



Ministry of Foreign Affairs of the
Netherlands



ORANGE CORNERS INNOVATION FUND

AN INITIATIVE OF THE KINGDOM OF THE NETHERLANDS

Impact Report September 2019 – May 2022





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Executive summary

The Orange Corners Innovation Fund

In 2019, the Netherlands Enterprise Agency (RVO) and the department for Sustainable Economic Development (DDE) of the Ministry of Foreign Affairs launched the Orange Corners Innovation Fund (OCIF). By providing early stage financing this programme aims to stimulate employment, innovation and business growth for young entrepreneurs in Africa and the Middle East.¹ Ultimately, this should positively contribute to the creation of decent jobs (SDG 8). The programme is divided in two tracks where Track I runs alongside the Orange Corners incubation programme and provides grants and Technical Assistance. Track II focusses more on acceleration and provides selected startups with pre-seed funding. Since its inception, the programme supported 318 local entrepreneurs until April 2022, 229 entrepreneurs obtained a grant via Track I and 89 entrepreneurs received an investment under Track II.²

All data in this report is based on two fieldtrips and the survey answers provided by the participants in and the implementing partners of the OCIF.^{3,4} With this report, insight is given into the impact of the programme and concrete recommendations for future programming are given.

Relevance and coherence

Startups in Africa and the Middle East need support in terms of both knowledge and finance to develop and scale up innovations. Especially in the pre-commercial phase of the innovation process (ideation, research and development, and proof of concept), in which an idea is tested and a prototype developed, only limited funding is available. In this phase it is often impossible for entrepreneurs in developing countries to attract the capital they need on the market, due to the unattractive risk profile and the consequent high interest rates charged for loans from local banks. We found that OCIF fits well in the nascent startup ecosystem of the target countries. The structure of the fund is relatively unique and in most countries entrepreneurs are hardly aware of other funds that offer investment support to young entrepreneurs. In Sudan, the OCIF is perceived as the only fund that offers such support, underlining the uniqueness of it. The relevance is reassured by the entrepreneurs who highly appreciate the OCIF. On average, entrepreneurs rate the OCIF with a 7,93 out of 10. Practically all entrepreneurs mention that their experience with OCIF has been positive. Entrepreneurs welcome the support and flexible loan terms.

Business development

Through funding from the OCIF, graduates from the Orange Corners incubation programme can turn their business plans into reality. The survey results show that OCIF Track I allows entrepreneurs to test their assumptions, develop prototypes and formalize their business. Track II support is mainly used to accelerate the business growth by investing in production capacity, equipment and personnel.

Job creation

The surveyed entrepreneurs have created 678 fulltime jobs and 1256 parttime jobs in total. Of those full time jobs 457 and 804 of the parttime jobs were created after the entrepreneur received OCIF funding. Mainly made possible by purchasing equipment, accelerating their business growth and increasing turnover. On average entrepreneurs that have received OCIF-funding create an additional 4,3 fulltime jobs and 7,9 parttime jobs. The strongest creation of jobs is in the agriculture and education sector.

SDG impact

Besides the creation of jobs, the supported entrepreneurs make a positive contribution to the Sustainable Development Goals (SDGs). The majority of the entrepreneurs (38) contribute to SDG 8, followed by SDG 3. All entrepreneurs combined contribute to all 17 SDGs.

¹ OCIF support is divided into two tracks. In Track I entrepreneurs obtain a monthly allowance and a prototype voucher with a maximum of €5000.-. In Track II entrepreneurs can compete for funding with a maximum of €50.000.-.

² At the moment of sharing the survey 89 entrepreneurs received Track II support. Annex 1 provides an overview of all 118 entrepreneurs that received Track II support until August 2022

³ Annex 2 and 3 provides the full questionnaire for the entrepreneurs and the fund managers.

⁴ 53% (167) of the entrepreneurs completed the survey and 100% (6) of the implementing partners completed the survey.

Investments

Until August 2022, in line with expectations, the total amount allocated to OCIF entrepreneurs in Track II was EUR 2.581.212.-. On average, each entrepreneur obtained EUR 21.510,- in the form of a grant and a soft-loan. Important to underline is that female entrepreneurs on average secured roughly 15 percent less funding than their male peers. Noting the average number of created jobs and the average investment size, it is estimated that each supported full-time job through Track II costs approximately EUR 4.390,-.⁵ After obtaining OCIF support, over half of the entrepreneurs were able to secure follow-up funding totalling approximately EUR 2.5 million. This indicates the multiplier effect of the funding OCIF provides.

Barriers to scale

Nevertheless, entrepreneurs state that even though they received support through OCIF they still encounter numerous barriers to scale their business. Unsurprisingly, access to financing remains the major barrier for growth. Apart from accessing funding, access to markets, government regulations and skilled personnel are considered as main barriers that hinder entrepreneurs reach their full potential.

Conclusion and recommendations

The findings in this report show that OCIF positively contributes to all three objectives. It increases access to finance, improves employment opportunities and strengthens innovation ecosystems. This emphasizes that investing in access to finance for young entrepreneurs helps the development of thriving startup ecosystems. By scaling-up and replicating the OCIF, OCIF will continue to play an important role in the nascent ecosystems. Nevertheless, the impact of OCIF can be further strengthened through the establishment of amongst others: more linkages and cooperation between the different OCIF locations and OCIF entrepreneurs. Furthermore, access to markets can be improved through facilitation of exchange programmes for Track II entrepreneurs. Finally, innovation and entrepreneurship could be stimulated through Knowledge to knowledge (K2K) and exposure programmes, all to stimulate critical thinking, the innovator's mindset and dynamic entrepreneurial ecosystems.

⁵ EUR 21.510 divided by 4.9 gives EUR 4.390.-. This is a high level estimate.

List of abbreviations

(M)SME	(Micro,) Small and Medium sized enterprises
CdI	Côte d'Ivoire
DDE	Department for Sustainable Economic Development
ESO	Entrepreneurial Support Organisation
IFC	International Finance Corporation
K2K	Knowledge to Knowledge
MACS	Multi-Annual Country Strategy
MFA	Dutch Ministry of Foreign Affairs
MVP	Minimum Viable Product
NEIP	National Entrepreneurship & Innovation Programme in Ghana
NGO	Non-Governmental Organisation
OCIF	Orange Corners Innovation Fund
PSD	Private Sector Development
RVO	Netherlands Enterprise Agency
SDG	Sustainable Development Goal
TA	Technical Assistance

Part 1: Introduction and overview

1.1. Background

In 2019, DDE and RVO jointly developed the Orange Corners Innovation Fund (OCIF). This facility is an add-on to the Orange Corners programme and aims to stimulate innovation and business growth for young entrepreneurs⁶ in Africa and the Middle East. Through the provision of funding and technical assistance the Orange Corners participants are enabled to develop their business and create job opportunities. The OCIF was initially piloted in Ghana, Nigeria, Senegal, Sudan, Côte d'Ivoire and Morocco. In 2021, Mozambique, Iraq and the Kurdistan region of Iraq joined this list.

(M)SMEs are often characterised as an engine for job creation. According to the International Finance Corporation (IFC), over two years, every million dollars loaned to (M)SMEs in developing countries is associated with the creation of an average of 16.3 additional permanent jobs when compared to firms that did not have access to finance.⁷ Showcasing the potential of investing in startups and (M)SMEs. However, critical to understand is that starting businesses often fail. As a rule of thumb, 90 percent of the starting businesses fail within one year, due to the many challenges faced by young entrepreneurs to bring their business to fruition.⁸ In general, accessing finance is perceived as one of the biggest obstacle to start and grow a business in Africa and the Middle East⁹. Youth are perceived as riskier clients because they tend to lack business experience, credit histories, savings and other assets to offer as collateral. They may also lack access to business networks. As a result, youth are more likely to depend on family savings, informal lenders or other similarly suboptimal means of financing businesses. These sources ultimately yield limited funds and/or are exploitative in nature.¹⁰

The OCIF was developed to overcome these challenges faced by young entrepreneurs. The fund provides early stage finance in two tracks to young, starting entrepreneurs. During the selection emphasis is put on innovation, social impact and positive contributions to at least one SDG.¹¹ In the first track, which focuses on incubation, all entrepreneurs who participate in the Orange Corners programme receive a monthly allowance and a prototype voucher with a combined maximum of EUR 5,000,-. In the second track, which focuses on acceleration, a maximum of five entrepreneurs per cohort are selected to receive an investment with a maximum of EUR 50,000,-. The investment is a combination of a grant and a loan. The modalities differ per country and are portrayed in table 1.

Country	Partner	Track I	Track II	Grant %	Loan %	Interest rate
Ghana	Fidelity bank	No*	Yes	30%	70%	5%
Côte d'Ivoire	Entrepreneurial Solutions Partner (ESP)	Yes	Yes	60%	40%	14%
Morocco	Bidaya / MCISE	Yes	Yes	70%	30%	0%
Nigeria	Fate Foundation	Yes	Yes	75%	25%	5%
Sudan	UCB	Yes	Yes	70%	30%	0%
Senegal	INCO / Kinaya Lab	Yes	Yes	75%	25%	0%

Table 1 overview OCIF locations and modalities * the Orange Corners programme in Ghana supports already existing businesses through acceleration. Therefore there is no track I incubation support.

1.2. Goals of this research

This research was initiated by DDE to gain more insight in the impact of the OCIF. The goal of this research is threefold:

- Assess how OCIF contributes to increased access to finance for young entrepreneurs;
- Assess how OCIF contributes to improved employment opportunities;
- Assess how OCIF contributes to the strengthening of innovative ecosystems.

⁶ The Orange Corners Innovation Fund defines youth as persons between the age 18 to 35.

