Ministry of Foreign Affairs

A NEW ERA FOR ANGEL INVESTING IN AFRICA

How innovative approaches to angel investing are reducing the early-stage financing gap for African high-growth ventures

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The maturing of local startup ecosystems has greatly increased the number of investable opportunities in Africa in the past years, and investment by angel investors into African startups has grown rapidly. Early signs of success, such as the emergence of several African fintech unicorns, have spurred further interest from angel investors worldwide. Their increased appetite for investment on the continent is both enabled and accelerated by new approaches to organized angel investing that combine elements of traditional angel investing, crowdfunding, and venture capital, making it more cost-efficient and easier for angel investors to invest in high-growth African ventures. As such businesses are key to stimulating (youth) employment, innovation, and competitiveness in African economies, this paper explores new approaches to organized angel investing and highlights the ongoing need for innovation to make finance more accessible to high-growth African ventures.

Background

The 2019 report commissioned by the Dutch Good Growth Fund Scaling Access to Finance for Early-Stage Companies in Emerging Markets,[1] describes the significant challenges in obtaining financing that early-stage ventures face around the world. While challenges are abundant for all "missing middle" small and medium-sized enterprises (SME) in developing countries,[2] early-stage enterprises face especially large hurdles. Lack of financing constrains their establishment and growth, especially in Africa, where traditional sources of capital such as bank loans or government and research grants are particularly hard to access. Since high-growth ventures drive innovation, improve productivity, and create jobs[3] , access to start-up and growth capital is critically important (Box 1).

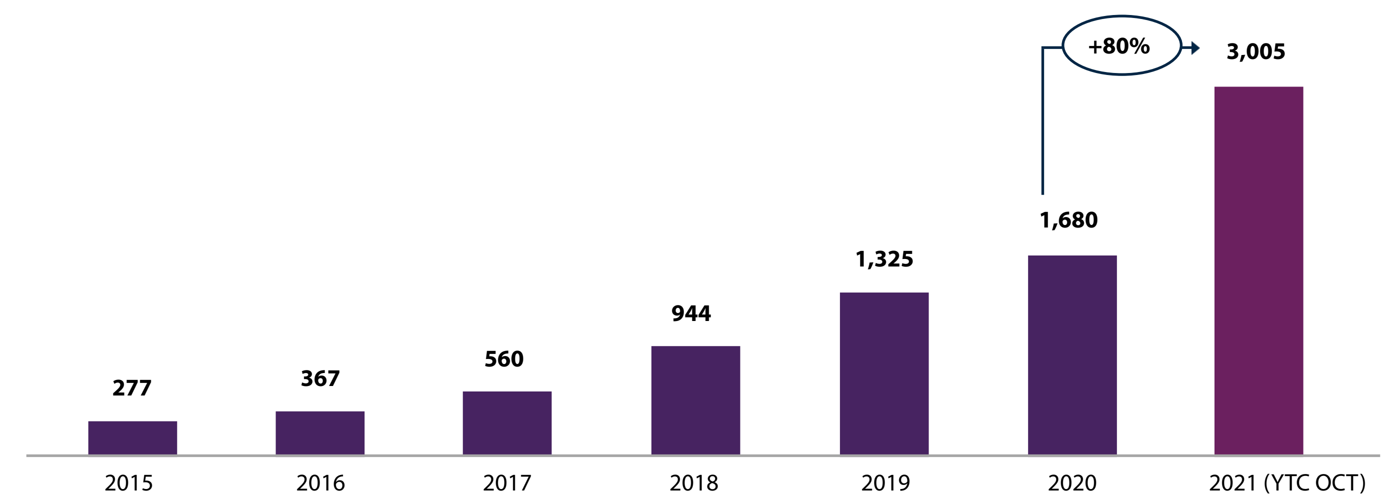
High-growth Ventures

"High-growth Ventures are companies that pursue disruptive business models and target large addressable markets. These enterprises have high growth and scale potential and tend to feature the strong leadership and talent needed to manage a scalable business that pioneers completely new products, services, and business models. Often led by ambitious entrepreneurs with significant risk tolerance and a desire to achieve outsized impact, these firms begin as startups and due to their rapid growth, soon "graduate" to become larger firms. High-growth Ventures innovate by leveraging digital technology (e.g., social media platforms, mobile money transfer, etc.) but also by creating new hardware-based products and pursuing business model innovations (e.g., off-grid solar, cookstoves, or medical diagnostic equipment, etc.). Due to their steep growth trajectory, High-growth Ventures typically have significant need for external financing. High-growth Ventures have outsized impact in driving innovation, spurring productivity, and creating new jobs" – from the 2018 report, The Missing Middles - Segmenting Enterprises to Better Understand Their Financial Needs

| Box 1

Funding to African startups has grown rapidly over the past several years. By October 2021, cumulative deal value on the continent (primarily including publicized deals larger than USD 100,000) exceeded USD 3 billion, greater than the roughly USD 2.9 billion raised over 2019 and 2020 combined (Figure 1).[4] Growth in the pre-seed and seed stages on the continent,

