBP.
- The eight-country currency union’s Franc CFA has been pegged to the Euro and backed by the French Treasury since 1994.
- While local or regional banks offer local currency loans, these often come with onerous terms; impact investors prefer USD or EUR instruments.
- The below examples of other regional currencies illustrate the relative difficulty a borrower would have servicing hard currency (USD) debt if earning revenues in local currency.

Note: All exchange rates are annual averages vs. USD, shown on inverted scale.
Weak national institutions, short-term capitalization and general risk aversion drive commercial banks to impose onerous terms on borrowers

- West African commercial lenders are often squeezed from two directions: potential or existing borrowers with poor credit fundamentals and an inability to secure loans with properly registered property, and loan portfolios financed largely by on-demand sight deposits, making longer-term loans difficult
- They compensate by protecting themselves with onerous terms: monthly amortization, high interest rates, extremely restrictive covenants, and collateral worth well more than the value of a loan
- These “protective” measures often choke borrowers, who must prioritize debt repayments over positioning for growth
- The deal detailed at right required collateral worth 171% of loan principal, for example
- Rigid terms are usually unsuitable for agricultural borrowers, whose cash flows are timed with intermittent harvest periods and who must often sell in times of peak supply

<table>
<thead>
<tr>
<th>Collateral required (% loan value)</th>
<th>Ease of registering property (Rank, out of 190)</th>
<th>Investments financed by banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liberia</td>
<td>172</td>
<td>10.9%</td>
</tr>
<tr>
<td>Niger</td>
<td>160</td>
<td>14.3%</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>355</td>
<td>1.3%</td>
</tr>
<tr>
<td>Benin</td>
<td>231</td>
<td>3.6%</td>
</tr>
<tr>
<td>Cote d’Ivoire</td>
<td>157</td>
<td>14.9%</td>
</tr>
<tr>
<td>Mali</td>
<td>233</td>
<td>19.0%</td>
</tr>
<tr>
<td>Togo</td>
<td>226</td>
<td>17.6%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>227</td>
<td>3.4%</td>
</tr>
<tr>
<td>Senegal</td>
<td>272</td>
<td>6.6%</td>
</tr>
</tbody>
</table>

Selected credit-relevant metrics by country

1 Source: Global Financial Development Database (July 2018); uses most recent data available
2 World Bank Ease of Doing Business Index, 2019

Excerpt from Malian commercial bank term sheet

- Personal guarantee from borrower (unrelated to project being financed)
- Pledge of all future receivables from commercial counterparties as security
- Mandatory depositing of all operational revenues and other earnings in an account at the lending bank
- Exclusivity clause stating that all future borrowing be done through the bank
Innovative and flexible structuring of loans can have a significant positive impact on growth; TA and grants have a role to play in permitting such structures

- Conventional debt instruments used for expansion capex are often inflexible, characterized by short or non-existent grace periods and principal repayment schedules that are rigid and frequent
  - In some West African markets, monthly loan amortization is the norm; cash flow challenges just once a year can thrust borrowers into technical default
  - If the loan is financing productive assets that require a ramp-up period to generate cash flow, borrowers will struggle to service the debt
  - Reinvestment of earnings early on in an SME’s expansion phase can be critical to growth; requiring this cash to go towards debt service can keep a young SME fragile, straining working capital

- Compared to local commercial banks, impact-oriented lenders are willing to innovate and take a long view of borrowers’ growth
  - Lengthy grace periods and principal repayment sculpted to borrower cash flows are simple structures that ease upfront burdens on cash flow
  - More advanced structures like equity warrants allow investors further flexibility, letting them act as partners

- Grant capital deployed into a debt service reserve account (DSRA) or posted as collateral for a letter of credit can de-risk such structures

- Investment advisory focused on such structures should complement grantmaking to ensure effectiveness

<table>
<thead>
<tr>
<th>Suggested structures to increase debt flexibility</th>
<th>Effect</th>
<th>Role of WE4F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long grace periods</td>
<td>Permits revenue-generating assets financed by debt to ramp up adequate cash flows for debt service and reinvestment for growth</td>
<td>TA supports cash management and operational milestones during grace period; Grant capital can fund a DSRA</td>
</tr>
<tr>
<td>Sculpted amortization schedule</td>
<td>Favors different business models’ seasonal cash flows over rigid repayment schedules</td>
<td>TA supports cash management and operational discipline; Grant capital can fund a DSRA</td>
</tr>
<tr>
<td>Equity warrant</td>
<td>Aligns incentives between borrowers and investors due to potential for outsized equity returns</td>
<td>Hands-on, shareholder-style partnership increases borrower’s ability to repay and lender’s likelihood of capturing equity upside</td>
</tr>
<tr>
<td>Debt service reserve account (DSRA)</td>
<td>Provides a predetermined amount of liquidity to mitigate cash flow volatility</td>
<td>Grant capital funds and / or replenishes</td>
</tr>
<tr>
<td>Letter of credit / guarantee</td>
<td>Acts as additional collateral for secured lenders, underwritten or administered by a bank</td>
<td>Grant capital is posted as collateral to secure the letter of credit</td>
</tr>
</tbody>
</table>

Source: Team analysis
Mission-driven investors are often constrained by limited capacity, while larger organizations may experience sluggish bureaucracy or high turnover.

Despite diverse capitalization and a clear development focus, MDBs and DFI s can be notoriously bureaucratic and political, leading to slow decisioning.

