

WIC SYNDICATE FUND PRESENTATION

MARCH 2018

WOMEN'S INVESTMENT CLUB SENEGAL

WWW.WICSENEGAL.COM



EXECUTIVE SUMMARY

- In Senegal, **43.9% of women entrepreneurs who borrow money do so from friends and family; only 3.5% borrow from financial institutions.** Having noticed the challenges linked to access to financing in Senegal, a group of businesswomen came together to provide financial solutions tailored to women entrepreneurs through the Women's Investment Club (WIC) Senegal. This group has now grown to include 73 women (membership as of March 2018) from different backgrounds, investing over \$900,000 (500,000,000 FCFA) in the West African Regional Securities Exchange (BRVM)
- The WIC Senegal is in the process of setting up an investment fund based on a **syndicated model** that will gather **individual investors aiming to invest in companies with high-growth potential and with a gender focus** (women-founded, women-led, women-focused)
- The Syndicate Fund model that's being developed by the WIC **does not currently exist in the region, and local governments do not have measures that promote investments, especially individual ones.** The WIC is, as a result, facing several challenges related to the **legal structure and the governance schema** of the Syndicate Fund
- On top of the challenges linked to an inexistent regulatory framework and an unconducive investment environment in the region, a major challenge faced is the **identification of companies that are able to maximize on the funds provided to achieve significant growth**
- The financing instrument proposed being **hardly welcomed/understood by potential pipeline companies and investors in the region, it is crucial to raise awareness at both levels in order to allow for a better understanding of the expected impact of a Syndicate Investment Fund**

CONTENT

1	Gender Focus
2	WIC Syndicate Fund
3	Benchmark

In Senegal and other developing countries, despite their potential to participate in the financial markets, women's involvement rates remain suboptimal for several complex reasons (1/2)



The fact that women-led enterprises generally operate in **the informal economy** and at a **small scale** undermines their ability to grow. In Senegal, **80% of micro and small enterprises** are in the informal sector

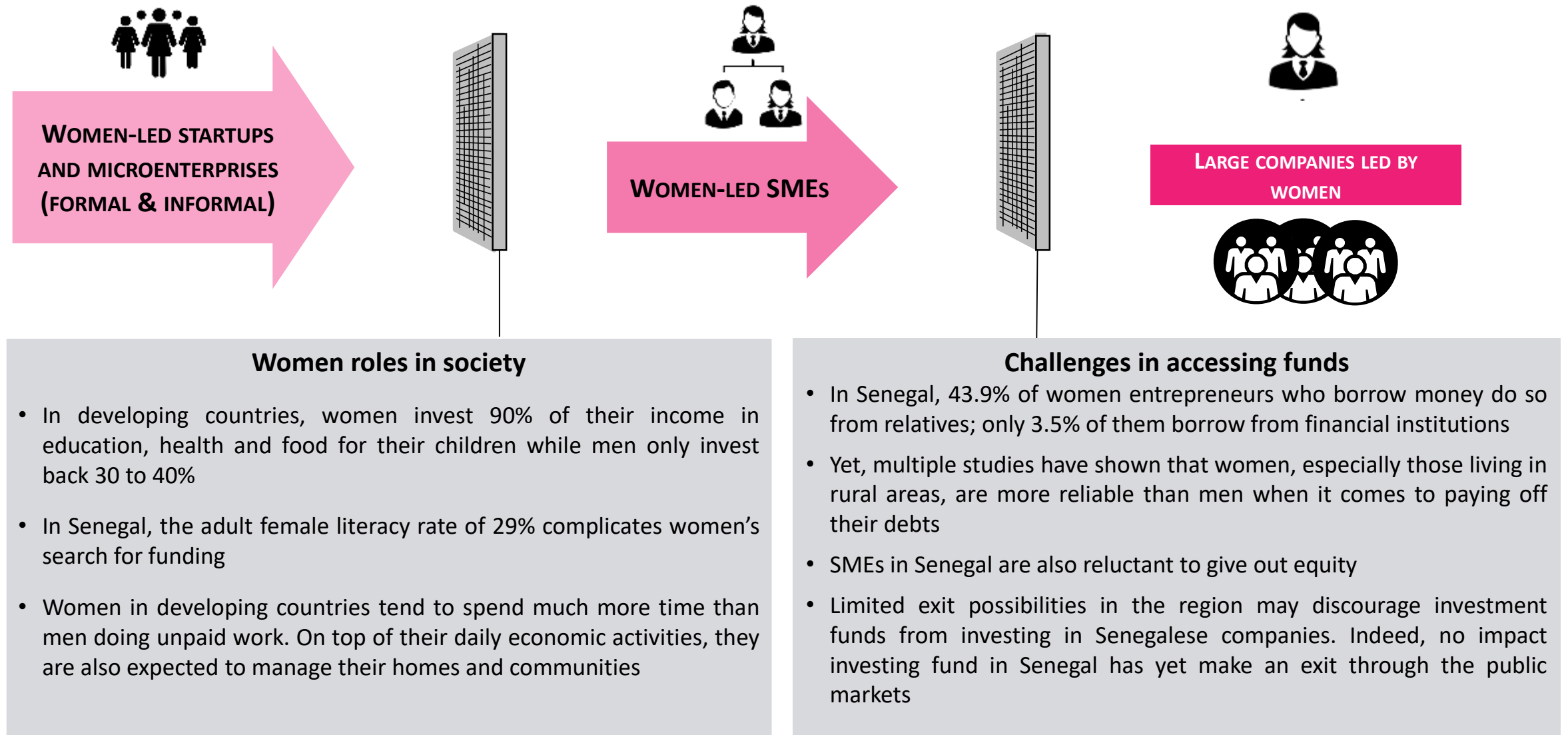
The employment to population ratio is at **57.5% for women** as opposed to **81.4% for men**



The growth of women-owned enterprises is limited by their **lack of awareness/understanding of private equity**. A study by the Global Impact Investing Network (GIIN) shows that Senegalese companies, often family businesses, are generally not open to selling capital to outside individuals/institutions

The **high societal expectations** placed on women hinders their ability to be fully active in the economy. In fact, society expects Senegalese women to be fully dedicated to their family (**5 children per family on average**) while maintaining their economic activities

In Senegal and other developing countries, despite their potential to participate in the financial markets, women's involvement rates remain suboptimal for complex reasons (2/2)