Figure 1. Funding raised by start-ups in Africa 2015-2021 ($M)



Source – Africa: The Big Deal | Full database: thebigdeal.substack.com | Based on both publicly disclosed & confidential deals shared by selected investors

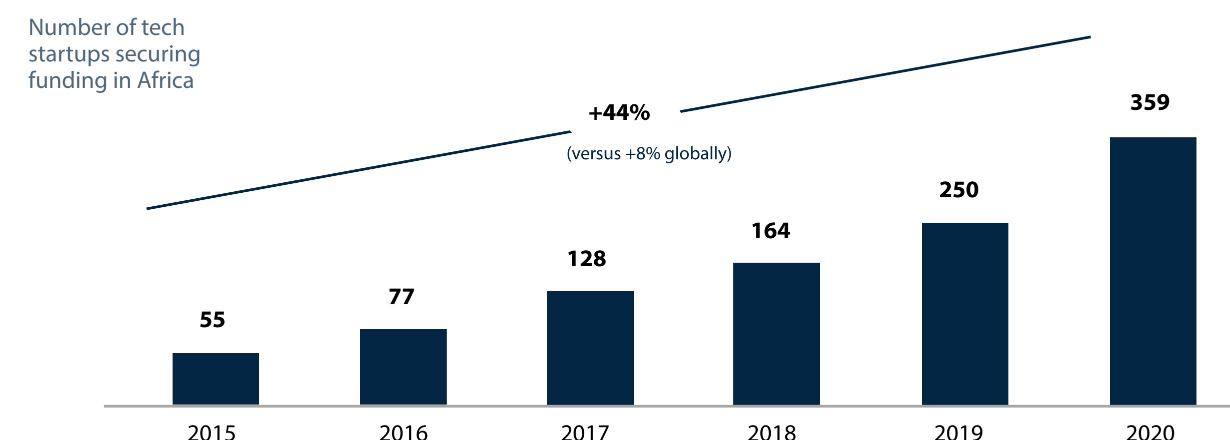
where "business angels," accelerators, and micro-VC funds have historically been most active as investors, mirrors this trend. While business angels (also called "angel investors" or "angels") have diverse profiles, most have traditionally been older, wealthy business executives and business owners who invest a few thousand to several hundred thousand USD of their own funds per company. However, in a recent and notable trend, angel investors are becoming relatively younger and invest in smaller amounts. Business angels, who often invest through a network, syndicate, or fund, offer capital with high risk appetite in combination with business expertise and networks. Often the first external investors, angel investors usually participate before VC funds. As angels' funding and mentorship are indispensable for founders, strengthening the role of angels in Africa is essential to helping startups overcome the pioneer gap.[5]

Growing interest by angel investors in African high-growth ventures has resulted from several key developments and innovations. First, a rapidly developing technology landscape has yielded many investable opportunities. Second, recent financial and impact success stories, including African unicorns, have attracted investor interest. Third and finally, new hybrid models are combining elements of angel investing, crowdfunding, and venture capital, speeding due diligence, increasing reliance on data, and focusing more on upside rather than downside risk. The widespread use of SAFE notes is one distinctive characteristic of this emerging landscape.

The rapidly developing technology landscape results in many investable opportunities

Technology startups and the ecosystems that support them are developing especially quickly in Africa, which has seen the largest global increase in internet and mobile phone users. The continent's youthful and growing population, rising internet penetration, and the application of emerging technologies all contribute to a fertile environment for tech entrepreneurs, with significant growth in the number of investable technology startups as a result. According to the venture capital firm Partech Partners, from 2015 through 2020, the number of African tech startups receiving financial backing grew by +44% each year, around six times faster than the global average (Figure 2). Although still relatively small in global terms, expansion in the number of tech hubs, VCs, and investment rounds has made Africa the fastest-growing tech market in the world. Technological innovation across the African continent drives prosperity, creating new and often high-value jobs, contributing significantly to economic growth, and in most cases directly improving lives through increased access to education, health care, financial services, food, and energy.

