

# CONVENE. CONNECT. CATALYZE.



*Insights from the  
Sankalp Africa Summit 2019*



Jointly prepared by:

investor<sup>flow</sup>.org



intellecap

# OVERVIEW

## METHODOLOGY

The attendees of the 2019 Sankalp Africa Summit were asked to fill out an optional profile to help the organizers better understand their interests. 291 of the 1,000 attendees provided this information. The respondents who provided this data included:

- 94 Entrepreneurs
- 87 Entrepreneur Support Organizations
- 52 Investors
- 19 NGOs
- 15 Philanthropists/ Foundations
- 9 Academic Institutions
- 9 Corporations
- 3 DFIs
- 3 Others

## DATA ACCURACY

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

## BIAS

The attendees of the Sankalp Africa Summit 2019 are not representative of global social entrepreneurs or global impact investors, nor are they representative of all of Africa or likely all of East Africa. 291 responses is sufficient to provide guidance on the reported values, but insufficient to know the certainty of any market as a whole.

## GEOGRAPHY

Sankalp Forum attendees are global in nature, but all of them have interests in sustainable development approaches for Africa. Attendees from the Sankalp Africa Summit 2019 came from Australia, Canada, China, Denmark, Ethiopia, France, Germany, Ghana, India, Israel, Kenya, Liberia, Malawi, Mauritius, Mexico, Morocco, Netherlands, Nigeria, Norway, Rwanda, Senegal, Somalia, South Africa, South Sudan, Sweden, Switzerland, Tanzania, Turkey, Uganda, United Kingdom, United States, Zambia, and Zimbabwe.

## THE SUSTAINABLE DEVELOPOMENT GOALS

The UN Sustainable Development Goals (SDGs) have become the de-facto standard taxonomy for describing sectors and impacts. For this analysis, we utilized 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.



## INTRODUCTION

Launched in 2014, the annual Sankalp Africa Summit intends to support the regional entrepreneurship ecosystem and build channels for learning and replication between emerging markets in the Global South. Entrepreneurs remain at the core of Sankalp Forum, and each year through the Sankalp Awards, we source, screen, and support high potential enterprises in their capital raise.

The Sankalp Africa Summit has grown to be the largest convening of its type in the region. The 2019 edition drew 1,000+ people of 40 nationalities from the Americas, Europe, Asia, Australia, and Africa. Stakeholders are incredibly diverse, representing entrepreneurs, investors, philanthropists, academic institutions, entrepreneur support organizations, and DFIs – furthermore, they represent every impact sector.

Having hosted 20 Sankalps globally, the organizers wanted to gather more insights on the attendees of Sankalp, why they attend, and what they are looking for. Much research has been done on the impact investing space in East Africa, however, we have access to one of the most exhaustive data sets in existence – the Sankalp Forum attendees themselves. In order to achieve this, we partnered with investorflow.org who has collected similar data from the investors on their platform and who was instrumental in collecting and analyzing the data we collected.

We have assembled this report to share some of these insights with the broader entrepreneurship ecosystem. We hope you find it helpful!



## ACKNOWLEDGEMENTS

This report was jointly developed by the Sankalp Forum, an initiative of Intellectap, and investorflow.org. It is intended to provide some very real data for the East African entrepreneurship ecosystem, and we hope this is the first edition of many such reports.

The authors would like to recognize the contributions of the many participants of the Sankalp Africa Summit 2019 who provided their inputs into these data sets. A special thanks goes out to George Murage, Sudhanshu Dikshit, Kavya Uchil, Lucy Ngige, Urvashi Devidayal, and Kanishka Dasgupta for helping to collect the data; as well as John Kamunya and Racheal Wangari for helping to analyze numbers and draw out the insights captured in this report.

Authors: Arielle Molino and Luni Libes



## KEY INSIGHTS

After digging through tons of data from our respondents, these are the top 10 insights we thought would be interesting to share with the Global Sankalp Community:

01

The most **popular sectors** within the ecosystem are energy, healthcare, and education.

02

**Philanthropists and NGOs** are gaining momentum in the impact investing scene.

03

Collectively, entrepreneurs at Sankalp are looking to **raise about \$160M**.

04

Investors at Sankalp have **portfolios across sub-Saharan Africa**.

