PARTNERING TO ACCELERATE ENTREPRENEURSHIP

EXPANDING ACCELERATION SERVICES FOR ENTREPRENEURS

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

Intellecap, an international advisory firm, has built and refined an ecosystem-based approach to search, fund, support and scale early-stage small and growing businesses (SGBs) serving base-of-the-pyramid populations in India through capital, knowledge, and networks. Since 2002, Intellecap has connected more than 1,500 businesses with 300 investors, created a network of more than 140 angel investors, and worked with more than 60 private sector firms to build the entrepreneurship and innovation ecosystem in India.

East Africa and Southeast Asia, two regions with similar entrepreneurial activity to India, are witnessing growth in the number of high impact enterprises with potential for scale and investments. Yet these ecosystems face several challenges to nurture early stage enterprises, including a lack of seed-stage capital; shortage of affordable, high-quality business development support; a limited pipeline of scalable enterprises for investors; and a fragmented market place.

Intellecap saw an opportunity to address these gaps by testing and replicating its ecosystem-based approach to acceleration in East Africa and Southeast Asia. Recognizing that there are few specialized service providers willing to provide high-risk, early-stage capital or low-cost advisory services to SGBs, Intellecap looked to partner with USAID to provide affordable, high-quality financial and non-financial support to East African and Southeast Asian businesses.

THE PARTNERSHIP

In October 2015, USAID and Intellecap formed a partnership through the Partnering to Accelerate Entrepreneurship (PACE) Initiative to bring together capital, knowledge and networks to support high-impact SGBs in East Africa and Southeast Asia through direct and ecosystem-level efforts.

In East Africa, Intellecap provides business development services directly to SGBs in the form of acceleration, fundraising, innovation transfer, and partnerships. Intellecap provides “high-touch” technical assistance through one-on-one investment advisory, as well as “low-touch” support through its online incubation platform StartupWave, which it adapted to the East African context. Intellecap also established an East African chapter of the Intellecap Impact Investment Network (I3N), a network of angel investors and high-net worth individuals, which facilitates investment into accelerated enterprises.
To apply its ecosystem-based approach in Southeast Asia, Intellecap is working with investors, corporations, governments and intermediaries to remove some of the systemic barriers to scale, particularly for women entrepreneurs. Through this partnership, Intellecap and USAID brought the Sankalp Forum, an Intellecap initiative launched in India in 2009, to Southeast Asia, which aims to create a thriving ecosystem that supports growing entrepreneurs for the better of their communities.

With USAID’s support, Intellecap helps to facilitate private investment into African and Southeast Asian social enterprises. Acting as the intermediary, Intellecap works on behalf of the enterprises to structure deal terms and facilitate innovation, market, or technology partnerships between SGBs and corporations. Intellecap’s knowledge services create market infrastructure and industry information services that help attract investments and bring visibility to these ecosystems.

THE RESULTS

As of July 2017, Intellecap has built a pipeline of 800 East African enterprises, showcased 34 enterprises to investors and closed 3 investments. The accelerated enterprises have created 650 jobs and each has cultivated relationships with at least three investors for follow-on funding opportunities. In Southeast Asia, USAID and Intellecap launched the first annual Sankalp Southeast Asia Summit in 2015 in Jakarta, Indonesia. In both the African and Southeast Asian Forums, enterprises are offered an opportunity to pitch to investors at the Sankalp Showcase, with Intellecap moderating post-forum discussions to facilitate speedy and low-cost deal closures. Learn more about the Sankalp Forum.

Intellecap also supports the scaling up of social innovation through a new mechanism, the Collaboration for Impact Facility, which aims to facilitate partnerships between corporations and SGBs as innovation, delivery channel, or supply chain partners to increase their joint impact in underserved communities. Additionally, Intellecap has created three industry reports on the enterprise landscape, gaps in the finance ecosystem, and trends and opportunities of emerging technology for solving Africa’s grand challenges. Learn more about Intellecap’s knowledge products.

For More Information

To learn more about the PACE Initiative, visit 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 USAID and with other actors to harness the power of innovative tools and approaches that accelerate development impact.

The Lab is a reflection of 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.