Figure 2. Funded Tech Startups Are Growing Six Times Faster in Africa Than Globally



Source – "2020 Africa Tech Venture Capital Report" by Partech Partners, https://partechpartners.com/2020-africa-tech-venture-capital-report

Recent African success stories attract the interest of investors globally

Investing at seed stage typically entails taking high risk in exchange for high (targeted) returns and/or impact. Startup ecosystems tend to initially develop slowly but move quickly with momentum, as investors see some investments successfully scale and even become mature companies. Africa is starting to see an increasing number of such early success stories. In 2021 to date, six African startup companies have reached unicorn status (valued over USD 1 billion), bringing the total number of African unicorns to nine (or 12, depending on the definition of what constitutes an "African" unicorn; Table 1). Unicorn status has an important signaling effect for investors and aspiring entrepreneurs. Although high valuation is not the same as high return (which requires investors to exit, as discussed in the next paragraph), many angels see these unicorns as first evidence that the African startup ecosystem is reaching a certain level of maturity. Fintech, the leading vertical, has attracted 51% of funding, but a growing pool of investors are investing into more diverse industries and more markets, with 2020 seeing rising investment in the digitization of key economic sectors, especially Agritech (USD 179 million), Logistics & Mobility (USD 157 million), Off-grid/Energy (USD 148 million), and Health Tech (USD 141 million).

Table 1. "African" unicorns

Jumia	Nigeria / Int	eCommerce	2019
Interswitch	Nigeria	Fintech	2019
Fawry	Egypt	Fintech	2020
Flutterwave	Nigeria	Fintech	2021
Chipper Cash	Nigeria	Fintech	2021
OPay	Nigeria	Fintech	2021
Swvl	Egypt	Mobility / Logistics	2021
Wave	Senegal	Fintech	2021
Andela	Nigeria / Int	Edtech / recruitment	2021

Whereas increasing valuations, including unicorn valuations, are based on startups' latest funding rounds, the financial returns early-stage investors eventually realize will result from selling their shares in the future to another investor, such as an investment fund or strategic buyer (or, in extremely rare cases, an IPO). Exit activity for angel investors has largely been lacking from the early-stage investment market in Africa. Many early-stage investors have had successful investments in terms of company growth and impact from which they could not exit. However, several recent exits described in two case studies published by the African Angel Academy are signs of a maturing ecosystem. **Paystack**,[6] a Nigerian fintech, was acquired by Stripe for USD 200 million in October 2020. **Twiga**,[7] a Kenyan Agritech startup, recently raised a USD 50 million Series C round that allowed earlier investors to make a profitable exit. In another example, Cairo Angels, a pioneering African Angel network that launched in 2011, celebrated their first exit with the July 2021 acquisition of online event platform **Eventtus** by U.S.-based Bevy.

Generating attractive financial returns for angel investors means a share of the gains will likely be invested back into local ecosystems, and these successes are bringing many new investors into the startup ecosystem. Moreover, a recent study by ABAN (the African Business Angel Network),[8] in partnership with Briter Bridges, found that many current angel investors are themselves entrepreneurs. For example, the founders of

Andela, Flutterwave, and Paystack all became active angel investors, part of a new generation of tech-savvy investors who invest side-by-side with the first generation of African angels, many of whom are African diaspora based outside of the continent.

Successes not only bring financial returns to early backers but also motivate investors who are attracted to the developmental impact of investing in early-stage enterprises. For example, Paystack helps companies process financial transactions, contributing to a more conducive financial ecosystem in which more than 60,000 Nigerian companies can now connect with new clients and access additional financial services. Twiga's B2B e-commerce platform, used by 8,000 farmers and 10,000 (often informal) retailers, simplifies the supply chain between fresh food producers and FMCG manufacturers and retailers. This has resulting impact on the Kenyans who earn part of their living from agriculture (around 75% of the population), which is a sector known for its inefficiency, complexity, and food waste due to inefficient handling practices. And Eventtus helps (African) businesses continue doing business during the COVID-19 pandemic.

New hybrid models are combining elements of angel investing, crowdfunding, and venture capital

Angels have historically often invested through angel networks, formal or informal collectives of angel investors who may collaborate to pool financial resources and share responsibility for pre- and post-investment activities. Angel networks enable more rigorous, professional, and structured investment operations compared to angels investing on their own, improving efficiency and financial performance and reducing risk.

