SANKALP AFRICA SUMMIT 2019

NAIROBI, KENYA FEBRUARY 21-22, 2019

Accelerating Unlikely Alliances to Build an Inclusive Africa

Who, What, Where and How:

Analyzing the Attendees of Sankalp Africa 2019

analysis by:

investorflow.org

an intellecap *initiative*

METHODOLOGY

Methodology

The attendees of the 2019 Sankalp Africa Summit were asked to fill out an optional profile to help us better understand their interests. 290 of the 1,200 attendees provided this information.

Data Accuracy

All the information provided is self-reported. Neither Intellecap nor investorflow.org have attempted to verify any of the information.

Bias

The attendees of the Africa Summit are not representative of global social entrepreneurs or global impact investors nor representative of all of Africa or likely all of East Africa. 290 responses is sufficient to provide guidance on the reported values, but insufficient to know the certainty of any of the market as a whole.

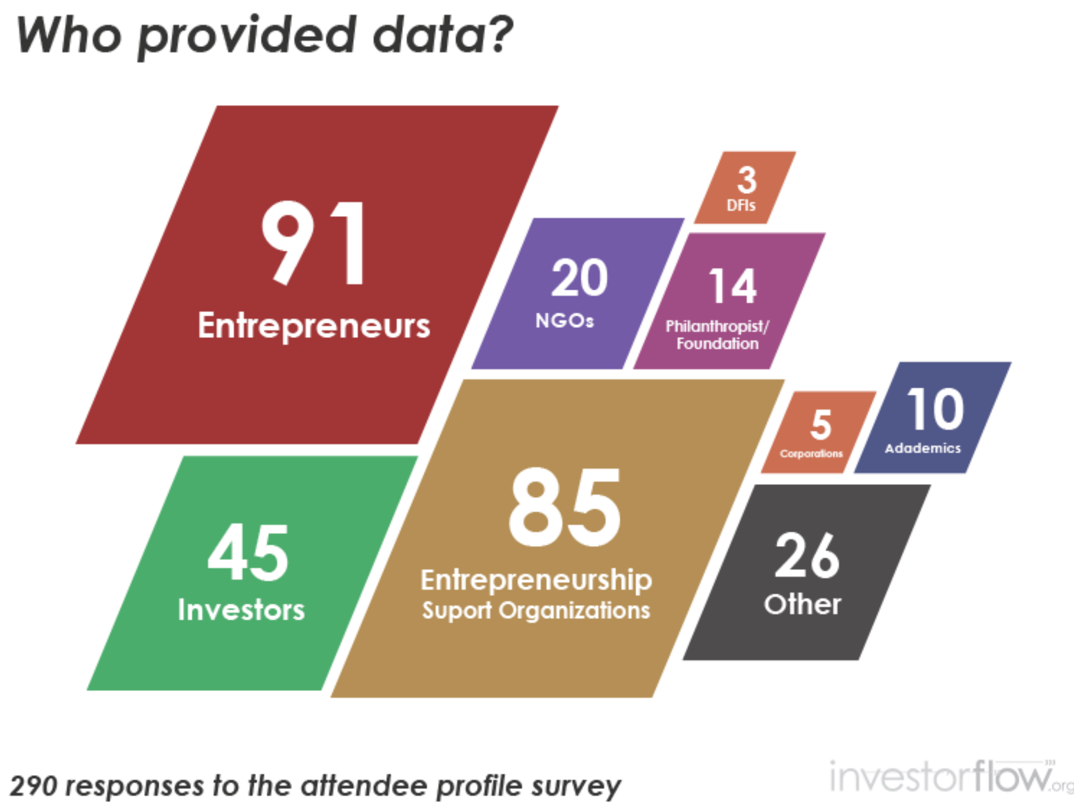
Comparisons

Some of the analysis is compared to the latest global report by investorflow.org. That report is based on 440 impact investors which span individuals, families, funds, foundations, and others. The "440" report is the fourth in the series and while that dataset may be biased toward American investors, the values reported in each subsequent report are trending toward fixed values.

WHO?

Who?

Who filled out the profile? Who is in this dataset?