⁷ International Finance Corporation, [Small Business, Big Growth: How investing in SMEs creates jobs](#), March 2021

⁸ Forbes, [90% Of Startups Fail: Here's What You Need To Know About The 10%](#)

⁹ Balamoune-Lutz, Mina, Zuzana Brixiová, and Léonce Ndikumana. "Credit constraints and productive entrepreneurship in Africa." (2011) 17.

¹⁰ The World Bank, [Unlocking Finance for Youth Entrepreneurs: Evidence from a Global Stocktaking](#), 2020.

¹¹ Annex 4 shows the Assessment sheet used in the OCIF selection procedures.

1.3. Methodology

Understanding the impact of the OCIF requires a diverse pool of data covering a variety of areas. The OCIF team of the RVO developed a survey in collaboration with DDE. This survey resulted in quantitative and qualitative information from OCIF recipients and fund managers. The survey has been completed by 169 entrepreneurs and all fund managers. Following the survey, two field studies were completed in Côte d'Ivoire and Ghana by DDE and the OCIF team to gain a deeper understanding of the impact of OCIF, the innovation ecosystem and the challenges young entrepreneurs face.

Part 2: Key findings

2.1. Descriptive data

In total, 318 entrepreneurs¹² received OCIF support from September 2019 until April 2022, 229 entrepreneurs obtained support via Track I and 89 entrepreneurs received an investment under Track II.¹³ Out of these businesses 40% are female owned which is the gender equity target of OCIF. However, under Track II this number drops below target to 36 percent. An explanation for this drop could be the difference in maturity of the businesses, where male owned businesses are often more mature and investment ready than the female owned ones. This could be because women tend to start their businesses at a later age due to more household and family responsibilities. Table 2 provides an overview of the entrepreneurs supported in the six countries:

Country	Track I			Track I & Track II		
	Male	Female	Total	Male	Female	Total
Côte d'Ivoire	56	30	86	8	6	14
Ghana	N/A	N/A	N/A	23	12	35
Morocco	13	9	22	4	1	5
Nigeria	29	30	59	14	7	21
Senegal	18	10	28	4	3	7
Sudan	22	12	34	4	3	7
Total	138	91	229	59	30	89

Table 2 Supported businesses via OCIF

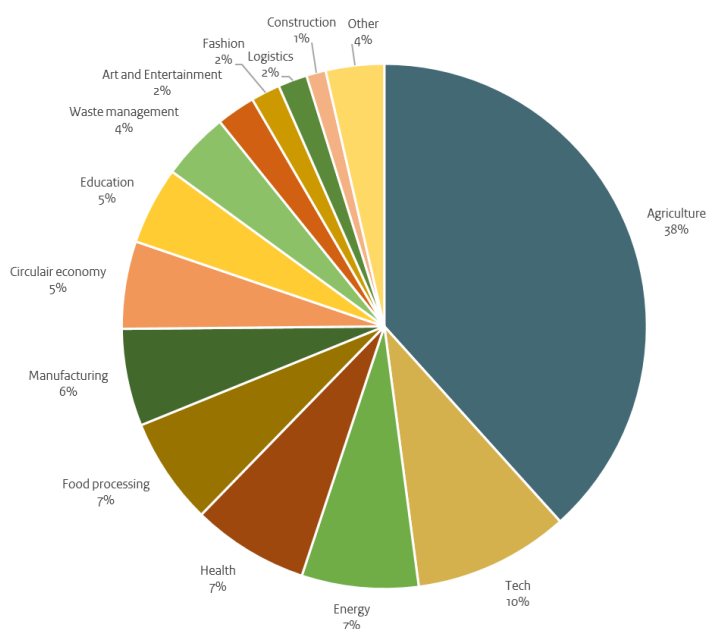


Figure 1. OCIF entrepreneurs per sector (n=167)

Out of the 318 entrepreneurs, 167 completed the survey making the total response rate 53 percent which allows to draw more general conclusions.

OCIF is active in countries where agriculture is often perceived as the backbone of the economy. This is in line with the survey results which shows that most of the entrepreneurs are active in agriculture (38,3 percent) followed by the tech (9,58 percent) and energy sector (7,19 percent). Comparing the sectors where male and female businesses are active, it is worth noting that agriculture is also the sector where most female entrepreneurs are active in. The main difference is that male entrepreneurs are more active in the production of agricultural inputs such as fertiliser and equipment whilst female entrepreneurs do more in the processing of agricultural outputs and the sale of agricultural inputs. The second largest sector for female entrepreneurship is health, followed by food processing.

¹² Entrepreneurs in countries other than Ghana received first support in Track I after receiving a loan in Track II.

¹³ At the moment of sharing the survey 89 entrepreneurs received Track II support. Annex 1 provides an overview of all 118 entrepreneurs that received Track II support until August 2022

Zooming in on the digital aspect, we noted that most companies contribute in some way to digitalisation. Entrepreneurs use digital means for their marketing, bookkeeping or sell their products online. However, in the OCIF portfolio there are also businesses that can be considered as a tech-startup. Looking at the tech sector, it stood out that most businesses are considered platforms – covering multiple sectors such as ride sharing apps or weather forecast information services. Female entrepreneurs are not strongly represented in the tech sector. Only four out of sixteen tech ventures are female owned.

Sikadan Homes: providing accommodation for low-income households in Accra

In Ghana, landlords do not accept monthly payments for rent. As a result, tenants have no option than to pay rent advance of a year or more. Most of the renters in the low-income bracket end up borrowing from family, friends and banks to pay their rent advance. The loan interest ends up making their rent more expensive. Justice Offei Jr., a petroleum engineer by profession, found a solution to solve this problem.

His startup, Sikadan Homes is a proptech startup in Accra, offering renters a more convenient and affordable property rental service with an incorporated monthly payment option. On the Sikidan platform, landlords can list their property and potential tenants can browse through the available list. Once a match is made, Sikidan homes pays the entire rental sum up front. The tenant pays the monthly rent to Sikidan, who on its turn, invests the money in low-risk bonds and indexes. In addition, Sikidan also offers facility management services to diversify its revenue.

Justice appreciates the support provides to him via OCIF: “We are grateful that we were selected for the loan. We were one of the three companies that were selected and received 30 percent grant and 70 percent loan with a 5% interest rate. You cannot find such a low interest rate anywhere else across the continent. Because of OCIF, our impact has significantly increased. Our online traffic, for example, has increased by 60 percent, rising from 500 visits to more than 1000 visits per month. Also our average monthly revenue increased by 90%, the difference between the time not being under OCIF funding and the time receiving OCIF funding”

The OCIF investments have been used differently by entrepreneurs, as visible in figure 2. In Track I entrepreneurs mainly used their monthly allowance and prototype grant for prototyping (35,98 percent), the purchase of equipment (15,42 percent) and the formalisation of their business (10,28 percent). In Track II, we found that most of the entrepreneurs used their investment for business acceleration (48,15 percent). Business acceleration is used by the entrepreneurs to develop new or improved products. It also aided entrepreneurs to purchase raw materials in larger quantities, which creates economies of scale. The soft loan in Track II has also been used to purchase new equipment (37,04 percent). Some entrepreneurs indicated that they used the OCIF funds to obtain follow-up funding. Chekkit, a Nigerian health tech start-up, has used the OCIF contribution to complete their pre-seed round of \$500k.¹⁴ Interestingly, the usage of funding for both Track I and Track II is similar for female and male owned enterprises.

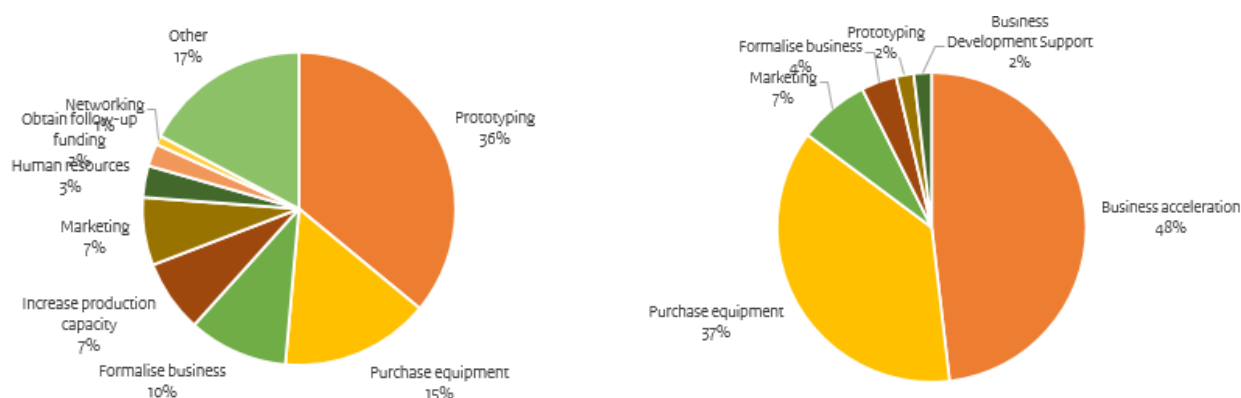


Figure 2 Usage of investment – L: Track 1 R: Track 2

¹⁴ Chekkit, [Chekkit Closes \\$500k Pre-seed Round To Save More Lives and Secure The Pharmaceutical & FMCG Industries](#), 2021

Until August 2022, 120 entrepreneurs have received Track II support, with an average loan of EUR 21.281 per entrepreneur. In total, 2.5 million euros has been awarded to these entrepreneurs of which 50 percent has already been disbursed.

On average, male entrepreneurs receive a higher investment than their female counterparts, with an average of respectively EUR 22.488.- and EUR 19.758.-. An explanation given by the service providers was that female entrepreneurs often estimate their needed funds more modest than male entrepreneurs. Special 'female-only' trainings focusing on confidence building could help to diminish this difference.