Organized angel investing emerged in Africa around 2010. Among the first notable angel networks are the Lagos Angels Network, the Cairo Angels Network, the Carthage Business Angels, and AngelHub Ventures in South Africa. At present, Africa counts approximately 100 active angel networks (according to Briter Bridges research from September 2021). Traditionally, angel networks provided opportunities for investors to meet like-minded people and gain exposure to investment opportunities, often in a structured format (such as monthly demo days). Most of these traditional angel networks have a strong local base, with investors from the same city or region investing in companies in that same city or region, and investments are largely made on an individual basis, with investors choosing specific deals in which they participate. One investor often takes the role as lead investor in such models, inviting other investors to join a round.

As the 2019 report[9] described,early-stage finance remains nascent in Africa, with market actors lacking funding instruments and approaches tailored to the various African markets. Various innovative models that combine elements of traditional angel investing, crowdfunding, and VC funds have recently gained traction, with a common characteristic of high deal volume and speed (investment decisions are sometimes made in a matter of days). Typically, large numbers, even hundreds of individual angel investors (far more than in traditional angel networks) combine their capital and wisdom, using deal flow platforms to manage these groups and syndicates. Identification of deals, due diligence, and investment decisions often rely heavily on data and familiarity with business strategies deployed successfully in other contexts and regions. This has dramatically increased the number of entrepreneurs who can attract much needed start-up capital.

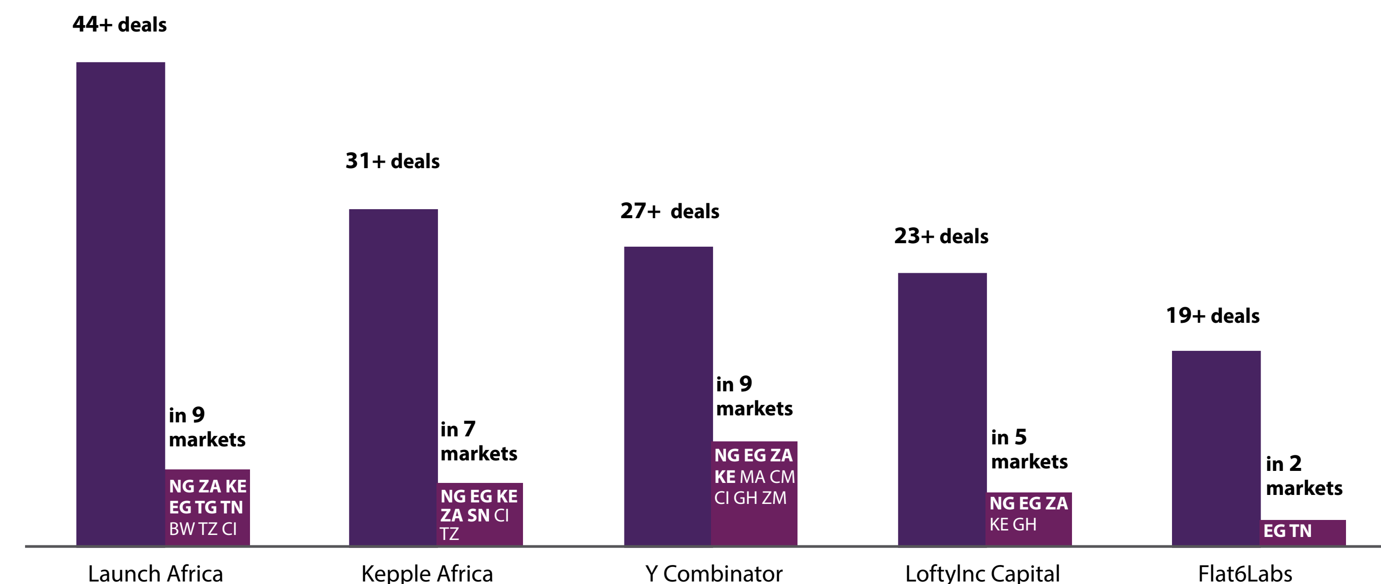
A list of the five currently most active startup investors in Africa (as measured by number of deals; Figure 3) illustrates the variety of models and approaches to startup investing. Launch Africa (Box 2) offers a hybrid VC – angel network model, Kepple Africa is a micro-VC, Y combinator and Flat6labs are accelerators, and LoftyInc (Box 5) comprises a large active angel syndicate and an early-stage VC fund.