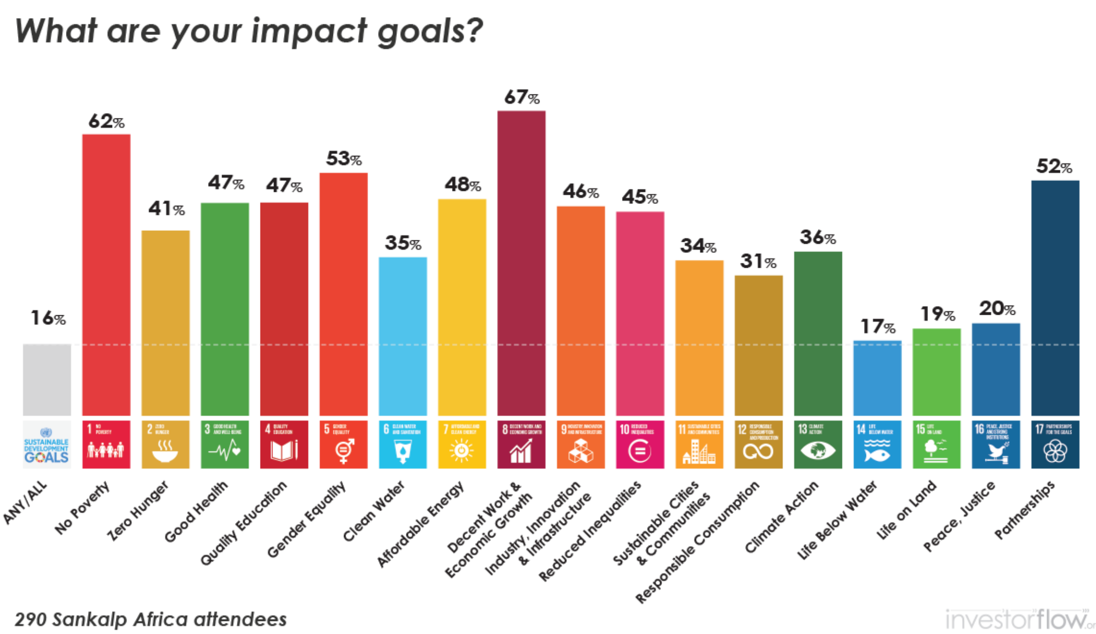
290 attendees responded: **91** entrepreneurs, **85** people who work for organizations supporting entrepreneurs, **45** investors, **20** NGOs, **14** foundations (and/or philanthropists outside of a foundation), **10** academics, **5** public corporations, **3** government development finance institutions (DFIs), and **26** others.

The **26** others include consultants, private companies, government agencies, and organizations that support funds or other parts of the ecosystem beyond startups.

What?

The UN Sustainable Development Goals (SDGs) have become the de-facto standard taxonomy for describing sectors and impacts. That is true of the 17 high-level goals. The UN offers a set of more specific sub-goals, but we chose not to include them in the profiles as such complexity might dissuade most people from completing the profile.

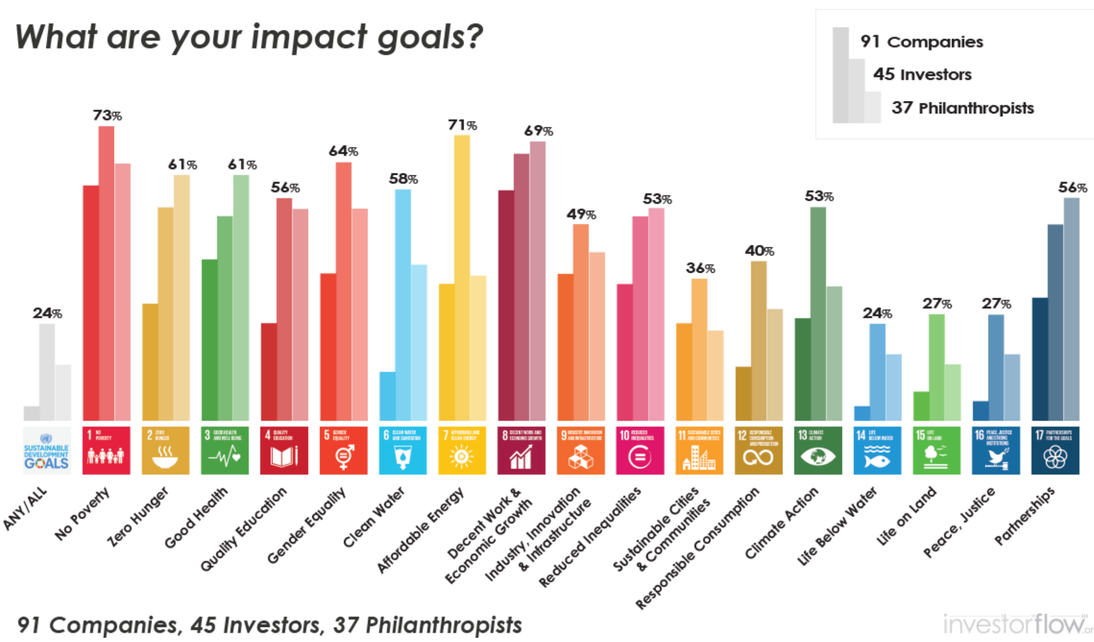
The following results are based on the 290 attendees, all of which either answered the question of which goals their company are pursuing (if an entrepreneur, company, or other) or which goals they are targeting for investment (if an investor, philanthropist, or DFI).



