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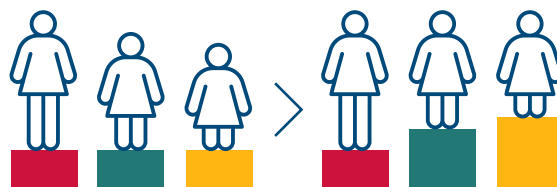


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# Building equity in skills, opportunities and funding for women-led SGBs in South Africa

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## AUTHOR(S)

Tendai Mugabe, Sekai Chiwandamira, Andrea Warriner, Nomakhaya Ntshobane and Lindsay Harris

**THE ASPEN NETWORK OF DEVELOPMENT ENTREPRENEURS (ANDE)** is a global network of organisations that propel entrepreneurship in developing economies. ANDE members provide critical financial, educational, and business support services to small and growing businesses (SGBs) based on the conviction that SGBs create jobs, stimulate long-term economic growth, and produce environmental and social benefits.

As the leading global voice of the SGB sector, ANDE believes that SGBs are a powerful, yet underleveraged tool in addressing social and environmental challenges. Since 2009, we have grown into a trusted network of nearly 300 collaborative members that operate in nearly every developing economy. ANDE grows the body of knowledge, mobilises resources, and connects the institutions that support the small business entrepreneurs who build inclusive prosperity in the developing world. ANDE is part of the Aspen Institute, a global non-profit organisation committed to realizing a free, just, and equitable society.

ANDE's Southern Africa chapter is headquartered in Johannesburg and serves members across Southern Africa. It is one of ANDE's largest and most active chapters, with over 102 members working in South Africa and 220 across the broader region. The Southern Africa chapter aims to create a thriving entrepreneurial ecosystem in the region. The chapter brings together ecosystem players to learn from each other and connect to ANDE's extensive regional and global activities, all while working together to support Southern Africa's small and growing businesses (SGBs).

**AFRICAN MANAGEMENT INSTITUTE (AMI)** is a Pan-African social enterprise that leverages technology to enable ambitious businesses across Africa to thrive. Since 2014, AMI has successfully trained 42,000 people through 80+ programmes across 39 African countries in both anglophone and francophone markets. AMI has offices in Kenya, South Africa, Rwanda, and Senegal and country representatives in Uganda, Cote D'Ivoire, and Nigeria. AMI's approach to growing SMEs across Africa has been particularly successful with women entrepreneurs. AMI's platform and learning methodology represents a "women-first" design that benefits female participants and we apply a gender lens to our Business development services (BDS) programming. AMI has been intentional in designing a BDS approach for women entrepreneurs. We constantly review our sex-disaggregated data to ensure we are adapting our programmes to meet the needs of women entrepreneurs. Our deep dive into data has also enabled us to quantify the outsized impact of investing in women entrepreneurs. We have found that women entrepreneurs not only create more jobs for women but that they also create more jobs compared to their male counterparts. An in-depth study of entrepreneurs completing AMI programmes found that 72% of women entrepreneurs reported a female headcount of over 50% compared with 42% of male entrepreneurs reporting a female headcount of over 50%.

# Background

In 2016, the United Nations established the Sustainable Development Goals (SDGs) as a “blueprint to achieve a better and more sustainable future for all”,<sup>1</sup> with goal five focusing specifically on gender equality. While progress has been made, **women and girls continue to face a myriad of barriers to achieve the same quality of life as their male counterparts**, be it in education, political participation, or business investment to name but a few.

Women entrepreneurs are of particular focus in the international development community; while active in the entrepreneurial space, **there is significant evidence that women business owners face unique challenges compared to men business owners – often overlooked in terms of investment and business support services.**<sup>2</sup> This is particularly pronounced in developing economies.<sup>3</sup>

Against this backdrop, **in 2019 the ANDE Gender Equality Action Lab was launched in partnership with USAID and the Visa Foundation.** The purpose of this initiative was to support female-headed small and growing businesses (SGBs) and build a more equitable ecosystem with their male-led counterparts. The initiative **seeks to build supportive entrepreneurial ecosystems in developing economies that are responsive to the ways in which women have been subjected to gender bias and institutional exclusion.** This works to further strengthen intermediaries that provide support to women entrepreneurs to fund more companies, build their capacity, connect them with appropriate sources of capital and enable scalability. Other priorities include advancing women as key decision makers, fund managers, board members, mentors and employees in the entrepreneurial ecosystem.

