ANDE Africa Conference Notes

Date: Friday, 14th February 2014

Venue: Intercontinental Hotel, Nairobi

The Aspen Network of Development Entrepreneurs (ANDE) is a global network of organizations that propel entrepreneurship in emerging markets. ANDE members provide critical financial, educational, and business support services to small and growing businesses (SGBs) based on the conviction that SGBs will create jobs, stimulate long-term economic growth, and produce environmental and social benefits. Ultimately, we believe that SGBs can help lift countries out of poverty.

The East Africa Chapter is working toward strengthening the entrepreneurial ecosystem in the region through programming that will create platforms for knowledge sharing and facilitate collaboration between sector actors. The chapter hosted a one day conference in Nairobi on February 14th 2014 after the Sankalp Africa Forum. The conference brought together 103 people drawn from ANDE members both local and international, and other organizations that are working with small and growing businesses in Africa.

The theme of the conference was: “Building an ecosystem that enables SGB growth.”

The conference began with an introduction by Mary Mwangi, the East Africa Chapter coordinator. The official welcome address was given by Robert Schneider, Senior Alliance Advisor, Bureau for Innovation and Development Alliances, USAID who were the conference sponsors.

The key note address was given by Patrick Mwangi, CEO, Micro and Small Enterprise Authority. Mr. Mwangi was representing Adan Mohamed, Cabinet Secretary, Ministry of Industrialization and Enterprise Development. Mr. Mwangi talked about the MSE authority that is only 8 months old and the role it will play in the sector. He then joined Aparajita Agrawal, Sankalp Director in a panel discussion where the two fielded questions from Jason Wendle, Associate partner, Dalberg Global Development Advisors, East Africa and Bart Meijs, Partner and Business Development Director at Jacana Partners.

Patrick Mwangi, CEO, MSE Authority

MSE Authority was launched in 2013
The authority was formed by an Act of parliament- an update on sessional paper no.2
Some of the projects they are working on include:
- Setting up an Registrar for micro and small
- A nationwide survey of MSEs
- A tribunal to ease the dispute resolution process- this tribunal will complement the court process
- Digitizing government registers and processes will legitimize them- the courts, company registrar
- The Kenya Investment Authority (Keninvest) is working on the expat work permit issue with a one stop solution

**Aparajita Agrawal, Director, Sankalp**
The objectives of the Sankalp Forum and key learnings from the just concluded forum:
- The Sankalp Forum is based on peer to peer learning.
- The need for acceleration has come out very strongly at the forum.
- Innovative financing is needed in East Africa - Currently there is a lot of debt and trade financing, very little equity financing
- Angel investors- Sankalp is committed to creating a network of angels working in India and Africa and create a knowledge corridor between the 2 regions.
- Sankalp has facilitated a high level dialogue between the Indian foreign affairs/trade ministry and East African high commissioners in India.

**Bart Meijs, Partner and Business Development Director at Jacana Partners**
Wish list for the government from the investing community:
- Stable political environment
- Reliable dispute resolution mechanisms
- Legitimate records at the registrar of companies
- Reduce the government deficit to reduce the base lending rate
- Tax- harmonize taxation in the EAC to avoid double taxation
- Private equity was founded by western governments to create jobs post world war 1 or 2. It was started for a social reason. Africa is at that stage where government should get involved.
USING TALENT TO ACCELERATE SMALL BUSINESSES

Panel:

1. Annie Roberts, Partner, Open Capital Advisors- Moderator
3. Robin Farnworth, Talent Associate, One Acre Fund
4. Raphael Devantier, General Manager, Business Advisory Services, Equity Investment Bank Limited

The members of the panel talked about how they recruit new employees.

- Targeting them at university
- Looking for entrepreneurial spirit
- Experience – hiring of qualified people or hiring failed business people
- By interest - matching a person to a career
- Even when the applicant has attained the required academic qualification, matching academic fit with the candidate’s interest and natural abilities to determine the best job fit is a challenge for recruiters.
- Bigger organizations that offer better salaries have a better talent pool to choose from. This is a challenge for smaller organizations operating in the same sector.
- Recruiting for senior/experienced talent is more challenging. Experienced hires bring much needed experience, but also bring different work cultures and this makes it difficult for them to integrate into the new organization.