	Average loan male entr.	Average loan female entr.	Total average loan
Côte d'Ivoire	€ 32.744.-	€ 31.919.-	€ 32.415.-
Ghana	€ 14.939.-	€ 15.888.-	€ 15.217.-
Morocco	€ 30.033.-	€ 18.550.-	€ 25.112.-
Nigeria	€ 26.347.-	€ 22.306.-	€ 25.000.-
Senegal	€ 13.947.-	€ 14.502.-	€ 14.167.-
Sudan	€ 23.125.-	€ 7.500.-	€ 16.429
Total average loan	€ 22.488, -	€ 19.758, -	€ 21.510, -

Table 3 overview average loans per gender and country

2.2. Relevance of OCIF

The survey, field visit, and desk study revealed that OCIF fits well in the nascent startup ecosystems of the target countries. One of the largest obstacles for entrepreneurs remains access to finance, this is especially true for young, starting entrepreneurs as they do not yet have a credit history, track-record or collateral and are thus perceived as riskier clients. This is explained by the local service provider in Nigeria: *"A large percentage of our entrepreneurs had not previously received funding apart from what they gathered by bootstrapping. The OCIF thus serves as the first injection of capital which can be appropriated to prototype development and constructive business development."*

Following figure 6, the OCIF is one of few access to finance facilities in the target countries. Most entrepreneurs are not aware of other programmes that offer investment support to young entrepreneurs which underlines the unique character and the importance of the fund.

Are you aware of other programmes that provide investments in your country?

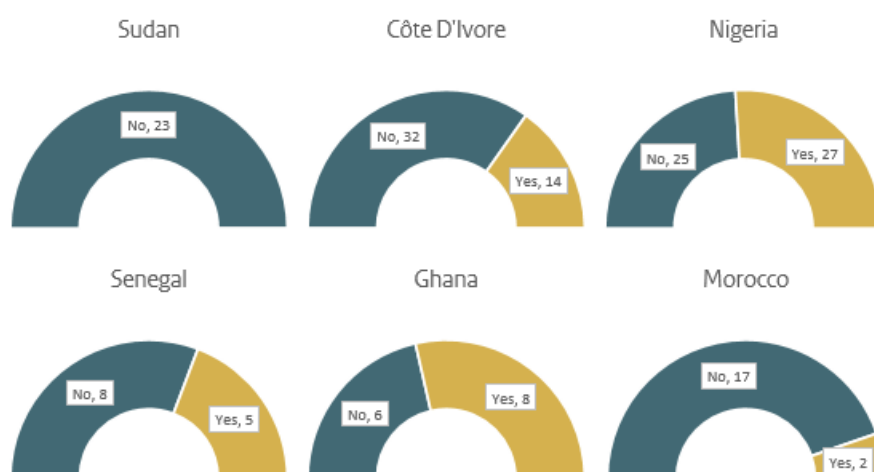


Figure 3 Alternatives to OCIF per country

In Ghana, entrepreneurs have access to the MEST programme, which provides equity investment and the CAMFED initiative (for female entrepreneurs). The entrepreneurs in Côte d'Ivoire mention Le Prix programme from Pierre Castle which offers a grant up to €15.000.-. Other initiatives are the Tony Elumelu programme in Nigeria and the MassChallenge in Senegal. The mentioned initiatives are mostly pitching competitions that offer

grant money to the entrepreneurs. In this sense, OCIF is considered unique due to the mix of grant, loan and prolonged business development support.

The relevance of OCIF is significant, as 80 percent of the entrepreneurs indicated that they participated more in the incubation or acceleration programme due to the foresight of obtaining an investment. This investment allowed to bring the learnings into practice, build first prototypes and test assumptions. As one of the entrepreneurs indicate: *“When I entered Orange Corners I had only one idea in mind. Thanks to the funds received, I now have a prototype that I can put on the market and make a turnover.”* This reveals that financing alongside training and business development support can truly stimulate business growth.

On average, entrepreneurs rate the Orange Corners Innovation Fund a 7,93 out of 10. The majority of the entrepreneurs also mention that their experience with OCIF has been positive as illustrated in figure 7.

“Throughout the Orange Corners incubation sessions, we have discussed how we can skilfully develop our product/activity. OCIF allows us to concretize this.” – A male entrepreneur from Cote d’Ivoire describing the added value of OCIF

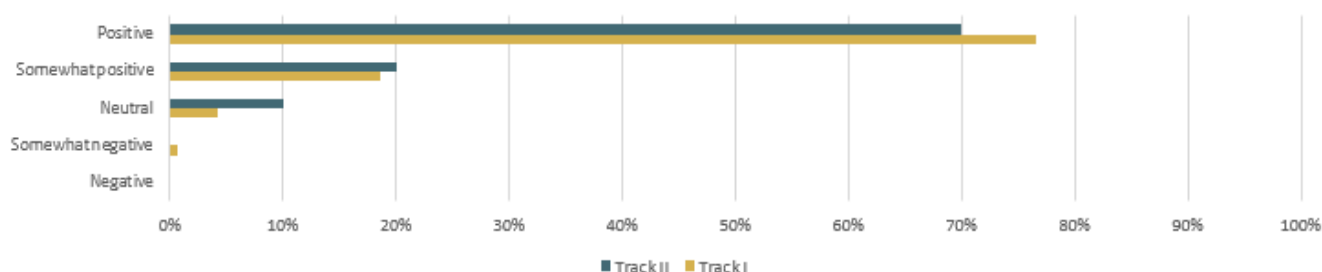


Figure 4 Experience with OCIF

In general, the entrepreneurs agreed that the OCIF investment was helpful to their business. They appreciate the low interest rate and the flexible terms of the loan part and consider the grant helpful to make more riskier investments to create innovation. As investing in innovation means to invest in something that has not been tested (locally) yet this makes this a riskier endeavour than investing in production capacity, equipment or more general business practices. Consequently, in Ghana, where the loan portion of OCIF Track II is relatively high, entrepreneurs indicated that the OCIF investment is less suitable for stimulating innovation.

“The added value of OCIF is supporting entrepreneurs to implement ideas/improvements/insights picked up during training rather than it being just a classroom exercise after which entrepreneurs would need to go back to the drawing board to craft how to fund improvements.” – A male entrepreneur from Ghana describing the added value of OCIF

The deep dive in Ghana and Côte d’Ivoire provided similar insights on the relevance of the fund. Entrepreneurs explained that access to finance is one of their key barriers to develop their business, and that financial institutions do not adequately accommodate their needs. This was especially true when it comes to seed-funding. The prototyping grant is considered a tremendous added value as this allows the testing of assumptions and helps to develop a Minimum Viable Product (MVP) during the OCIF Track I. Also, the entrepreneurs confirmed that OCIF serves as an add-on to the Orange Corners incubation programme. One entrepreneur in Ghana explained the following: *“The added value of OCIF is supporting entrepreneurs to implement ideas/improvements/insights picked up during training rather than it being just a classroom exercise after which entrepreneurs would need to go back to the drawing board to craft how to fund improvements”*.

To improve the OCIF, entrepreneurs in Ghana requested to develop more sector specific loan products. An example are agribusinesses that are heavily depended upon the harvest seasons. Therefore, they require different and more flexible financing schemes compared to an entrepreneur who develops a mobile application. The entrepreneurs also requested for additional technical assistance, networking events to penetrate the market

and linkages with other investors. In Côte d'Ivoire, entrepreneurs requested a more flexible milestone-based financing system, longer and more specific technical support and more links with experts from the Netherlands.

2.3. Impact of OCIF

The OCIF aims to reduce the challenge of accessing finance for young entrepreneurs. Through OCIF funding, businesses will be able to prototype, test assumptions and innovate. Furthermore, as the results of the survey show entrepreneurs are enabled to expand their operations, hire more employees, invest in working capital, acquire business development support or purchase equipment. A good example of how the OCIF helps young entrepreneurs and contribute to a stronger private sector is the story of Ange Roland, the founder of Ivoire Myciculture in Côte d'Ivoire.

Meet Ivoire Myciculture; Cultivating oyster mushrooms in Côte d'Ivoire

During the summer of 2019, the logistics manager Aka A. Ange Roland came across tiny bundles of oyster mushrooms in Bingerville, 10 kilometres east of Abidjan, the capital of Côte d'Ivoire. Only two years after this discovery, with the support of the OCIF programme his startup Ivoire Myciculture has become one of the leading mushroom production and marketing companies in Ivory Coast.

Ivoire Myciculture continuously tries to innovate and develop new and responsible production methods. Currently, they already incorporate circular approaches in their operations. They recycle their post-production waste into organic fertilizer, in an attempt to mitigate their climate impact and at the same time lower the production cost.

Ivoire Myciculture received an OCIF investment of €40.000,- which allowed the startup to build their own production facility, their own laboratory and increase their production to 2000 kg per month. Ange even states that without the OCIF his startup would not have existed.

Ange dares to dream of scaling further, "[i]n five years, we not only have multiplied our production by ten, but have also integrated females and youth in our value and production chain. In the upcoming years, we will focus on making our startup more inclusive and expand our production, having our own laboratory to do research on different types of mushrooms, and also, educate our population on the benefits of mushrooms! Then, we hope to export our products to the rest of Africa and afterwards, to the rest of the world!"

