



REPORT

# SADC Innovation & Investment Challenge

Early-Stage Start-up Incubation Programme Summary Report

May 2020

## About FinMark Trust

FinMark Trust is an independent non-profit trust whose purpose is 'Making financial markets work for the poor, by promoting financial inclusion and regional financial integration'. We pursue our core objective of making financial markets work for the poor through two principle programmes. The first is through the creation and analysis of financial services consumer data to provide in depth insights on both served and unserved consumers across the developing world. The second is through systematic financial sector inclusion and deepening programmes to overcome regulatory, supplier and other market level barriers hampering the effective provision of services. Together, these programmes unlock financial inclusion and sector development through a symbiotic relationship between rigorous data collection and research activities. Our work can be found in South Africa, throughout the SADC region and the global arena.

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# OVERVIEW/SUMMARY

## SADC Innovation & Investment Challenge

Leveraging the development of innovative products and services that meet the needs of the underserved market segments to make an impact within the financial sector has been the driving force for the SADC Innovation challenge. Most participants have been developing solutions that address financial and economic inclusion across the SADC region. Digital Diamond, Money Chaps and Phema Agri were this year's winners among the thirty-six applicants. Innovative solutions and ideas thus far have targeted the youth, women and the underserved communities in South Africa, Botswana, Tanzania, Lesotho, Malawi, Mozambique and Zambia, among other SADC countries. The SADC Innovation challenge was facilitated through the masterclass and symposia to advance the underserved's financial (literacy and empowerment) solutions.

The entirely virtually incubation programme took the three winners into an intensive 6-month programme to functional ventures driving innovation in the thematic-focus areas of identity, financial inclusion, health and agribusiness. The programme's initiation phase was successful and saw the onboarding of the four ventures tasked with meeting the mandate for the SADC Innovation Challenge related to financial inclusion, health, agribusiness and Digital Financial Identity.

Financial inclusion is at the heart of the SADC Innovation Challenge. FinMark Trust has been keen on supporting innovation that drives impact and enables marginalised communities to work towards sustainable livelihoods through financial inclusion. This programme was a first of its kind - a strictly online venture incubation programme.

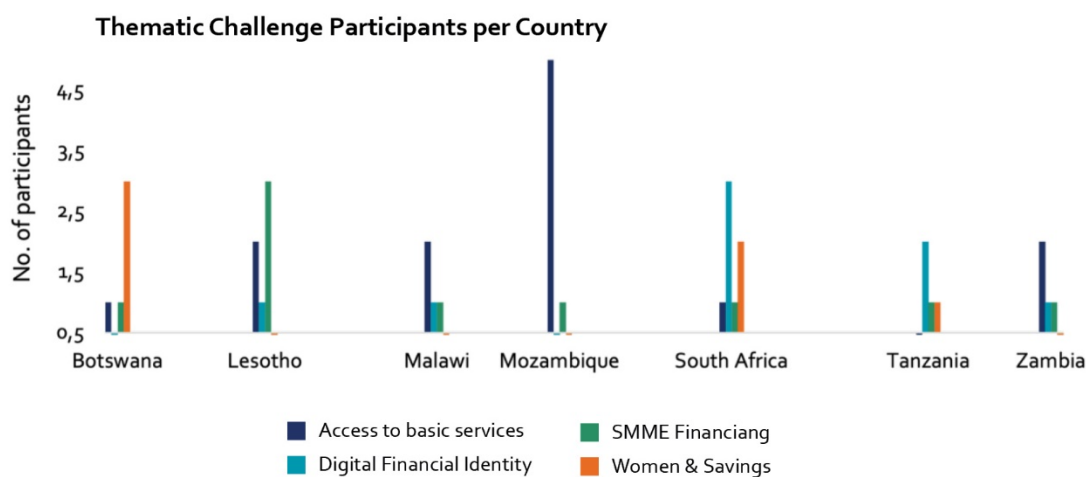
## Scope and Objectives of the Challenge

The objective of the programme was to incubate and support the final 4 SADC Regional winner start-ups - along their journey to market - by accelerating the development and scaling of their product, such that they ensure a quick go-to-market implementation is achieved, with a potential of steady and measurable growth and scalability across identified regions. The journey was broken down into 4 objectives: skills development, networking and collaboration, data-driven decision-making, and financial and economic inclusion. The programme was designed to give direction and structure to the regional start-up winners in their journey in accelerating their development, *Connect & Scale*. Therefore, through the six months of the programme (September 2020-February 2021), the set objective was to create enough exposure and visibility for the ventures to the right circle of corporates, investors and the business community as a whole.