16% of the attendees answered “Any/All” declaring that they are agnostic to sector. This value has been added to the values for each of the goals:

62%	1 No Poverty	48%	7 Clean Energy	36%	13 Climate Action
41%	2 Zero Hunger	67%	8 Decent Work	17%	14 Life in Water
47%	3 Good Health	46%	9 Industry / Infrastructure	19%	15 Life on Land
47%	4 Quality Education	45%	10 Inequality	20%	16 Peace / Justice
53%	5 Gender Equality	34%	11 Sustainable Cities	52%	17 Partnerships
35%	6 Clean Water	31%	12 Responsible Consumption	16%	Any/All

We have further broken down these results by companies, investors, and philanthropists. The chart below shows analysis split by those three categories of attendee. The leftmost column is the aggregate result of **91** entrepreneurs and companies, the middle column for **45** investors, and rightmost column for **37** foundations and philanthropists.

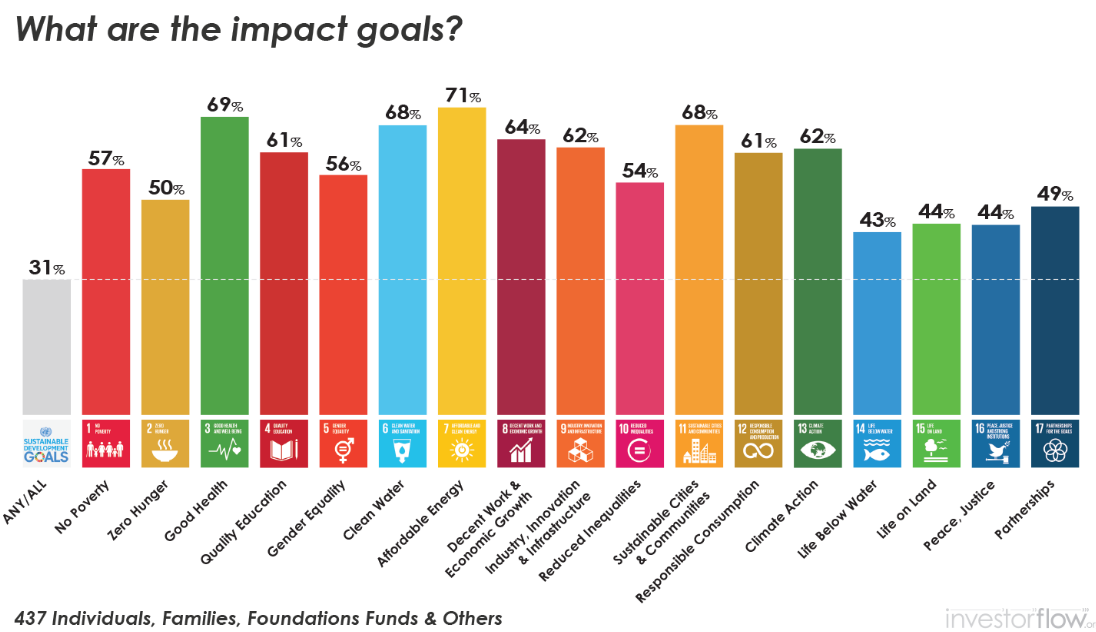


There is quite a large difference between the entrepreneurs/companies and the investors and philanthropists. Part of that is due to most of the companies not having the ability to target Any/All of the goals. The Any/All value for the investors and philanthropists is included in the other plotted values. However, that does not explain the large differences in goals 2, 4, 5, 6, 7, and 12.