Whether the OCIF goals and impact are achieved is measured by the indicators from the DDE Theory of Change as described in the OCIF offer of 2019:

Indicator	Target (by December 2025)	Actual (April 2022)
Improved access to finance		
Number of improved or new products	Not applicable	17
Business development, by investment or trade of local or Dutch companies with(in) low- and middle-income countries		
number of companies with a supported plan to invest, trade or provide services	1005	318
number of jobs supported	483	678 fulltime and 1256 parttime

Table 4 Indicators of created impact of OCIF

2.3.1. Improved access to finance

The OCIF contains two financial products, the prototyping grant under Track I and the blend of the grant, loan and prolonged TA under Track II. Since OCIF is currently available in 9 countries, with Ghana only providing Track II support this means that at least 17 new or improved financial products were realized. Furthermore, on a country level new instruments are being tested, in Morocco for instance, a short-term credit facility was piloted. This allowed two start-ups to secure big contracts and purchase all raw materials necessary to fulfil the orders. After receiving payment, they reimbursed the full credit amount.

2.3.2. Number of companies with a supported plan to invest, trade or provide services

The target for this indicator is to support 1005 companies before 31/12/2025. Since September 2019 until April 2022 the OCIF has managed to support 318 companies with the development of investment plans. This means that OCIF is running behind on schedule on this indicator, but expectations are this can be made up in the years to come.

2.3.3. Creation of jobs

Surveyed entrepreneurs were asked to share the total number of jobs their enterprise had created after receiving OCIF support. In total, the surveyed entrepreneurs have created 678 full time jobs and 1256 parttime jobs. Figure 3 shows that, in total, 457 full time jobs and 804 parttime jobs were created after the entrepreneurs received OCIF funds. These numbers show that the OCIF contribution to SDG 8, decent work and economic growth, is well above expectations. Even more so, as the numbers portrayed below are based only on the survey results which was completed by 57% of the entrepreneurs who received OCIF supported. This makes it safe to assume the real number is considerably higher. This clearly demonstrates that providing young entrepreneurs with access to finance and business development support results in more jobs.

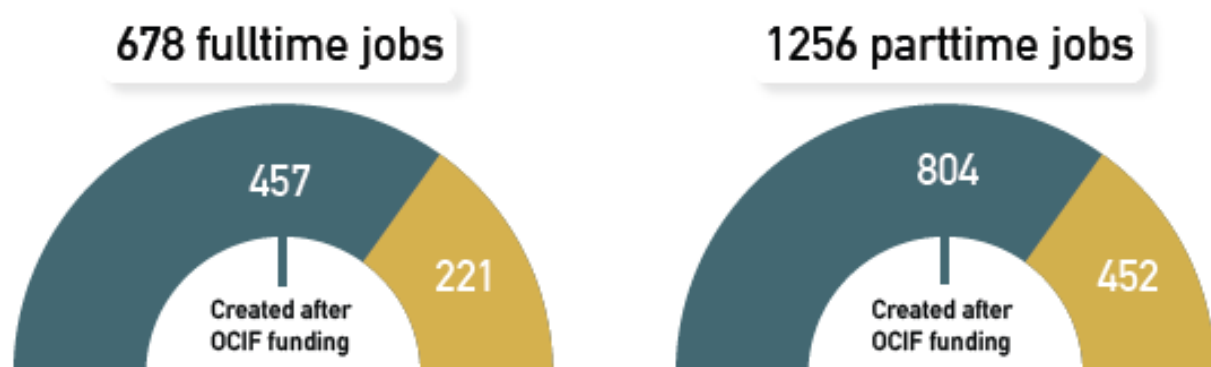


Figure 5 Jobs supported as a result of OCIF

Looking at the creation of jobs per sector, most jobs created are in the agricultural sector (46% fulltime and 62% parttime). This is a consequence of the majority of the businesses being active in the agricultural sector. More interesting is therefore, comparing the average created jobs per sector. Figure 4 shows that on average the surveyed entrepreneurs have created 4.4 fulltime jobs and 8 parttime jobs. Relatively, startups in education and health account for the greatest creation of jobs.

Interestingly, the creation of jobs in the tech sector is relatively modest, this could be explained as most tech platforms facilitate the creation of indirect jobs, which is not reflected in the survey. The start-up MyClean from Côte d'Ivoire is a clear example of this as they bring supply and demand together in the household services but do not have housekeepers on their own payroll.

On average we found that male founders created more jobs (4.98 fulltime and 8.28 parttime) compared to female founders (3.41 fulltime and 7.49 parttime). This could be explained by the maturity of the businesses as the male founded ventures were on average more developed than the female ones. The majority of the jobs created by female founders are in the agriculture and the educational sector.

Total jobs supported			Jobs created after OCIF support		
	fulltime	Parttime		fulltime	parttime
Male	7.4	12.9	Male	5	8.3
Female	4.5	10.6	Female	3.4	7.5

Table 5 average job creation per gender

2.3.4. Contribution to the Sustainable Development Goals

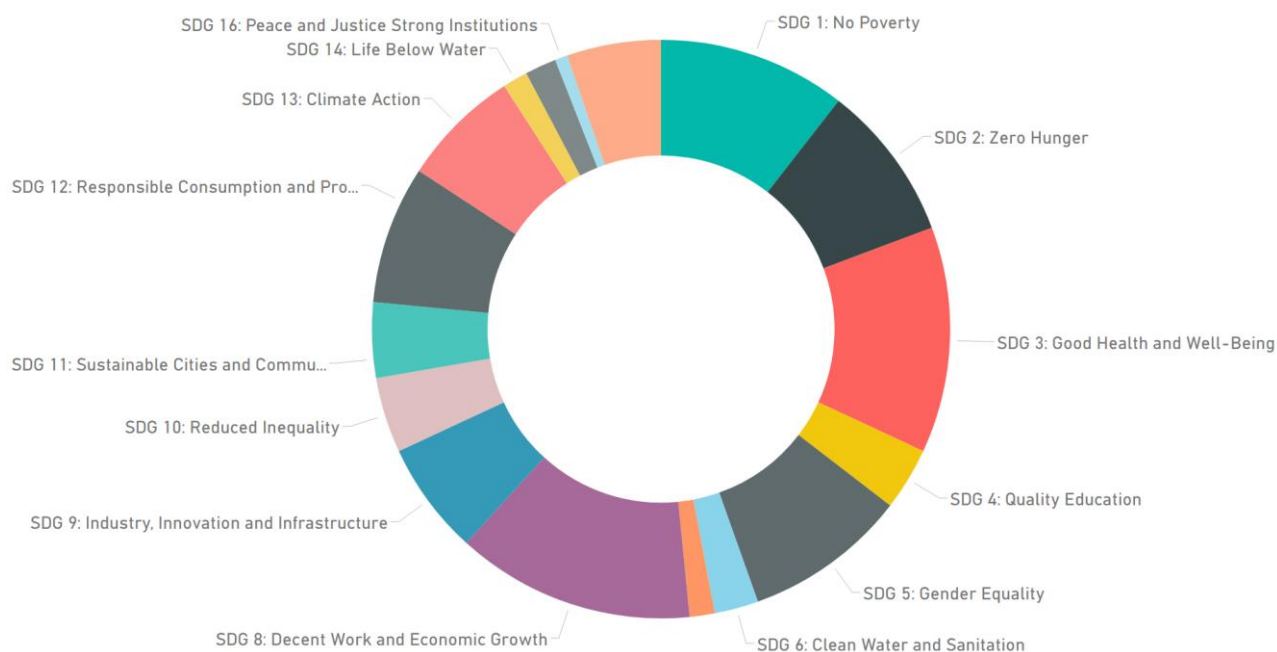


Figure 6 Contribution to SDG per entrepreneur

Equally important as the number of created jobs, is the contribution of the supported entrepreneurs to the SDGs. OCIF supported companies are selected on several criteria, amongst which is the contribution they make to the SDGs. Figure 6 shows that the majority of the entrepreneurs (38) contribute to SDG 8, the creation of Decent Work and Economic growth, followed by SDG 3, Good health and well-being (36 entrepreneurs) and SDG 1, No poverty (36 entrepreneurs). Combined, the entrepreneurs contribute to all the 17 SDGs.

A female founder in Nigeria describes their contribution to the SDGs as followed: *Ka-Awambe provides access to reusable cloth pads to ensure access to education for girls and women and debase period poverty which influences women's participation in almost all aspects of their lives. With accessible alternative materials, women can take charge and participate again in society.*

Another example of an entrepreneur that contributes to multiple SDGs, is a male owned enterprise in Côte d'Ivoire: *Our fertilizer increases plant productivity, which will reduce the cost of food, which will in turn make it accessible to even the poorest. A purely organic fertilizer that will reduce the use of chemical fertilizers and allow people to eat healthy. The use of household, human, animal and vegetable waste to produce organic fertilizers will create less pollution, make the environment cleaner and preserve human health.*

Meet the woman fighting climate change in Nigeria

“You see trash, I see treasures” says Mariam Lawani as she steps over a pile of plastic drinking bottles. Mariam is the CEO of the company Greenhill Recycling. The business is born out of the urgent need to tackle the growing plastic waste. “We provide a platform where people, especially in rural areas, can create value from waste generated in their communities to live a healthier and longer life. We believe that waste, if collected correctly, can strengthen the recycling value chains by upcycling and recycling it. So to say, waste is a resource, where you can extract value out of”.

With her company, Mariam creates awareness on the environmental damage plastic causes within the community. Households, companies, churches and schools can register with Greenhill and have their recyclable items collected by time-to-time. “In exchange for recyclable waste, users earn GREENPOINTS which can be converted to an incentive or cash. We offer clients a convenient, reward-for-recycling service that recovers post-consumer and post-industrial waste, preventing them from getting to dumpsites or causing an imbalance in our ecosystems.” After the collecting, GREENHILL cleans and compresses the recyclables and sells it off to recycling companies higher in the value chain.

With her company, Mariam won the second prize in the OCIF pitch competition. She received a soft-loan worth €30.000.-. “OCIF was a major funding we received and I am very thankful for it. We haven’t received all the money, which is good. I believe 75% of the money is funding and the other 25% is a loan. The first money transfer is allocated over a period of 18 months and the rest will follow if Greenhill meets the key performance indicators (KPI). It is beautiful the way it is structured: it assures you the money as long as you grow. This helps entrepreneurs to keep their business growing and stay motivated” says Mariam.