Launch Africa

Launch Africa, started in July 2020, typically invests up to USD 300,000 per transaction in early-stage tech deals in Africa, often co-investing with other early-stage tech funds such as Future Africa and LoftyInc. Launch Africa is structured as a company and managed as a fund, with a professional management team based in South Africa and 130+ individual investors acting as LPs who are not directly involved with the investment decisions made by the fund manager. Key to the Launch Africa model is that LPs may additionally co-invest directly in deals alongside Launch Africa. As of October 31, 2021, Launch Africa LPs have invested more than USD 8 million into Launch Africa portfolio companies in addition to USD 15 million from the fund itself. This access to deal flow is one of the main reasons LPs choose Launch Africa, which does not ask for fees or profit-sharing (carried interest) in exchange for finding, selecting, and negotiating deals for their investors. Investment decisions are made quickly, sometimes within days, as the fund's management team has in-depth knowledge of their focus sectors and rely heavily on benchmarking and other data for due diligence. In just their first year, Launch Africa has invested in 73 companies.

| Box 2

Figure 3. Most active investors in Africa, in number of deals (2021 YTD) | as of Sept 17



Source – thebigdeal.substack.com by Maxime Bayen & Max Cuvellier

Reliance on data and business model patterns enables quick decision-making and value addition

For many years, conventional wisdom held that successful (angel) investors must be very close to investees and complete thorough and detailed due diligence to properly identify and manage risks. Investing in fast-growing technology business allows for different approaches, in which much emphasis is given to standard metrics and data and drawing comparisons with businesses with similar strategies in other regions. Startup founders' pitch decks emphasize some of these familiar metrics, such as "customer lifetime value" and "customer acquisition cost." Certain new hybrid models take this one step further to focus on a specific niche. Rally Cap Ventures (Box 3), for instance, focuses on fintech infrastructure companies. Using this approach, investors can not only analyze business models and markets more quickly but also add greater value to their investees by deploying their insights, data, and benchmarks from other ventures and across their portfolios. Proximity to investments becomes less important as investors become more familiar with their niche, enabling more efficient investment across the continent.

Rally Cap Ventures

U.S.-based Rally Cap Ventures, working across emerging markets in Africa, Latin America, and Asia, invests in "foundational fintech infrastructure, which involves the data, payment, and communication startups that are accelerating scalable, multi-market financial services." Mobilizing many specifically international investors, Rally Cap presents itself as a collaborative investment community and charges its investors an administrative fee and carried interest. Rally Cap Ventures has so far raised funding from 240 investors, mostly insiders from the finance community, many of whom actively present investment opportunities and manage the portfolio. The involvement of these "strategic angels" is a critical success factor for the organization.

| Box 3

A new "portfolio" mindset has increased focus on a few winners and less on downside protection

The changing startup landscape has changed mindsets among many angel investors and other early-stage investors. To keep up with fast technological developments and increased competition for the most promising deals, early-stage investors must make very fast investment decisions, sometimes within days, with radically less time allocated to due diligence as compared to just a few years ago.

Future Africa

Future Africa was launched early 2020 by Iyinoluwa Aboyeji, co-founder of two unicorns, Andela and Flutterwave. Currently counting some 400 angel investors,. Future Africa has similarities to a traditional angel network. It is a subscription-based network that acts as a syndicate lead, sourcing investments, conducting due diligence, and securing allocations for other investors, who are called backers. They combine this approach with a fundraising platform for startups wanting to raise money from angel investors, allowing angels to co-invest with prominent investors. This component of their approach is similar to AngelList, a well-known U.S. website that allows startups to raise money from angel investors.

| Box 4

Whereas investors in Africa have traditionally focused on risks and downside protection, the (perceived) potential for high returns suggested by recent success stories has led more early-stage investors to focus on the "upside" of deals. Even as they accept that many of their investments will fail, investors in African high-growth ventures are increasingly confident that some number of successful deals will generate returns that are high enough to compensate for these write-offs.

The new mindset is most clearly visible in the large number of deals that angel investors are closing. Up to October 2021, in 2021 Future Africa (Box 4) made 60 investments and LoftyInc (Box 5) made 45 investments. Launch Africa (Box 2) has made 73 investments since its launch in 2020.

The notoriously slow decision making attributed to angel networks—lengthy due diligence, tailor-made legal documents, and democratic decision making—has posed challenges for many pre-revenue companies that might require funding at short notice. These figures show that the pace of deals has greatly accelerated.

Multiple factors have drastically reduced investment process lead times

Angel networks have traditionally provided support in deal structuring, due diligence, and negotiating, among other aspects of the investment lifecycle. Many angels, as inexperienced investors, relied on other angels or a manager of the angel network to lead deals. Such traditional networks have typically invested through straight equity or convertible debt, in tailor-made structures depending on the knowledge levels of entrepreneurs and angels. According to ABAN, in 2018, 97% of angels active in Africa used or anticipated using equity, and around half were experimenting with convertible debt and other structures, such as revenue-based loans. This "traditional" approach has many similarities with the investment operations of PE and VC funds, requiring complex terms to be negotiated over long periods of time with substantial legal costs. Many startups looking to raise funding from angel networks found that it often took between six and 12 months to raise USD 1 million, with very high legal costs compared to the size of investment.

