Towards A Business Model For Funding Africa Startups – 2 Years Later

Brian Laung Aoaeh

Abstract: Two years ago we considered how one might build a repeatable, scalable and profitable solution to the problem of obtaining external investment capital that African early stage technology startups face. In this paper we conduct a survey of the efforts that are underway to tackle that problem.

About The Author

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Brian devotes some of his personal time to volunteer activities related to entrepreneurship and economic development in Africa; with prior affiliations to The Meltwater Entrepreneurial School of Technology (MEST) in Accra, Ghana and The Kumasi Center for Lifelong Learning (KCLL) in Kumasi, Ghana.

Before his departure for the United States he obtained his primary education at the Bayero University Staff Primary School in Kano, Nigeria. He then studied for the WAEC GCE Ordinary Level at St. Francis Xavier Junior Seminary, in Wa, Ghana and for the WAEC GCE Advanced Level at the Presbyterian Boys' Secondary School in Accra, Ghana.

Brian is a devoted husband and father. He is an ardent supporter of the Super Eagles of Nigeria and the Black Stars of Ghana. In his free time he is a fitness enthusiast, and now has several half-marathons under his belt. He has an obsession with cool mechanical pencils. He never says no to a cup of coffee.

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Towards A Business Model For Funding African Startups – 2 Years Later[i]

Author: Brian Laung Aoaeh

Startups everywhere have to confront several life-threatening impediments, one of those obstacles manifests in the form of lack of easy access to early stage capital from external investors. African startups face every problem their counterparts in other parts of the world experience even more acutely, so the lack of access to early stage capital from outside investors is relatively more acute for startups in Africa than for startups in South America generally, to pick a somewhat arbitrary example.

Two years ago I decided to invest some time in thinking about how one might go about trying to create an easier path to funding for early stage African startups. You can find the full blog post here. I summarized it for The World Bank Private Sector Development blog here. In the full blog post I used the Business Model Canvas to outline the components of a business model one might design to pursue a solution to the problem. The kind of solution to this problem that I have in mind must be repeatable, scalable, and profitable.

I was criticized for adopting an approach that seems too U.S. centric, and of being oblivious of developments within the early stage startup ecosystem in Africa at that time. An impartial observer willing to study the topic beyond a mere cursory attempt will conclude that those two critiques do not stand up to any serious examination.

In this post I will outline some of the approaches being taken to solving this problem. Most existed before 2013, others have come into existence since I wrote that post. Generally, I will not focus on non-profit approaches to solving the problem. My goal is not to perform an exhaustive documentation of every entity that exists for this purpose, but having a sense of the broad contours of recent and not so recent developments is nevertheless helpful for people who think about this problem often.[ii]

Community Building Initiatives

AfriLabs*

From its About Us page:

"AfriLabs is a network of 36 technology innovation hubs in 18 countries across Africa. It was founded in 2011 with a desire to build a community around rapidly emerging tech hubs—spaces that serve as physical nexus points for developers, entrepreneurs, and investors. AfriLabs is working through these spaces to build an innovation infrastructure that will encourage the growth of Africa's knowledge economy by supporting the development of start-ups, technology, and innovation.

AfriLabs aims to support the growth of a technology and innovation economy across Africa. We believe that investing in an infrastructure for indigenous technology innovation and knowledge creation—with hubs serving as centers of excellence—enables Africa to participate in the global knowledge/innovation marketplace, thereby stimulating economic growth.

AfriLabs is building this infrastructure by focusing on three strategic priorities:

1. *Knowledge Sharing & Collaboration*
   Knowledge sharing and collaboration operates on three levels. The first level is basic communication. The second level focuses on knowledge sharing, or members' ability to share information and best practices. The third level centers on collaboration, or the degree to which members co-pilot initiatives and deliver collaborative projects.

2. *Capacity & Resource Sustainability*
   Sustainability for AfriLabs members has two dimensions: (human) capacity and (financial) resource. Because most hub management teams are lean and multi-functional, AfriLabs will invest in building their capacity. Additionally, most hubs will need to carve a path to sustainability within a 3-5 year period.