The soft-loan has been used to purchase multiple vehicles to enhance the collection capacity of the company. As a result, four new female staff members have been hired to operate the trucks. The CEO appreciates the support she received throughout the programme: “It was an opportunity for me to showcase my solution on a global scale, network and get funding to scale my solution. It was also an opportunity to improve on my public speaking skills as well as presentation skills.”

During the field visit in Ghana, we also met with Washking. A social enterprise that builds biogas toilets in slums and allows members from the community to exploit the facility. With the support of OCIF, they were able to construct new latrines. After the support from Orange Corners, the company was onboarded in the IMPACC programme, where they received expert support. Washking was also given an offer for equity investment via IMPACC. Currently, the company is considering the offer and adjusting their business plan.

2.4. Scaling-up

The survey results indicate that the OCIF enables entrepreneurs to grow and scale their business. The impact the OCIF Track I and II support makes for participating entrepreneurs is clear, as it provides access to finance which would otherwise remain extremely challenging in the OCIF locations.

This is underlined by our implementing partner in Nigeria, Fate Foundation, who states:

“The impact of the addition of the OCIF to the OCN incubation program cannot be overemphasized. For early stage startups within the Nigerian ecosystem, access to finance is a major issue as many investors are unwilling to bear the risk that accompanies such investments. The OCIF has provided a strong buffer for entrepreneurs in this regard. A large percentage of our entrepreneurs had not previously received funding apart from what they gathered by bootstrapping. The OCIF thus serves as the first injection of capital which can be appropriated to prototype development and constructive business development.” – Tolulope Owulabi, Fate Foundation, fund manager OCIF Nigeria

2.4.1. The barriers to growth

Nevertheless, as can be seen in figure 7, entrepreneurs state that even though they received support through OCIF they still encounter barriers to scale their business. Unsurprisingly, access to capital is mentioned most often as the main barrier for growth. A staggering 54 out of 58 entrepreneurs ticked this box. This was to be expected as accessing affordable funding in these countries remains a huge challenge (see figure 8). Banks charge interest rates ranging between 20-30 percent on their loans and other types of financing, e.g., angel investments, VCs, crowdfunding are not yet widely available. It is notable however, that this is slowly changing for the better and more and more investments are made in startups with a total estimate of 5 billion USD invested in African startups in 2021, almost doubling the investments made in 2020.¹⁵ Nevertheless, OCIF can increase impact if more and closer cooperation is established with potential follow-up funding opportunities for the Track II beneficiaries.

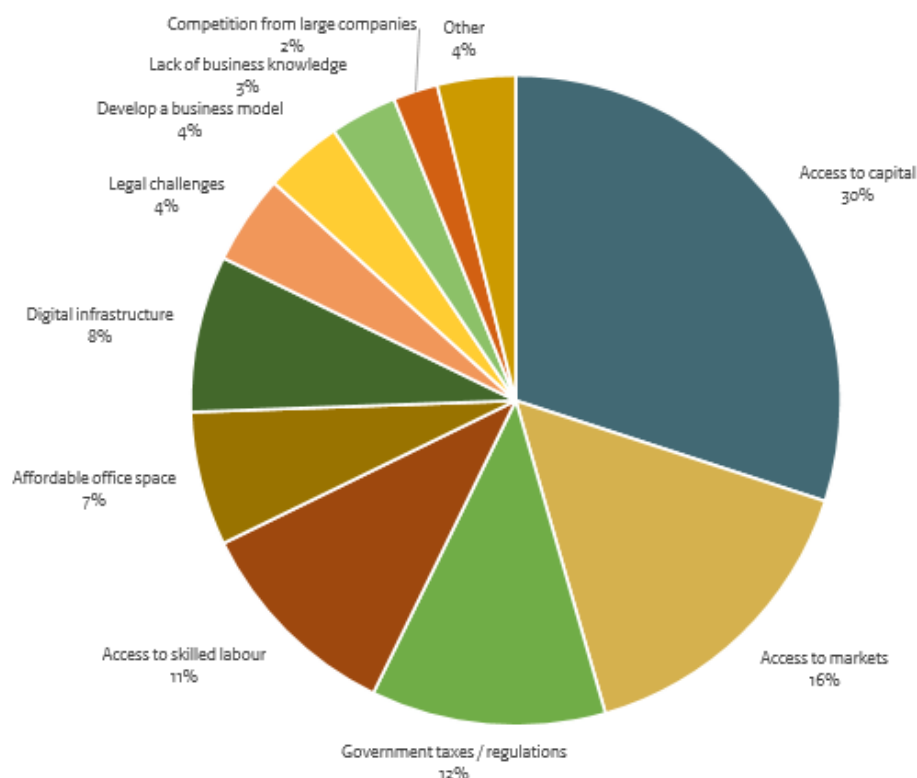


Figure 7 Barriers to scale (n=180)

Apart from accessing funding, access to markets, government regulations and skilled personnel are considered as main barriers to scaling up. Access to markets is mentioned by 28 entrepreneurs as a barrier to growth. More emphasis should thus be put on connecting entrepreneurs through the 17 Orange Corners hubs across Africa and the Middle East. These networks could in turn lead to increased regional trade and cooperation and access to the markets in the region.

Connected to this challenge is the government regulation barrier as the ability to access new markets also depends on the custom tariffs and import and export regulations. Often

these trade regulations are complex and unclear to young entrepreneurs which makes it challenging to enter new markets across borders. Furthermore, 21 of the surveyed entrepreneurs indicate that the taxation systems in their respective countries are unsupportive to starting businesses which makes it unappealing to move from the informal to the formal sector. Firstly, because of the tax tariffs but also because of often complex business registration systems and tax filing requirements. The holistic ecosystem approach of the Youth Employment and Entrepreneurship programmes, therefore, stimulates governments to adopt startup enabling policies like the StartUp Act in the DRC. Furthermore, the OCIF programme supports startups with registering their businesses and trains entrepreneurs to adopt sound accounting policies. Nevertheless, financial literacy, e.g., understanding how to make a balance sheet or a cashflow prognosis remains one of the challenges for the young entrepreneurs in the OCIF programme.

As often the case throughout the private sector in the OCIF countries, attracting and keeping qualified skilled personnel is a serious challenge. There is an evident gap between the skills youth acquire in the education system and the skills required by the private sector. This is recognized by the OCIF Track II entrepreneurs as well, as one third of the entrepreneurs encounter this.

¹⁵ Briter Bridges, *Africa Investment Report 2021*, p.8

2.4.2. The needs for growth

Where 54 out of 58 entrepreneurs identified access to finance as a barrier to scale up only 39 entrepreneurs indicated that funding is one of their key needs for growth. A possible explanation for this difference could be that access to funding remains a long-term constraint opposed to short-term needs. As described above the OCIF can try to create more links and collaborations with potential follow-up funding

Wave Beat goes with the flow

ATAREC is a Moroccan startup that aims to be a leader in innovative renewable energy solutions and their applications, especially for facilities exposed to the sea. Their newest project, Wave Beat, uses the tides of the waves to produce energy, large pontoons are connected to generators that convert the movement of the wave into electricity.

“Since we started working on Wave Beat, the ambitions were very high, we want to make Wave Beat internationally known” says Oussama Nour the CEO of ATAREC. “Our startup is different from others because we have a technical solution, not an IT solution. It costs a lot of money to validate the product and test the capabilities of Wave Beat. This period is critical for Wave Beat, as we need to prove the value of Wave Beat to our potential users and buyers.”

ATAREC was one of the OCIF recipients in Morocco. The company obtained a loan of € 47.160.- to purchase furniture for the workshop, recruit technicians and prototype the product. Oussama explains: “OCIF works for us. In the beginning, we used our own savings. But in any business, it is very essential to have access to finance to keep the business going. OCIF gave us the financial support we needed. Orange Corners was not only helpful with finances, but also with training and masterclasses.”

After ATAREC obtained a loan via OCIF, the company was able to secure follow-up investment worth €200.000.- in equity and €130.000.- via grants. This helped the business to further develop their prototype and turn Wave Beat into a reality: “Over the past few months, we realized and came to the conclusion that the dream of making Wave Beat a reality is becoming a reality”.

What is different than with the barriers is the identified need for equipment, better machinery to increase the production capacity and satisfy the demand is seen as an important need. This is in line with the entrepreneurs met during the deep dive in Côte d'Ivoire. Most of these entrepreneurs stated they did not need additional funding but were more in need of better machinery to increase the production capacity alongside with the need for more specific technical assistance (TA) on the running and maintenance of these machines. One should note that, new equipment can make certain roles in the company redundant, as manual labour is replaced by machines.

In line with the identified barriers are the access to markets and the human resource need which were also in the top 4 in the previous paragraph. OCIF could try catering to those needs through creating more links and connections between the different OCIF locations and its entrepreneurs.