## Overview of the SADC Innovation Challenge

The SADC Innovation Challenge was open for applicants from all SADC countries, beginning August 2020, when the applicants signed to participate. Thirty-six companies across seven countries (South Africa, Tanzania, Botswana, Lesotho, Malawi, Mozambique, and Zambia) participated in the challenge. The challenge then ran from September 2020 through March 2021. Participants competed in one of the thematic areas of Access to services, Digital Financial Identity, SMME Financing and Woman and Savings challenges. Among the thirty-six companies, four ventures finalists from the SADC Innovation Challenge made it through a 6-month programme that would see the ventures develop into operational market businesses and unlock access to investors looking to invest in their venture by the end of the programme. However, one of the ventures dropped along the way.

Figure 1: Summary of Thematic Challenge Participated In



South Africa had the greatest number of applicants, most of them participating in the Digital Financial Identity thematic challenge:

- Mozambique had the greatest number of applicants for the Access to Basic Services thematic challenge, suggesting the need for accelerated accessibility-related solutions in the country.
- The women and savings thematic challenge had the least participants, suggesting that there has been growth over the years in challenges that need addressing in other thematic areas.

Thirty-six (36) individual companies participated in the SADC Innovation challenge, representing seven (7) African countries. FIG 1 summarises the companies/teams from the respective countries. In Botswana, a total of five (5) companies participated in the SADC IC, with three (3) of them having participated in the Women and Savings challenge, one (1) in the Access to Basic Services challenge and one (1) in the SMME financing challenge. Botswana had the most significant number of participants who had undergone the women and savings challenge. Lesotho had the highest number of participants who had experienced the SMME financing challenge, whilst South Africa and Mozambique had the most significant number of participants who had participated in the Digital Financial Identity and Access to Basic Services challenges, respectively. A total of thirteen (13) applicants, representing the highest in the categories of challenges, participated in the Access to Basic Services, and only six (6) participated in the women and savings challenge.

FIG 2 summarises the average perceived value or ranking of each objective in each of the challenges. In the Access to Basic Services challenge, skills development objectives and the identification and surfacing of innovation were highly achieved. Most participants indicated that they benefited more from these by ranking them higher. This suggests that more solutions are likely to be tailored as companies are more equipped with the relevant skills and find more ways to identify innovations that will enable companies to bring about financial solutions around the thematic area of Access to Basic Services.

In the Digital Financial Identity, SMME financing and Women and savings thematic challenges, the objective of identifying and surfacing innovation was highly achieved as it continued to be ranked higher relative to other objectives. This points to the fact that more and more companies across SADC are anxiously looking for ways to come up with financial and economic innovations that will deliver solutions in the digital and financing spaces whilst also increasing savings initiatives for women.

Figure 2: Access to Basic Services vis-à-vis objectives

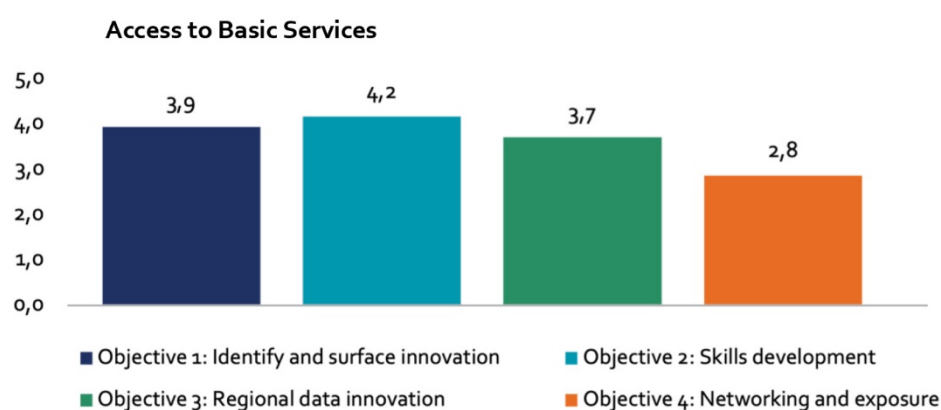


Figure 2 shows that participants indicated that they benefited more from the skills development objective within the Access to Basic Services thematic challenge.