None of the investorflow.org reports include any profiles from entrepreneurs, and we have not seen any similar surveys SDG popularity across the industry, and thus we can not say from this first look whether there is a truly a mismatch between what problems the entrepreneurs are trying to solve and what areas the capital providers are eager to fund. Neither is this data is not weighted by size of company or size of fund, which may dramatically change this differences.

This is also the first comparison we've seen between organizations making investments and organizations making grants. It is quite interesting to see how well those types of funders have aligned interests, with most goals differing only by as much as the difference the Any/All response.

The only benchmark for comparison of the SDG popularity is from the investorflow.org reports of their 440 investors.



NOTE: This graph is from the investorflow.org "440" report

As seen in the Sankalp data, the popularity of goals 1-13 vary by 20% and then there is a big drop for goals 14, 15, 16. Life Below Water, Life on Land, and Peace & Justice are goals that seem to be a challenge for entrepreneurs to take on and perhaps the investors and grantors see that challenge as well.

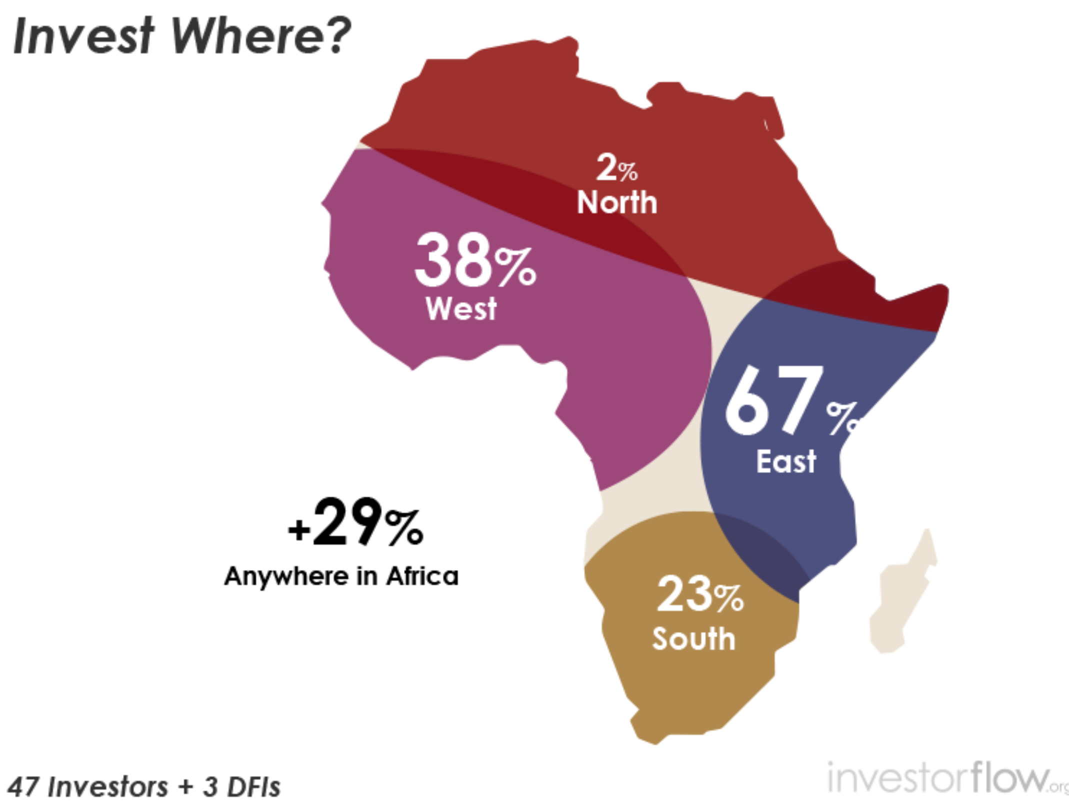
The investorflow.org values are almost all higher than the total Sankalp values, but very similar to the 45 Sankalp investors in the 3-way breakout.