Overall, the **Ande Gender Action Lab identified that women-led enterprises face additional hurdles caused by hindered access to markets and lack of gender-lens financing.** It was against this backdrop that ANDE Southern Africa, through generous support from USAID appointed African Management Institute (AMI) (an ANDE member) to design and implement a bespoke programme specifically to address some of the key issues highlighted in the ecosystem by:



AMI’s approach to developing SGBs is grounded in research, that **empowers African entrepreneurs through a practice-based approach to business development support, delivered at scale.** The tech-enabled programme draws on a body of academic research demonstrating that small and growing businesses that implement core business practices (or ‘habits’) have better survival and growth rates. This methodology was applied to the AMI Emerge Programme in South Africa, where a custom programme design was developed based on a needs analysis of the targeted women entrepreneurs, and needs identified by the broader ecosystem.

As McKenzie and Woodruff note, “the data on management practices and performance suggest that if enterprise owners actually implemented the practices they are taught in the training programmes, we should expect to see a larger effect of the training on performance. **The problem is that the enterprise owners implement very few additional best practices after participating in training sessions**”.<sup>4</sup>

“*Training people on competencies isn’t the answer. Instead, we help them prioritise practices and then provide bespoke tools specifically designed for African SGBs to support them to maintain those practices in a practical and sustainable way.*”

**Andrea Warriner**  
Managing Director: AMI Impact

<sup>1</sup> United Nations. [About the Sustainable Development Goals](#) (accessed July 2020).

<sup>2</sup> Aspen Network of Development Entrepreneurs. 2019. “[Gender Equality in the SGB Sector](#)”.

<sup>3</sup> Ibid.

<sup>4</sup> Business Practices in Small Firms in Developing Countries. Available [here](#).

# AMI Emerge Programme

## CONTEXT

In partnership with ANDE, in 2022, AMI designed and implemented a 4-month Accelerated Access to Finance programme for South African women-led small and growing businesses (SGBs) seeking to mitigate the systemic gender inequity in SGB finance.

**According to AMI, research shows that women-owned SGBs are less likely to:**

1. Have knowledge of available finance opportunities
2. Be a part of networks that grow their financial knowledge and business growth
3. Know what is needed by potential investors / debt providers
4. Understand how best to engage investors and debt providers
5. Approach funders directly
6. Have the opportunity to practice critical finance access skills like storytelling and negotiation

The Emerge programme sought to address the abovementioned six key 'gaps' which hinder women-owned SGBs.

## PROPOSED SOLUTION

- **Source 60 women-led SGBs** for participation from the local business development services (BDS) provider ecosystem – based on their cited need for finance, and a need for extra support to access it.
- **Include both women-owned SGBs and funders** in the design of a results-driven, research-backed BDS programme.
- **Address both technical finance access skills** (e.g. understanding provider requirements) and 'soft' finance access skills (e.g. storytelling, advocating for yourself, negotiation).
- **Match participants directly to potential funders** (debt or equity) after completion of an Access to Finance programme that was co-designed with these funders.
- **Build the case for debt and equity funders to participate in good quality pipeline building initiatives** with shared costs, through ecosystem capacity building events that share the evidence from this programme.<sup>5</sup>
- **Incentivise participants to develop skills** by putting them through a programme that equips them to articulate their value and puts them in direct contact with funders.

