



PARTNERING TO ACCELERATE ENTREPRENEURSHIP

ASISA AND EDGE GROWTH: INVESTING IN SOUTH AFRICA

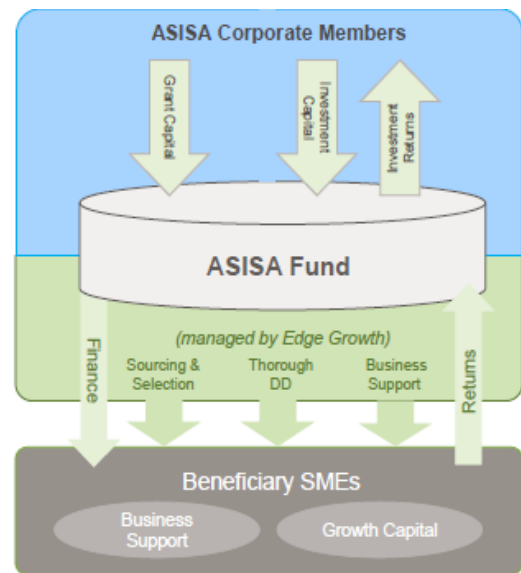
Through the Partnering to Accelerate Entrepreneurship (PACE) Initiative, USAID’s U.S. Global Development Lab aims to catalyze private sector investment into early-stage enterprises by identifying and testing innovative models or approaches that help entrepreneurs bridge the pioneer gap—thus unlocking the potential of thousands of promising enterprises around the world.

THE CHALLENGE

In 2012, the Association for Savings and Investment South Africa (ASISA), a not-for-profit association that represents the long-term insurance and asset management industries in South Africa, wanted to set up a vehicle through which its members could provide funding for the development and support of small and medium enterprises (SMEs) as a means of combating South Africa’s high unemployment. ASISA approached Edge Growth, a firm specializing in enterprise development solutions and together, they created the ASISA Fund.

Through the creation of the fund, ASISA members provide grant and investment capital to Edge Growth, the fund manager. Edge Growth then provides business development services and capital to selected SMEs. The technical services benefit both the SMEs and ASISA members, who are looking for strong, investment-ready and highly-scalable SMEs to fit into their supply chains or support their research and development efforts.

The fund was able to deploy \$2 million into qualifying SMEs over the three years since its creation. However, it faced challenges financing the capital-intensive activities of sourcing SMEs, providing tailored business development services, and deploying seed-stage capital. Facing this resource problem, the ASISA Fund applied to USAID’s Partnering to Accelerate Entrepreneurship (PACE) initiative.



THE PARTNERSHIP

In March 2016, through PACE and USAID South Africa’s Africa Private Capital Group, USAID’s grant provided Edge Growth with the up-front capital it needed to continue to source, support, and deploy capital for the enterprises. While the fund’s acceleration and investment support services are labor- and capital-intensive—Edge Growth tailors business development services to the specific needs of each

enterprise—it results in strong, investment-ready and scalable SMEs that fit into ASISA members’ supply chains or research and development efforts.

Once the value of the fund’s model is demonstrated, the partners expect that ASISA members will pay for Edge Growth’s business development services without the need for subsidy. By combining ASISA’s early-stage capital with Edge Growth’s investment-readiness support, the fund will provide sustainable support for SME development in South Africa.

If the partnership proves successful in bringing in institutional capital to early-stage investments in South Africa, the model could be replicated to expand support for businesses in other developing countries.

THE RESULTS

Although still in its early stages, this partnership is expected to provide business development services for 100 SMEs, out of which approximately twelve will receive a total of \$5 million of investment from the ASISA Fund. These investments are projected to create or support 175 jobs in South Africa by the end of 2018.

For More Information

To learn more about the PACE Initiative, visit [usaid.gov/pace](https://www.usaid.gov/pace).

About the U.S. Global Development Lab

The U.S. Global Development Lab serves as an innovation hub. The Lab takes smart risks to test new ideas and partner within the U.S. Agency for International Development (USAID) and with other actors to harness the power of innovative tools and approaches that accelerate development impact.

The Lab is focused on solutions around Science, Technology, Innovation, and Partnership—reflecting USAID’s broad embrace of innovation to bring about positive change and solve some of the world’s most pressing challenges. It works across USAID and within the broader international development community to test innovative tools and methods. When a new approach proves effective, the Lab works to increase its adoption throughout USAID and with our partners.



USAID PARTNERS

- Association for Savings and Investment South Africa (ASISA)
- Edge Growth