Goal 17: Partnerships for the Goals has the biggest difference between the Sankalp and investorflow.org datasets. As seen in the 3-way breakout, this goal is most popular with philanthropists and the investorflow.org network is focused more on investors.

WHERE?

Where?

Where are these investors looking to invest? Unfortunately we only asked this question to investors and DFIs, so we do not have this answer for the philanthropists.



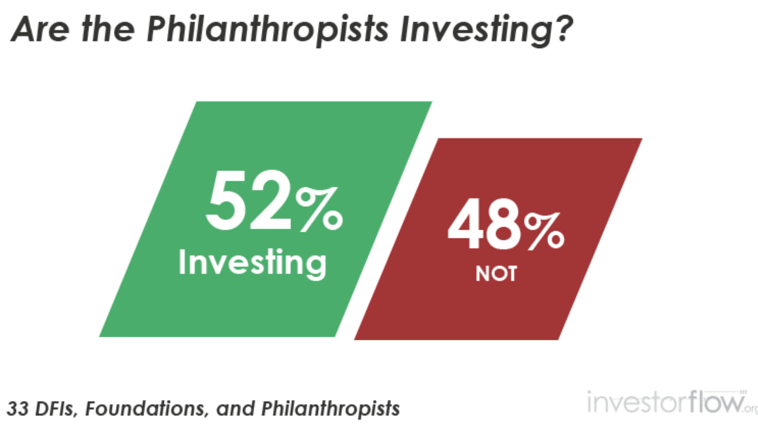
Not surprisingly, given Sankalp Africa is in Nairobi, the most popular region, at **67%**, is East Africa. Note that this does not include the choice of "Anywhere in Africa" which is what almost one third of the investors chose at **29%**.

West Africa is the second most popular region at **38%**, almost half as popular as East Africa. Southern Africa came in third, well ahead of North Africa.

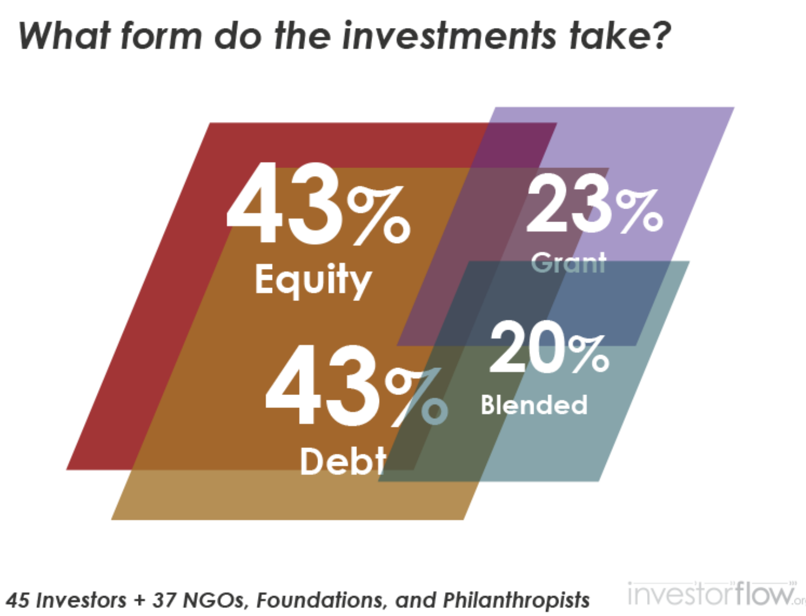
HOW?

How?

