

Executive Summary

African Entrepreneur Collective (AEC) offers a new, innovative solution to economic development in Africa. AEC spurs job creation as a sustainable answer to alleviating poverty on the continent. Our approach is simple: identify and invest in high-potential youth entrepreneurs, and help them grow their businesses to create jobs for others in their communities. By empowering the continent's promising young people, we aim to stimulate lasting economic development and change. AEC's program offers capacity building, mentorship, technical assistance, and a flexible, low-cost loan fund to clear barriers to growth.

The Challenge of Economic Growth In Africa

Despite the positive economic news and encouraging trends that have emerged from the continent over the past decade, the troubling reality remains that the everyday livelihoods of Africans have not kept pace with the macroeconomic growth, and per capita GDP levels on the continent persistently lag behind the rest of the world. While a small number of Africans have capitalized on this growth, the gap between the rich and the poor is widening. Unemployment rates hover around 35%, and disproportionately impact youth, ages 15 – 29 years old. The unfortunate reality is that, as it stands now, the continent cannot produce enough jobs to meet the current workforce, let alone the new entrants each year. It is estimated that countries need to grow at an annual rate of 8-10% simply to meet the growing need for employment.

Academics and practitioners alike agree that entrepreneurship is a key component to bolstering Africa's future. At present, the majority of entrepreneurship in Africa is best described as *necessity-driven*. Men and women are pushed into entrepreneurship, often in the informal sector, because there aren't opportunities for them otherwise. These micro-entrepreneurs sell products of low value, such as mobile phone top-up credits and fruits and vegetables. In order to compete in saturated markets, these entrepreneurs barely make a profit, let alone a living.

There are many organizations and government interventions that promote entrepreneurship development through business development services. However, most of these are entry-level and low touch. Rwanda, for example, strongly pushes new business development through entrepreneurship workshops, business plan competitions, and business registration trainings. While these interventions generate an abundance of ideas, they fail to produce real enterprises that create new jobs. And for those enterprises that do gain traction, they often are stymied by a lack of skills or access to the affordable capital required to grow, scale, or employ others.

Our Approach: A Bold Innovation to the Status Quo

African Entrepreneur Collective is fostering a new kind of entrepreneurship: *opportunity-driven*. We support high-potential youth entrepreneurs in a range of industries who have identified ways to create new wealth, opportunities, and markets. To date, we have worked in the energy, agriculture supply chain, communications, IT, retail, and other sectors that are growing enough to create jobs. Our entrepreneurs are building businesses that add value to their communities through new products and services that make life easier for others, while creating economic opportunity.

Not only do we work with a different kind of entrepreneur, but we also provide a different kind of service. Unlike the one-time workshops or general business information sessions, AEC offers comprehensive and long-term support in areas where young business owners need it most.

AEC's Program Model

AEC selects young entrepreneurs who have demonstrated success at a micro/small scale, and helps them grow their businesses. In 2013, we will work with 100 entrepreneurs to participate in our two-year accelerator program. Identified through a competitive application process, and nominated by our partner organizations, entrepreneurs participate in the following program components:

Capacity Building: Entrepreneurs receive both one-on-one strategic consulting, as well as formal business instruction. Our staff thoroughly analyzes each business on current profitability, efficiency, growth projections, and future viability so that we may direct and coach our entrepreneurs to overcome specific challenges to their business. In addition, we offer ongoing courses on budgeting, financial analysis, accounting, data analysis, and other business essentials.

Mentoring: We match each entrepreneur with a professional volunteer mentor from Africa or from around the world, who works alongside the entrepreneur for one to three months. This in-country mentorship offers tailored, real-time support for our entrepreneurs.

Technical Assistance: AEC supplies on-going technical assistance to each business, including website and logo design, legal contract templates, tax consultations, and other one-time ancillary business supports.

Access to Affordable Capital: For most entrepreneurs, the burdens of heavy collateral requirements (usually in the form of land with a value of 100-120% the loan), the need to be operational for more than three years, and the high cost of commercial debt (18-30% interest), place growth capital well beyond reach. AEC provides our entrepreneurs with access to affordable, flexible capital. We offer low interest capital leases and loans to our participants to cover capital expenses during the length of the accelerator program. In addition, we partner with commercial banks and private investors to leverage larger, long-term financing for our entrepreneurs.