05

**44%** of entrepreneurs are currently operating in **more than one country**.

06

Most investors want **at least USD \$50,000 in annual turnover** before they invest, however nearly  $\frac{1}{4}$  of entrepreneurs who are looking for investment don't meet the criteria.

07

There is a **clear gap** between some of the **sectors of interest** for financiers and entrepreneurs.

08

**Less than a third** of investors are investing in **local currencies**.

09

**77%** of entrepreneurs are looking to raise **less than \$1.5M**.

10

Attendees come to Sankalp to **network more than anything!**



## IMPACT AT SANKALP

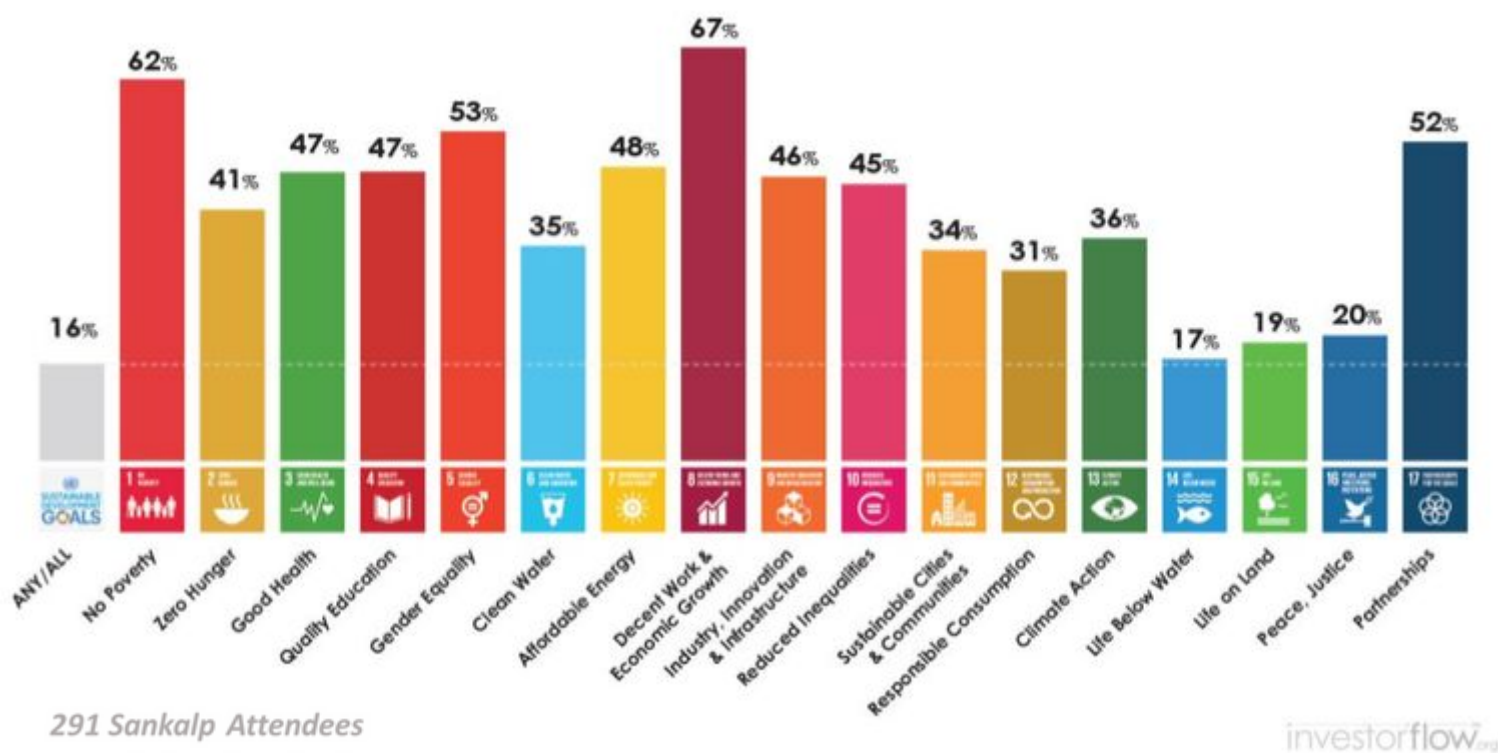
### The Most Popular Sectors

It comes as no surprise that by far the two most popular SDGs for attendees at Sankalp are economic drivers for the Base of the Pyramid. SDGs 8: Decent Work & Economic Growth and 1: No Poverty were by far the top ranking in popularity. SDG 17: Partnerships is also highly popular given the interest of Sankalp attendees to connect and network.