LoftyInc

LoftyInc invests in early-stage ventures led by teams of local and returning Africans who are leveraging technological innovation to solve significant problems in Africa. LoftyInc is one of the oldest investment initiatives on the continent, with successful portfolio companies including Andela and Flutterwave. At present, LoftyInc comprises three different investment vehicles. Their Afropreneurs Fund 1 is an evergreen angel fund with a pre-seed portfolio that has appreciated 15X and attracted USD 200 million in private follow-on capital. The fund comprises 15 active angels who effectively lead deals by selecting and presenting opportunities to a syndicate of 200 angels, who can opt in or out of individual deals. Deals are made quickly, too, as amounts tend to be small for each individual investor. Individual angels can then build a portfolio of vetted deals relatively quickly. LoftyInc's Afropreneurs Fund 2 is a closed, seed-stage VC fund that has returned 3x over 3.5 years to accredited investors seeking attractive financial returns alongside development impact. LoftyInc's third vehicle also provides early-stage and follow-on capital for portfolio companies and is managed as a traditional VC. Many angels in the first fund are LPs in the third vehicle.

| Box 5

Many of the new hybrid models close deals on much shorter timeframes, for several reasons:

1. As mentioned above, approaches that focus on business model and data require shorter due diligence and decision-making processes.
2. As the ecosystem has matured overall, entrepreneurs and investors have become much more comfortable with the vocabulary and legal clauses that are part of the investment process.
3. Investing through larger groups or larger syndicates spread risk among more investors. Some of the more fund-like structures also have less "democratic," less deliberative decision making than traditional angel networks and investment clubs.
4. Especially for the best deals, early-stage funding is now a seller's market, creating a sense of urgency and fear of missing out and forcing prospective investors to decide and act more quickly.
5. Last but not least, the increased use of standardized instruments (such as SAFE agreements, see next section) has removed the need for extensive negotiations and equires less involvement from lawyers and notaries.

The use of the SAFE has gained traction in Africa

Hybrid angel investment models are increasingly using SAFE notes. Created in 2013 by the Silicon Valley accelerator Y Combinator as a simpler alternative to the convertible notes otherwise commonly used by angel investors, the Simple Agreement for Future Equity, or SAFE, is a standard deal structure for early-stage and startup companies to obtain initial financing without long and expensive negotiations. A SAFE defers the major terms of the investment to a future transaction (specifically, a future equity financing round). The main negotiable aspect of a SAFE is the "valuation cap," which sets a maximum valuation for the company at the time of the future equity financing (when the SAFE converts into shares), thus providing a minimum future shareholding for the SAFE investor. Another important negotiable aspect is the direct discount for the SAFE investor compared to other equity investors on the share price at conversion, typically around 20% and ranging from 5% to 30%. Besides allowing investors and startups to complete deals quickly, SAFEs allow seed investments to be structured without interest rates or maturity dates. Since SAFEs do not expire, the note may never convert to equity, and nothing in the terms calls for the investment to be repaid. Thus, the SAFE is not actually a convertible debt note, as it contains no debt language; no interest accrues and there is no maturity date. Table 2 compares the terms of investments made through equity, convertible debt, and SAFE notes.[10]

Table 2. Equity, convertible debt, and SAFE

	Equity	Convertible Loan Note	SAFE
Main rights of the investor	Immediately becomes a shareholder in the company, typically with comprehensive investor rights and protection	Repayment of the loan, plus a right to convert the loan into equity upon an agreed milestone, typically within 12–24 months	Becomes a shareholder in the company right after the next equity funding round
Investor rights in future equity funding rounds	Dilution (investor shareholding is reduced) or pro rata rights (investor maintains initial shareholding)	Option to convert to shares at the lesser of cap or discount (if applicable), or to receive back the loan (with or without interest)	Converts automatically to preferred equity when an equity round of any size occurs, at a price reflecting the lesser of the valuation cap or the discount (when applicable)
Valuation cap	No valuation cap. Equity rounds are based on current valuation	Generally a pre-money valuation cap	Often post-money valuation, although founders may also offer pre-money valuation caps
Discount	No discount	Possibly, depending on the terms, generally in the 5–30% range	Possibly, depending on the terms, generally in the 5–30% range
Investor rights upon sale of company	Depends on drag or tag along rights	Option to convert to shares at the valuation cap or to be repaid the original investment (with or without interest)	Option to convert to common shares at the valuation cap or to be repaid the original investment (liquidation preference)
Versions	Various	Various	• Cap, no Discount • Discount, no Cap • Cap and Discount
Founder control	Founders give up a certain level of control, as per the terms of the agreement	Founders can lose control if the investors demand their money back on the maturity date	Offers the founder the most control
Speed	Slow, requiring valuation of the entire company, many negotiated terms, and detailed due diligence	Fast; much less complexity than equity rounds and valuation can be deferred with an agreed discount	Very fast; valuation can be deferred, and document is standardized with only a few points to negotiate
Costs	High; requires much time and high legal fees to craft tailor-made legal documents	Low, with less complexity compared to equity, but documents are not standardized in market	Very low; the standardized SAFE agreement is designed to be hassle-free, with minimal legal fees or other transaction costs