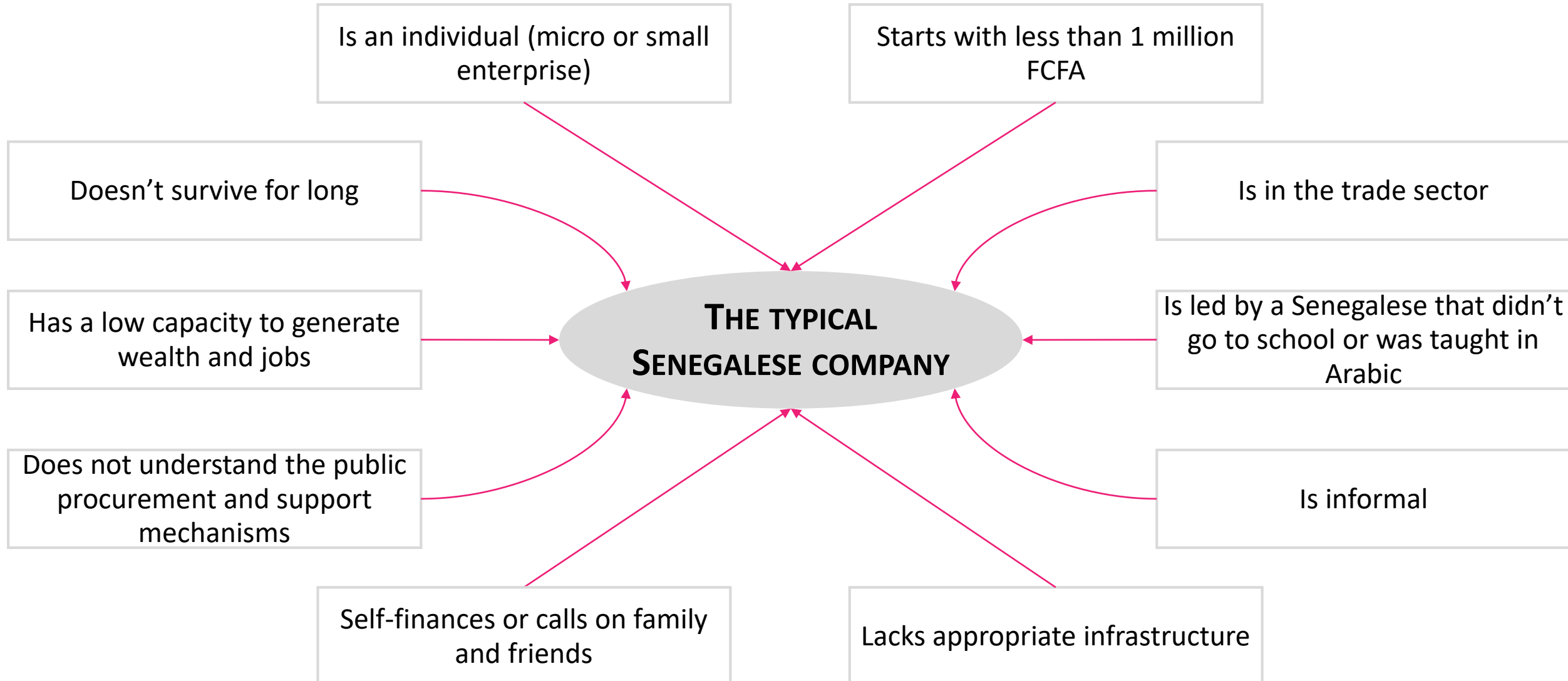


Yet, multiple recent studies have shown that women's participation in the financial markets and in companies can generate more added value that's beneficial to all parties

- **Better performance:** In Africa, companies in the top quartile in terms of women representation in executive committees have an EBIT 14% higher than the average
- **Fair decision-making:** Women leaders generally have a higher complex moral reasoning capacity than men leaders, making them more fit for fair decision-making
- **Collaboration and consensus:** Generally, women are more likely than men to collaborate and cooperate with others to arrive to a fair consensus



The feasibility study of the investment fund conducted in 2016 allowed for a better understanding of the SME ecosystem in Senegal



Looking at the issue of access to finance, we noticed that, generally, financing options in Senegal are very limited and dominated by traditional mechanisms such as banks and microfinance institutions



COMMERCIAL BANKS

- Lack of marketing strategies and banking products designed specifically for a female clientele
- Financing options are not diversified, mainly in the form of short and medium-term loans. Rates vary widely with concessional funds from donors and public funds (such as FNPEF)



MICROFINANCE AND MESO-FINANCE INSTITUTIONS

- **Over 500 microfinance agencies across the country:** several MFIs receive funding through governmental programs aiming to support women, such as the Fonds National de Promotion de l'Entrepreneuriat Féminin (FNPEF), the Projet de Crédit pour les femmes (PCF) ...
- **COFINA: meso-finance institution** (between traditional banking offers and microfinance) with a strong women representation in its credit portfolio



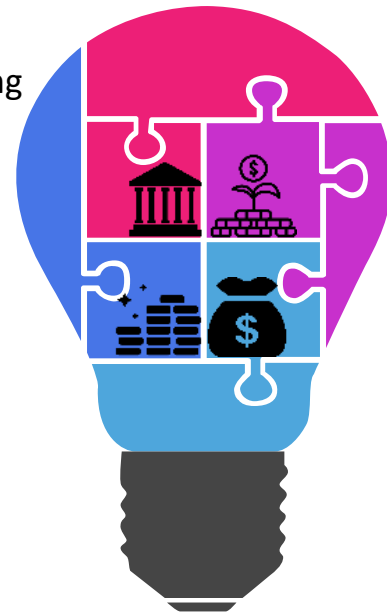
PUBLIC FUNDS

- **Fonds National de Promotion de l'Entrepreneuriat Féminin (FNPEF)** Credit rates(5-8%); ceiling of 50 million FCFA (\$100,000) for a maximum period of 5 years
- **Fonds Souverain d'Investissements Stratégiques (FONSIS):** investments in large projects with minority stake