Large (100+)
- Larger impact-driven firms with a broad presence can draw upon institutional resources and “back office” support, giving them greater focus and agility.

Medium (26-100)
- Small shops are driven by a strong impact mission, but often lack the personnel and resources to develop pipeline and execute due diligence, meaning deals get left on the table.

Small (6-25)
- Commercial lenders tend to be larger, but bankers and account managers may be burdened by complex approval processes and reshufflings; a borrower the Team worked with in Mali had 4 different relationship managers in a year, leading to damaging lack of ownership over the client relationship.

Micro (2-5)
- Larger impact-driven firms with a broad presence can draw upon institutional resources and “back office” support, giving them greater focus and agility.

- Commercial lenders tend to be larger, but bankers and account managers may be burdened by complex approval processes and reshufflings; a borrower the Team worked with in Mali had 4 different relationship managers in a year, leading to damaging lack of ownership over the client relationship.

Commercial lenders tend to be larger, but bankers and account managers may be burdened by complex approval processes and reshufflings; a borrower the Team worked with in Mali had 4 different relationship managers in a year, leading to damaging lack of ownership over the client relationship.

Venture capital
- Provide equity to early-stage firms with high growth potential; high risk appetite

Impact investor
- Deploy debt and equity instruments with flexible structures to effect impact goals whilst earning acceptable returns

Commercial bank
- Deposit taking commercial credit providers offering various types of loans and other retail banking products and services

Commercial bank with ag focus
- Commercial banks with a sector development mandate, providing credit products more tailored to agricultural borrowers

MDB / DFI
- Regional or international lenders with general development mandate, diverse capitalization

# Personnel

Note: Headcount covers firm employees based in the region, not total corporate personnel (where applicable)

Source: Investor interviews and websites; Team analysis
Investors’ ability to provide a wide range of ticket sizes is a factor of structuring flexibility, capitalization and portfolio composition

• Investors must consider a range of factors when originating new deals, and can often face difficult decisioning tradeoffs
• For smaller investors entering a lesser-known sector or geography, allocating upfront due diligence costs to a potential future portfolio will sometimes prevent smaller ticket sizes, as these expenses elevate cost recovery thresholds on a transaction basis
• A portfolio approach in which larger and safer debt investments provide steady interest income whilst smaller and riskier equity deals serve as proof-of-concept or discovery investments in untested sectors or markets is an innovative workaround

### Typical Investment Size (US$)

<table>
<thead>
<tr>
<th>$0 - $500k</th>
<th>$500k - $2m</th>
<th>$2m - $5m</th>
<th>$5m - $10m</th>
<th>&gt;$10m</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 investors</td>
<td>10 investors</td>
<td>7 investors</td>
<td>4 investors</td>
<td>1 investor</td>
</tr>
</tbody>
</table>

3 investors | 4 investors | 4 investors | 3 investors | 3 investors |

Source: Team analysis
In sourcing new opportunities and during post-investment implementation, investors are challenged by informality and insufficient managerial expertise

- Investors must assess the upfront costs of sourcing quality leads and then consider these costs in the context of post-investment risks and returns.
- Informal business plans, incomplete or nonexistent financial records and informal agreements with suppliers and customers are just some of the information asymmetries that investors must pay to overcome before deploying capital.
- While equity investors are positioned to take a hands-on approach to partnering with and providing technical assistance to management teams, banks are often passive and are not seen as growth partners.
- The scarcity of quality management and operational talent is a key concern voiced by investors.

**Investor perspectives on origination challenges**

- Lack of investment-ready firms - informality, lack of required documentation: 40%
- Lack of investment-ready firms - firms are too small, inadequate revenues: 25%
- Lack of credit guarantees or other risk-sharing mechanisms: 15%
- Internal structural issue - cannot make long-term loans: 10%
- Other: 10%

Source: Investor interviews; Team analysis

**Investor perspectives on challenges faced**

- **Management, management, management. It’s the management team you’re investing in, not the business. The central thing is execution.**
  - Pan-African impact investor

- **A lot of SMEs... never hire a finance officer. They tend to mismanage their debt.**
  - Regional bank credit officer

- **The main challenge investees face is with actualizing expansion plans, resourcing roles and building the best team to execute on growth plans at competitive levels.**
  - Impact-oriented private equity investor

- **Accessing talent... is one of our key issues.**
  - Venture capital investor
Investors’ preference for third-party financial guarantees as a way to increase nexus exposure indicates an aversion to untested sectors.

| Interventions identified by investors to alleviate nexus or ticket size concerns |
|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Post-investment TA              | Third-party financial guarantees | Grants concurrent with investment | Donor-funded DD or advisory services | Co-investing with a sector veteran | Co-investing with a first-loss partner |

Interventions to increase nexus exposure:

<table>
<thead>
<tr>
<th># of investors</th>
<th>4</th>
<th>8</th>
<th>2</th>
<th>2</th>
<th>1</th>
<th>0</th>
</tr>
</thead>
</table>

Interventions to reach earlier-stage firms:

<table>
<thead>
<tr>
<th># of investors</th>
<th>3</th>
<th>5</th>
<th>1</th>
<th>5</th>
<th>0</th>
<th>4</th>
</tr>
</thead>
</table>

Source: Investor interviews; Team analysis
Within an investment’s capital structure, equity guarantees and / or junior equity instruments may help crowd in additional equity providers