The SAFE quickly gained popularity in advanced startup markets after its 2013 introduction and has gained traction in Africa over the past few years. For example, Launch Africa and Rally Cap Ventures use SAFE notes for almost all of their deals, while Lagos Angels uses a mix of instruments that includes convertible notes, SAFE notes, pure equity, and bridge financing. One challenge has been that SAFE notes are not recognized as legally binding agreements in certain jurisdictions—specifically in the OHADA member states,[11] which covers the majority of Francophone Africa—meaning that not all entrepreneurs across the continent benefit from the influx in investor activity using SAFEs. Important recent work by the African Business Angels Network has involved local legal experts to create an OHADA-compliant version of the SAFE note.

Continued investment into the development of African ecosystems is crucial

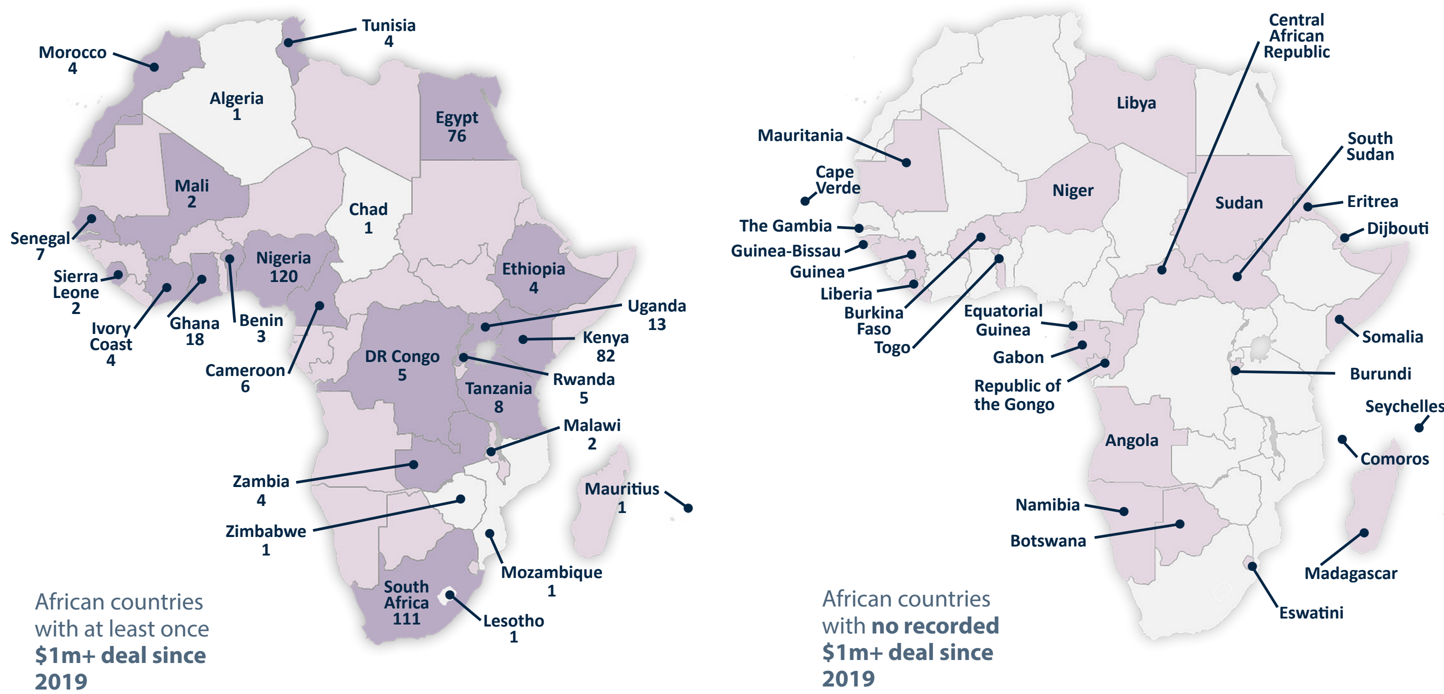
The overall picture of early-stage investing on the continent clearly looks positive, with a growing number of deals, investors, exits, and success stories across various countries. Based on data from 'Africa: The Big Deal by Maxime Bayen & Max Cuvellier', as of October 1, 2021, twenty-seven African countries (representing 85% of the continent's population and including 17 of the 20 most-populous countries) have recorded at least one VC deal over USD 1 million in the past three years. Ten countries boast at least one deal greater than USD 1 million every year since 2019, including Nigeria, South Africa, Kenya, and Egypt, as well as Ghana, Uganda, Tanzania, Senegal, Cameroon, and Tunisia. In 2021 so far, 19 countries have already recorded at least one deal greater than USD 1 million, and 12 have recorded more than one. Including all deals greater than USD 100,000 so far in 2021, 26 countries have had at least one such deal, and most (20) have had more than one.