Launch in Rwanda & Three-Year Intended Impact

After extensive research, interviews with prospective partners, and visits to several countries, AEC launched our first site in Rwanda in October 2012. During our first three years, we have and will select ten cohorts of 20 students each with intakes every two months from August 2013 – July 2015. By the end of this phase, we expect to grow a total of 200 entrepreneurs, resulting in the creation of roughly 1,250 new jobs.

Input Metrics →	Process Objectives →	Performance Objectives →	Outcomes
200 growth enterprises	75% program retention	30% of businesses will add 15+ jobs	1,250 new jobs
	75% of businesses operational after 3 years	30% of businesses will add 10-15 jobs	
		40% of business will add 5-10 jobs	

As we implement programming, we are rigorously and continuously evaluating each component, making mid-course modifications where necessary. By the end of the three-year initial phase, we plan to have refined our program for scale to five additional countries over the subsequent seven years.

Progress to Date

From October 2012 to July 2013, we beta-tested our all of our program components on a small group of 10 entrepreneurs. In August 2013, we selected our first cohort of 16 entrepreneurs. While it is too early

to note any long-term impacts, we have been pleased with the observations we have made thus far. Our programmatic highlights include:

- ✓ 26 entrepreneurs completed our 6-week business finance course, reviewed by professors at Oxford University's Said Business School;
- ✓ 12 started our 4-week Quickbooks class;
- ✓ 8 have been paired with international mentors from New Zealand, United States, and Norway;
- ✓ 2 entrepreneurs received capital loans of \$10,000 USD each.

Most importantly, though, are the inspiring entrepreneurs that we work with. Chosen from more than 60 applicants, these 16 entrepreneurs in our first cohort lead enterprises in a wide variety of industries (25% agriculture; 25% ICT; 12% energy; 12% education; 6% transportation; 6% construction; 6% tourism; 5% media). Women hold 37% of management positions in this cohort, and we anticipate that the percentage will keep growing through targeted recruitment and partnerships.

To give a better sense of the type of entrepreneur we work with, we have included an appendix with short descriptions detailing several of our entrepreneurs and their businesses. We are currently in the process of recruiting our second cohort to start in November 2013.

Business Model & Fundraising Strategy

AEC has a hybrid business model. We are an incorporated nonprofit in the US and a registered business in Rwanda. This hybrid structure allows us to employ a long-term fundraising strategy to leverage philanthropic contributions, business investments, and a fee-for-service model. During our three-year initial phase, we need to raise \$500,000 (\$125,000 is already secured) in seed funding for operating expenses. After which, 75% of all in-country expenses will be covered by entrepreneur fees and interest income from our loan fund. The remaining 25% will be covered through ongoing fundraising efforts.

In addition, we plan to raise \$1,000,000 for a revolving loan fund. Because this fund will provide our entrepreneurs with flexible borrowing at below-market interest rates while they are growing their businesses, we are seeking charitable donations and 0%-interest loans from philanthropic investors to capitalize this fund.

Thus far, we have been fortunate for the support of two key initial funders, Emerson Collective and Kiva, and now we are seeking other partners to join our work.

Conclusion

As the young people in our program continue to grow their visions into realities in our classroom, with our mentors, and through our loan fund, we know that we are able to unlock their potential. "Rwanda is a place that allows me to dream," said Clarisse Iribagiza, CEO of HeHe Ltd. "There is a feeling that nothing is impossible." With AEC's unique suite of services, we will move entrepreneurs from small-scale business owners to a new class of business leaders driving economic opportunities in their communities and beyond. We hope you will consider joining us.

If you have any questions or would like to know more about the good work of African Entrepreneur Collective, please contact Executive Director Julianne Oyler by email at julienne@africanentrepreneurcollective.org or by phone at +1.510.499.9104.

Appendix I: A Snapshot of AEC's Youth Entrepreneurs



Clockwise from top left: HeHe Ltd, Ange, Webber, Dieudonné

HeHe Ltd (25, 24, 25, 25), founded three years ago by four computer science students, is one of Rwanda's most promising mobile technology firms. Their portfolio of clients includes the Ministry of Youth and ICT, the Ministry of the East African Community, Access Mobile, and the Nike Foundation's Girl Hub. HeHe is excited to work with AEC so that they can grow into a stronger, more regionally focused firm.