Figure 2 indicates that the skills development objective was achieved for the challenge - and the participants were equipped with the right skills that they sought for

- Participants indicated that networking and exposure had the least benefit from them. This pointed to the fact that participants came looking forward to learning from industry experts more than they anticipated to learn from each other.

Figure 3 indicates that participants in the Digital Financial Identity challenge had the most significant benefit in identifying and surfacing innovation relative (4,5 out of 5) to other benefits they received throughout the challenge.

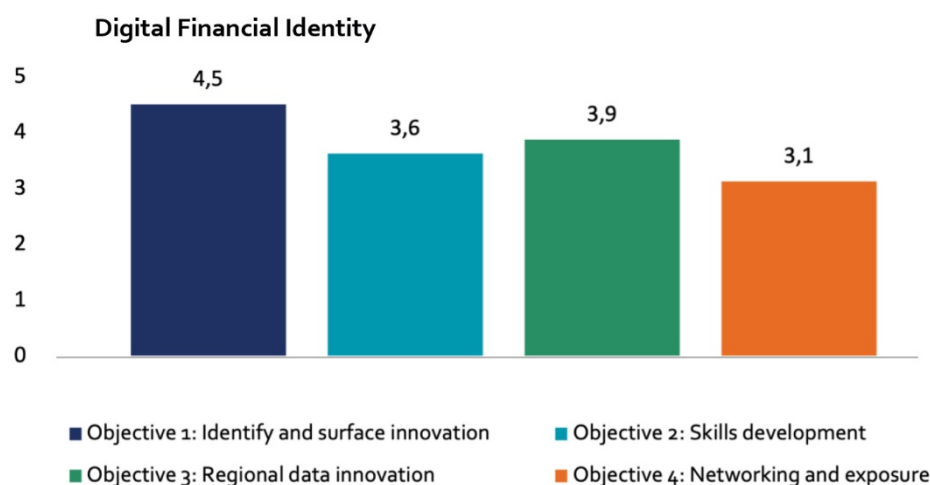


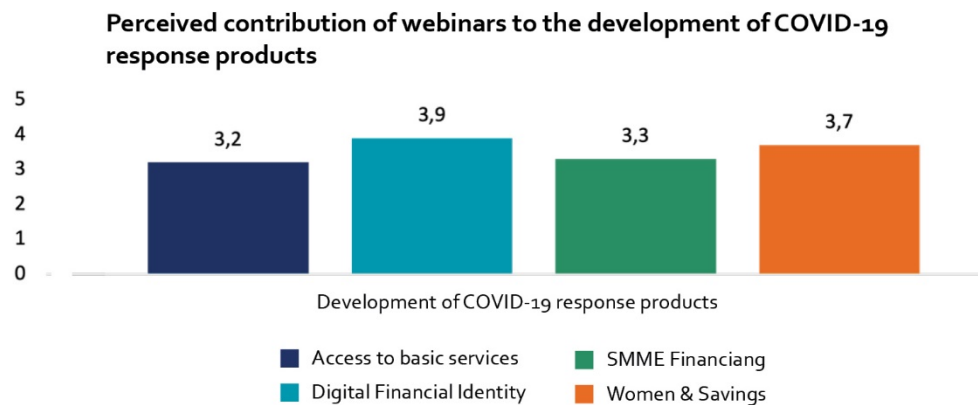
Figure 3: Digital Financial Identity vis-à-vis objectives

Figure 3 indicates:

- As with the participants in the Access to Basic Services challenge, participants also showed that they gained less from networking and exposure (3,1 out of 5) during the challenge.
- Participants received almost equal satisfaction from both regional data innovation and the development of skills throughout the challenge.