- While equity investors assume the most risk relative to lenders or providers of mezzanine capital or similar instruments, there are tools to mitigate the risks inherent to equity investments in SMEs
- An equity guarantee provides a floor to the value of an equity investor’s investment, acting as an insurance policy against a severe drop in equity value
- Alternatively, structuring in junior equity (sometimes referred to as “catalytic first-loss capital”) – which is concessional and absorbs losses before they affect normal shareholders – may help to achieve the same financing outcomes
  - Such a structure should not be confused with a “first-loss tranche” within the debt portion of the capital structure, if it exists, which would be more senior
- While these tools alter equity investors’ risk exposures, they may not address fundamental questions around equity financing
  - An SME must still be able to “absorb” the equity, meaning the required investment amount must correspond to an acceptable ownership stake
  - From the investor perspective, a ticket must be sizeable enough to justify incurring the various upfront costs required by the transaction; investment facilitation and subsidies can assist with offsetting this cost
  - Such tools are broadly considered catalytic to private capital participation, and are not seen as distorting markets

### Provider snapshot: African Guarantee Fund

African Guarantee Fund (AGF) is a mission-driven guarantee provider offering bank fundraising guarantees, loan guarantees, equity guarantees and capacity development services to both SMEs and investors

- As of December 2018, AGF had partnered with over 100 investors and had guaranteed 20,500 investments in SMEs
- Over US$ 1.8b in AGF-guaranteed investments have been originated; around US$ 515m is currently outstanding

### Indicative AGF equity guarantee terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coverage limit</td>
<td>50% up to US$ 1m (higher with co-guarantee)</td>
</tr>
<tr>
<td>Origination fees</td>
<td>0.50% - 1.00%</td>
</tr>
<tr>
<td>Tenor</td>
<td>Up to 10 years</td>
</tr>
<tr>
<td>Pricing</td>
<td>2.00% - 4.00%</td>
</tr>
</tbody>
</table>

Source: AGF website; GIIN website; Team analysis
As in East Africa, TA and advisory providers can improve pipeline quality and enhance post-investment implementation; first-loss capital will also be catalytic.

The Team recommend the Regional Innovation Hub provide the following services and capital:

**Services**

<table>
<thead>
<tr>
<th>Develop a marketing list of investable opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Regional Innovation Hub should consider <strong>marketing investable firms to capital providers</strong> as a core focus area.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Develop and deploy a bespoke engagement model for service providers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Provide access to tailored investment advisory services</strong> pre-transaction, understanding and responding to barriers identified by investors and linking deficient capital seekers with appropriate service providers.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Provide risk mitigants to promote nexus exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Provide access to tailored TA to support post-investment monitoring and value creation</strong>, balancing investors’ competing priorities (e.g. cash reserves for debt investors vs. reinvestment for shareholders).</td>
</tr>
</tbody>
</table>

**East Africa considerations**

- East African investors expressed the need to select the advisory provider that appropriately meets the quality and experience necessary for their diligence requirements.
- 12 EA investors observed that risk-reduction instruments would drive increased investment in nexus firms.

**West Africa considerations**

- West African investors overwhelmingly (40%) identified informality and a lack of required documents as the main pre-transaction barrier.
- Post-transaction, equity and impact investors stressed capacity building while banks stressed cash flow management.

**Commentary**

- Mediating between commercial lenders and impact-oriented debt and equity investors requires a deliberate approach and **partnership with a law firm**.
- Plan ahead for a language barrier by sourcing **bilingual advisors as required**; law firms must possess expertise across jurisdictions.

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*Note: Complete overview available in Appendix 3*
Whether by mission-driven mandate or commercial practicality, nexus investors incorporate a gender lens to their portfolios and their teaming

- Despite lingering notions of women’s traditional roles in society, **West Africa boasts a vibrant ecosystem of female entrepreneurs**

- Ghana, for example, has the **highest percent of women business owners worldwide**, with over 46% of businesses owned by women; 40% of business leaders in Ghana are women

- In Nigeria, women are **as likely as men to engage in entrepreneurship**

- A number of nexus investors run gender lens workshops or female-focused accelerators, while others build gender into their ESG DD

- Non-impact commercial banks also value new and ongoing business with female borrowers

**Female involvement in our portfolio companies and their value chains is a core investment criterium.**

**A gender lens is really important for us – fully 45% of our portfolio companies are led by women.**

**Women outnumber men two to one at Acumen, and we target companies with a strong female Board presence.**

**We run [gender lens investing] workshops. And when we have ownership or leverage over an investee, we push a strong gender agenda.**

**We established an accelerator program specifically for women entrepreneurs and women-run businesses.**

**Our deputy head is a woman, as are 50% of our c-suite and 40% of our Board.**

**We have lending programs specifically aimed at female producers and collectives, who are a critical part of Niger’s economy.**

**We generally find women to be more reliable at paying back their loans than men.**

Sources: Investor interviews; Mastercard Index of Women’s Entrepreneurship (MIWE) 2018; Team analysis
Case study in gender lens investing: Alitheia Capital is a pan-African impact equity investor with strong gender alignment

- Alitheia IDF is the only private equity fund manager in Africa prioritizing growth stage companies which have gender diversified management teams

- Tailored GLI sourcing strategy:
  - The fund invests in sectors that engage a significant percentage of women, either as entrepreneurs, distributors or consumers
  - Sectors include agribusiness, consumer goods, health, education, creative industries, and financial and business services

- Alitheia targets female entrepreneurs through investment education

- Tailored GLI portfolio management:
  - Portfolio management activities include mentorship and advisory services related to near-term growth opportunities and strategic expansion
  - Alitheia ensures that women-led businesses have access to networking in the sector / industry of the company

Source: Investor interviews; Team analysis

Alitheia IDF West Africa team

Tokunboh Ishmael
Principal Partner
Tokunboh is a CFA Charterholder, corporate financier and M&A banker having worked on over US$ 5.6b in M&A deals across the United States, UK and Africa. Exceptionally experienced in the energy, oil, gas, technology and financial services sectors, she is now focused on helping to invest and build sustainable SME growth businesses.