3. *Community Building & Strategic Partnerships*
   AfriLabs acknowledges its core competencies, understands the complementary skills and knowledge possessed by other players in the ecosystem, and forms partnerships to affect ecosystem-level change."[iii]

A list of AfriLabs' member hubs is available here. iHub in Nairobi, Kenya is well known among people who study Africa's technology and innovation landscape.

Observations: AfriLabs and organizations like it play an important role in the creation of an environment that nurtures early stage technology startups across the continent. Knowledge sharing and collaboration is especially important for African startups that hope to compete on the global stage. One concern for AfriLabs and its members is that of sustainability; how will the parent organization support itself for the long run? How will member hubs sustain themselves for the long run? As it turns out, AfriLabs is asking the same questions: All Hands On Deck: Why Hub Sustainability is a Complex Challenge that Requires a Systemic Solution

Private Sector Education and Incubation Initiatives

These initiatives explicitly include an education component in public descriptions of their goals and objectives. They rely on the financial sponsorship of a foundation or some other non-profit entity.

Meltwater Entrepreneurial School of Technology*

From its About Us page:

"The Meltwater Entrepreneurial School of Technology (MEST) and the MEST Incubator program provide training, investment and mentoring for aspiring technology entrepreneurs with the goal of creating globally successful companies that create wealth and jobs locally in Africa.

Established in Ghana in 2008, MEST offers aspiring African entrepreneurs a fully sponsored two year, intensive full-time program. Sourced from top graduates in Ghana and Nigeria, 20+ of these Entrepreneurs-In-Training (EITs) are selected each year and receive comprehensive training across the spectrum of skills required to build successful tech businesses, including computer programming, software development, product management, finance, marketing, sales and leadership best practices.

After completion of the program, the EITs have the opportunity to pitch a concept. Winning teams receive a seed round from the MEST incubator to pursue their idea."[iv]

MEST is supported through the non-profit Meltwater Foundation with financial backing from Meltwater Group.

Observations: MEST's model represents an approach that appears to have some staying power if it spawns startups that enable it to generate profits that can be plowed back into strengthening and enhancing the Foundation's financial position. So far it is hard to evaluate the prospects from an outsiders' point of view. It has recorded an early exit with Kirusa's acquisition of Saya Mobile in 2014. Before that, Dropifi, another of the startups in its portfolio, graduated from the incubator and moved to Silicon Valley in 2013 to become part of 500 Startups' Batch 6. The anecdotal evidence seems promising but financial returns are what will dictate if this model becomes as prevalent as it needs to become in order to represent a durable change to the funding landscape for startups in Africa. What might success mean? A funding source that is multiplied significantly over time with the profits from exits would make it possible for MEST's incubator or investment fund to make investments across several funding rounds for the most successful startups in the portfolio. Also, it could admit more people into the training program and expand its programs beyond West Africa. Alternatively, other organizations could copy its model and set up competing programs in other regions of the continent.

The Tony Elumelu Foundation Entrepreneurship Programme

This is a new program that was announced in December 2014.

The Tony Elumelu Foundation Entrepreneurship Programme (TEEP) is a new initiative that is the brainchild of the Nigerian businessman, investor, and philanthropist. The foundation is committing $100 million to the identification of 10,000 African startups to go through a 12-month program designed to equip the entrepreneurs building those startups with the knowledge and skills that they need in order to succeed. Once selection has taken place each year, the program kicks off with a 12-week Startup Enterprise Toolkit - the educational component. During the remainder of the program participants have access to mentors, online resources, bootcamps, seed capital, and an alumni network. TEEP's vision is that the startups that it helps launch will create 1,000,000 jobs and generate $10 billion in new annual revenues.[v]

Observations: It is too early to make any substantive observations. TEEP is attempting to combine a number of approaches that have worked in the United States, most notably it appears to be modeled after Y Combinator. It is not clear how much each startup that goes through the program and attends the annual demo day can expect to receive in seed capital at the first stage. Mention is made of a second stage seed capital investment of $5,000. It does not appear that TEEP has a profit motive driving it. I worry that this could lead to a lack of process rigor, and could also dilute the kind of ruthless discipline it will take for the startups TEEP supports to succeed and thrive against the kind of competition they will face at home and from abroad. By comparison startups in MEST's program can win as much as $200,000 in seed financing to help them launch. Having said that, there's likely no one better positioned to shine the spotlight on Africa's entrepreneurs and the startups they are building. I hope TEEP is able to avoid most of the problems I foresee from the little information I have access to as an outsider.