Remarkable is the difference in needs to scale up for female and male respondents. Out of the 26 female entrepreneurs who received Track II support - even though still the majority - only 46 percent identified funding as a need to scale up. Whereas amongst the male

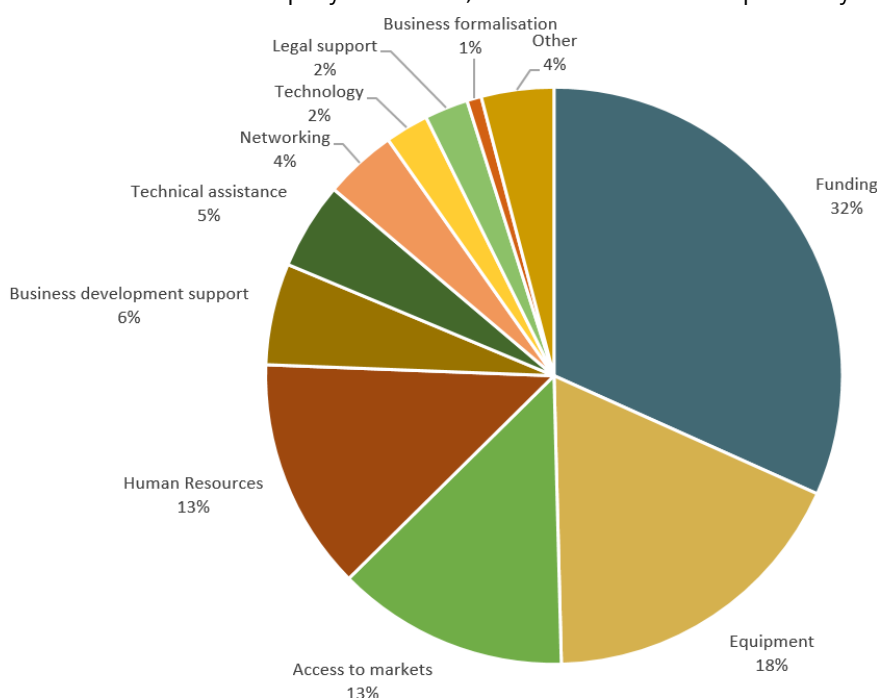


Figure 8 Needs to further scale-up

entrepreneurs this number is 79 percent. For the female entrepreneurs' human resources, access to markets and, equipment is more often considered a need as opposed to their male peers. This might indicate that OCIF should focus on more TA and the above-mentioned market linkages to stimulate female entrepreneurial growth.

In general, it is safe to state that follow-up funding remains essential for the success of the OCIF supported businesses. Furthermore, accessing new markets and finding and keeping skilled personnel remain vast challenges for most entrepreneurs. OCIF could try to increase its impact through actively looking for collaborations with angel networks, VCs and other financing opportunities. Furthermore, linkages and exchange between the OCIF entrepreneurs and implementing organizations from the different countries should be stimulated.

Besides financing innovation, OCIF was designed as a steppingstone towards follow-up funding from the market. Even though the above paragraphs show there is still a significant need for follow-up funding a considerable number of OCIF graduates succeeded to attract follow-up investments.

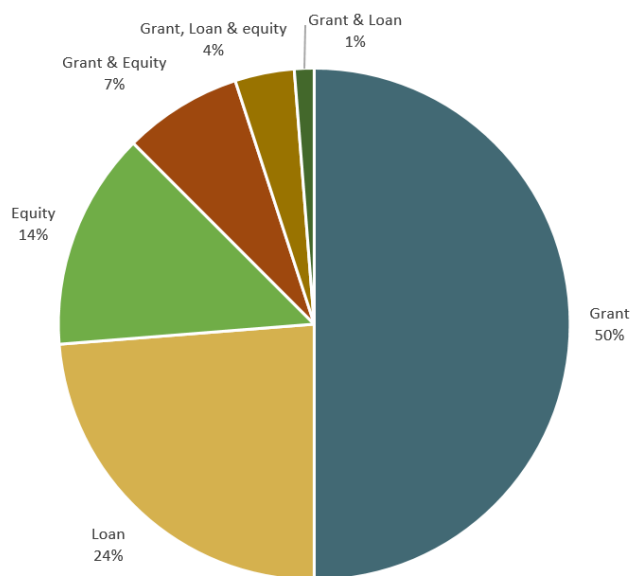


Figure 9 Types of follow-up funding

Of the surveyed entrepreneurs, 53 percent report that they have obtained an investment after receiving OCIF support. In half the cases this investment was in the form of a grant, obtained through another programme. The total loan amount obtained via banks and MFIs was estimated at €117.812 (€6200.- per company), grants account for a total amount of €405.664.- (€10.412.- per company). Equity investment collected by entrepreneurs supported through OCIF stands at almost €2 million (€180.399.- per company). These numbers combined result in a total of €2.5 million attracted follow-up investments.

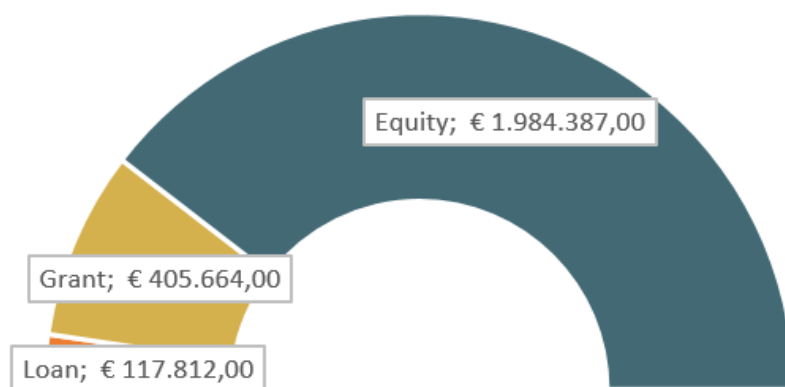
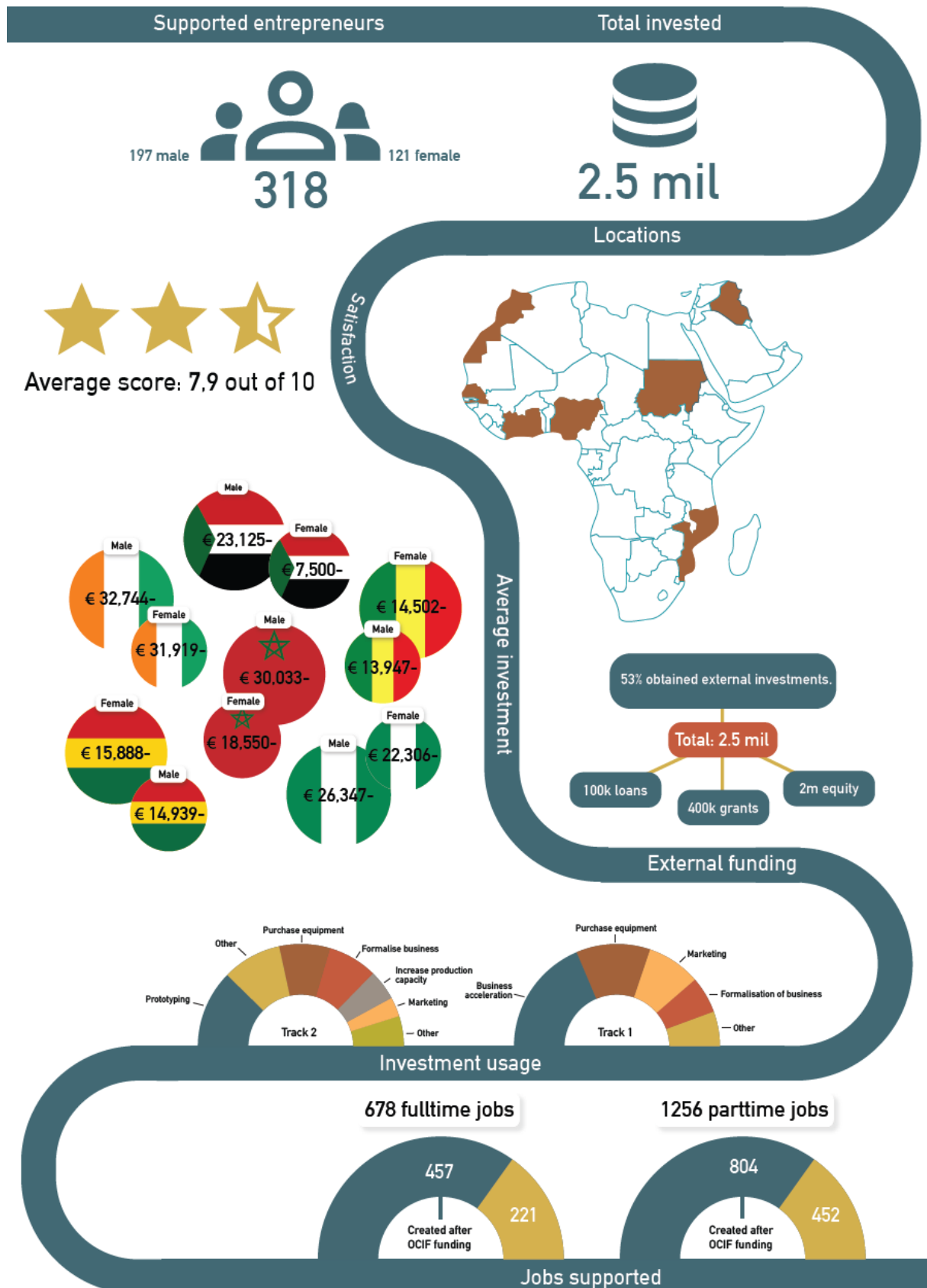


Figure 10 Types and total amounts of external financing attracted

This shows a significant multiplier effect of the OCIF. Obtaining a first investment helps young entrepreneurs to unlock follow-up support and funding. Those first investments are critical in nascent ecosystems to showcase the potential of entrepreneurship and allow young changemakers to bring their ventures to fruition.

Impact Sheet OCIF



Part 3: Deep dives

3.1. Côte d'Ivoire

After the post-electoral crisis of 2010-2011 Côte d'Ivoire has enjoyed vibrant, robust and stable economic growth since 2012, but experienced a slowdown in 2020 owing to the COVID-19 crisis.¹⁶ Even though Côte d'Ivoire has grown rapidly and is considered the economic hub of Francophone Africa, youth employment is still lagging behind. Young people between 15-29 account for more than a quarter of the population, and 80 percent of the population is aged below 40.¹⁷ Youth unemployment rates are ranging around 14 percent, twice as high as the general unemployment rate.¹⁸

Entrepreneurship can contribute to increase employment opportunities for youth which was the rationale behind launching the Orange Corners incubation programme and the Orange Corners Innovation Fund in Côte d'Ivoire in September 2019. The programme chose a focus on businesses in the field of Agriculture, Renewable Energy, Logistics and Smart Cities which is in line with the Multi-Annual Country Strategy (MACS) of the Embassy.