Mobola Onibonoje
Investment Manager
Mobola’s career spans private equity, management consulting and financial advisory in West, East and Southern Africa, and the United States. She sits on a number of advisory boards, and is also a Certified Public Accountant, a WimBoard Institute Fellow and an AJC Project Interchange Alumni.
Service Providers
Service providers are critical to bridging gaps between supply and demand within an investment ecosystem, both leading up to a transaction...

<table>
<thead>
<tr>
<th>Supply-side challenge</th>
<th>Specific gap to address</th>
<th>Relevant service provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sourcing new investments is difficult and expensive</td>
<td>Capital seekers are informal, lack key documentation</td>
<td>Financial services advisory</td>
</tr>
<tr>
<td></td>
<td>Management is inexperienced</td>
<td>Strategy / management consultant</td>
</tr>
<tr>
<td></td>
<td>Capital seekers are small and have weak financials</td>
<td>Accounting firm</td>
</tr>
<tr>
<td>Nexus business models are untested</td>
<td>Investment requires due diligence and transaction advisory services</td>
<td>Technical / engineering advisor</td>
</tr>
<tr>
<td></td>
<td>Knowledgeable and reputable co-investor is required</td>
<td>Law firm</td>
</tr>
<tr>
<td>Capital seekers are too early-stage</td>
<td>Capital seeker requires technical assistance alongside investment</td>
<td>Business advisory services</td>
</tr>
</tbody>
</table>

Source: Investor interviews; Team analysis
…and afterwards, during implementation and growth stages

Relevant service provider

- Financial services advisory
- Strategy / management consultant
- Accounting firm
- Technical / engineering advisor
- Law firm
- Business advisory services

Post-investment challenges

- Managing sustainable growth
- Navigating complex construction and operationalization scenarios
- Financial planning, and effectively forecasting and managing cash flows
- Augmenting organizational capacity, with an emphasis on talent development
- Developing and maintaining disciplined execution
- Quality control and maintenance of equipment and operations

…and facilitate short-, medium- and long-term partnerships with key service providers after an investment is made

Source: Investor interviews; Team analysis
Investors identified catalytic service provider interventions that can address various barriers and challenges both pre- and post-investment

<table>
<thead>
<tr>
<th>Increase comfort with nexus and early-stage firms</th>
<th>Augment quality of pipeline</th>
<th>Provide post-transaction support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offer TA along with investment</td>
<td>Overcome informality and lack of docs</td>
<td>Capacity development</td>
</tr>
<tr>
<td>Donor-funded DD or advisory services</td>
<td>Support growth and cash generation</td>
<td>Financial management</td>
</tr>
<tr>
<td>6 investors</td>
<td>7 investors</td>
<td>6 investors</td>
</tr>
<tr>
<td>6 investors</td>
<td>4 investors</td>
<td>8 investors</td>
</tr>
<tr>
<td>6 investors</td>
<td>7 investors</td>
<td>2 investors</td>
</tr>
</tbody>
</table>

A Sourcing and curating a pipeline of nearly investment-ready WE4F enterprises, and connecting them to (and where appropriate, subsidizing the cost of) service providers before approaching investors should be catalytic to nexus growth

B Post-transaction, equity investors, mission-driven investors and others focused on longer-term value creation value capacity development...

C ...while lenders are predictably focused mainly on conservative cash budgeting

• The majority of enterprises identified a combination of loans and grants as the desired financing structure

• Ideally, grant capital finances productive assets or physical expansion that increases capacity and / or utilization, driving more robust cash flows to support the debt

• In practice, this takes careful coordination and phasing – placing critical importance on sound financial management and cash budgeting

Source: Investor interviews; Team analysis

Investment sought by type

- Debt + grant: 55%
- Debt + equity: 13%
- Equity + grant: 15%
- Growth equity: 13%
- Term loan: 3%
- Repayable grant: 3%

6 investors
6 investors
7 investors
4 investors
6 investors
8 investors
2 investors
Demand for TA and advisory services becomes varied as aggregate investment amount increases – though investors’ desired interventions are more uniform

- Service providers identified cover 5 specific countries representing 79% of regional GDP, while an additional 3 firms offer complete regional coverage.
- Larger aggregate investment amounts by country predictably demand a greater variety of TA and advisory services.
- While regional service providers have broader reach, referrals are also a powerful way of finding the best service provider to meet requirements.
- WE4F Hubs should play an active role in structuring and phasing these resources.
The Team recommends the TA and advisory network be leveraged to provide targeted services to both enterprises and investors in a sustainable manner

The Team recommends WE4F develop and provide funding for the service provider network in the following ways:

### Setup
- Hub team to structure and facilitate key functions across the nexus
  - Vet and oversee selection of preferred TA / investment advisory providers
  - Provide TA support via the TA Unit for cross-enterprise competencies
  - Provide investment advisory support via the Brokering Unit
  - Manage process to allow enterprises or investors to select TA / investment advisory providers based on skills, geography, and budget