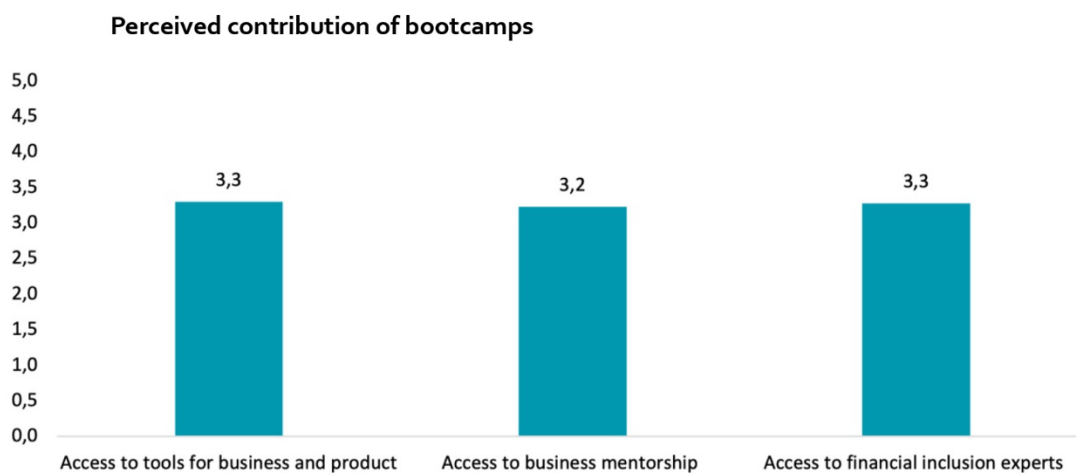
## SADC Innovation challenge and COVID-19 financial and economic responses

One of the objectives of the webinars and boot camps was to leverage technology to develop impactful products and Covid-29 response products. Participants in the Digital Financial Identity webinars found much value in the development of Covid-19 response products. However, attendees of the Access to Basic Services webinar found less value in developing COVID-19 response products. This is because most of the participants had already developed products meant to address various problems encountered within each or some of the SADC countries they operated in. Participants did not necessarily attend the webinars to get participants to leverage ideas on developing new products but to see how the products were already designed to cater to Covid-19.



**Figure 4:** Webinar's perceived contributions to the development of Covid-19 related products

Source: Data from Questionnaire



**Figure 5:** Perceived contribution for participating in the boot camp's

Source: Data from Questionnaire

Figure 5 indicates:

- Participants found almost equal benefits or satisfaction from participating in the boot camps.
- Access to tools for business and product, together with access to financial inclusion experts, scored an average of 3,2 out of 5, whilst access to business mentorship scored 3,2 out of 5.
- Those participants benefited much from the boot camps, and the overall goals of the boot camps were attained.

The perceived benefits of participating in the dedicated slack channel are displayed in Figure 6. The highest rank for the dedicated slack channel was 5, the minimum being 1. The contribution of the slack channel is further clustered as; allowing for engaging with fellow participants, access to guidance from the FMT thematic experts, access to sector experts and a way to contact the organisers. Objectives of the SADC Innovation Challenge are paired with the dedicated slack channel to ascertain the relationship. It is evident from Fig 5 that, on average, the dedicated slack channel contributed evenly among three (3) of the four metrics of measurement, and the participants perceived the dedicated slack channel to have contributed less to allowing for engaging with fellow participants.