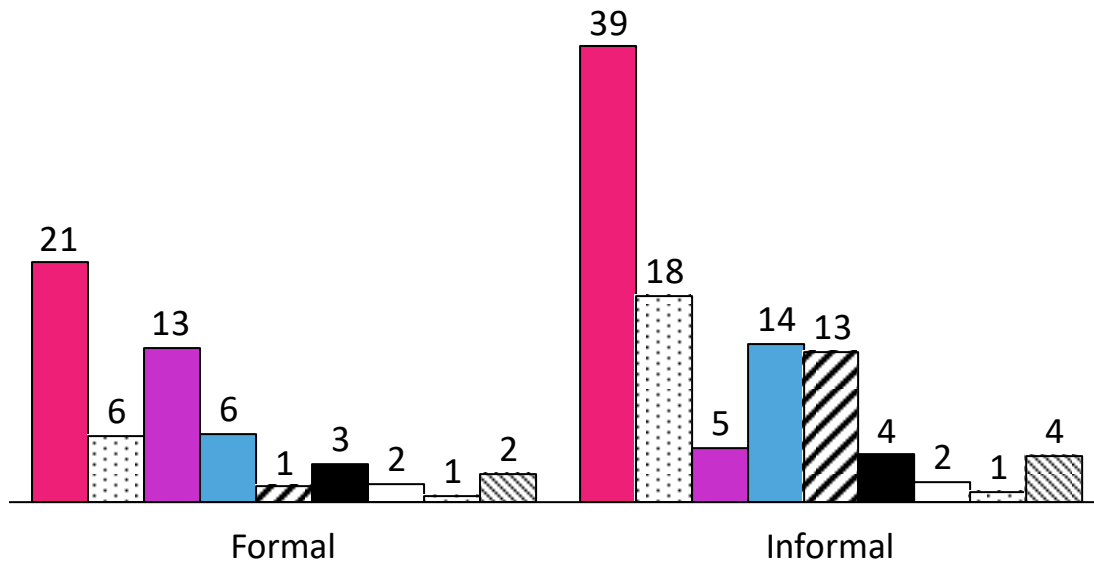
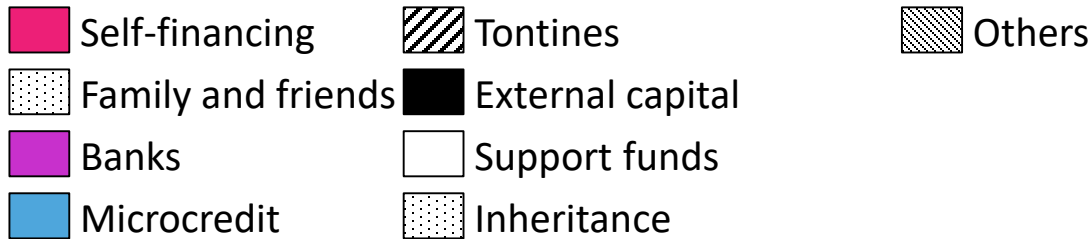
DEVELOPMENT BANKS

- **Banque Nationale de Développement Economique (BNDE):** with a department dedicated to financing startups
- **Significant flow of funding requests from women entrepreneurs:** amounts invested ranging from 5 to 300 million FCFA (\$10,000 to \$600.000)

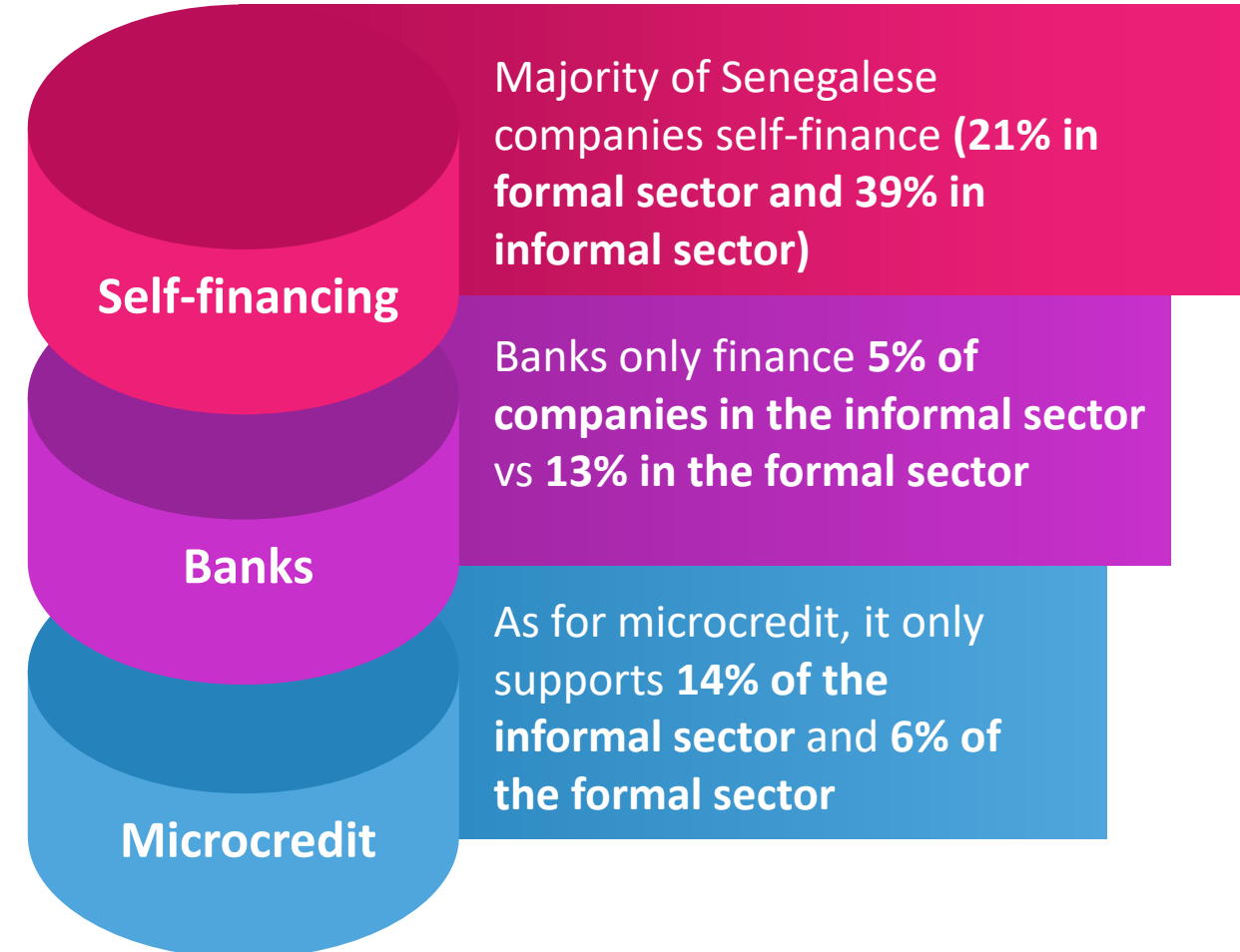


However, it looks like Senegalese companies rarely have access to these existing traditional financing instruments; they most often rely on their own funds