### Compensation
- Subsidize TA spend for enterprises and investors; provide success-based fees for advisory work
  - Allocate grant-based budget to enterprises and investors to utilize for services
  - Develop success-fee based transaction facility whereby a portion is paid to transaction service provider based on capital raise success
  - Provide additional incentive-based fees for transactions with gender-based impact

### East Africa considerations
- Advisors proved helpful through their role as a local intermediary with context-specific knowledge; EU-based impact investors, e.g., lack the in-country familiarity to guide investees
- Few law firms were available to nexus firms in the region, though not many required sophisticated legal advice given their small size

### West Africa considerations
- Similar to enterprises trying to educate client segments pre-sale, some TA providers in the region are also practicing agricultural producers; they show empirical evidence of their recommendations’ viability
- Firms’ demand for general advisory, including drafting business plans, must be reconciled with a reticence to pay high fees for what some view as a formality; subsidies can assist here

### Commentary
- In West Africa, informality often belies a strong commercial intuition and sound fundamentals; Hub should prioritize and phase TA / advisory engagements to get firms pipeline ready in an efficient way
- Coordinating a ‘document check’ as a screening tool before including firms in the recommended marketing list is an effective first step

Note: Complete overview available in Appendix 3
**The Hub would provide enterprise-wide services while external TA / advisory firms would provide tailored enterprise and investor support**

### Regional Innovation Hub

#### Technical Assistance Unit

- Development and implementation of pilot programs
- Consolidation of and training enterprises on impact measurement and reporting compliance, particularly since these capabilities are often required from recipients of grant financing
- Talent acquisition and upskilling of key positions for enterprises (middle mgmt., finance and marketing functions)

#### Tailored TA

Connecting enterprises to TA services meant to support constraints to scale including:
- Business development
- Business mentorship
- Business modelling
- Environmental compliance
- Gender-related programming
- Marketing (graphic design, branding, site development)
- HR Management
- Legal resources
- Media / presentation coaching, PR / comms
- Organizational capacity building
- Partnership identification
- Policy & advocacy
- Product development
- Smallholder marketing / sales
- Supply chain development
- Technical writing and scope

### Brokering Unit

#### Enterprise- / investor-wide advisory services

- Developing, maintaining, and circulating enterprise pipeline to be shared with investors regularly
- Facilitating introductions to external capital sources (e.g. DCA, regional crowdfunding platforms)

#### Tailored enterprise / investor advisory

Connecting enterprises and/or investors who are considering a WE4F enterprise investment with Investment Advisory providers who offer the following types of services:
- Fundraising
- Commercial due diligence including market validation, competitive landscape, customer profiling
- Financial modelling
- Valuation
- Deal structuring
TA Unit leadership should have strong strategy and product skills, while leaders of the Brokering Unit should have investing and commercial due diligence skills

The TA Unit should be led by someone with specific experience in agronomy, capacity building, product design, data collection, and who has deep West Africa market experience. The Brokering Unit should be led by someone with experience in investment banking or private equity, and who has deep West Africa market experience.

Regional Innovation Hub

Technical Assistance Unit

Building, enhancing, and leading core skills of strategy, capacity building and innovation

Utilizing data and information to develop sound strategies, anticipate trends, and articulate future needs

Developing strategic performance metrics and targets; implementing plan across organization

Designing products in the water, energy, food sectors

Brokering Unit

Capital raising and investment structuring

Providing a “buy-side” investor perspective, including experience in commercial due diligence (e.g. market validation, competitive landscaping)

Identifying post-investment value creation opportunities

Engaging and mobilizing financing from various external capital providers

1 Candidates will likely not match all skills listed.
Recommendations for WE4F
Careful coordination with firms, investors and service providers, along with precision deployment of grant capital, will unlock growth in WE4F nexus sectors

Nexus innovators face numerous hurdles to outside financing and sustainable growth

- With a median investment size of just under US$1m, capital-seeking nexus firms are difficult to finance
- Significant upfront diligence costs and overhead make small deals in challenging geographies economically unattractive, even for impact investors
- Traditional private equity tickets are generally too large for growing SMEs
- Accessibility to local bank financing is limited due to onerous terms, including outsized collateral requirements and revenue domiciling among others; interest rates are punitively high
- Entrepreneurs may not know where to start when seeking TA and advisory services, as informal commercial intuition doesn’t always map well to investors’ documentary requirements

Hub Technical Assistance Units and Brokering Units coordinate support...

- Regional Innovation Hubs should form Technical Assistance Units and Brokering Units to assist entrepreneurs by coordinating support and introductions to investors
- Units should be staffed and equipped to perform limited initial due diligence of their own in order to understand the nature of entrepreneurs’ challenges and recommend the most efficient and holistic solution
- In addition to coordinating and brokering connections, Units may judiciously deploy grant capital to subsidize TA or advisory fees

...while judiciously deploying grants to bridge impasses to investment

- Grants may be used in parallel or sequentially, providing recipients an opportunity to increase their revenue-generating capital stock while building a demonstrable track record of disciplined financial management
- Grants may be milestone-based, optionally repayable or structured into a capital stack as a first-loss tranche or similar risk mitigation tool
- By abiding by the terms of donors, entrepreneurs demonstrate their commercial discipline and viability to potential investors, signaling their readiness for larger follow-on investments
Appendix: Country snapshots
Cote d’Ivoire has enjoyed economic success over the last decade, the county’s positive reputation among investors works in favor of nexus enterprises when they’re raising capital.