**Figure 6:** Dedicated Slack channel's perceived contribution to participants

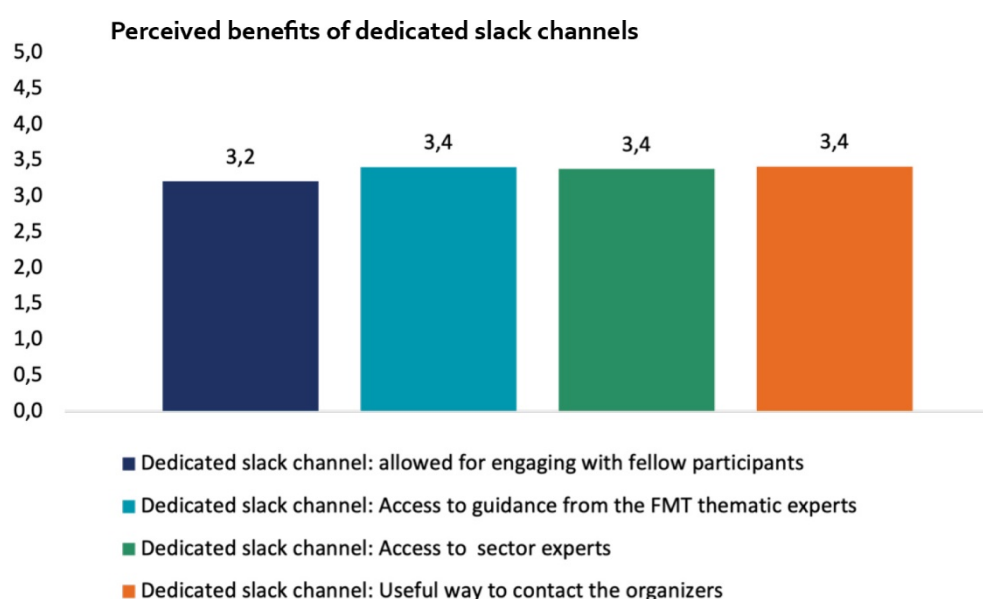


Figure 6 indicates:

The dedicated slack channel was meant for top-down and sideways communication between the organisers and the participants.

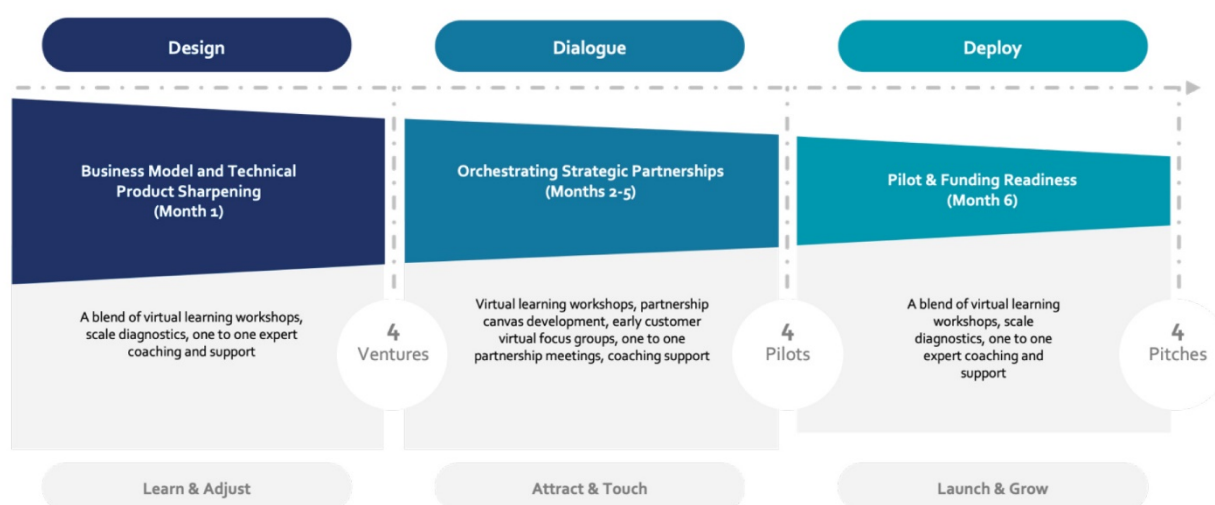
- Access to guidance from the FMT thematic experts, access to sector experts and enabling access to communicate with organisers had the same rating of 3,4 out of 5
- Participants indicated that the dedicated slack channels provided less value in enabling them to engage with other fellow participants, with a ranking of 3,2 out of 5. However, this is consistent with the overall results from data obtained through the questionnaire that participants were not looking forward to learning from each other but the experts