OCIF in Côte d'Ivoire - some characteristics

- Implemented since 2019 by Entrepreneurial Support Partners (ESP)
- 86 starting entrepreneurs supported in Track I
- 14 companies qualified for Track II
- Average Track II ticket size is €35.000
- 53% of the entrepreneurs completed the survey, 29 male and 17 female.

As part of the OCIF progress evaluation Côte d'Ivoire was visited by Kars Gerrits (RVO) and Bart van der Meer (DDE) from the 19th of June until the 25th of June 2022. This 'deep dive' aims to build on the mainly quantitative findings gathered through the survey. During this visit qualitative interviews were conducted with numerous stakeholders within the entrepreneurial and innovation ecosystem in Côte d'Ivoire. The stakeholders interviewed consisted out of entrepreneurs, entrepreneurial support organisations (ESOs), financial institutions and the public sector.

Entrepreneurs

Several entrepreneurs currently participating in the OCIF Track II programme were interviewed, rural as well as urban entrepreneurs. Firstly, it is important to point out that all entrepreneurs spoken to are very satisfied with the OCIF programme, which is in line with the survey results (avg 8.33). The type of financing OCIF provides is unique in Côte d'Ivoire and direly needed. The entrepreneurs confirmed OCIF provides an additional incentive to participate in the Orange Corners incubation programme. Also, the prototyping grant is considered a tremendous added value as this allows the testing of assumptions and helps to develop a Minimum Viable Product (MVP) during the OCIF Track I. Furthermore, the entrepreneurs used the OCIF funding mainly to acquire equipment which allowed them to increase their production capacity and therewith their potential turnover and profit.

It is noteworthy that additional funding was not among the biggest challenges for scaling up. Mainly, the interviewed entrepreneurs described challenges in distribution, production capacity, market access, internet access and costs, inflation, (sector-specific) technical expertise and finding qualified personnel. This is different from the online survey results where 9 out of 10 respondents from Côte d'Ivoire mentioned access to funding as one of the main barriers to scale up, apparently funding is a barrier but not the most pressing need for the interviewed startups. More specifically, women entrepreneurs experience specific challenges for scaling, such as confidence, a lack of exposure and cultural constraints. The entrepreneurs named several improvements for the programme e.g., a more flexible milestone-based financing system, longer and more specific technical support and more links with (technical) experts from the Netherlands.

ESO's

The interviewed ESO's all mention the innovation mindset is a challenge in Côte d'Ivoire, it is a hierarchical culture where critical thinking is not stimulated. The Ivorian government is trying to stimulate innovation through several initiatives amongst which the development of an Innovation Roadmap which should be brought under

¹⁶ Worldbank, [Côte d'Ivoire Overview: Development news, research, data | World Bank](#), September 2022

¹⁷ The Worldbank, [Policy Overview République du Côte d'Ivoire 2021-2030](#), p. 51.

¹⁸ Ibid., p.27.

the holistic *Guichet Unique des Entreprises* initiative, a type of one-stop-shop for young entrepreneurs, where they can find all relevant information and support ranging from access to finance opportunities to practical TA and legal and accounting support. Nevertheless, more effort is needed as the taxation system is strict and not progressive which is detrimental for the development of young businesses and makes it unattractive to register a business. Furthermore, many actors are active in the entrepreneurial and innovation ecosystem but coordination and cooperation between the actors remains a challenge.

Specifically on OCIF, the ESOs confirmed it is a one-of-a-kind programme in Côte d'Ivoire and truly has a unique approach. The extended period of support and the financing with a mix of grant and loan with low interest rates makes a real difference for the participating entrepreneurs. Unfortunately, this has not yet resulted in the adoption of the OCIF approach by other donors.

Financial institutions

Young entrepreneurs are often not catered to by the traditional financial institutions and risk capital is barely available in the market. Very few business angel networks are active in Côte d'Ivoire and there is a need to diversify the types of financing available to young entrepreneurs. Furthermore, starting entrepreneurs often do not possess the skills needed to access financing from an investor, e.g., sound bookkeeping, taxation knowledge and understanding of legal and contracting procedures. Therefore, technical support from experts is desirable and ESO's can play an important role in this. OCIF could and should integrate more courses on financial literacy, legal and taxation in the curriculum. Furthermore, OCIF should establish more contacts with institutions and networks who are able to provide follow-up financing to the Track II entrepreneurs.

Public sector

Throughout the interviews it became clear the public sector can do more to stimulate innovation, develop an enabling entrepreneurial ecosystem and improve coordination among ecosystem stakeholders. Through the development of the *Guichet Unique* some headway will be made but the effectiveness of this initiative depends on the implementation. With strong competition between the different ministries, it is not evident this will go as smooth as anticipated.

Furthermore, the public sector could learn from the Dutch approach and policy to stimulate innovation. Also, TA through a G2G on the implementation of the *Guichet Unique* and the development of policy that fosters innovation and entrepreneurship could make a real difference. Finally, the educational system should be transformed to a more dynamic system that fosters critical thinking and stimulates innovation, entrepreneurship and critical thinking.

3.2. Ghana

Ghana has made significant economic and social progress in the last thirty years. Political stability also yielded a growth dividend, particularly in the 1990s, when economic growth stabilized, leading to a near doubling of GDP per capita, lifting the country through the threshold for middle-income status in 2011.¹⁹ Despite the economic progress, youth unemployment remains a vast challenge. It is estimated that 10 percent of the graduates find a job within one year of completing university. Moreover, among the population 15-35 years the unemployment rate is 19.7 percent. For young adults, 15-24 years this number is even higher: 32.8 percent.²⁰

Since 2019, the Orange Corners acceleration programme and the Orange Corners Innovation Fund are implemented in the country. The acceleration programme focusses on entrepreneurs that are already in existence for over one year and spurs the growth in terms of revenue and profit. The acceleration programme is implemented by MDF West Afrika. In Ghana, due to the acceleration character, entrepreneurs only receive Track II support. Fidelity Bank is the local implementor for the fund.

OCIF in Ghana - some characteristics:

- Implemented since 2019 by Fidelity Bank
- 35 entrepreneurs supported via Track II
- Average Track II ticket size is €15,217.-
- 14 entrepreneurs participated in the survey (40 percent), 7 male and 7 female.

¹⁹ The World Bank, [FY22-26 Country Partnership Framework for Ghana](#), January 2022

²⁰ Ghana Statistical Service, [Economic Activity 2021](#), December 2021

Entrepreneurs

Interviews with entrepreneurs revealed that, overall, entrepreneurs are pleased with the OCIF. Access to affordable finance is considered as the greatest challenge that hinders business growth. Commercial loans charge interest rates around 25 percent making it difficult for (M)SMEs to use the loan as seed-capital or to innovate. According to the entrepreneurs, the combination of the loan and grant offered underneath OCIF Track II is unique in Ghana. The combination of the loan and grant allows entrepreneurs to use the loan to both acquire working capital as well as assets. Entrepreneurs also appreciate the relative low interest rate (5 percent) which helps the entrepreneur to keep the costs down. Giddens, one of the entrepreneurs interviewed, mentioned that due to the increased inflation and increased costs of raw materials (fuel prices doubled over 4 months), his net profit margin decreased below 30 percent. This indicates that most loan facilities with interest rates close to 30 percent will not even help the entrepreneur to purchase working capital.

Another major barrier is access to skilled labour. Entrepreneurs indicate that it is difficult to compete with banks, NGOs and larger companies to recruit (highly) skilled laborers. Entrepreneurs indicate that most employees require training on the job. Employers are often hesitant to provide detailed support as the employees can leave at any time. Two startups mentioned that they provide employee stock-options to maintain skilled laborers.

Combat single use plastics in Ghana

What do you do when your city is flooded, claiming more than 230 lives, and one of the causes of the flood is choked drainages due to disposed single used plastics? You start a company which addresses the root of the problem. After his city flooded, partly due to choked drainages due to disposed single used plastics, Derrick Kofi Sarfo founded DercolBags. The business provides an alternative to single use packaging.

The alternative packages are paper and cardboard based and are easier to recycle. The packages are distributed to market women, who sell them to individuals. Dercol also works with companies (40%), but most of the profits (60%) are being made on the markets. The Orange Corners acceleration programme helped Derrick to structure his business, because till then he had no strategy. He learned about business models, KPI's and to better pitch his business to investors. Derrick is grateful for the support he received through the acceleration programme. His ambition gave him the opportunity to participate and he doesn't take this for granted. Derrick is humble for the time, resources and money been put available to him and his company.

Besides the Orange Corners acceleration programme, Derrick prepared an application for the OCIF. The company obtained an investment worth GHS 293,750.00 (€34.110.-) to rent a new facility and purchase new machines. With the investment, Derrick sees the future bright. He has great ambitious to further scale-up the company. First of all he wants to build hubs, not only in Ghana, but also in surrounding countries, with local production. Secondly, his aim is to grow the production by buying new machines. He wants to increase the production to 6 million paper bags a month. And thirdly, along with his partners, he has a second company named Spex. With this company he introduces re-usable packaging containers to restaurants.