- GDP growth has averaged 8% per year since the post-electoral unrest in 2011, making this one of the fastest growing economies in the world.
- Cote d’Ivoire is a net food exporter of major cash crops including cocoa, coffee, cashew nuts, bananas, cotton, palm oil.
- Most of the agricultural products are exported raw indicating opportunity for local enterprises to shift/expand from focusing on production to processing.
- Despite, Cote d’Ivoire’s economic dominance, the enterprises profiled are smaller in scale (revenues for all were below $700K). This could be due to the fact that companies with larger scale operations have had success finding funding due to the country’s favorable FDI policies.
- The most requested TA/BAS was business strategy to guide businesses as they transition from early stage to growth.

Investment Opportunity

<table>
<thead>
<tr>
<th>No. of profiled companies</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total market investment demand</td>
<td>US$6.3m</td>
</tr>
<tr>
<td>Market demand for equity</td>
<td>US$1.4m</td>
</tr>
<tr>
<td>Market demand for debt</td>
<td>US$4.9m</td>
</tr>
<tr>
<td>Median firm investment demand</td>
<td>US$0.4m</td>
</tr>
</tbody>
</table>

Country Insights

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- The most requested TA/BAS was business strategy to guide businesses as they transition from early stage to growth.

Mali previously saw minimal foreign investment, but thanks to donor intervention, the country is on investor’s radars and WE4F enterprises are poised to benefit.

<table>
<thead>
<tr>
<th>Macroeconomic Snapshot¹</th>
<th>Investment Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease Of Doing Business</td>
<td>10</td>
</tr>
<tr>
<td>Registering Property</td>
<td></td>
</tr>
<tr>
<td>Protecting Minority</td>
<td></td>
</tr>
<tr>
<td>Investors</td>
<td></td>
</tr>
<tr>
<td>Access to Electricity</td>
<td>No. of profiled companies</td>
</tr>
<tr>
<td>Rural Employment in Ag.</td>
<td>Total market investment demand²</td>
</tr>
<tr>
<td></td>
<td>US$13.5m</td>
</tr>
<tr>
<td></td>
<td>Market demand for equity</td>
</tr>
<tr>
<td></td>
<td>US$5.4m</td>
</tr>
<tr>
<td></td>
<td>Market demand for debt</td>
</tr>
<tr>
<td></td>
<td>US$8.1m</td>
</tr>
<tr>
<td></td>
<td>Median firm investment demand</td>
</tr>
<tr>
<td></td>
<td>US$0.8m</td>
</tr>
</tbody>
</table>

- Despite a short-lived military coup in 2012 and the ongoing armed secessionist struggle in the north, the macroeconomic performance of Mali over the past decade has been strong, with GDP increasing at an annual rate of 5.9% GDP growth expected to remain robust at >5% over the next five years, driven by services and industry.

- “Access to finance” was identified by the same survey as the second main obstacle to conducting business and was of particular concern to small and medium enterprises according the World Bank’s Mali Enterprise Survey.

- Despite Mali’s shallow economy, the Team was able to identify the most enterprises there due to our long-term presence in the market and our experience sourcing and facilitating deals in the market.

Nigeria is experiencing slow economic growth, underlined by the implementation of President Buhari’s recent protectionist policies.

Nigeria’s economic growth pattern has historically been dominated by oil prices, and the government has been actively seeking economic diversification, with agricultural development as one of the key focus areas.

Growth of the agriculture sector, which accounts for 22% of the country’s GDP, has slowed down significantly due to conflict and weather events.

The country’s agricultural sector is dominated by smallholder farmers who work on an average of 4-5 acres each under rain-fed conditions, and lack knowledge of modern practices, and have insufficient capital.

All the enterprises profiled are focused on extending solutions to small scale farmers in remote areas; including solar powered equipment for cold storage, drying and processing as well as irrigation to support year-round land use.

**Macroeconomic Snapshot**

<table>
<thead>
<tr>
<th>Ease Of Doing Business</th>
<th>Registering Property</th>
<th>Real GDP Growth</th>
<th>Protecting Minority Investors</th>
<th>Access to Electricity</th>
<th>Rural Employment in Ag</th>
</tr>
</thead>
<tbody>
<tr>
<td>146</td>
<td>184</td>
<td>1.9%</td>
<td>38</td>
<td>22.6%</td>
<td>36.8%</td>
</tr>
</tbody>
</table>

**Investment Opportunity**

- No. of profiled companies: 9
- Total market investment demand: US$18m
- Market demand for equity: US$14.2m
- Market demand for debt: US$3.8m
- Median firm investment demand: US$1.8m

**Number of firms by innovation type**

- Biomass / Biogas
- Data / Optimization
- Drying and Processing
- Energy Infrastructure
- Irrigation
- Inputs / Planting
- Fisheries
- Cold Storage Facilities

Plan Sénégal Emergent (PSE), an ambitious national development plan, has reversed Senegal’s GDP slump since its implementation in 2015 and improved Senegal’s standing on most attractive economy rankings.

Senegal’s GDP growth has seen a positive trend since the implementation of the current government’s flagship program, which has macroeconomic and political stability as two of its primary backbones.

The government has made strides in creating a conducive environment for private investors. The country was the first to adopt a law on PPP, which will allow the government to have set structures for engaging technical partners and private investors.