What is more interesting are the next most popular sector-specific SDGs: Gender Equality, Affordable Energy, Good Health, and Quality Education. Given that two-thirds of African countries are categorized as “low human development,” they struggle with basic services like education and healthcare, it comes as no surprise that these are popular market opportunities for entrepreneurs and impact investors.[1]

There is a significantly lower interest for SDG’s 14, 15, and 18. Life Below Water, Life on Land, and Peace & Justice may be difficult sectors for entrepreneurs and investors to develop commercial solutions for, hence the low popularity.

### What are your Impact Goals?



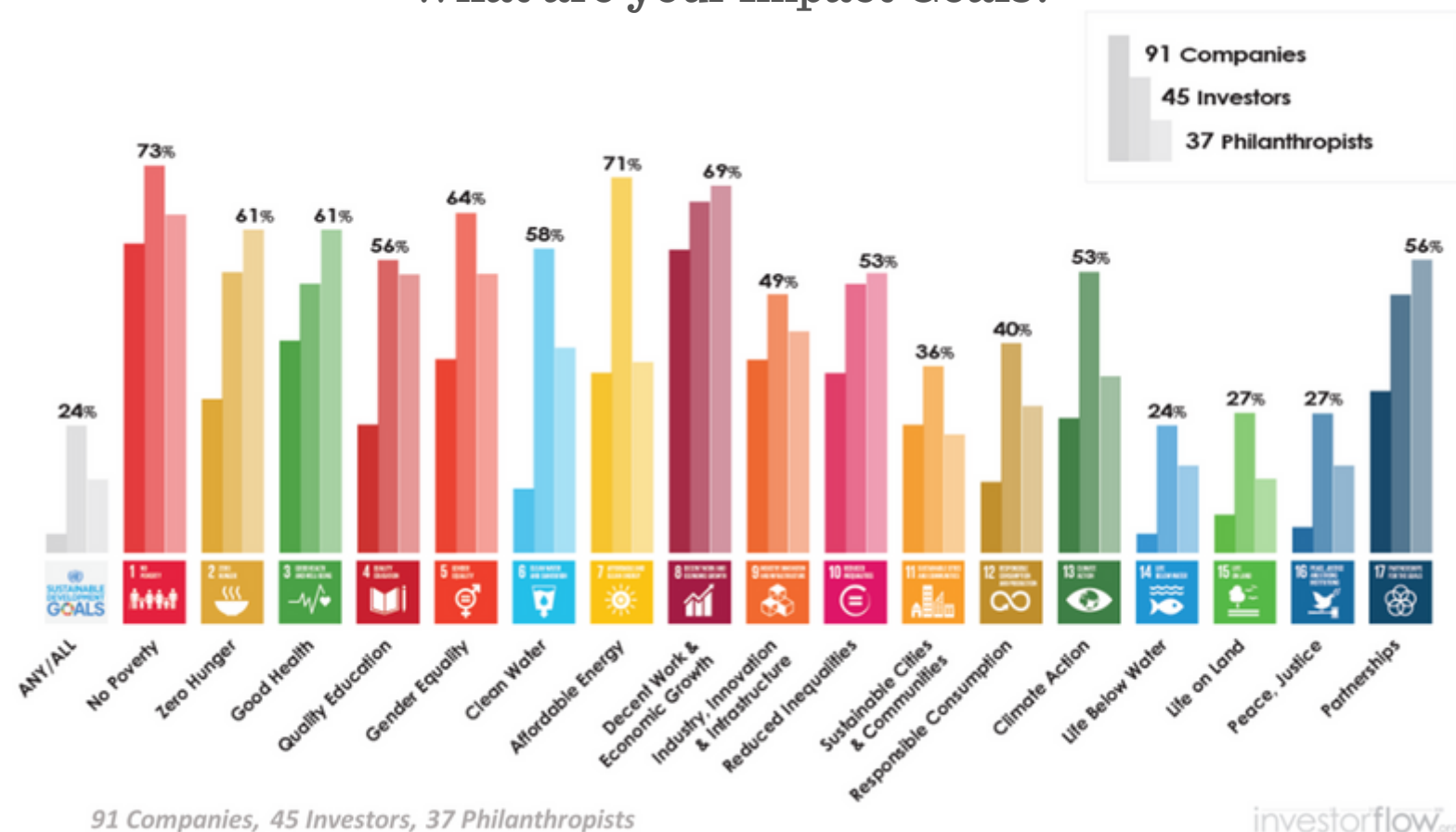
Note: 16% of the attendees answered “Any/All” declaring that they are agnostic to sector and this value has been added to the values for each of the goals:

# Financiers' Sector Interests are Not Always the Same as Entrepreneurs'

We have further broken down the SDGs focus by companies, investors, and philanthropists. There is a clear difference between the interest of the financiers (investors and philanthropists) and the companies offering solutions to these SDG challenges. Part of the gap is contributed by the fact that most companies will only focus on addressing one or two SDGs, while the financiers support a broader spectrum of development challenges.

The chart below shows analysis split by those three categories of attendees. The leftmost column is the aggregate result of 91 entrepreneurs and companies, the middle column for 45 investors, and rightmost column for 37 foundations, philanthropists, and DFI's.

## What are your Impact Goals?



Note: Responses are based on the number of respondents that answered the question.



Nonetheless, we think the drastic gap between financiers and businesses in the aforementioned goals is too big to be ignored (particularly looking at SDGs 2: Zero Hunger, 4: Quality Education, 6: Clean Water, 7: Affordable Energy, and 12: Responsible Consumption). Does this indicate that there is more financing available to entrepreneurs operating in these sectors? Perhaps a sector like Affordable Energy requires more capital due to the nature of the businesses, so though there is more interest from financiers, fewer companies absorb the capital.

Some of these may be representative of ‘funding fads,’ as certain sectors gain in popularity, such as 5: Gender Equality. For instance, the Overseas Private Investment Corporation (OPIC) launched its global 2XWomen’s Initiative in 2018, which will mobilize more than \$1 billion to support women in developing economies.[1] Gender lens investing seems to be at the top of everyone’s priorities these days, so it comes as no surprise that it is the third most popular SDG.

There are also obvious investor interest spikes for 6: Clean Water, 7: Affordable Energy, and 13: Climate Action that clearly differentiate the impact investors’ interests from the philanthropists. These sectors have more market-driven solutions, which likely mean they are in less need of philanthropic funding, as compared to the other higher ranking goals for philanthropists: 1: No Poverty, 2: Zero Hunger, 3: Good Health, 8 Decent Work & Economic Growth, 10 Reduced Inequalities, and 17: Partnerships.





## FINANCIERS AT SANKALP

# 31%

**OF INVESTORS ARE USING  
LOCAL CURRENCY**

Less than one third of investors are willing to invest in local currencies. An overwhelming 92% of investors will invest in USD.

# 60%

**OF INVESTORS ARE  
INVESTING IN MORE THAN  
ONE REGION IN AFRICA**

Most investors who came to Sankalp are not just investing in East Africa. The majority of them have investments in at least two regions, and many of them have portfolios across the continent.

# 54%

**OF PHILANTHROPISTS &  
NGOS ARE INTERESTED IN  
IMPACT INVESTING**

Philanthropists and NGOs are gaining momentum in the impact investing scene. 54% of them are either already implementing or developing an impact investing strategy.





## Philanthropists & NGOs are Growing in Impact Investing

Over the years, Sankalp Forum has seen a direct increase in participation from philanthropists, foundations, family offices and both local and international NGOs. What used to be a forum for only entrepreneurs and investors, has rapidly grown to an increasingly diverse set of players who are looking at impact investing and social entrepreneurship as the way forward for sustainable development. Impact investing surely isn't the only way for us to reach the Sustainable Development Goals, and we've learned that impact investors, grant makers, and entrepreneurs are all unique – from how they deploy funds, to what their expected returns are (either financial or social), and the types of funding necessary to empower innovative social enterprises to realize their ambitions.

We see more and more charitable foundations, NGOs, INGOs, family offices, corporate foundations, and high net worth individuals getting involved in the impact investing conversation. According to Omidyar, less than 2% of global funds deployed by foundations went to investments rather than grants in 2013.[2] Much has changed since then, and our own data collected from the Sankalp Community in Africa paints a very different picture.