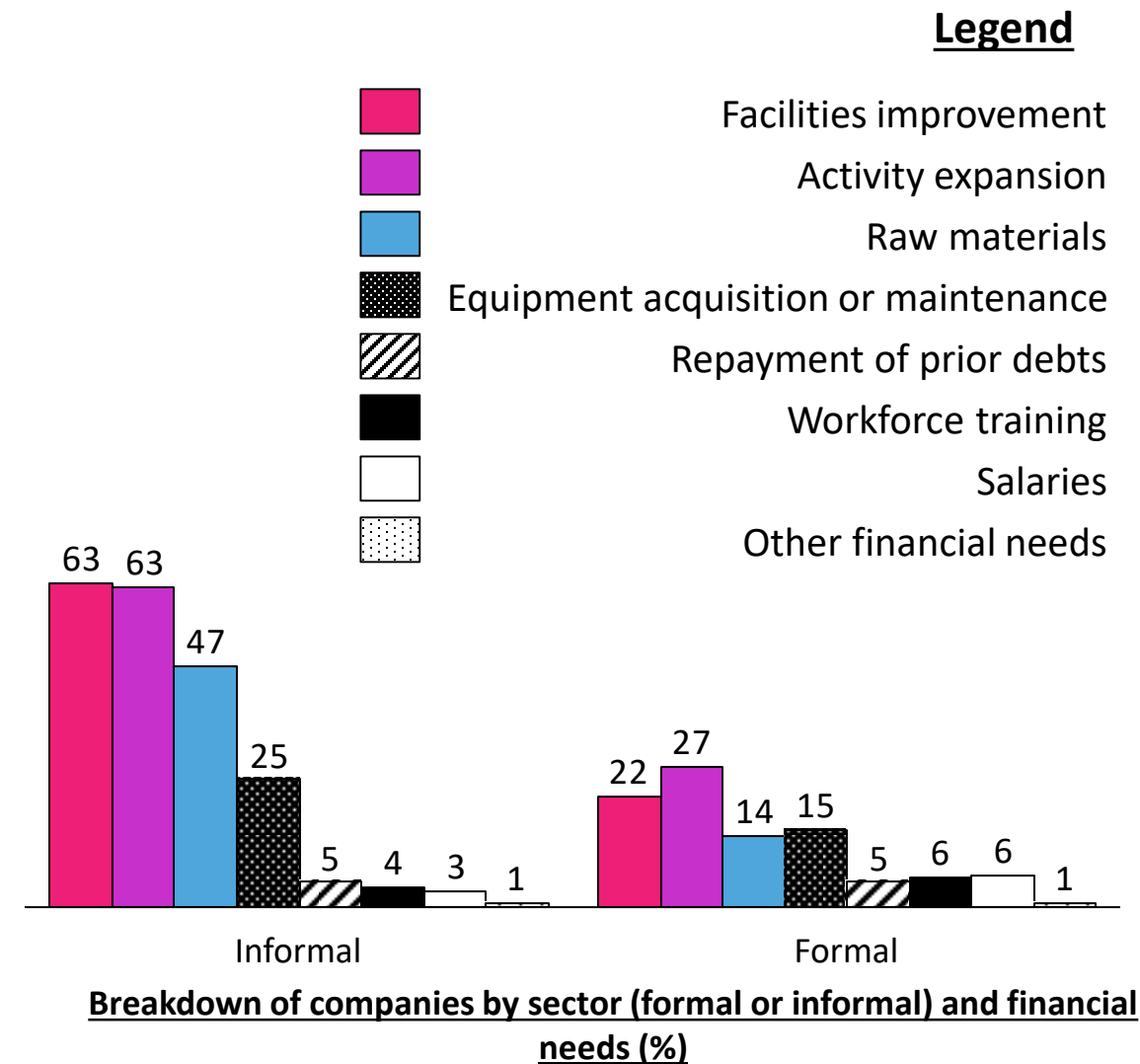
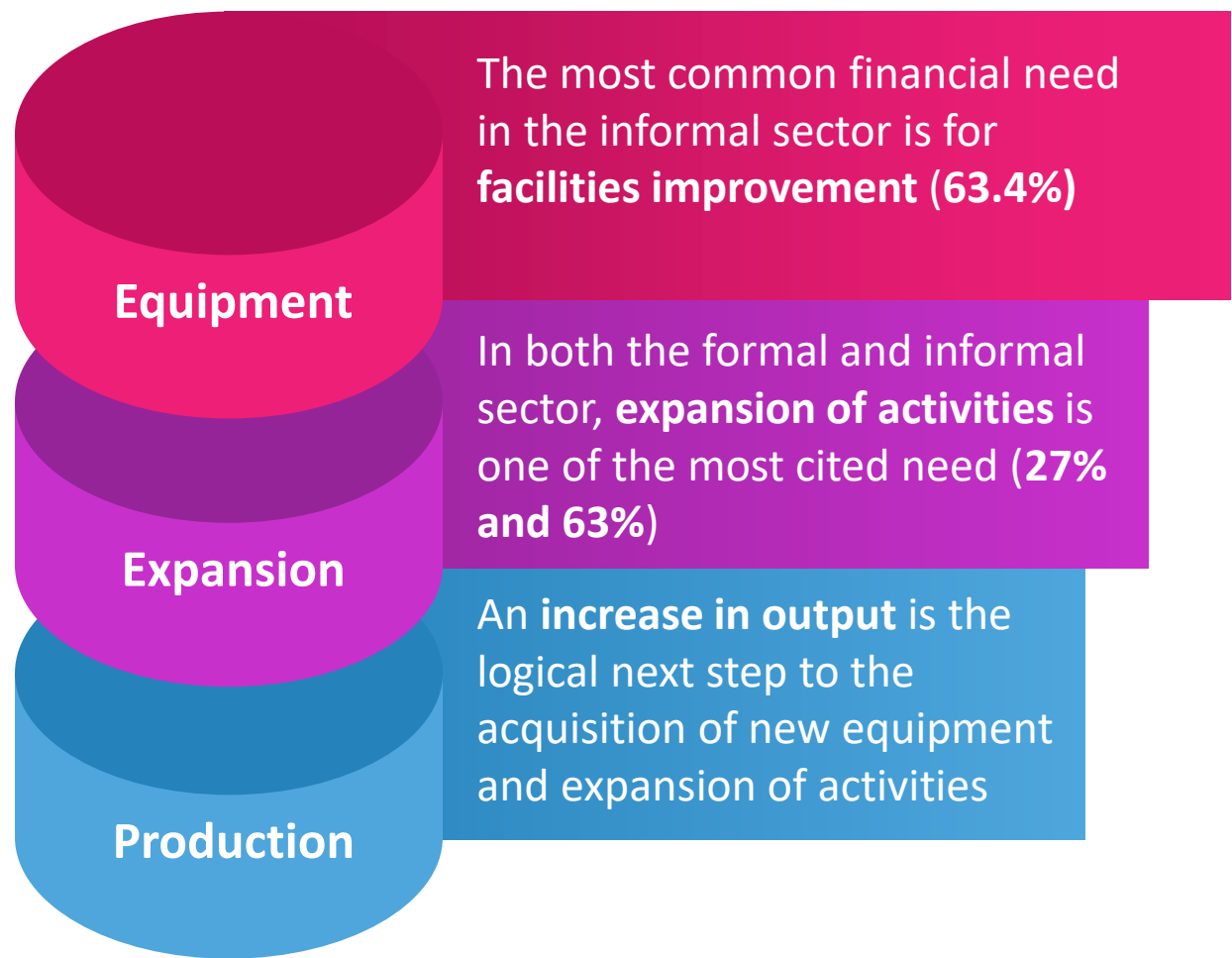
Legend