# GUIDING FRAMEWORK

## Programme Specific Areas

Methodology - The output from the design stage was fed into the dialogue stage (stage 2), which enabled HYBR to carefully curate virtual learning workshops, partnership canvass developments to position the ventures to attract and engage with a select group of industry professionals who would meet, assess and advice on critical touchpoints of these ventures. On completing the "deploy" stage of the programme, The ventures produced 3 successfully vetted pitches. Unfortunately, only 3 of the 4 ventures were able to make it. Once the ventures were able to develop strategic partnerships and produce their pilots, they were put through a rigorous 90-day investment readiness session. This session focused on ensuring that the ventures were adequately equipped, designed their pitch decks, participated in test/mock pitch demo leading towards the Virtual Demo Day, where they would be judged and assessed. They all showed an interest in getting investment funds from four investor groups on Demo day by leveraging the programmes' investor webinar sessions and investor review with each venture assigned coach.

Figure 7: HYBR Programme Methodology



Project Evaluation - Each venture incorporated five parameters to assess the performance of each venture's ability to efficiently apply the frameworks and toolkits that position ventures to thrive in the market from an early stage.

### **Self-assessment diagnostics**

- **Relevance and Appropriateness:** took an inward look at the ventures to understand the rationale for the business and their path along their journey.
- **Effectiveness and Efficiencies:** each venture was provided with a scoresheet that pre-launch of the programme and post-programme completion. For the former, once completed, each venture submitted electronically via the HYBR Learning Portal, upon which the team would review and map each venture to their respective stage of the journey.
- **Sustainability:** a continuous exercise that the ventures carried before and after completing the programme to measure the progress made throughout the programme.

### **Guest Symposium**

- **Relevance and Appropriateness:** Enabled for the demystification of issues around running a business and providing expert advice for ventures at different stages of the journey of a venture
- **Effectiveness and Efficiencies:** opened the ventures into the mindset of successful owners and masters of industries such that the ventures were able to understand the rationale behind certain business decisions. Also, the guests on the programme provided unique tools that helped the ventures align their businesses to frameworks that enabled them to execute effectively across the spectrum.
- **Sustainability:** this helped the ventures engage in critical thinking and analysis of their business model, brand and customers. The sustainability of these exercises partly depended on the commitment levels of the ventures for the various mentoring and 1-on-1 sessions run with the guests.

### **POEM assessment**

- **Relevance and Appropriateness:** helped ventures tie in the critical components of a business with its overall objectives & milestones as it related to a venture's ability to get funding
- **Effectiveness and Efficiencies:** use of a start-ups scorecard post the one-on-one sessions via the HYBR Masterclass workshops allowed for identifying the 'low hanging fruits that are hindrances to the ventures ability to position itself for funding and market readiness
- **Sustainability:** kept the founder and teams constantly on edge to ensure that they are not dropping the ball or losing focus on the objectives of the business. Ventures were constantly evaluating propositions to their customers, providing you they had the proper revenue streams that would enable them as a business to meet their milestones.

### **10X mindset**

- **Relevance and Appropriateness:** used to help the ventures set up reliable, functional business operations over a 13-week duration with weekly objectives. One of the results of these sessions was the

setup of venture advisory boards capable of providing advice and guidance on the business operations, roadmap and approach.

- **Effectiveness and Efficiencies:** The more successful the ventures were in implementing the framework, the more opportunities & access to high-quality resources they had, enabling them to rip the benefits of their ROIs.
- **Sustainability:** a continuous process that creates a constant learning feedback loop and accelerates the venture's progress. This made for a very energetic and motivated team to deliver on their goals & defined objectives.