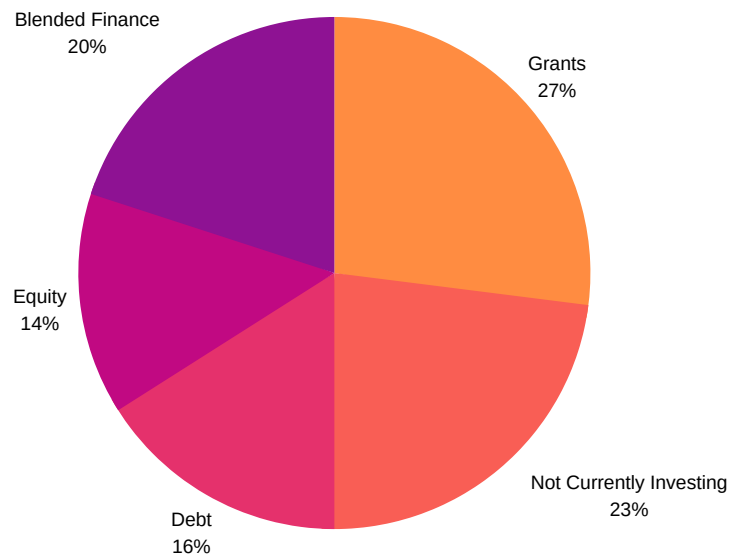
The Sankalp Community does have a bias towards impact investing, but the data we've collected is telling – the nexus of philanthropy and impact investing is growing in a big way!

94% of philanthropists surveyed said they are either developing or already implementing an impact investing strategy. Furthermore, about 20% of NGOs surveyed are developing their own impact investing strategies, and the rest are either not investing at all, or they are providing grants. Across both categories – philanthropists and NGOs – how they are deploying their capital is fascinating:

Though grants do make the largest percentage (even more than those not currently investing), the asset classes being utilized include nearly every category possible: grants, equity, debt, and blended finance.

The rise in philanthropists and NGOs coming to Sankalp clearly indicate their interest towards plugging into the impact investing spectrum, and helping them understand how to do that most effectively and efficiently.

## How Philanthropists & NGOs are Investing







## Cash is King – Only if it's USD

Overwhelmingly, 92% investors deploy funds in USD, while less than a third of investors will invest with local currency. With only 31% of investors willing to invest in local currency, this all too common scenario leaves entrepreneurs exposed to Forex fluctuations, where they need to insure themselves through hedging (or other methods of Forex risk mitigation) thereby implying a higher cost of capital.

### Currencies Used by Investors



# Annual Turnover:

## Investor Demand vs. Enterprise Reality

It comes as no surprise that investors want to see traction in the market through paying customers before they are willing to invest in an enterprise. Interestingly for the most part, there is a correlation between the annual turnover requirements by investors – we asked how much revenue they wanted to see in an enterprise before considering investment – and the actual turnover of the enterprises.

Turnover Required by Investors &  
Actual Turnover of Enterprises



48 Investors & 48 Entrepreneurs

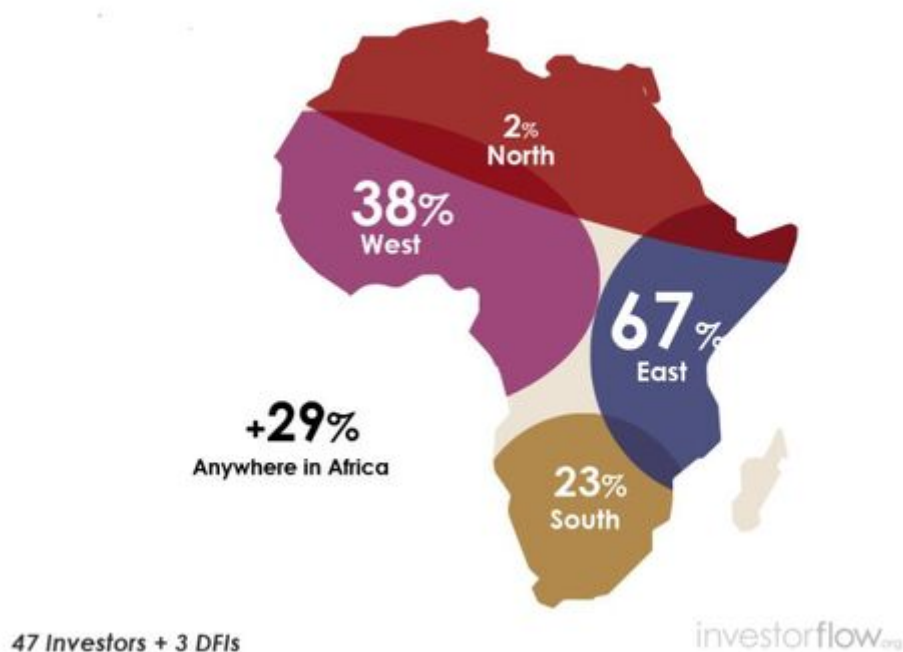
The one exception is at the earliest stages of the business, where we see a significant gap. Many entrepreneurs at Sankalp are indeed looking for investment when they are making minimal or no revenue. Most people will tell the entrepreneurs that they need to bootstrap and raise money from friends and family, before approaching investors. However, what do they do if they don't have rich friends and family?