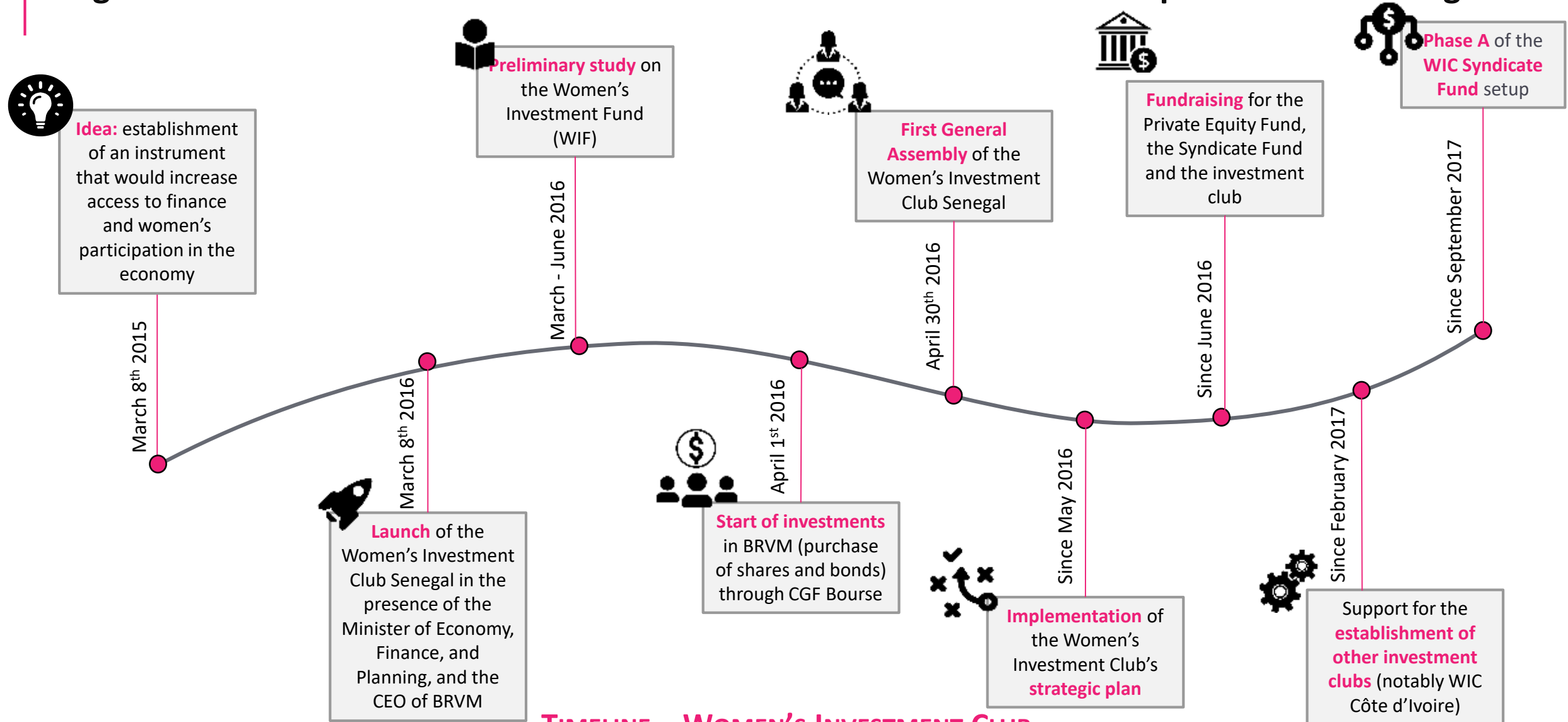
Breakdown of companies by sector (formal or informal) and source of funding received (%)



Once received, these funds can be used to begin operations, as working capital, to pay for equipment, or to expand the business



Aware of all these challenges, a group of women decided to put their resources together to tackle the issue of access to finance for women entrepreneurs in Senegal