Mara Foundation's Mara Ad-Venture Fund

Mara Foundation was launched in 2009. It operates with financial backing from the Mara Group.

It describes the Mara Ad-Venture Fund in these words;

"There is a shortage of early-stage capital flowing to African entrepreneurs. This lack of capital constricts the emergence of new businesses and has a detrimental effect on national economies in Africa. Although most entrepreneurs have a strong desire to "bootstrap their start-ups", many do not have "pioneer capital" or support services they need to start and grow viable enterprises.

The Mara Ad-Venture Fund will offer early-stage startup and growth capital to high potential African entrepreneurs. The funding will be complemented by a suite of optional support services. The Mara Ad-Venture Fund will serve up to 1,000 entrepreneurs in five countries within five years and seek to prove a new model of early stage business support.

The Mara Ad-Venture Fund is looking to invest in businesses that have strong entrepreneurial management and the potential to grow quickly to a significant size, yielding a significant return on the investment in the medium term. Mara Ad-Venture Fund will invest in projects that:

- are commercially viable
- have Identifiable market
- have strong management
- have sustainable competitive advantage

Once we invest in a business, we work together with management to design a strategy, capital structure and equity incentives that will enable the achievement of mutually agreed performance objectives.

Mara Ad-Venture Fund is currently planning a roll-out in Nigeria, South Africa, Kenya, Uganda and Tanzania."[vi]

Observations: Similar to those for TEEP. What happens if the foundation's financial sponsor loses its ability to continue to provide financial backing for the foundation's activities?

African Innovation Foundation's Innovation Prize for Africa

From its website:

"The IPA is an initiative of the African Innovation Foundation (AIF) started in 2011. IPA honours and encourages innovative achievements that contribute toward developing new products, increasing efficiency or saving cost in Africa. The prize also promotes among young African men and women the pursuit of science, technology and engineering careers as well as business opportunities with potential of contributing to sustainable development in Africa. Specifically, the award targets technological breakthroughs in such main concern areas as manufacturing and service industry, health and well-being,agriculture and agribusiness, environment, energy and water and ICTs. To date, there have been three (3) rounds of competition.

The IPA is focused on:

- Mobilizing leaders from all sectors to fuel African innovation
- Promoting innovation across Africa in key sectors through the competition
- Promoting science, technology and engineering as a rewarding,career path among African youth.
- Encouraging entrepreneurs, innovators, funding bodies and business development service providers to exchange ideas and explore innovative business opportunities.

The IPA anticipates contributing to the following outcomes:

- Increased commercialization of research and development (R&D) outputs in Africa
- Increased funding of start-ups, adoption of new and emerging technologies and accelerated growth of an innovative and dynamic private sector; and
- Increased economic activity and African led development that results in lasting impact.
- A strong African innovation ecosystem

By providing **USD 150,000** to winners who deliver market-oriented solutions for African-led development, the IPA acknowledges and encourages the endeavor of innovators and entrepreneurs and works to raise their profiles on the development agenda.
IPA 2015 consists of three prizes:

- **USD 100,000** for the winner with the best innovation based on marketability, originality, scalability, social impact, scientific/technical aspect and clear business potentials
- **USD 25,000** for the Second Prize with the best commercial/business potential and
- **USD 25,000** for the Special Prize for Social Impact Innovation which awards the innovation with the highest social impact in the community/country."

Observations: AIF's efforts would be strengthened if it partnered with a startup incubator. It is one thing to win a prize for innovation, and quite another to build a startup that goes on to grow into a company. It appears someone at AIF is thinking along those lines, its list of outreach partners includes AfriLabs and a number of AfriLabs' member hubs. It is not clear what those partnerships entail, or how IPA winners benefit from them.