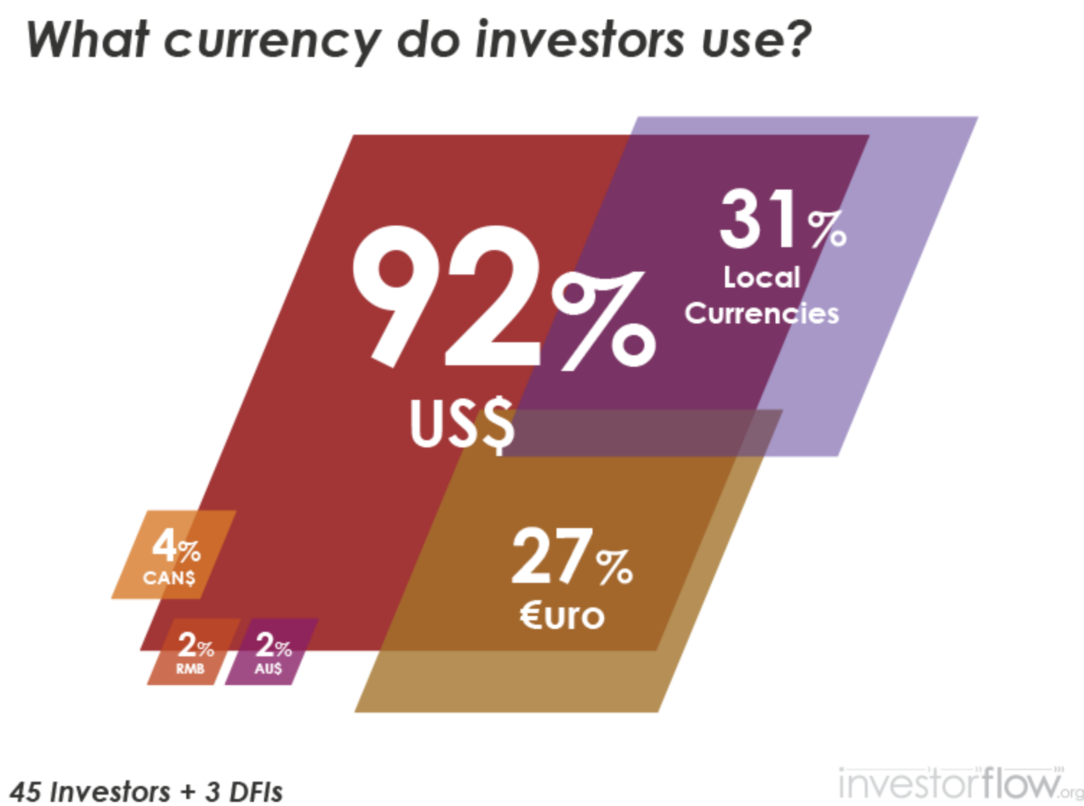
We didn't overlook the grantors in the next question, how they invest. In fact we specifically asked the grantors if they are making investments, and the majority (**52%**) are following the growing trend of adding impact investing to grant making.



And this mix of styles further muddles the form of capital being provided to African startups. Rather than specializing the equity, debt, and grants, as was once common, most of the investors provide a mix of equity and debt, and the philanthropists are providing a mix of grants, debt, and equity, with 20% reporting that as "Blended" capital.



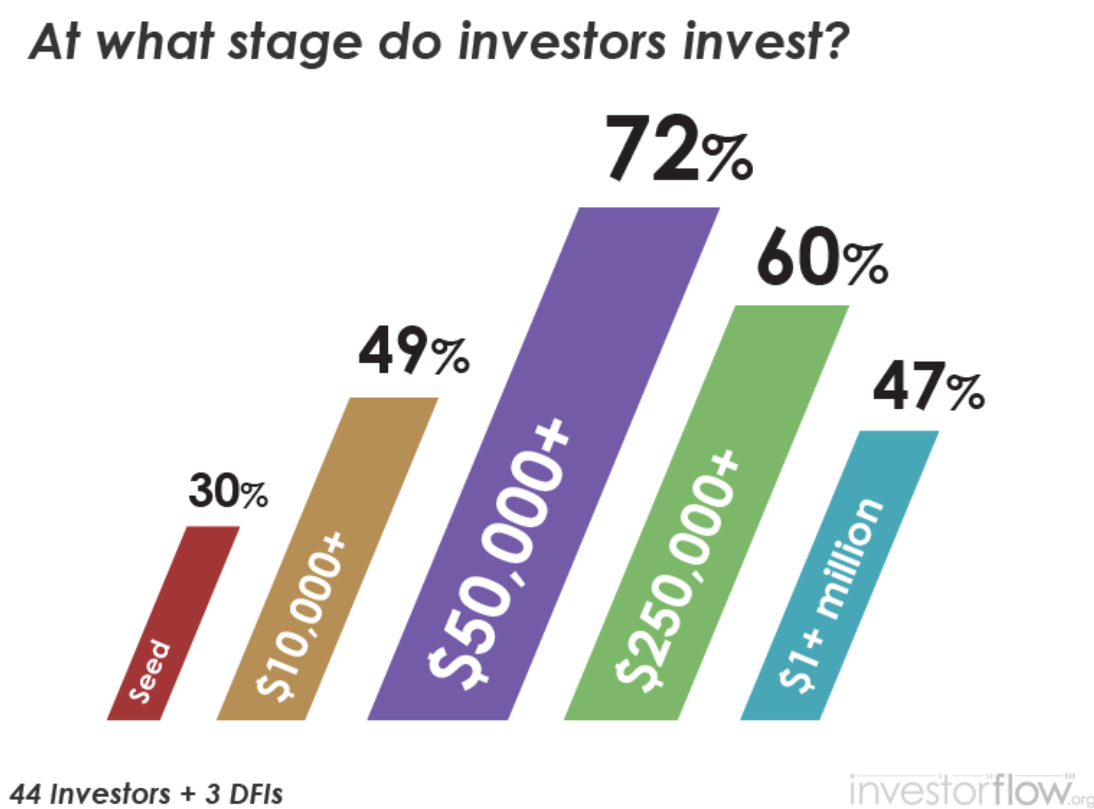
In terms of currency, the results have a similarly cluttered Venn diagram, but with a strong consensus with the U.S. dollar as the clear favorite at **92%**. Nearly all of the Euro investors also invest in U.S. dollars, as do the local currency investors and the few investors who invest in Canadian dollars, Australian dollars, and Chinese renminbi.