## Investment Strategies are Across Sub-Saharan Africa

Despite the fact that the Sankalp Africa Summit has an inherent bias towards East Africa, given that the event takes place in Nairobi, many investors are investing across the continent. After East Africa, West Africa is the next most popular destination. In fact, over half (54%) of investors have portfolios in at least two regions in the continent.

### Where Investors are Investing





## ENTREPRENEURS AT SANKALP

# \$160M

IS HOW MUCH ENTREPRENEURS  
ARE RAISING AT SANKALP

Collectively, the 350+ entrepreneurs at Sankalp are looking to raise USD \$160 million. We hope they find that investor at Sankalp!

# 77%

OF ENTREPRENEURS ARE  
RAISING LESS THAN \$1.5M

Of the entrepreneurs attending Sankalp, 77% of them are looking to raise less than USD \$1.5 million; which represents 42% of the total capital demand at Sankalp.

# 44%

OF ENTREPRENEURS ARE  
OPERATING IN MORE THAN  
ONE COUNTRY

A significant percentage of entrepreneurs at Sankalp have already expanded beyond their home countries, to scale their solutions regionally, and some even globally!

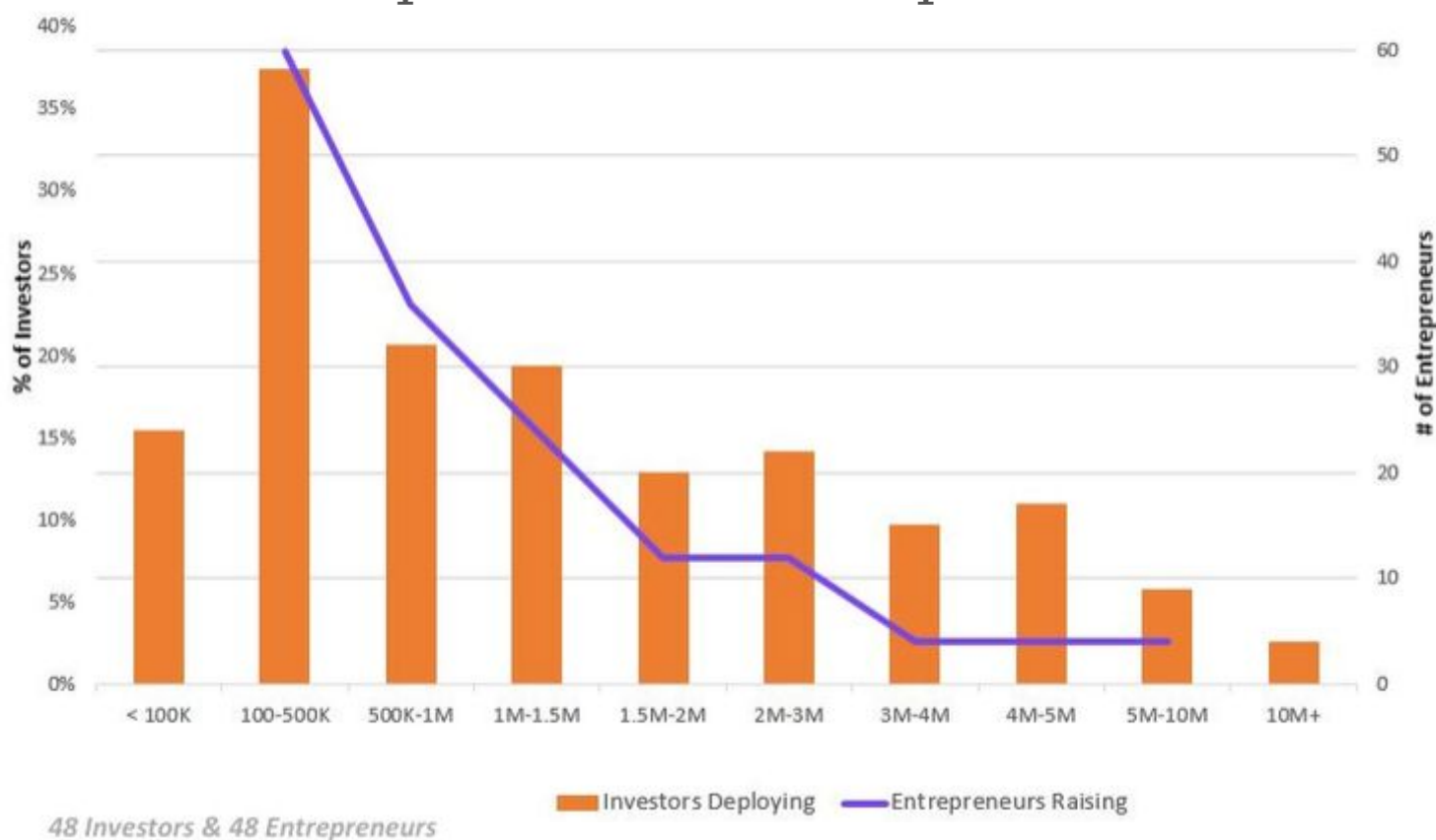


## Entrepreneurs Want Less Than \$1.5M

Entrepreneurs come to Sankalp to network. As one of the largest convenings for impact investors on the continent, chances are very high that they'll get to make some good connections. 77% of entrepreneurs at Sankalp have already raised some funding, and are looking to raise more. Sankalp sees over 300 entrepreneurs attend the event and collectively these are looking to raise about \$160M.[3]

Of those entrepreneurs who are fundraising, the vast majority – 77% – are looking to raise less than \$1.5M, which represents 42% of the total capital demand. The good news is that this is very closely aligned with the investors who were present at Sankalp. The majority of investors in attendance (more than 60%) offer ticket sizes that are less than \$1.5M. While no entrepreneur indicated that they were raising less than \$100,000, there were more than 10 investors whose ticket sizes started at less than \$100,000.