Methods they use to retain top talent:

- Keep employees interested by creating challenging environments and allowing them to express themselves / their talents
- Delivering promises made to them during the hiring process
- Develop them by improving and exploring their skills through the talent management process
- Creating a well-defined career development path within the organization is also an effective retention strategy.
- Doing performance review which should be practical and hands-on
- Offering friendly policies and programs.

The methods they use to ensure they get high performance and reduce poor performance:

- Understanding of talent and personality to cultivate it

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• Hiring for performance – a field visit should be undertaken to review an individuals’ performance
• Reviewing clients feedback - to gauge the individuals interaction with the clients
• Coaching culture to understand an individual’s interest and organizing recognition programs where performance is celebrated
• At the point of hiring the company outlines its goals/ expectations of the individual.

The following questions were asked:

• Tools used to engage a person’s interest during an interview
• The number of applicants it takes to hire a junior level officer basing on their soft skills
• The amount of time it takes to train an individual immediately after hiring based on their technical skills
• Different organizations competing for the same talent

Recommendations from the discussion:

➢ Group assessment, varying recruiting agents, sharing of and reviewing of a resume, scenario questions, recording an interview session and reviewing it.
➢ It will take as many applicants as possible to be interviewed and the most skilled applicant will be employed.
➢ Training will vary with organizations, some will do “a month’s training” before the new employee is introduced to the working environment, while others will do “on the job training” while others will expect the new employee to “hit the ground running”. The technical skill required will vary with the position being filled.
➢ Coordinating a one-time hiring process for all the organizations where they can determine what the applicants want and what the employers are offering.
BUILDING AN EVIDENCE BASED FUTURE FOR SGB ACCELERATION

Envisioning success of SGB’s in the next 5 -10 years

- Collaboration is happening at all levels- firms in the market are linking with one another.
- There is a level playing field for all entrepreneurs- women entrepreneurs have equal access to opportunities.
- The talent gap for SGBs has been filled- they are able to attract and retain top talent.
- Government is offering incentives to investors and entrepreneurs through favorable policies like tax breaks.
- Local financial institutions and investors understand the needs of SGBs and offer suitable products and services and entrepreneurs are educated and understand different product and service offerings available to them.
- Drawing out local investors by targeting the middle class.
- Mechanisms for delivering finance are working for SGBs- Microfinance, banks, capital markets.
- SGBs are creating more and better jobs.
- SGBs know what forms of support they need at each level of growth and this support is available and accessible to them- they know where to go to get the support they need.
- Consumers have access to the information they need through accessible content delivery mechanisms like mobile phones.
- Policies that favor the energy sector are in place. This includes taxation, infrastructure and the legal framework to support the growth of the sector.
- There is increased local manufacturing and improved trade both local and foreign. This will involve changes in government policy.

Using Evidence for Decision Making

There are different resources that are used in decision making. The various resources that form basis of evidence in decision making are

- Academic reports and articles
- Popular media
- Benchmarking tools
- Conference presentations
- Workshops
- Internal performance management data
- Internal impact evaluation data
- Using the business plan provided by the SGB client. The interaction with the SGB client also generates useful data.
- Some organization collect data through their websites using online forms and store the raw data on their web server.
- Inventory
- In the process of conducting due diligence
- Data collected by membership organizations like ANDE
- Targeting certain sections of producers during their meetings and seeking to collect data from them e.g. Farmers at their weekly meetings
- Secondary data sources like the bureau of statistics and registries.

The choice of resource varies from organization to organization. However, the most common approach that cuts across all organizations and is deemed most popular is internal performance management data followed by internal impact evaluation data, benchmarking tools, conference presentations and then the rest follows.

Data that is not available:

**Market and Financial data** is not readily available in most of the developing world making it difficult to compare financial ratios against the competitive average.

**Mapping of resources** in developing economies has not been done properly or it is completely non existent in some places

**Risk information** is not available to the investors. This makes it hard to know what returns one can get from an investment vis a vis the risk factors. Lack of such data puts off investment prospects.

**Mobile usage** needs to lead to information on what kind of consumers are in the market. Communication companies should be able to provide the investing community with useful data.
Discussion On How Evidence Currently Drives Decision-Making

- Conducting mini-surveys to track entrepreneurs who have ‘graduated’ from incubators will help gauge the effectiveness of the programs and feed back into program development.
- Organisations should offer (if not already doing so) direct financing, loan tracking and training to assist in performance based evaluation and the general evaluation of clients in incubators.
- Most organisations were found to use IRIS metrics to measure development of entrepreneurs. They also have consultants who the entrepreneurs works with to measure the impact of their businesses.
- Many firms do not submit performance data to sponsors. Response rates to surveys are generally low.
- Kiva mentioned that they use an SMS system to track and get data from their clients and this has been highly successfully in assisting them to get data for planning and records purposes
- Accessing funding for research is also a challenge.