WHEN?

When?

What stage does a company need to be to attract an investment? That is a common question asked by entrepreneurs. To help provide that answer, we asked the investors what stage of growth they like to see before investing, using trailing 12-month revenues as the measure of stage.



The good new for idea-stage entrepreneurs is that **30%** of the investors said no revenues were required. **49%** wanted to see at least $10,000 of revenues. The vast majority of investors, **72%**, wait until a company has at least $50,000 in annual revenues. **60%** are growth-stage investors, waiting until a company has over $250,000 in revenues. Finally, almost half, **47%**, of the investors at Sankalp Africa are growth-stage venture capitalists or private equity investors and use the common threshold of $1 million in annual revenues.

The totals add up to far more than 100% as investors were allowed to choose as many of these stages as they like, as it is common for investors to have a range of stages where they invest, and not uncommon for that range and their criteria to be more complicated than these values.

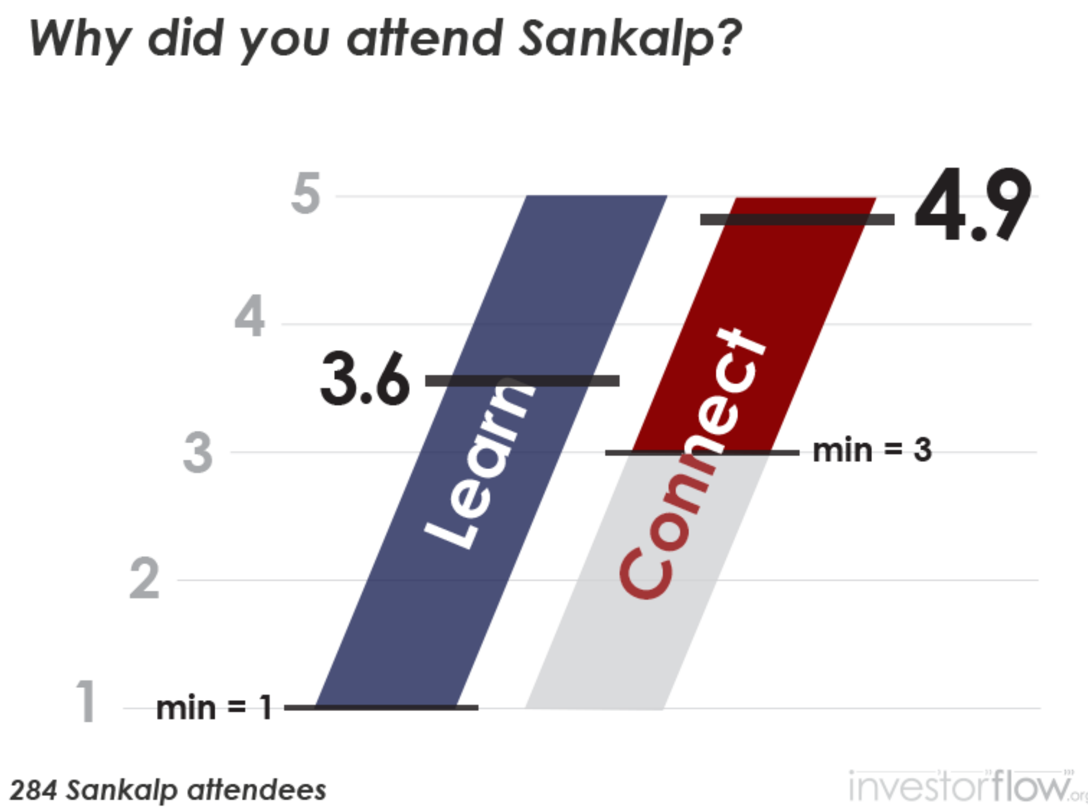
WHY?