### Tickets Sizes of Investors & Capital Demand of Entrepreneurs

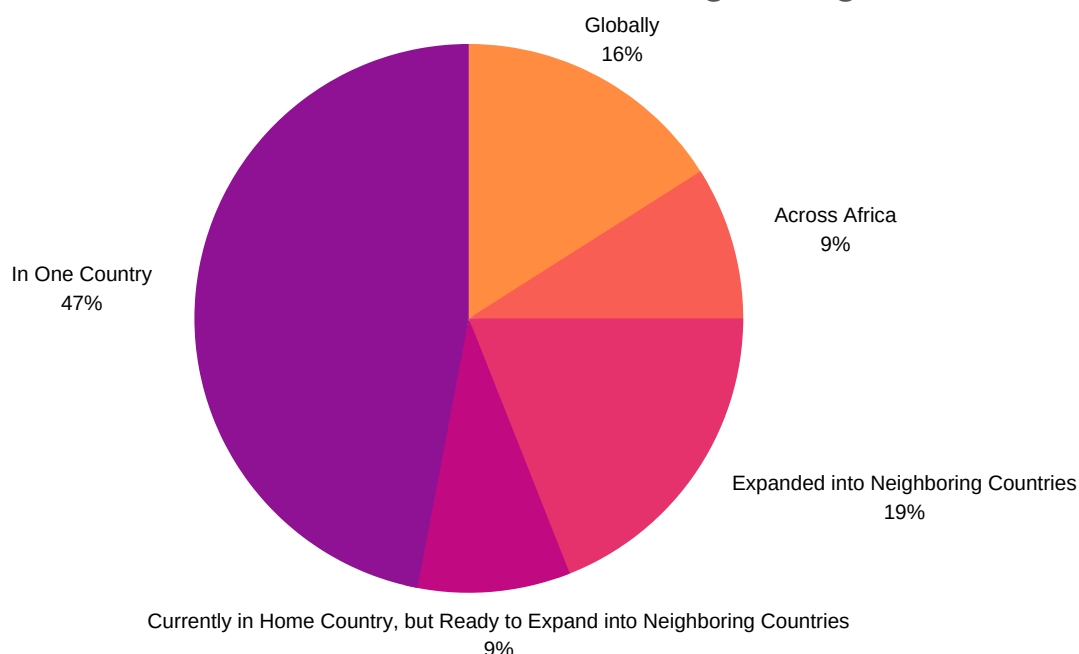




## Many Enterprises Operate in More than One Country

Overwhelmingly 92% investors deploy funds in USD, while less than a third of investors will invest with local currency. Only 31% of investors are willing to invest in local currency, which leaves entrepreneurs exposed to Forex fluctuations, thereby requiring them to cover themselves through hedging (or other methods of forex risk mitigation) and implying a higher cost of capital.

### Where Enterprises are Operating Geographically





## WHY COME TO SANKALP?

To network and learn of course! Our attendees told us they overwhelmingly came to Sankalp to connect with others. On a scale of 1-5 (1 being of low importance and 5 being of high importance), 4.9 was the average rating our attendees gave for the importance networking! Attendees also certainly come to learn, with an average importance rating of 3.6.

*"Our work heavily relies on leveraging private sector corporations, and especially entrepreneurs. For us, Sankalp is a great way to get connected to the local network in Nairobi, [and] East Africa, in terms of entrepreneurs, investors, VCs and many players... So we really profit from this and I think it's a unique way to interact with people on a casual level, and thus a very valuable contribution to our networking here in the country."*

*- Jonathan Lehmann, Project Manager at the WFP Innovation Accelerator*



## CONCLUSION



*"What I like most about Sankalp  
is the breadth and depth of  
experience that is here."*

*- Sarah Tinsley  
Portfolio Manager at World Vision Canada*

We thank all of the 291 individuals who provided the information to make this analysis possible! We hope to continue to build on this knowledge base to draw further insights that can help members of the ecosystem achieve their objectives.

With this knowledge we will be designing more opportunities for structured networking at the Sankalp Africa Summit

2020, to ensure that you meet the right people at Sankalp. We know 1,000+ participants can be daunting as a networking exercise, so we'd like to help you connect with the right folks. If you haven't reserved your spot, be sure to get your ticket for the Sankalp Africa Summit 2020!