On the other hand, 27 countries (with some 200 million inhabitants) have recorded no public VC deals greater than USD 1 million over the past three years. Most have smaller populations—and therefore smaller local addressable markets—with the exception of the more populous Sudan, Angola, and Burkina Faso. Of the 20 least-populous African countries, only two, Mauritius and Lesotho, recorded a deal greater than USD 1 million since 2019. In 2021 so far, almost two -thirds of African countries (35) have recorded no deal greater than USD 1 million, and just over half (28) have not yet recorded a single deal greater than USD 100,000.

Although it is logical that entrepreneurial activity and early-stage funding concentrates in a few hubs, just like VC activity in the US is concentrated in a few areas such as Silicon Valley, It will be crucial to continue to increase efforts in those African regions that are lagging and to grow startup and angel investment activity across the continent. This will allow for faster adoption and implementation of tech-enabled business models that can create positive impact for millions of people.

In general, the positive examples here suggest that the many long-term efforts by numerous actors to improve the entrepreneurial ecosystems through education, advocacy, promotion of entrepreneurship, tax reform and other stimulus incentives, grants, subsidies, and investor- and entrepreneur-friendly legal reform, are paying off. Pioneering investors, including those who lost money, have played a crucial part in the early successes and positive trends that are now apparent.

Geographical distribution of $1m+ start-up deals in Africa since 2019



Source – thebigdeal.substack.com by Maxime Bayen & Max Cuvellier | As of October 1, 2021
Based on both publicly disclosed & confidential deals shared by selected investors

Conclusion

Although early-stage funding remains nascent in African markets, angel investors can play a pivotal role in supporting high-growth ventures. Innovative hybrid investment approaches have successfully mobilized substantially greater seed capital for promising entrepreneurs and substantially increased the number of high-growth ventures that are creating jobs and positive developmental impact. However, some important questions regarding the scalability and replicability of these models remain unanswered. The years ahead will reveal the financial returns of these new, hybrid investment models and their investees. Better understanding is needed, too, of the impact of angel investments into early-stage companies on job creation, inclusiveness (notably gender equity), and broader ESG impact in both more developed and more nascent entrepreneurial ecosystems. We encourage both angels and other public investors to collect data to better calibrate their efforts to create a new asset class that is sustainable both financially and in terms of creating positive developmental impact.

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11| OHADA, or the "Organisation pour l'harmonisation en Afrique du droit des affaires" [Organisation for the Harmonisation of Corporate Law in Africa], includes 17 African states: Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Côte d'Ivoire, the Democratic Republic of the Congo, Gabon, Guinea, Guinea-Bissau, Equatorial Guinea, Mali, Niger, Republic of the Congo, Senegal, and Togo. OHADA was created to foster economic development in West and Central Africa by improving the investment climate.

Commissioned on behalf of:
The Dutch Good Growth Fund, part Investment funds for local Small and Medium Enterprises (SMEs), a "fund of funds" investment initiative from the Dutch Ministry of Foreign Affairs. The initiative aims to improve financing for the "missing middle" – i.e. entrepreneurs who have outgrown micro-finance but do not yet have access to regular financial services. The Seed Capital and Business Development (SC&BD) program was established to increase the impact of the DGGF by providing technical assistance, seed capital and business support services to intermediary investment funds and local SMEs. The program incorporates a knowledge development and sharing component that supports research, tests assumptions and shares insights into financing SMEs in developing countries and emerging markets - fostering industry-wide knowledge exchange.

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