Ange (27) started **BioCOOP**, a biodiversity, conservation, and environmental management cooperative in 2012 after winning the Ministry of Youth and ICT's Top Innovator of the Year award. So far BioCOOP has rolled out 10 projects in the rural communities surrounding the National Forest--the poorest in Rwanda--that have already created 670 part-time jobs for youth in the area.

Dieudonné (23), founder of **DD Oil Company**, is an expert in finance. A 4th year student and top of his class at Rwanda's School of Finance and Banking, he recently received start-up capital from the African Innovation Prize. Leveraging the country's abundance of avocados, DD Oil Company will produce avocado oil to be sold in rural areas throughout Rwanda.

With 11 employees and a client roster that includes Parliament, UNAIDS, and MTN Mobile, Webber (30) believes his electrical installation company, **ALTES Ltd**, is in a prime position to grow. Webber hopes that with the help of AEC, ALTES can offer a strong local challenge to some of the foreign companies dominating Rwanda's construction boom.

Appendix II: AEC Leadership Team

AEC is currently led by an 8-member board of directors, and operated by 4 full-time staff (3 Rwandese). Our board includes experts in finance, international development, foreign investments, and the Rwandan government and private sector. All board members are deeply committed to AEC's mission.

- **Julienne Oyler** (Founder and Executive Director) has an MBA from the Yale School of Management and a BA in African History and Politics from Georgetown University. Julienne brings over 10 years of experience in social enterprise development in the US and Africa. Prior to starting AEC, Julienne worked as the Director of Development for a national youth education program in the US, raising \$5M annually.
- **Francis Gatare** has served as Principal Private Secretary to the President of Rwanda since 2009. Prior to this appointment, Francis was the Chief Economist and deputy Head of the Strategy and Policy Unit in the President's Office. In addition, Francis also served as the Principal Deputy CEO of the Rwanda Development Board. Francis is currently pursuing a Masters in Public Administration at Harvard University's Kennedy School of Government.
- **Austin Harris** is the Founder of Inkomoko Business Development, a small business development firm in Rwanda, and developed the curriculum for the Kigali School of Finance and Banking's financial projections classes. Previously, Austin was the leading financial analyst for Urwego Opportunity micro-finance bank. Austin holds a BA in Economics from Swarthmore. He is currently pursuing an MBA from Oxford University's Said Business School.
- **Cher Jacques** is the Regional Director for Africa at Kiva. Prior to this, Cher managed the opening of a bank branch in the Democratic Republic of Congo for FINCA International, worked as a consultant with Spitfire Strategies, and developed strategic plans for the Grameen Foundation's work in Sub-Saharan Africa. Cher has a BA in Political Science and International Studies from Wake Forest University and an MBA from Yale School of Management.
- **Sara Leedom** has over 15 years of executive leadership and management consulting experience for social impact organizations. Recently, Sara graduated with an MBA from Oxford University's Said Business School, where she chaired the Oxford Africa Business Network, and directed the SBS Investment Fund in Ghana. Sara is the Shell Foundation Fellow to IntelleGrow Impact Investment, India's first debt fund for SMEs focused on social impact.
- **Kerrin Mitchell** is a dynamic operations and finance professional with a deep enthusiasm for the inspiration and pace of the startup world. She is currently the VP of Operations and Services at Fluxx, a new collaborative work platform. Prior to Fluxx, Kerrin was the VP of Operations at Sprout and help several roles at Cisco Systems. Kerrin graduated from Duke University with a B.S. degree in Economics.
- **Sandra Pepera** is an international development adviser who has recently left the British civil service after an illustrious career. Her unique career has focused on leading reform and operational delivery in conflict-affected, transitional, and emerging economies, predominantly in Africa. Most recently, Sandra was the Deputy Director, Head Cabinet Policy and Research Division at the UK's Department for International Development (DFID). Previously, Sandra served as DFID's country director in Sudan, Rwanda, Burundi, and Barbados.
- **Julie Taft** has committed the past 10 years to international development in Africa. Most recently, Julie has worked for the International Medical Corps and has held a variety of field positions including: Acting Country Director in Ethiopia and Burundi; Program Officer in Sierra Leone; and Global Reproductive Health Advisor for all IMC programs spanning 26 countries. Julie holds a BA in from Georgetown University, a BS in Nursing from New York University, and a MSc at the London School of Hygiene and Tropical Medicine.