Discussion on Knowledge And Evidence Gaps

- Who are the service providers working with SGBs and what forms of support are they providing throughout the lifecycle of the business?
- What is the state of impact investing in Kenya (the Impact Base). We need accurate aggregate data on what’s going on in the county.
- How can organisations measure outcomes not only intent?
- How do we make sure that measurement of impact investing captures data from enterprises that do not self identify as social enterprises.
- Sometimes IRIS does not look at the impact that incubator and accelerators have on the system, instead focusing only on the enterprise.
INVESTING IN WOMEN LED BUSINESS

Value For Women (VFW) has conducted research women led SGBs. Rebecca Fries began the session with a brief video summarizing their findings.

Why invest in WSGBs (Women Led Small and Growing Businesses)?

1) It creates equality
2) Improves general household well-being
3) Increases economic growth
4) Improves personal well being

Panelists:

- Rebecca Fries, Partner, Value For Women-Moderator
- Fortune Odjugo, Head, Regcharles Foundation
- Karine Leppilez, Program Manager, Africa, Vital Voices
- Melissa Menke, Founder, Young Women Social Entrepreneurs Network, CEO, Access Afya

Panel Discussion Highlights

- There is need to understand why there is underinvestment in women led business
- There needs to be a greater partnership with more capacity development institutions to ensure a wider reach
- Organizations need to be more aggressive in order to reach women in marginalized communities
- Some women entrepreneurs reported sexual harassment by loan officers.
- Banks can encourage borrowing from women entrepreneurs by being more gender inclusive when hiring bank staff.
- We need to find creative ways to mitigate risk especially for collateral free lending.
- Women need help in soft skills, mentorship, leadership skills, network building and partnership building.
There was a debate on whether it was wiser to set up separate women’s funds or adjust the current lending system to make it more inclusive for women, with each side arguing its case. Some felt that men in power would misuse a women-only fund, hamper the stance on equality for all sexes, and further marginalize women. However, other organizations felt that setting up a separate fund were women was necessary in levelling the playing field.

**What ANDE can do to help promote the women agenda?**

1) Due diligence especially on product quality of various organizations
2) Look into missed opportunities and highlight them
3) Design a mentorship program
4) Create knowledge sharing platforms

**METRICS DISCUSSION**

What are some of the factors to consider when identifying metrics for WSGBs?

- Correlation between women entrepreneurs and women in general
- Mean marriage age for women entrepreneurs
- Empowerment indicators
- Overall perception of the community
- The gender of the person heading the women’s fund
- Direct impact of the business to the beneficiaries
- Society’s perceptions
- Ability of women to be entrepreneurs

**SHARING BEST PRACTICES**

- We need a platform to facilitate sharing between project implementers (those implementing projects on behalf donors)
- Intra-departmental knowledge sharing within implementing organizations
- Reports upon project completion
- Academic journals
- Conferences seminars and workshops that convene practitioners are also an effective avenue for knowledge sharing.
# Mapping Resources for WSGBS

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<thead>
<tr>
<th>Business Training</th>
<th>Impact Investor</th>
<th>Financial/Philanthropic Donors</th>
<th>Institutions</th>
<th>Policy, Advocacy, Academic</th>
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<tbody>
<tr>
<td>UN Women</td>
<td>Beyond Capital</td>
<td>Crowd Sourcing Investment Platform</td>
<td>KWFT</td>
<td>Criterion</td>
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<td>Lawa Deue</td>
<td>NGO's</td>
<td>Jamii Bora</td>
<td>Women Chamber of Commerce</td>
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<td>Vital Voices- Charlie Blaire</td>
<td>Special WSGB Fund</td>
<td>Lawa Devue</td>
<td>Chase BANK</td>
<td>Ministry of Trade, Finance</td>
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<td>Global Fund for -</td>
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<td>Equity Bank</td>
<td>Business Association &amp; Lobby Groups</td>
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<td>Master Card Foundation</td>
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<td>IFC</td>
<td>ANDE</td>
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