<u>**Private Sector Pre-seed Incubators and Accelerators**</u>

These incubators do not explicitly mention a structured education program as a cornerstone of their activities. Typically the capital invested is the first capital going into the startup.

The organizations in this category typically offer:

- Capital,
- Technology and other product development support,
- Customer development and business development support,
- Some training and education,
- Mentoring, and
- Access to a network of partners.

88mph

88mph is a seed fund and accelerator/incubator that has existed since 2011. It invests in early stage web/mobile startups with the potential for scaling their operations across Sub-Saharan Africa. It has hubs located in Kenya, South Africa, and Nigeria. So far it has deployed $2.9 million in 34 startups; 20 in Kenya and 14 in South Africa. It is deploying $1.5 million in startups that will be based in its hub in Nigeria. That hub already has 9 startups in its 2014 cohort. Each of them received between $20,000 and $ 110,000 in seed capital.[vii]

Flat6Labs

Flat6Labs is a seed fund and accelerator/incubator that has existed since 2011. It started with a hub in Cairo, Egypt. It has added a hub in Jeddah, Saudi Arabia and another in Abu Dhabi, United Arab Emirates. It selects entrepreneurs with an idea for a startup they want to build. Its program lasts 6 months, and it selects 10 startups for each cohort, graduating 2 each year. The intention is that by the end of the program each startup has built an MVP. Startups in its program get an infusion of between $10,000 and $15,000 in exchange for an equity stake. [viii]

Spark

Spark describes itself as a company that builds companies. It is based in Lagos, Nigeria. It appears to have launched at some point in 2013, possibly earlier. It is obvious if the startups in its portfolio germinate from internally generated ideas, or if entrepreneurs working on ideas that did not begin inside Spark are recruited into the fold. Commonsense would suggest a combination of those two approaches. Unconfirmed reports suggest it commits between $50,000 and $$250,000 to each of its startups. It is likely to open hubs in other cities within Nigeria. It had raised $3 million in early 2014.[ix]

Leadpath

From its About Us page:

"LeadPath Nigeria is a seed capital fund that specialises in providing short, medium and long term funding to small and medium sized start-up businesses in high growth technology areas such as software, web and mobile technologies.

At LeadPath, our mission is to power legendary companies in Africa by bridging the gap between start-up to market dominance. Hence, we work with only technology entrepreneurs who have an irrevocable appetite for achieving the extraordinary.

We focus on technology entrepreneurs dealing in software applications, mobile applications, electronic payments and big data. Our average investment ranges from $25,000 to $100,000.00 for seed investment and several millions of dollars for follow on funding series."[x]

It launched in early 2014, and is reportedly deploying a $1.5 million fund.

Observations: The key to success here is returns, and how well each incubator/accelerator delivers on its value proposition to investors, startups and entrepreneurs.

Private Sector Post-seed Incubators and Accelerators

These accelerators do not explicitly mention a structured education program as a cornerstone of their activities. The capital they provide is not the first capital going into the startups they support. In the typical case, they support startups only after the startups have already raised seed capital from other external investors.

The organizations in this category typically offer:

- Capital,
- Technology and other product development support,
- Customer development and business development support,
- Some training and education,
- Mentoring,
- Access to a network of partners.

JuiceLabs*

JuiceLabs is a post-incubator, and post-seed startup accelerator based in Cairo, Egypt. It focuses on providing support for Egyptian startups. It was founded in June 2013. The program lasts 6 months, and each cohort is comprised of 2 startups hand-picked by the JuiceLabs team, with two cohorts going through the program each year. Its focus is on software. Cohort members receive technical and product development support, help with business development, and mentoring. JuiceLabs will invest $22,000 in each startup it selects. The goal is to help the startups transition from MVP to a product that is scalable.[xi]

Observations: The key to success here is returns, and how well each incubator/accelerator delivers on its value proposition to investors, startups and entrepreneurs.