TIMELINE – WOMEN'S INVESTMENT CLUB

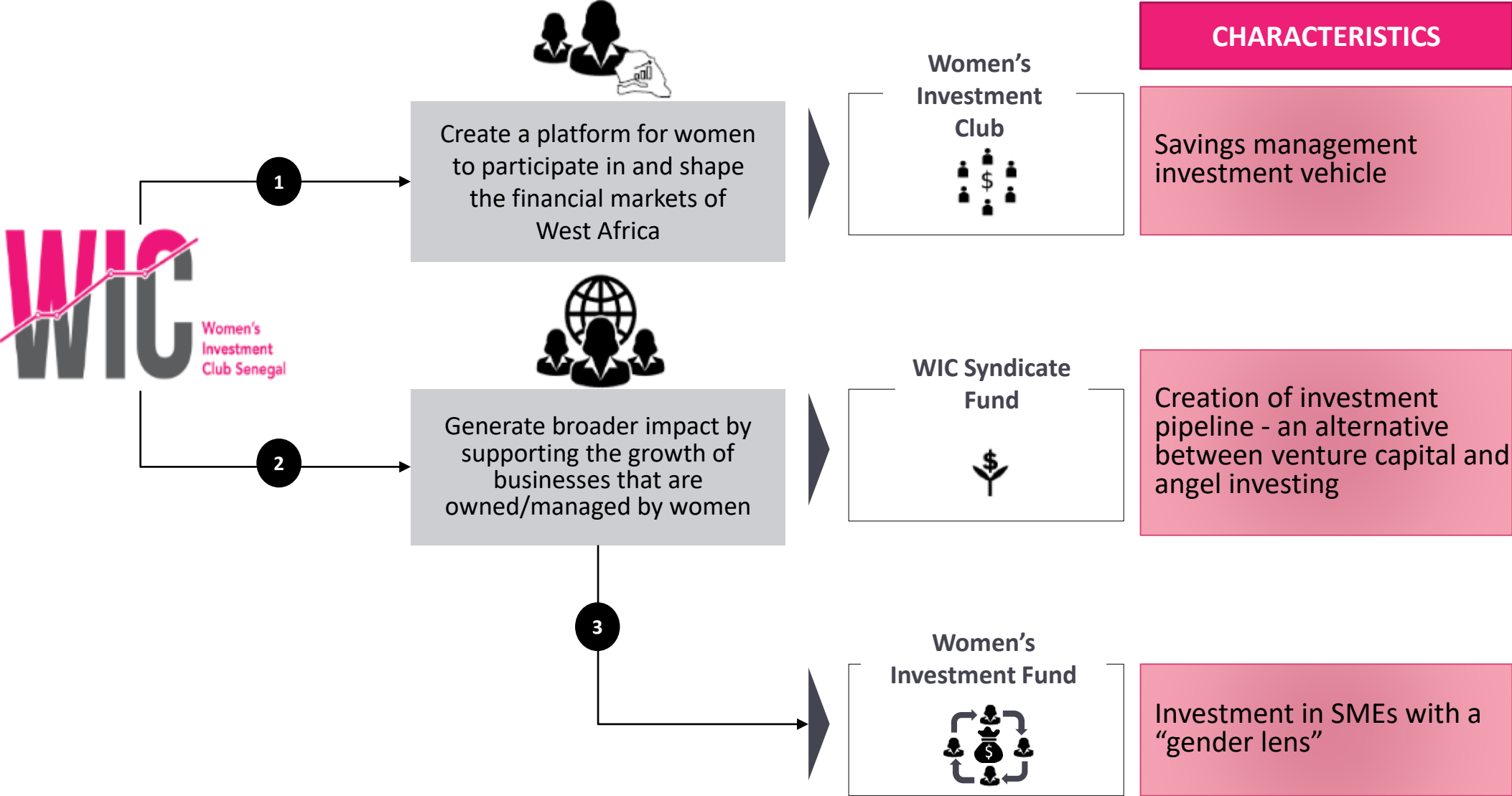
Wishing to turn the tide, the Women's Investment Club (WIC) Senegal is committed to taking action that will change the economic landscape of women in Africa

WIC's vision is to give women privileged access to modern financial instruments for inclusive economic development. The club aims to:



 Solidarity
  Leadership
  Culture of excellence
  Innovation
  Empowerment
  Collaboration
  Entrepreneurship

To achieve the two main objectives set by the WIC, three distinct vehicles have been thought of, and are being used or put in place



WIC has decided to focus on start-ups and microenterprises by putting in place a vehicle that is better suited to them: a syndicated investment fund, while at the same time continuing to set up the Private Equity Fund (WIF)



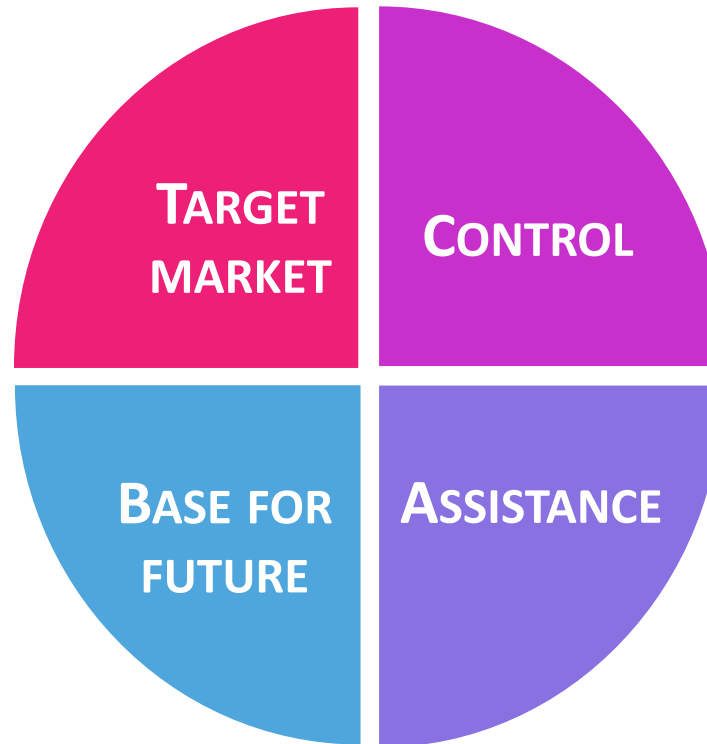
Target Market

The syndicated angel investing model is better suited to startups and microenterprises. These represent a very large portion of women-led enterprises in Senegal



Base for future

The financing and support of start-ups and microenterprises will create a pool of companies with high economic growth that will become potential targets for the Private Equity Fund (WIF)



Control

The Syndicate Fund investors will be able to freely and independently invest in ideas and people they like and trust



Assistance

The Syndicate Fund will allow each investor to provide advanced technical assistance tailored to the needs of the companies he/she finances