Access to markets, is another barrier mentioned by the interviewed entrepreneurs. In the Ghanaian market, young entrepreneurs are not always taken seriously by larger companies. This results in unfavourable conditions to sell their produce business to business. For example, when businesses want to sell their produce via supermarkets or shops this is done on consignment, the supermarkets only pay when the goods are sold. This system requires a high level of trust and coordination and does not allow for strategic planning as sales and income are uncertain. The entrepreneurs requested Orange Corners to support them in accessing markets by organizing more events. The usage of the brand Orange Corners might help increasing the credibility of the entrepreneurs.

As feedback on the OCIF entrepreneurs mentioned the slow disbursements of the bank. Loan officers were not always helpful, as they were interested in helping their larger clients first. This frustration was especially true for the entrepreneurs from the earlier cohorts. The entrepreneurs also mentioned that the loan application itself is time-consuming and that the bank requires a long list of documentation.

Enterprise support organisations

Interviews with enterprise support organisations (ESOs) revealed that the Ghanaian innovation ecosystem is rapidly growing. The international community has initiated various programmes to support young entrepreneurs such as grEEen, MELT and MAKE-IT. The investment resulted in the creation of various business hubs. However, not all hubs provide high quality programmes as there are no proper checks and balances in place. The Ghana Hubs network emerged as an initiative to enhance collaboration between the hubs and avoid replication. The network should also serve as a place where hubs can share knowledge and experience.

More and more young Ghanaians become interested in entrepreneurship. However, given the challenges on access to finance, we noted that some of the entrepreneurs only participated in the Orange Corners Acceleration programme to enhance the possibility to obtain a loan. One of the interviewed entrepreneurs explained the following: “Funding is a major incentive to spend 6 months in training when the business also needs time investment for growth”. This shows the relevance of the fund within the ecosystem, but also poses a risk for the Orange Corners acceleration programme. Not all entrepreneurs are equally interested to follow the trainings and obtain the necessary paperwork ready to get an investment. This corresponds with the explanation from various financial service providers, who argue that most businesses are not yet investment ready.²¹

Financial institutions

Access to finance remains a tremendous challenge for young entrepreneurs. This is partly due to the lack of affordable financial products for young entrepreneurs via banks or MFIs. Fidelity Bank, the local implementing partner of the OCIF in Ghana explains the following: *“OCIF is the only program that provides affordable debt financing at an interest rate of 5 percent to youth led business. Even though there are opportunities in Ghana for startups they come as business plan competitions / incubators where the top 5 or top 3 are given some seed funding. Thus, the other youth led business who do not make it to the final 3 still struggle for access to finance.”* Entrepreneurs indicate that there are limited options available for equity investment. The Ghana business Angel Network is not well established and there is limited foreign investment available. Entrepreneurs mention the MEST programme as one of the few options to obtain equity investment.

Public sector

Entrepreneurs mentioned the enabling environment as a hindering factor to expand their business. Currently Ghana ranks 118 out of 189 on the World Bank’s doing business index. The country in particular scores low when it comes to starting a business, enforcing a contract and resolving insolvency. For most startups there are currently no brackets where their company fits in. Therefore, most entrepreneurs do not formally register their business. There are some examples of OCIF recipients who, after obtaining their investment, formally deregister their company. Another major challenge for entrepreneurs are the cumbersome rules and regulations of the National Food and Drug Authority. Early-stage entrepreneurs already need to abide to high standards to sell their produce, which is costly for most entrepreneurs to abide to.

The various governmental agencies that have entrepreneurship in their portfolio currently have limited interaction with each-other. The government, however, has made initiatives to develop youth entrepreneurship in the country. Via The National Entrepreneurship & Innovation Programme (NEIP) the government offers business development services, startup incubators and funding for young businesses to enable them grow and become successful. Also, the government is working on a startup act, which could potentially further support the ecosystem. Via the Orange Corners programme, activities could be deployed to ease the business enabling environment such as a G2G programme or offering support to the FDA to develop new schemes.

²¹ B&FT online, [Most businesses not investor ready](#), 16 June 2022

Part 4: Conclusion and Recommendations

4.1. Conclusion

The goals of this research were threefold;

- Assess how OCIF contributes to increased access to finance for young entrepreneurs;
- Assess how OCIF contributes to improved employment opportunities;
- Assess how OCIF contributes to the strengthening of innovative ecosystems.

On all objectives this research has given key insights.

In general, access to finance remains a major challenge in all OCIF target locations. We found that the OCIF is a one-of-a-kind opportunity in the researched countries, providing a type of funding which is not readily available in the nascent entrepreneurial ecosystems. Since its inception the OCIF has successfully supported nearly 300 young entrepreneurs. Whilst this number is running slightly behind on schedule the OCIF is overperforming on business development and improved employment opportunities.

The research found that, through OCIF support, businesses are capacitated to purchase assets, raw materials and prototype their innovations. This positively contributed to the growth of the businesses in terms of professionalism and revenue. Businesses have increased their investment readiness as, more than half of the surveyed entrepreneurs was able to obtain a follow-up investment. As a result, we can truly state that OCIF positively contributed to business development and business acceleration.

The growth of the supported companies resulted in the creation of additional jobs. When OCIF started in 2019, the target was set to support 483 jobs until the end of 2025, now after only 3 years of OCIF at least 1261 part-time and full-time jobs have been supported. This is significantly higher than the initial target and clearly indicates that providing access to finance to starting entrepreneurs makes a strong positive contribution to employment opportunities.

Finally, through the OCIF young entrepreneurs can test their assumptions and develop prototypes. To stimulate and realize innovation and business growth these are instrumental steps. Furthermore, OCIF shows the fund managers a different and innovative form of financing which, in the long run, can result in improved access to finance for starting and innovative entrepreneurs. Even though the preliminary results of OCIF are promising there are still numerous opportunities to strengthen its approach and impact. These insights have resulted in recommendations at three levels:

1. Programmatic: how could the OCIF programme better meet the needs of young entrepreneurs?
2. Additional activities: what activities or elements should be developed alongside the OCIF programme?
3. Systemic: how can OCIF contribute to improved startup ecosystems?

4.2. OCIF recommendations

The research has shown there are several quick wins to improve and increase the impact of OCIF. Below an overview of the recommendations on the programme level:

1. **Establish a network of OCIF Track II entrepreneurs:** establish regional connections between entrepreneurs in Track II across the 17 Orange Corners hubs across Africa and the Middle East. This could improve access to markets, more regional trade and, growth for the OCIF entrepreneurs.
2. **Put more emphasis on linking financial institutions and networks:** the local service providers should put more emphasis on building networks to support entrepreneurs to get follow-up financing.
3. **Stronger focus on digital and green entrepreneurship/innovations:** the focus on digital and green entrepreneurship should be increased, e.g., through changing the selection criteria and target sectors. This allows to contribute to the digital and green transition which can provide new opportunities for employment, income and sustainable economic development. In addition, more focus can be put on certain sectors as this can have the positive effect that entrepreneurs from similar sectors can provide valuable peer-to-peer support.
4. **Develop more specialized products and create flexibility in the financing strategy:** currently the OCIF grant/loan is one modality. However, as the businesses are from different sectors and have different needs the current modality is not always tailored to the businesses. Businesses, in agriculture for example, are more dependent on seasonality and thus require different financing structures compared to tech ventures. More flexibility in the financing strategy is therefore needed to better adapt to the continuously changing reality of the start-ups instead of the fixed investment strategy currently used.

5. **Support to female owned businesses:** currently OCIF is behind on achieving its targets to support female entrepreneurship. Local service providers should be stimulated further to experiment with interventions, giving room to certain sectors, putting extra effort in reaching women when promoting the program, and showcasing successful women-led enterprises.

4.3. Additional activities

Additional activities can be deployed to strengthen the implementation of the OCIF programme. Those activities can be added to the scope of the current programme or could be facilitated through the ecosystem approach of the Orange Corners programme (PSD-Toolkit):

1. **Develop an exposure programme for Track II entrepreneurs:** As critical thinking and adopting an innovators mindset remains challenging for many young entrepreneurs in the OCIF countries an exposure programme could be developed for selected Track II entrepreneurs. This programme could include an exposure visit to the Dutch innovation ecosystem which will facilitate cross pollination with Dutch entrepreneurs, stimulate new ideas and partnerships, and could increase innovation amongst the OCIF entrepreneurs. Furthermore, the participants can showcase and share their experience with their peers upon their return which could stimulate local innovation further.
2. **Access to technical assistance:** as most entrepreneurs who have received an OCIF investment are (becoming) more mature and entering the growth stage, the needs as compared to early-stage start-ups change. Entrepreneurs indicated that they require more specific technical assistance. Options that have been mentioned by entrepreneurs:
 - a. Legal and contract support.
 - b. Operational support (handling of machines and materials).
 - c. Financial literacy support.

Orange Corners and OCIF could establish a network of relevant local and Dutch organisations (e.g., PUM) open for supporting entrepreneurs who have benefitted from the programme, the entrepreneurs can then pick and choose their desired technical support.

4.4. Systemic level

The OCIF research has given some insights in systemic challenges for starting entrepreneurs which could be overcome in the long run through specific contributions towards systemic change. To better facilitate this the following recommendations could be:

1. **Develop Knowledge to knowledge (K2K) programmes** in selected OCIF countries. In most OCIF countries entrepreneurship and critical and out-of-the-box thinking is not stimulated at universities and other knowledge institutes. In order to stimulate the transition to a dynamic educational system that stimulates innovation and entrepreneurship Knowledge to Knowledge programmes between local and international universities could be developed. This will contribute to the entrepreneurial startup ecosystems of the OCIF countries.
2. **Stimulate an enabling policy environment:** In most OCIF countries there are no policies in place to stimulate entrepreneurship or innovation. Through the PSD Toolkit policy development could be stimulated which focusses on preferential treatment for starting and innovative entrepreneurs. This could be established through e.g., Startup Acts, accessible enterprise registration and progressive taxation systems