Private Sector Early-stage Venture Capital Funds

These entities operate more like traditional venture capital or private equity funds. Each fund is setup as a limited partnership (LP) that is managed by a general partner (GP) on behalf of limited partners, who are investors in the fund along with the general partner. Each fund is an independent limited partnership that exists on its own. A fund typically is set up with a life of 10 years, after which the GP may seek 2 or 3 extensions of 1 year each from the fund's LPs.[xii] LPs pay fees to the GP in the form of management fees – typically 2% of the capital committed to the fund, and performance fees – typically 20% of any profits the GP earns over the committed capital.

Savannah Fund

Savannah Fund launched in June 2012. Reports suggest that Savannah is investing from a $10 million seed-stage fund "specializing in US$25,000-US$500,000 investments in early stage high growth technology (web and mobile) startups in sub-Saharan Africa. Initially focused on East Africa, the fund aims to bridge the early stage/angel and venture capital investment gap that currently exists in Africa. The Fund expects to achieve this objective by combining capital with mentor networks both in the region and from Silicon Valley via an accelerator program and a follow-on independent seed fund."[xiii]

It appears the addition of an accelerator program is a reflection of the terrain that early-stage investors in Africa must confront.

4Di Capital

From its About Us page:

"4Di Capital is an independent early-stage technology venture capital firm based in South Africa's "Silicon Cape".

Nurture capital is the term that best describes 4Di Capital's purpose and philosophy.

We understand that in the early days of any business, support, mentoring and access to networks is just as important as seed capital.

Using tried and tested international venture capital best practices, adapted for local use, we believe in agile entrepreneur-friendly finance without frills, and in working as a team with our investees to achieve their true potential.

4Di Capital Early-Stage Technology Fund 1 targets startup investment opportunities with high growth potential at the seed- and early-stages in the mobile, enterprise software and web sectors.

We look for founder teams with hungry passion, commitment, domain expertise and deep insights into the large market problems they wish to solve with their technology solutions."

According to CrunchBase it was established in March 2009. There's no information about how much capital its investing from its current fund. However, press reports indicate that is has a number of institutional investors among its LPs. That suggests that it has a significant amount of capital to deploy.

iYa Ventures Management*

iYa Ventures is a venture fund registered in the United States. It was established in 2013.

From its website:

"iYa Ventures ("iYa") is an investment fund whose mission is to provide strategic and financial resources to early-stage companies providing goods or services to under-served consumer groups in sub-Saharan Africa, and to advance the effective use of technology among Africa's entrepreneurs. Our team comprises professionals with expertise in private equity, law, and media. Our investment committee is comprised of Africans with significant experience investing across a range of industries in Africa.

iYa makes investments in ventures where we can exercise significant influence, with the aim of delivering moderate capital growth and sustainable return over the long term.

Although sector agnostic, the Fund has domain expertise in consumer credit and finance, workforce recruitment and staffing solutions, creative industries (digital media & design), hospitality and education. The fund's target markets are Ghana, Nigeria, and Ethiopia, where we have investee companies, local expertise and partners on the ground.

The Fund will be managed by iYa Ventures Management, a minority and woman owned Delaware registered LLC, headquartered in New York. iYa has offices in Accra, Lagos, Washington, D.C. and Toronto. iYa provides financial, advisory and investment services to its portfolio companies, valued at over $5 million as of September 30, 2013."[xiv]

Appfrica Fund*

From its About Us page:

"The Appfrica Fund is designed to discover, fund, and help scale Africa's brightest startup companies and social enterprises. We offer up to $10,000 in funding and other resources under favorable terms. Our program is Pan-African, servicing innovators from across the African continent.

To date we've funded over 20 ventures, across 16 Sub-Saharan countries. While our own contributions are small, we've been able to help each company raise (on average) over $90,000 in follow-on funding for a total of nearly $1 million for the portfolio. Often either we or our partners play a direct role in helping our participants get additional funding, other times its through their own hard-work and hustle. One thing remains constant, we're always thrilled to play the supporting role in their progress."[xv]

Other Funds:

- eVentures Africa Fund
- Sanaga Ventures
- GrowthHub

Observations: The longevity of a venture fund is inextricably tied to its ability to identify winners and generate returns. We will know how Africa's early stage venture funds are doing by how successful they are in raising subsequent funds in the years to come. Investors generally demur to commit capital to a new fund managed by a GP whose prior fund failed to meet the LPs return expectations. The time constraint such funds face is an important determinant of the types of investments they can make since returns have to be harvested within the lifetime of each fund.