CONTENT

1	Gender Focus
2	WIC Syndicate Fund
3	Benchmark

A syndicate is a semi-formal network of angel investors who combine their resources to invest in companies



A **syndicate** is a **network of angel investors** who put their money and resources together to invest in companies



Investors also **save time** by sharing the workload with other syndicate investors


























The syndicated investment model allows investors to **save money** by sharing the investment amount










The Syndicate Fund allows investors to **better manage/share** risks by building a more diversified portfolio

The Syndicated investment model is the first in Francophone Africa and one of the first in Africa

<div><div>Main Partners</div><div></div><div><div></div></div></div>	<div><div>Key activities</div><div></div><div><ul style="list-style-type: none">• Identification and filtering of investment opportunities• Technical and legal support• Financing and support of small businesses and startups• Portfolio tracking</div></div> <div><div>Key resources</div><div></div><div><ul style="list-style-type: none">• Syndicate Fund Director• Financial Analysts• Administrative assistant• WIC members• External experts</div></div>	<div><div>Value proposition</div><div></div><div><ul style="list-style-type: none">• Network of experts and investors• Information on investment opportunities• Diversified portfolio• Risk mitigation</div><div><div></div><div></div><div></div></div></div>	<div><div>Customers relationships</div><div></div><div><ul style="list-style-type: none">• Investment recommendation notes transmission• Companies pitches• Visits to companies</div></div> <div><div>Communication channels</div><div></div><div><ul style="list-style-type: none">• Press• Website• Radio</div></div>	<div><div>Target companies</div><div></div><div><ul style="list-style-type: none">• Founded by a woman• Owned/managed by a woman at least at 50%• Managerial team with at a majority of women</div></div>
<div><div>Cost streams</div><div></div><div><ul style="list-style-type: none">• Human resources• Technical Assistance• Legal Assistance• Operational costs</div></div>	<div><div>Revenue streams</div><div></div><div><ul style="list-style-type: none">• Individual members membership fees• Institutional members membership fees• Commissions + interest rates• Investments dividends• Technical and financial partners grants• Business angels</div></div>			

The WIC Syndicate Fund main objective is to promote financial inclusion through the integration of women as accelerators of economic development

Thesis	Objectives	Scope
<p>The performance of Senegalese women-led-businesses can be significantly improved by:</p> <ul style="list-style-type: none"> • The creation of a network made of influential people • The support to other entrepreneurs • Small Investments in startups and SMEs 	<ul style="list-style-type: none"> • Short term Identify and develop promising startups et SMEs in Senegal 	 ICT  Real Estate  Packaging  Education  Financial services  Agriculture  Safety ... Etc.
	<ul style="list-style-type: none"> • Long term Companies with strong economic growth that can participate in the expansion of public and private markets 	
	<ul style="list-style-type: none"> • In numbers Approximately 2 billion CFA invested in 5 years in at least 50 companies 	

CONTENT

1**Gender Focus****2****WIC Syndicate Fund****3****Benchmark**

In order to test and improve the model and procedures of the Syndicate Fund, the WIC team ran a pilot with two preselected Senegalese companies



Pilot

The pilot of the Syndicate Fund was held over a period of 3 weeks. The two companies that participated were preselected by the WIC team. The investors were composed of members of the WIC Governance Committee



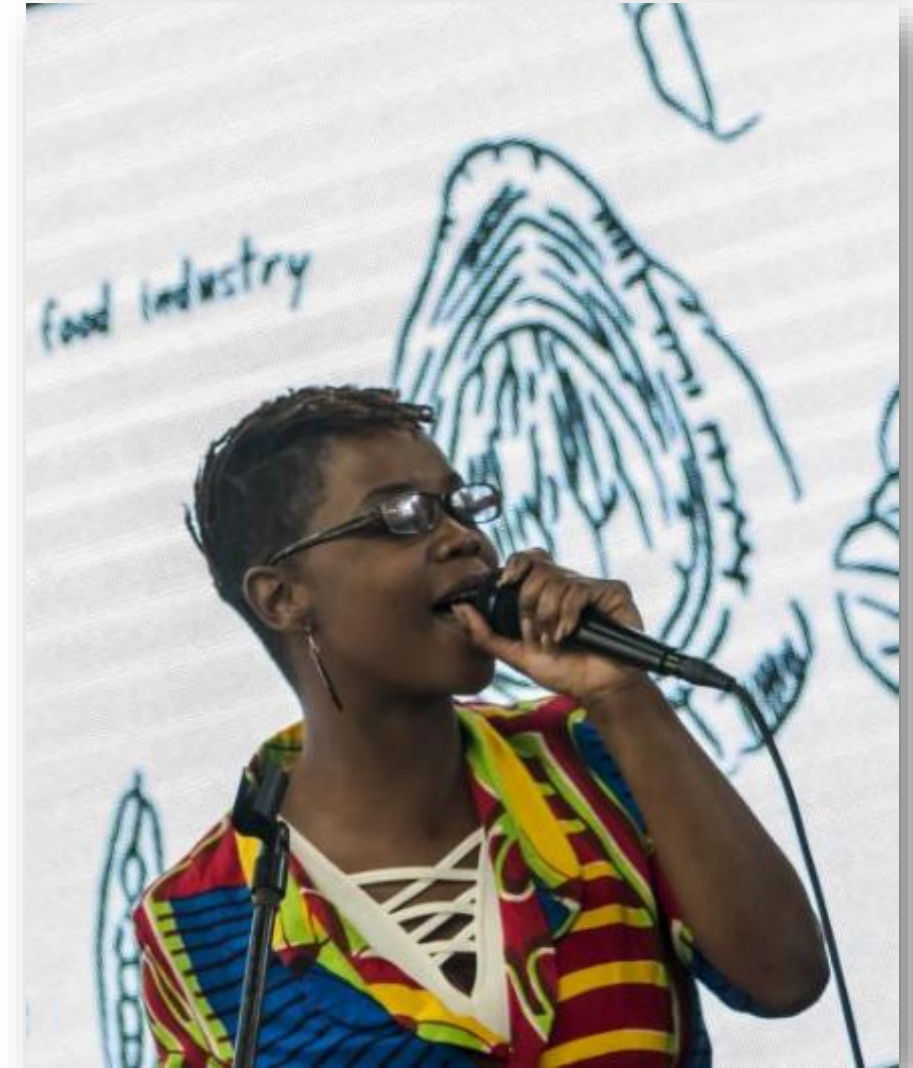
Procedures

After conducting interviews and analysis of the companies, the WIC team wrote a two-page summary note on each company that was shared with the investors. The companies then made a 20-minute pitch



