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PARTNERING TO ACCELERATE ENTREPRENEURSHIP

GROWTHAFRICA: ALIGNING INVESTOR AND SMALL BUSINESS NEEDS



USAID

PARTNER

TIMEFRAME

EXPECTED PRIVATE CAPITAL
LEVERAGED

GEOGRAPHY

\$300,000

\$1.2 M

3 Years (2018-2021)

\$3.6 M

Sub-Saharan Africa

Entrepreneurs play a critical role in driving economic growth, creating jobs, and innovating to improve people’s lives through market-based solutions. Through the **Partnering to Accelerate Entrepreneurship (PACE) Initiative**, USAID catalyzes market-based private sector investment into early-stage enterprises by identifying and testing innovative models or approaches that help entrepreneurs bridge the pioneer gap and scale.

THE CHALLENGE

Many African countries continue to experience high unemployment and limited opportunities for young people. Supporting small businesses to grow and expand income generating opportunities is a clear solution. However, small businesses in Africa often face tremendous obstacles in accessing financing, while investors often find it difficult to identify investment-ready businesses. Efforts to scale ventures and enhance investment-readiness are often misaligned with investors, who tend to shy away from lending to small- and growing- businesses (SGBs).

Through its Scaleup Accelerator, GrowthAfrica created a cohort-based venture support program designed for early-stage ventures that aim to scale and deliver positive community impact. After graduating nearly 170 ventures across five African countries, GrowthAfrica recognized that entrepreneurs still lacked connections to potential investors.

THE PARTNERSHIP

To address these obstacles, GrowthAfrica sought support from USAID and the Argidius Foundation to refine the Scaleup Accelerator and introduce the EverGrowth Fund, a new financing vehicle that is owned by investors who are directly involved in the selection of ventures for the Scaleup Accelerator. This new method incentivizes investors to stay involved in the SGBs' progress and improve the alignment of interests between investors and SGBs. It will also provide further evidence on the most efficient methods for driving scale and investment-readiness for early-stage impact ventures. The new method also supports USAID's priority of scaling evidence-based results by leveraging the private sector.

Entrepreneurs participate in intensive boot camps focused on visioning strategy, audit and analysis, and implementing business plans, and accountability. These activities are followed by two years of additional support as each SGB further develops its business. This support is financed by the EverGrowth Fund, which in its second stage will also provide cash investments toward the development of these businesses.



EXPECTED RESULTS

The program's overall objective seeks to support early-stage ventures in fulfilling their potential and build closer bonds with investors, including creating an accountability and incentive system for support providers to these ventures. At the same time, this program seeks to decrease the dependence on philanthropy of intermediaries such as accelerators and incubators. During the three-year proposal horizon, the program will be rolled out in five countries, targeting a total of 160 ventures for support. Of these, GrowthAfrica expects 120 ventures will complete the program and 50 will receive financing.

FOR MORE INFORMATION

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

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