### ***90 Day Action Plan***

- **Relevance and Appropriateness:** template was designed to assist the ventures in mapping out their operational rollout plan based on six core areas (Finance, Legal, Marketing, Operations, People and Strategy) of the ventures.
- **Effectiveness and Efficiencies:** By identifying the critical tasks to be carried out and the expected outcomes, the ventures were able to prioritise what work needs to be done first (according to the priority levels) by setting deadlines for each identified task (start date and end date) and assigning team members who would be responsible for delivering the tasks on time
- **Sustainability:** This planning framework was designed to ensure the 90-day plan was broken down into three separate 30-day windows, allowing for a much more effective way for the ventures to manage their tasks in smaller clusters. The planning framework enabled the process to be easily replicated depending on the duration of the programme to improve monitoring and tracking of activities with each of the ventures.

# EXECUTION AND RUN THROUGH

## Implementation Approach

Focused on laying out the key concepts we needed to take the ventures through, the amount of time required for the expected transition date for the next stage on the journey

## Project Execution and management

The execution plan followed standard operating procedures of scope definition, goal setting, quality specification, technical specification, resource allocation, project scheduling and communications plan.

**Table 1:** Design phase-emphasis on the dialogue and development phase

<b>Phase 1 - Design: Product and Venture building</b> <ul style="list-style-type: none"><li>• An inception report was produced to communicate the programme, curriculum, expected outcomes.</li><li>• The report was followed by an introductory email to the ventures (coping with the client), welcomed them into the programme and set the tone for the next series of actions.</li><li>• A zoom meeting was conducted for rules of engagement for the session, and refreshers on key concepts around venture design, business model canvas, value proposition, design thinking and investment readiness were done.</li><li>• A review of the accelerator journey then followed this. POEM Self-assessment survey was issued to the ventures (See reference for more information) prior to the start of the 12- week Coaching &amp; Mentoring Sessions which began on the 17th of September 2020.</li></ul>	<b>Phase 2 - Dialogue: Corporate and Strategic Partnerships</b> <ul style="list-style-type: none"><li>• Ventures had mock boardroom corporate engagement, and partners (Skywalk Innovations) conducted a series of one-on-one technical analyses between the 3rd of December to the 22nd of December 2020 with each of the ventures to provide a detailed analysis of the ventures' midway into the programme.</li><li>• Ventures were also provided with weekly newsletters and support reading materials to help the ventures maintain focus till the 4th of January 2021, when the programme resumed for deployment phase 3.</li></ul>
<b>Phase 3 - Deploy: Investment Readiness and Demo Day</b> <ul style="list-style-type: none"><li>• Programme activities resumed on the 4th of January 2021, which triggered the start of the two-day Bootcamp 3 (the 11th of January 2021). It kicked off with a series of recap sessions with the ventures based on what had been covered during the 1st half of the programme. This was followed by an overview of the current path the ventures were on and the expected outcome the ventures should look out for. After that, ventures prepared for investment readiness related to financial forecasting. Following this was a 90 minutes session on how to develop distinctive messages and deliver them with conviction. This was an interactive Zoom session with the ventures in which she helped each venture build the skills needed to deliver high-quality pitch decks.</li></ul>	

- On the 21st of January 2021, the ventures submitted their teaser videos. The next step was to get the ventures up for one-on-one workshop sessions between 9th -19th February 2021 with Lebo Mokgabudi and Mandla Mapondera to prepare each venture for investment readiness in anticipation of the demo day and ensure that all ventures were equipped for the day. During the session, the ventures and their marketing teams were taken through an understanding of the media landscape in Africa so that they can be prepared to navigate brand storytelling as young businesses.
- The Corporate day saw a total of 24 confirmed invitees across different players in the financial sectors. All 24 invitees were allocated breakout rooms for each of the ventures represented (an average of 6 per venture). This gave the ventures a chance to engage with the likes of ABSA, NEDBANK, AfDB and other renowned businesses in the SADC region and establish possible corporate interests to support the ventures in an advisory capacity and further sharpen the venture's knowledge and insights into their respective spaces leading to the demo day.

A final review of pitch decks was done. These were uploaded into the flock streaming application before the Demo day briefing was held on the 11th of January. The Video Teaser content was recorded and submitted for production before payment for the demo day app was made.

## Evaluation Findings

Programme agility and adaptability required considerable time from the ventures to adapt to the pace, programme procedures, and processes. Some of the ventures were not used to this method as the norm was a physical onsite setting.