Results

The WIC team used the pilot to establish the Syndicate Fund's investment procedures and to finalize the choice of governance model with the legal firm CABEX



Astia, recently joined by the WIC as a "family office", has a Syndicate Fund that invests in companies that have at least one woman founder or manager



General information

- Network of angel investors targeting women-founded or women-led companies
- **Astia Access:** a network of 5,000 experts that perform the filtering and due diligence
- **Astia Investment:** pool of investors
- **Astia Think:** in charge of Astia's promotion and pipeline identification



Filtering Procedure

- **Online application** through the GUST platform (around 6,000 companies)
- Filtering carried out by a **network of 5,000 experts** at different levels
- Companies that pass the screening stage are invited to **pitch in front of the pool of investors**
- About 10 companies receive an investment



Gender Focus

- Investment in companies that have at least **one woman founder**
- The pool of investors and network of experts are composed of both **women and men**
- Gender focus is limited to companies in which Astia invests



Investment

- **Ticket size:** varies - averages between \$250,000 to \$500,000
- **Instrument:** mix of debt and equity; case-by-case negotiation
- **Portfolio:** mainly in Technology, Health and Medical Devices
- **Technical assistance:** technical support provided by investors

The 500 Women Syndicate of 500Startups invests in companies with at least one woman founder who owns at least 10% of the company



General information

- Syndicate Fund launched on AngelList with the organization 500Startups as lead
- 500 Startups : global investment group with more than \$390 million in committed capital in 4 investment funds and 13 microcredit funds



Filtering Procedure

- The Syndicate fund invests in about **10 companies every year**
- The fund's pipeline is fed by **500Startups portfolio of 1,600 companies**
- The due diligence and investment recommendations are done by a **team of 4 women who work full-time in other companies**



Gender Focus

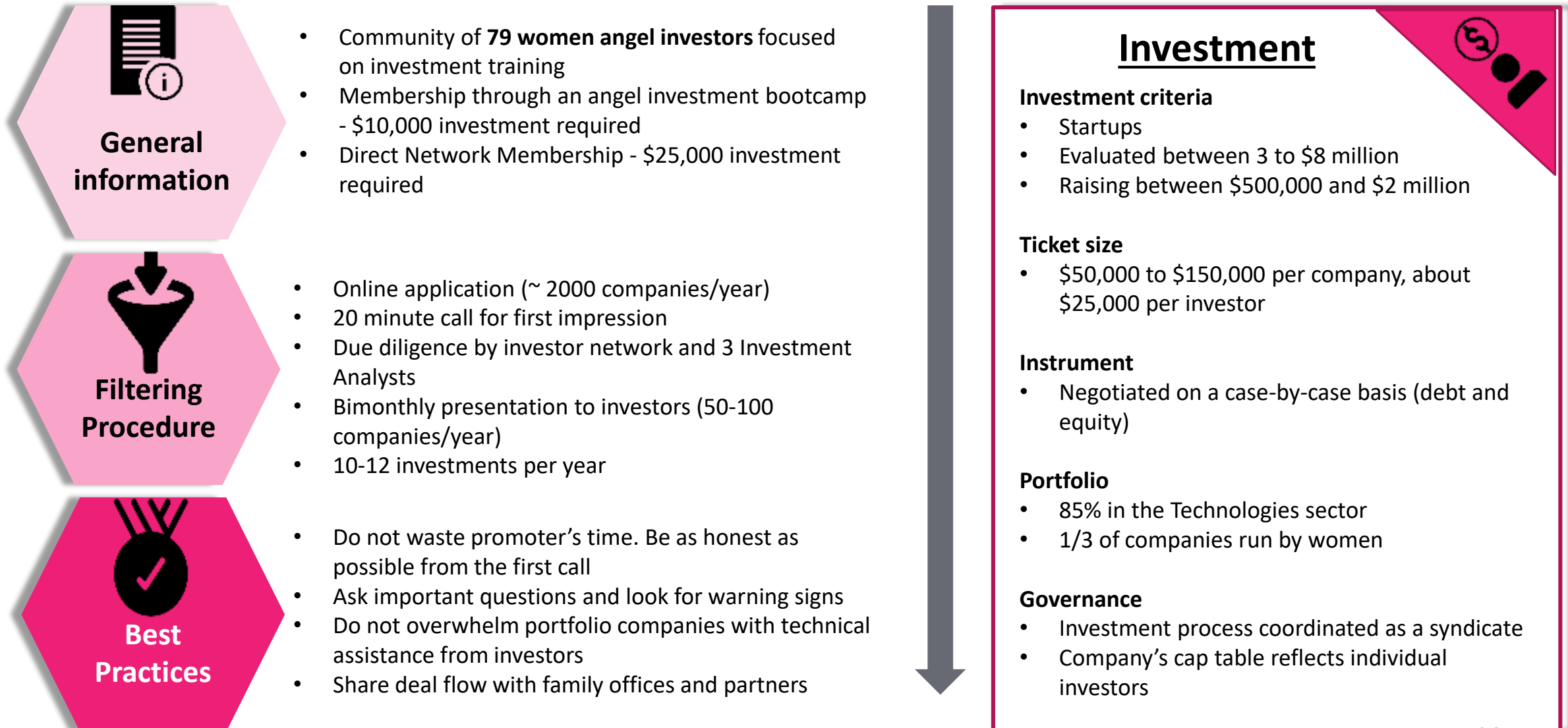
- **Gender investment criteria:** the company must have at least one woman founder who owns at least 10% of the company
- **No gender restrictions** are imposed at the Syndicate Fund investor level
- The team conducting the due diligence and making recommendations is composed solely of women



Investment

- **Fund lead:** 500Startups
- **Ticket size:** \$300,000 to \$600,000
- **Instrument:** Equity
- **Assistance:** network of 160 volunteer experts
- The lead (500 startups) **invests directly** in the company
- Syndicate investors **invest in a special fund** (LLC series) created to invest in the company

Gender-lens investing can also happen at the investor level. New York-based 37Angels Syndicate Fund aims to train more women to angel investment



**For more information on the WIC Syndicate Fund
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THANK YOU