### SGB TARGET PROFILE

**Women-led businesses in South Africa experiencing challenges in accessing finance**

- Generated revenue of R0.5 – R5 million in the last financial year
- Operational for more than 2 years
- Internet enabled
- Able and willing to share performance and financial data for the purposes of linking with potential investors

<sup>5</sup> This is scheduled for Q3 2023

## PROGRAMME DESIGN BY PHASE<sup>6</sup>



### PHASE 1

#### Why are you not getting the finance you want?

The facilitator explored what finance providers look for when deciding who they will finance. The facilitator also engaged the participants about the challenges that entrepreneurs, and specifically women entrepreneurs, face in accessing finance.



### PHASE 2

#### How to maximize your chances of success

This phase focused on looking at accessing finance for businesses. It looked at the different financing options available for businesses, the benefits and drawbacks of each, and what the requirements would be to access finance for the business. During this session, participants got to experience first hand how financial institutions process finance applications through role-playing. Challenges to accessing finance were also discussed looking at the different finance options that are out there in the market.



### PHASE 3

#### How to seal the deal

This phase provided participants with an understanding of the importance of storytelling and speaking up in their professional and personal lives. It looked at how to craft stories that can communicate powerful messages about leadership, initiative-taking and how values should shape behaviours. The phase also looked at building the participants' confidence in speaking up and sharing their stories.



#### Pod-networking

With the pod networking sessions, which were 90 minutes group discussion, the participants were put in smaller groups to reflect on their journeys, share their experiences, and network amongst each other.



*What I enjoyed mostly was the networking. It is said that the most lonely person is often the entrepreneurs. AMI has closed that gap through the programme. It has been a very encouraging journey.*

**Masingita Shabangu**  
Mulberry Tree Tops Projects

## THE MISSING FINANCE LINK

Following Phase 3, eligible participants are invited to participate in AMI's finance 'matchmaking process'. This requires women-led SGBs to complete an in-depth survey which provides relevant financial and operational information. If all information is provided, AMI can create bespoke snapshots of the SGB which is then shared with potential funders for their own screening processes. If the funder is interested, the SGB is referred.

This final link to eligible funders proved to be one of the most challenging for a myriad of reasons but particularly SGB response rate, both to the initial survey and to any additional data verification queries. This, obviously, led to fewer funder matches. As discussed in more detail later in this brief, while SGBs indicated desire for finance prior to the programme, some ultimately opted out of the opportunity based on their learnings, whilst others identified management gaps through the programme that require more time to address, before pursuing finance.



*Now I know what funders are looking for and what I need to get ready.*

**Mondiwana Fildah Mashabela**  
Mercy Kgaugelo Trading Enterprise

<sup>6</sup> Each phase includes a learning lab, access to a specialised tool and a pod meeting.

## PROGRAMME RESULTS

**182** complete applications received

**90** businesses qualified (49% qualification rate)

**77** businesses were contracted into the enrolment (78% of businesses that qualified enrolled)

**75** businesses started the programme (15% higher than planned)<sup>7</sup>



For both cohorts, the dominant age demographic (40%+) was 35-45 years.

**31** participants (56%) submitted applications for the finance match making process<sup>8</sup>



Business 'snap shots', which would ultimately be used as elevator pitches to investors, were created for 24 companies (77%)

**18** companies were matched with funders (75%)

In a survey administered post programme:<sup>9</sup>

**92%** of women would recommend the programme

**48%** increased revenue

**29%** created jobs

**81%** attributed performance improvements to the programme

<sup>7</sup> AMI structured the programme in two cohorts.

<sup>8</sup> Additional companies may still apply. This process is ongoing.

<sup>9</sup> 26 participants completed the survey.

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*The Emerge programme has had a great impact in my personal and business life. The scenario planning tool has been helpful- I have incorporated it in my company's risk management profile that we monitor monthly, but have realised that we need to monitor it weekly. I have also decided to go back to my customers using the surveying tools to find out if my product was still serving their needs and if there is more that I could do. I have also looked at my supply chain and analysed what opportunities are available.*

**Nonhlanhla Kraai**  
Nylocomp Distributors Pty Ltd

*This has been an enlightening experience. I have been attending programmes trying to learn as much as I could to grow my business. With this programme I think I am in a position to grow my business now. The scenario planning tool has helped me to get ahead of any uncertainty. I am better prepared and have solutions in place to make sure I mitigate all the risks.*

**Tshegofatso Dolo**  
Flame Creations



## LESSONS FROM THE PROGRAMME

Based on the participants' feedback, **there is no doubt that the majority found the content of the programme valuable**. This suggests a need to continue to provide platforms such as these which successfully bridge gaps in the ecosystem which can hinder women-led enterprises from flourishing.