Private Sector Venture Holding Companies

In this model, investments are made out of a holding company. The holding company has an indefinite life. Investors own a stake in the holding company, which in turn holds equity in startups. Staff in the holding company manage and execute all the investing activities on behalf of the holding company's shareholders. In this sense the holding company functions like a startup-conglomerate. It is instructive to note that the earliest venture capital firms in the United States were organized using this model. The now prevalent GP/LP structure did not emerge until the 1960s.

African Angels Network*

African Angels Network (AAN) was established in July 2013.

From its About Us page:

"AAN invests in Africa-focused startups, primarily in the Tech sector. Our mission is to fuel economic growth in Africa by identifying and investing in high potential startups.

Furthermore, we match the entrepreneurs with highly qualified mentors specifically related to their industries."

AAN has raised an undisclosed amount of capital from investors in the United States and elsewhere. Early signs are good; 3 AAN portfolio startups made it onto CNN's list of top 10 African startups for 2014 – Andela, Angani and Delivery Science.

Observations: Here too success is inextricably tied to well the startups perform financially. Management skill at the holding company level is critical in the areas of investment selection, fundraising, operations, management, and strategy. As the company matures, it may navigate the need for ongoing fund-raising activities by raising capital through an IPO.

Equity Crowdfunding Platforms

Venture Capital For Africa

From its About Us page:[xvi]

“VC4Africa was started as a LinkedIn group in the spring of 2008 and has grown organically into what is now the largest online community dedicated to entrepreneurs and investors building companies on the continent. The VC4Africa community has always been free for anyone to join and the entire network and its content remain open and accessible.”

“We operate as a peer-to-peer network and champion an open source approach. A core vision behind the project is that VC4Africa is only a platform within a larger social movement. Open communication and collaboration is encouraged and all members are invited to become active participants in both growing and developing the project.”

“The Africa platform for startup funding. VC4Africa is the largest online community of entrepreneurs and investors dedicated to building game changing companies on the continent. Entrepreneurs have access to free online tools, mentorship opportunities and private deal rooms. Investor Pro Account users can set up intelligent alerts, follow progress, conduct due diligence and connect directly with the continent’s leading entrepreneurs. The community has members in 159 countries and meetups have been hosted in more than 50 cities around the world.”

You can get a sense of VC4Africa’s impact from this summary report.

Observations: This approach offers great promise, and of course presents many challenges as well. The success of AngelList in the United States, as well as the trend towards equity-based crowdfunding in the United States and other parts of the world suggest that we will see more efforts like this in the future. Success is tied to how well organizations like VC4Africa do at enabling the many other forms of support that startups launching in Africa need. Capital is important, but so are the other kinds of services that the accelerators/incubators provide.

Public-Private Partnership Early Stage Funds

This is a strategy that has worked really well in helping to seed startup and venture capital ecosystems in other parts of the world. Israel and Singapore are just two notable examples. The basic model functions like this; a national government seeds a number of funds by providing a relatively large infusion of capital. A private fund manager establishes the GP. The government becomes an LP in the fund. The GP selects investments, and operates the fund. The GP's investment mandate is influenced by what the government wants to accomplish. Typically fund managers will be national of the country whose government is trying to promote early stage startup investing as an engine of economic development.

Nigeria's IT Innovation Fund

This is a relatively recent development. Nigeria's Minister of Communication and Technology announced its formation in September 2014. Public details are scant. EchoVC will act as the General Partner. Eghosa Omoigui, a general partner at EchoVC is Nigerian. Some press reports say it will be $15 million fund that typically will invest between $50,000 and $500,000 as its first investment in each of the startups in which the GP decides the fund should invest.

I am making educated guesses here. There's been no information on the progress of this initiative since the announcement in Lagos last September.