## ABOUT SANKALP FORUM

Sankalp Forum was initiated in India in 2009 by Intellectap, part of The Aavishkaar Group, to create a thriving ecosystem for business-led inclusive development. Over the past 10 years, Sankalp has built one of the world's largest impact enterprise focused platforms that has showcased and discovered 1,600+ entrepreneurs, through 20+ editions and has connected them to 500+ investors. Sankalp has enabled enterprises and entrepreneurs and has helped raise over USD \$250 million in funding. Sankalp Forum engages with Governments, Corporations, influential platforms like the G8 and G20, media and civil society to drive a paradigm shift in inclusive development approaches.

Learn more at [www.sankalpforum.com](http://www.sankalpforum.com).

## ABOUT INVESTORFLOW.ORG



Investorflow.org provides the world's first online service that connects investors to like-minded investors. Both those they already know and those they've yet to meet. To start with, investorflow.org is bringing this service to impact investors, who today are scattered around the world and are already investing globally, which makes the process of finding like-minded investors even more challenging.

If you are an investor, fund manager or entrepreneur and would like to learn more, please visit [www.investorflow.org](http://www.investorflow.org).



## CONTACT US!



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If you found this report insightful, we'd love to hear from you! Connect with us online, and see you on February 27th and 28th for the next Sankalp Africa Summit 2020 in Nairobi, Kenya.

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- [1] Africa 2030 Sustainable Development Goals Three Year Reality Check.  
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- [3] Omidyar, "Across the Returns Continuum."  
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[https://www.omidyar.com/sites/default/files/file\\_archive/Across%20the%20Returns%20Continuum.pdf](https://www.omidyar.com/sites/default/files/file_archive/Across%20the%20Returns%20Continuum.pdf)
- [4] Extrapolated from data. 91 entrepreneurs are looking to raise \$52,750,000. Assuming that represents about a third of entrepreneurs in attendance, the total capital demand is at least \$158,250,000.