**There is a need to fine-tune the financial linking component of such programmes to ensure that those participating are at the appropriate level of 'readiness' to ensure successful matching.**

- While all SMEs were screened for their desire to access funding in the coming financial year, and the size of their business **many identified gaps during the programme that needed to be addressed before applying for finance**. While a valuable outcome in itself, the lag time before finance application was therefore going to be higher. Others opted out of the finance link part of the programme.
- Feedback from participants suggests that their **engagement in the programme made them more aware of investor requirements**. Ironically, in some cases, this may have discouraged some women from applying for AMI's finance link referral until they are ready.
- Initially the programme was structured as a programme to help SMEs access commercial funding (e.g., debt, equity, mezzanine funding), however **~40% of the SMEs had a strong preference for grant funding**. A more in-depth screening of the types of finance sought/ understanding of implications of certain instruments would likely have resulted in higher match rates to commercial funding.

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*Thanks to the programme manager and the AMI team. Please don't take these tools for granted. These are powerful tools. I treat them as gold because that is exactly what they are. The Emerge Programme has shifted my understanding of storytelling and how we craft and utilise our stories to secure investment and funding opportunities. The Speak Up and Lead course has helped a lot in terms of utilising the story and the values behind it.*

Jackie May  
Twyg



As a result of lessons from the Emerge Programme, AMI continues to apply greater nuance to screening for access to finance programmes, and to work with partners to set very careful objectives for programmes - e.g. supporting SMEs to understand finance options vs supporting them to close management gaps to increase investability vs last mile support to present the business to funders. Another important screening metric is applicants' desire to grow their business through financing. Only 53% of active programme participants (e.g. 31 individuals) completed the finance link application leading to access to AMI-led funding referrals. SMEs required multiple follow-ups, encouragement and deadline extensions in order to submit.



**There is no doubt that programmes such as Emerge are critical and provide an exceedingly important service to women-led enterprises. Through innovative and creative design as well as a critical and often overlooked component of links to investors, such programmes help bridge critical gaps in the ecosystem which can hinder women-led enterprises' success.**

# Lessons for the ecosystem



Where entrepreneurs may feel overwhelmed or at maximum capacity, encouraging them to complete applications – even to programmes which will undoubtedly be of benefit – is a challenge. Programmes should prepare for extending deadlines and additional resourcing to facilitate this initial step.



There remain gaps in tech “know-how” which will continue to hinder enterprises accessing services, learning opportunities, support and collaborations. What remains a question is whether this issue is more prevalent among women-led enterprises, compared to their male counterparts. Either way, ensuring access to all should remain a priority for programmes seeking to engage entrepreneurs.



Where networking opportunities are rare – a challenge recognised for women-led enterprises – there may be advantages to providing more ‘specialist’ programmes. Sectoral focus initiatives may lead to a greater number of collaborations due to similar focus areas e.g. women in agriculture.



When there is a dearth of relevant knowledge – particularly when it comes to financial information and services – entrepreneurs may appear more ‘ready’ than they are. This suggests a need for deeper screening at the beginning of such programmes, particularly where financial linking is a priority.



Increased knowledge may deter some women-led enterprises from engaging with investors within the bounds of the programme – due to improved understanding of investor expectations. This should not be seen as a failure of the programme to connect entrepreneur and investor. Rather, this should be lorded as a success enabling more careful business planning and collaboration in future.



Context can influence the type of funding entrepreneurs in developing economies opt for. Where grant funded programmes abound, there might be greater appetite for this type of investment than more commercial funding such as debt or equity. This can present challenges where grant funding is not available for enterprises. There is a need to ensure appropriate information is available to ensure that business decisions are evidence and fact based.