Observations: I have a deep skepticism towards anything that an African government promises to do. Assuming we give Africa's governments some benefit of the doubt. Here are some issues I would be concerned about if I were the GP.

- How much independence does the GP actually have in assessing and selecting investments?
- Does the GP have access to senior level government contacts to ensure startups in its portfolio can easily cut through public sector bureaucracy?
- Will the capital promised be available when it is needed? I would perhaps want the entire capital commitment from any government to be called immediately at launch and placed in a bank account controlled by the GP. Usual practice in private equity is to make capital calls on an as-needed basis till the LPs' full commitment has been called.
- I have other concerns, but these top the list.

Public Agencies

Generally, these are established as an arm of the government. I do not have much faith that such agencies can produce the kinds of results that will lead to large-scale economic development.

Examples:

- South Africa's Technology Innovation Agency
- Kenya's ICT Board
- Ghana's Investment Promotion Centre

Observations: To be effective such agencies should focus on developing and communicating frameworks that create an enabling environment for private sector entities to operate. In that sense, such agencies should serve more in an administrative capacity than as investment professionals. The role played by Israel's Office of The Chief Scientist in helping nurture Israel's startup ecosystem serves as a model that I feel is best suited for such agencies.

Conclusion: Obviously, a lot is happening. Yet, it is not nearly enough. One aspect of the solution I proposed in my discussion two years ago involves harnessing the flow of remittances from Africans in the diaspora. What if for every $100 that an African in North America or Europe sends home, $1.00 were donated to a foundation that administered those funds towards early-stage startup investments?

If you know about any organizations others ought to hear about please tell us about them in the comments.

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[i] Any mistakes in quoting from my sources are entirely mine.

[ii] I mainly relied on public sources for my research. An asterisk (*) indicates that I have some relationship with the organization, that I know the founders, or that I am friends with someone in a leadership position. I am not an investor in any of the organizations discussed, nor am I compensated by any of the organizations discussed in this post. Where I am involved in some way, My involvement is minimal, and is strictly on a volunteer basis as mentor to a startup, or as an advisor to the founders of the fund, accelerator, or incubator. I am bound by CFA Institute Code of Ethics and Professional Conduct to avoid situations that create a conflict of interest with my responsibilities to KEC Ventures' LPs.

[iii] Accessed online at http://www.afrilabs.com/about/ on Dec. 30th, 2014.

[iv] Accessed online at http://meltwater.org/about/about-mest/ on Dec. 30th, 2014. I was a mentor for MEST in 2012.

[v] Adapted from http://www.tonyelumelufoundation.org/teep/about-us/, accessed online on Dec. 30th, 2014.

[vi] Obtained from http://www.mara-foundation.org/index.php/mavcf on Dec. 31st, 2014.

[vii] Adapted from http://www.88mph.ac/investors/ and http://440.ng/startups/, accessed online on Dec. 30th, 2014. Additional data obtained from http://disrupt-africa.com/2014/12/top-5-disruptive-incubators-2014/ on Dec. 31st, 2014.

[viii] Adapted from http://www.flat6labs.com/, accessed online on Dec. 31st, 2014.

[ix] Adapted from http://techcabal.com/2014/03/13/pedal-metal-seven-tech-startup-accelerators-nigeria/ and http://spark.ng/, accessed online on Dec. 31st, 2014.

[x] From http://leadpath.com.ng/aboutus.html, accessed on Dec 31st, 2014.

[xi] Adapted from http://juicelabs.me/, accessed online on Dec. 31st, 2014. I have been a volunteer JuiceLabs mentor since Nov. 2014.

[xii] This is a general summary of how things are done in the US. Funds established in Europe might adopt a different model. I do not know the rules applicable to funds registered in any jurisdictions in Africa.

[xiii] Obtained from http://savannah.vc/about/ on Dec. 31st, 2014.

[xiv] Obtained from http://iyaventures.com/philosophy/ on Dec. 31st, 2014.

[xv] Obtained from http://fund.appfrica.com/about on Dec. 31st, 2014.

[xvi] Obtained from https://vc4africa.biz/about-us/, accessed on Dec. 31st, 2014.