Why?

Lastly, we asked the attendees why they attended Sankalp Africa 2019:

> *On a scale of 1 - 5, how important is it for you to spend time* ***learning*** *at Sankalp Africa Summit?*
>
> *On a scale of 1 - 5, how important is it for you to spend time* ***meeting people*** *at Sankalp Africa Summit??*

The results were a bit surprising.



The average for *learning* was **3.6**, with all possible values chosen between 1 and 5. The surprise came for *meeting people*, as the average for **4.9** and none of the 284 people answering these questions valued connections less than 3.

We do hope you made some great connections. Note that if you want more africasummit2019.sankalpforum.com is still accessible and allows you to message any attendee.

CONCLUSION

Concluding Thoughts

- **Tastes vary little by type of investor.** Impact investors are quite similar in terms of geographies, sectors, and investment structures no matter whether these investors are individuals, family offices, or funds.

- **Impact is global.** The majority of impact investors reside in the U.S., but the target geography of investments spans the world, especially reaching into emerging markets.

- **Sector goals vary.** All of the 17 UN Sustainable Development Goals have interest from investors, but there is less interest in the four goals at the end of the list: 14 Life in Water, 15 Life on Land, 16 Peace / Justice and 17 Partnerships.

- **Individuals/family offices invest differently from funds.** Individuals and family offices invest earlier and invest less money than funds. Funds invest more in growth capital, more often, and with larger amounts of capital.

- **Equity is the most common deal structure.** While cash flow deal structures are increasingly appealing to impact investors due to the lack of traditional exits among impact ventures, equity continues to be the most common deal structure.

- **Impact investing is relatively new.** Few impact investors have been investing with impact for more than five years. This is not only true for individuals and family offices, but also for funds.

INVESTORFLOW

Impact investing continues to grow in popularity, but three key issues get in the way toward widescale adoption by the majority of investors:

1. Spread globally

Impact investors are **spread around the world**, investing all around the globe.

This makes it incredibly difficult for those seeking funding to find these investors.

It also means that investors tend not to know each other. If they do, they tend only to meet once or twice per year at impact investing events.

2. Interests vary

Impact investors have specific areas of interests, thus even when there are two dozen investors in a single room, the chance of them liking any one investment is rare.

The UN has organized **17 distinct sustainability goals**, but #1, *No Poverty* includes everything from the poorest billion people to affordable housing in New York City.

3. Investorflow

Meanwhile, in reality, most impact investments come from investors talking to other investors, not from companies pitching investors.

The problem isn't a lack of dealflow, nor a lack of crowd, but efficiently matching the right deal to the right investor, or more simply… the problem isn't **dealflow** but **investorflow**.

investorflow.org is an online network where impact investors share deals with each other, with the system forwarding only those deals that fit the investor's specific interests, filtered by: sector, geography, stage, and ticket size. All deals are posted by fellow impact investors who are leading or committed to the proposed investment, who are speaking on their own behalf and seeking co-investors.

These key issues are true not only for early-stage impact startup investing, but for impact investing in every asset class, and are the same issues that make it next to impossible for grantors to syndicate grants or to make blended capital investments.

Launched in **January 2017**, in just over two years the investorflow.org network has grown to **440 individuals**, **family offices**, **foundations**, **funds, investing groups**, and **support organizations**. Each of these investors provided a profile describing their investing interests, and this report summarizes an analysis of these profiles.

All investors investing toward the UN SDGs are invited to join.

The URL is in the name, investorflow.org

Connect with us to know more about the upcoming Sankalp Africa Summit 2020

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