Despite the country’s wins, it is still one of the poorest nations in the world with a high income disparity. There is need to extend infrastructure to the rural population to promote more equitable growth.

Enterprises profiled in Senegal are predominantly focused on extending energy infrastructure to rural areas, to electrify and mechanize operations of off-the-grid farmers.

**Country Insights**

- *Ease Of Doing Business*: 141
- *Protecting Minority Investors*: 140
- *Real GDP Growth*: 6.1%
- *Access to Electricity*: 35.4%
- *Rural Employment in Ag*: 32.5%

**Investment Opportunity**

- **No. of profiled companies**: 6
- **Total market investment demand**: US$3.7m
- **Market demand for equity**: US$0.7m
- **Market demand for debt**: US$3.0m
- **Median firm investment demand**: US$0.6m

**Macroeconomic Snapshot**

**Number of firms by innovation type**

- Biomass / Biogas
- Data / Optimization
- Drying and Processing
- Energy Infrastructure
- Irrigation
- Inputs / Planting
- Fisheries
- Cold Storage Facilities

Ghana currently has one of Africa’s fastest growing economy thanks to stable government policies that are focused reducing the country’s reliance on Aid

- The IMF predicts that, Ghana will have the world’s fastest growing economy in 2019 buoyed by recent oil discovery and exploitation
- Ghana is gradually building industrial capacity on the back of President Nana Akufo-Addo’s campaign promises, and growth in the industry projected at 9.8% in 2019 and 5.9% in 2020, promising higher demand for industry inputs including agricultural produce
- Our interviews with enterprises in Ghana indicated that there is a strong entrepreneur ecosystem. 5/6 of the profiled enterprises had gone through acceleration programs such as MEST and Kosmos Innovation Centre which are offering crucial support and direction to early stage innovators
- Profiled enterprises are all seeking growth capital for expansion and equipment purchases

**Macroeconomic Snapshot**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease Of Doing Business</td>
<td>12.2</td>
</tr>
<tr>
<td>Protecting Minority Investors</td>
<td>8.3</td>
</tr>
<tr>
<td>Access to Electricity</td>
<td>65.3%</td>
</tr>
<tr>
<td>Real GDP Growth</td>
<td>5.6%</td>
</tr>
<tr>
<td>Rural Employment in Ag</td>
<td>34.3%</td>
</tr>
</tbody>
</table>

**Country Insights**

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- Profiled enterprises are all seeking growth capital for expansion and equipment purchases

**Investment Opportunity**

- No. of profiled companies: 8
- Total market investment demand: US$16.9m
- Market demand for equity: US$9.5m
- Market demand for debt: US$7.4m
- Median firm investment demand: US$1.5m

**Number of firms by innovation type**

- Biomass / Biogas
- Data / Optimization
- Drying and Processing
- Energy Infrastructure
- Irrigation
- Inputs / Planting
- Fisheries
- Cold Storage Facilities

Despite being landlocked, Niger has enjoyed robust growth led by mineral exports but the lack of entrepreneurial dynamism will undermine longer term development.

The financial system is underdeveloped, weak, and fragmented reflecting the small size of the economy.

The economy has been hampered by security threats since the arrival of Boko Haram, jihadist attacks and drug trafficking in the Tillabery and North Tahoua regions, and is heavily reliant on uranium exports.

However, the agricultural economy has previously registered a strong performance and remains a priority under the country’s strategy to strengthen and accelerate economic development.

There is strong potential in renewable energy, sector as the government is exploring alternative energy sources to address the recurring shortage of electricity.

The companies profiled in Niger are exploring these opportunities and delivering solar solutions for agri production and processing.

### Macroeconomic Snapshot

<table>
<thead>
<tr>
<th>Ease Of Doing Business</th>
<th>143</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protecting Minority Investors</td>
<td>149</td>
</tr>
<tr>
<td>Registering Property</td>
<td>111</td>
</tr>
<tr>
<td>Access to Electricity</td>
<td>10.8%</td>
</tr>
<tr>
<td>Real GDP Growth</td>
<td>5.1%</td>
</tr>
<tr>
<td>Rural Employment in Ag</td>
<td>76.1%</td>
</tr>
</tbody>
</table>

### Investment Opportunity

- **No. of profiled companies**: 3
- **Total market investment demand**: US$2.6m
- **Market demand for equity**: US$0.7m
- **Market demand for debt**: US$1.9m
- **Median firm investment demand**: US$0.3m

### Country Insights

- The financial system is underdeveloped, weak, and fragmented reflecting the small size of the economy.
- The economy has been hampered by security threats since the arrival of Boko Haram, jihadist attacks and drug trafficking in the Tillabery and North Tahoua regions, and is heavily reliant on uranium exports.
- However, the agricultural economy has previously registered a strong performance and remains a priority under the country’s strategy to strengthen and accelerate economic development.
- There is strong potential in renewable energy, sector as the government is exploring alternative energy sources to address the recurring shortage of electricity.
- The companies profiled in Niger are exploring these opportunities and delivering solar solutions for agri production and processing.

### Number of firms by innovation type

- Biomass / Biogas: 0
- Data / Optimization: 1
- Drying and Processing: 2
- Energy Infrastructure: 3
- Irrigation: 4
- Inputs / Planting: 0
- Fisheries: 0
- Cold Storage Facilities: 0

Despite **ongoing security issues** in the area, WE4F enterprises in Somaliland have **achieved reasonable scale** and are seeking investment facilitation support, particularly for fundraising.

