



PARTNERING TO ACCELERATE ENTREPRENEURSHIP

I&P: EXPANDING IMPACT INVESTING IN WEST 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

Although economic growth is accelerating in the Sahel region of West Africa, unemployment remains high. Small and growing businesses (SGBs)—which are among the fastest growing businesses in developing countries, accounting for 40 to 50 percent of new job creation—have the potential to create quality formal sector jobs with higher wages and economic security.

But in the Sahel and many other developing areas of the world, SGBs have difficulty accessing the financing they need to grow. They require small investments—between \$50,000 and \$500,000—but the high costs of due diligence, lack of cash flow, and limited collateral often prevent financial institutions from providing early-stage funding. And while growing, the impact investing industry in West Africa is still small and unable to adequately address the needs of early-stage entrepreneurs.

Investisseurs & Partenaires (I&P), an impact investment group based in Paris, aims to close this gap in funding for SGBs in West Africa by supporting the creation of three investment companies in Sénégal, Niger and Burkina Faso focused on early-stage investments.

THE PARTNERSHIP

Through the Partnering to Accelerate Entrepreneurship (PACE), USAID and I&P are partnering to support three new locally managed and locally funded West African investment funds over three years. The investment funds will each initially provide small interest-free and collateral-free loans to high potential SGBs to test or refine their services or products; offer pre-investment services to entrepreneurs, such as financial record keeping and business plan support, to become ready for future investment; and integrate successful SGBs into a community of entrepreneurs to facilitate further learnings and connections.

The three local funds—Teranga Capital, Sinergi Niger and Sinergi Burkina in Sénégal, Niger and Burkina Faso, respectively—are better situated to address investment challenges than their international counterparts. These on-the-ground fund managers have a nuanced understanding of the regional entrepreneurial ecosystem and their hands-on approach can deploy local capital efficiently. With new

skills and hands-on support throughout the partnership, SGBs will be better prepared to potentially receive follow-on investments from the local funds. By leveraging local capital and local talent, this new category of early-stage investors can both accelerate and finance SGBs in a sustainable way.



USAID PARTNERS

- Investisseurs & Partenaires
- Teranga Capital
- Sinergi Niger
- Sinergi Burkina

EXPECTED RESULTS

Launched in October 2016, this partnership anticipates accelerating growth for 52 small and growing businesses through seed funding, coaching and networking, and unlocking \$5.6 million in investments in West Africa by the end of 2019.

The partners anticipate that this model, which allows the funds to increase their investment pace by building a mature pipeline of investment-ready SGBs, will prove sustainable and replicable. By demonstrating that early-stage SGB investment can be profitable in West Africa, this partnership aims to attract the additional actors needed to scale the industry.

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.