### Macroeconomic Snapshot

<table>
<thead>
<tr>
<th>Macroeconomic Indicators</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease Of Doing Business</td>
<td>152</td>
</tr>
<tr>
<td>Registering Property</td>
<td>138</td>
</tr>
<tr>
<td>Protecting Minority Investors</td>
<td>149</td>
</tr>
<tr>
<td>Access to Electricity</td>
<td>8.8%</td>
</tr>
<tr>
<td>Real GDP Growth</td>
<td>5.7%</td>
</tr>
<tr>
<td>Rural Employment in Ag</td>
<td>67%</td>
</tr>
</tbody>
</table>

### Investment Opportunity

- **No. of profiled companies**: 3
- **Total market investment demand**: US$1.8m
- **Market demand for equity**: US$0.3m
- **Market demand for debt**: US$1.5m
- **Median firm investment demand**: US$0.3m

### Number of firms by innovation type

- Biomass / Biogas
- Data / Optimization
- Drying and Processing
- Energy Infrastructure
- Irrigation
- Inputs / Planting
- Fisheries

**Country Insights**

- The government taking steps to attract foreign investors to agriculture, construction, education, finance, and communication including sending government officials to meet with foreign investors, and launching an investment promotion agency.
- Guinea enjoys favorable climate and geography which offers considerable potential for growth in the agricultural and fisheries sectors.
- WE4F enterprises have seen minimal scale with revenue remaining under $100k over eight-year period of operation.
- Enterprises were not specific in their request for TA/BAS but indicated that they would be happy to receive whatever they were offered, potentially indicating a lack of clear focus.
- Firms are seeking financing for growth, but unspecified in terms of particular use.

An unskilled and uneducated workforce, along with poor public infrastructure pose challenges for entrepreneurs; enterprises requested capacity building programs to train needed labour.

**Burkina Faso**

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### Macroeconomic Snapshot

<table>
<thead>
<tr>
<th>Ease Of Doing Business</th>
<th>151</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protecting Minority Investors</td>
<td>149</td>
</tr>
<tr>
<td>Registering Property</td>
<td>145</td>
</tr>
<tr>
<td>Access to Electricity</td>
<td>9.6%</td>
</tr>
<tr>
<td>Real GDP Growth</td>
<td>6.0%</td>
</tr>
<tr>
<td>Rural Employment in Ag</td>
<td>29.2%</td>
</tr>
</tbody>
</table>

### Investment Opportunity

- No. of profiled companies: 1
- Total market investment demand: US$2.2m
- Market demand for equity: US$0.4m
- Market demand for debt: US$1.8m
- Median firm investment demand: US$2.2m

---

**Country Insights**

- Burkina Faso is currently in the process of developing a second Millennium Challenge Corporation (MCC) compact. The compact will focus on the energy sector, including policy reform and capacity building, energy (especially solar) production and grid expansion.
- Weak rule of law and systemic weaknesses in the protection of property rights still hinder the emergence of a more vibrant entrepreneurial.
- The team have only profiled one firm in the WE4F nexus that is focused on providing solar powered irrigation solutions to off the grid farmers.
- There are a good number of government projects that the enterprise has bid for, but for long term sustainability there is need to focus on private sources of revenue.

---

Togo

Togo has maintained steady growth despite growing political instability due to government efforts to modernize banking, transportation and commercial sectors; enterprise seeks assistance in capital raising

### Macroeconomic Snapshot

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease Of Doing Business</td>
<td>137</td>
</tr>
<tr>
<td>Protecting Minority Investors</td>
<td>149</td>
</tr>
<tr>
<td>Real GDP Growth</td>
<td>4.7%</td>
</tr>
<tr>
<td>Access to Electricity</td>
<td>19.5%</td>
</tr>
<tr>
<td>Rural Employment in Ag</td>
<td>34.9%</td>
</tr>
</tbody>
</table>

### Country Insights

- The agricultural sector accounts for about 40% of GDP and over 60% of employment.
- Women in Togo are especially vulnerable as they have fewer economic opportunities and are under-represented at high levels of decision making.
- However, the country is experiencing an up rise of gender equality laws, female-led protests and national women’s conferences, and is looking toward a better future as far as gender equality and women’s rights are.
- The profiled enterprise shows good promise having achieved over $100K in revenue within four years of operations.
- Firm is seeking transaction advisory services to guide its capital raise process. They should benefit from the government’s focus on improving local financing institutions.

### Investment Opportunity

- No. of profiled companies: 2
- Total market investment demand: US$0.16m
- Market demand for equity: US$0.07m
- Market demand for debt: US$0.09m
- Median firm investment demand: US$0.08m

### Number of firms by innovation type

<table>
<thead>
<tr>
<th>Innovation Type</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biomass / Biogas</td>
<td>1</td>
</tr>
<tr>
<td>Data / Optimization</td>
<td>1</td>
</tr>
<tr>
<td>Drying and Processing</td>
<td>1</td>
</tr>
<tr>
<td>Energy Infrastructure</td>
<td>1</td>
</tr>
<tr>
<td>Irrigation</td>
<td>1</td>
</tr>
<tr>
<td>Inputs / Patterning</td>
<td>1</td>
</tr>
<tr>
<td>Fisheries</td>
<td>1</td>
</tr>
<tr>
<td>Coldstorage Facilities</td>
<td>1</td>
</tr>
</tbody>
</table>