Understanding start-up journey ventures was not knowledgeable enough to identify what stage of the start-up journey they were on. The POEM assessment masterclass helped the ventures gain the needed clarity and adjustments.

Revenue Stream Focus Phema Agri had to redesign its business model to focus on the product that would make the most revenue. It was reiterated in the one-on-one coaching and mock boardroom sessions where the virtual board members provided strategic advice in this regard.

**Table 2:** Challenges and Successes faced by the Ventures

	Successes	Challenges
<b>Digital Diamond</b>	<ul style="list-style-type: none"> <li>• Piloting with Stanbic Botswana.</li> <li>• Closed a deal worth \$28 000 with a live customer.</li> <li>• Working towards framing a partnership model that matches real-world scenarios.</li> <li>• Recruited an inn-house lead developer for the next phase of expansion.</li> </ul>	<ul style="list-style-type: none"> <li>• Using the same resources to manage two (2) operational businesses simultaneously.</li> <li>• Test pricing model with a single-use case pilot.</li> </ul>
<b>Phema Agri</b>	<ul style="list-style-type: none"> <li>• Successfully revised business model to leverage on other revenue-driven value-added services the venture offers its customers.</li> <li>• Secured seed capital of \$50 000 through GoGettaz Agri Pitch competition.</li> <li>• Secured partnership with over 20 retail outlets.</li> <li>• They partnered with a financial institution that's helping them scale their model.</li> </ul>	<ul style="list-style-type: none"> <li>• Participated in multiple programmes and battled with capacity.</li> <li>• Need to focus on testing new business model with customers.</li> <li>• Need to implement programme lessons actively.</li> </ul>
<b>Money Chaps</b>	<ul style="list-style-type: none"> <li>• MoneyChaps successfully hired an in-house lead developer for venture expansion.</li> <li>• Changed App development strategy from an outsourced model to an in-house development model.</li> <li>• MoneyChaps was able to secure an experienced thought leader on the advisory board.</li> <li>• MoneyChaps secured the trading licensing needed to operate in the financial sector from the Botswana Financial Regulatory Authority.</li> </ul>	<ul style="list-style-type: none"> <li>• Juggling paid employment with venture.</li> <li>• Experienced difficulty at the early stage to meet the deliverables (stretched out on human capacity).</li> </ul>

Source: FinMark Trust Author's own

## Stakeholder Satisfaction

Sector Knowledge & Experience - the technical sessions with the ventures showed that the founders have an excellent high understanding of their industries.

Problem and research validation - despite the ventures having a high-level understanding, some gaps required further research into validating the problems. Some ventures needed to pivot to create the right product-market fit.

## Investment Readiness

Over the duration of the past 172 days of the programme and over the 3 phases of implementation, the key measurement of success for the venture was investment readiness (and the ability of the ventures to be "investible").

### *Digital Diamond*

They built up partnerships with legal/compliance firms to add credibility when speaking to potential clients, which translated to the ability to review & assess their product(s). In addition, they were able to develop a roadmap for their product post rollout. They decided to invest three months of development time from their core business to get the MVP ready for the opportunity at hand. Ultimately, they managed to focus a lot more on the compliance/regulation aspect of their business.

### *Money-chaps*

MoneyChaps were able to be advised on narrowing down their focus to a single customer segment. They were also advised to implement a beachhead market focus by providing credit to employed workers within reputable companies. In addition to this, they managed to focus on the smaller businesses segment, helping them with digital tools and effective ways to manage and grow their money. They were provided with a Start-up guide on what things to look out for when building a technology business. What was more interesting was that they were in the stage of testing their MVP and launching their product in the coming weeks.

### *Phema Agri*

Made strides in innovating on their business model and building customer traction, though they did not fully define their development roadmap for the next phase of their minimum viable product. PhemaAgri managed to have a compliance/legal person to assist with registration with the Financial Service Board in Tanzania and to plan on onboarding this key individual to raise capital. The programme enabled them to be the early entrants in the market in Tanzania and have a first-mover advantage. Existing platforms such as Kula were growing rapidly across the African continent.

## Investment Tracking

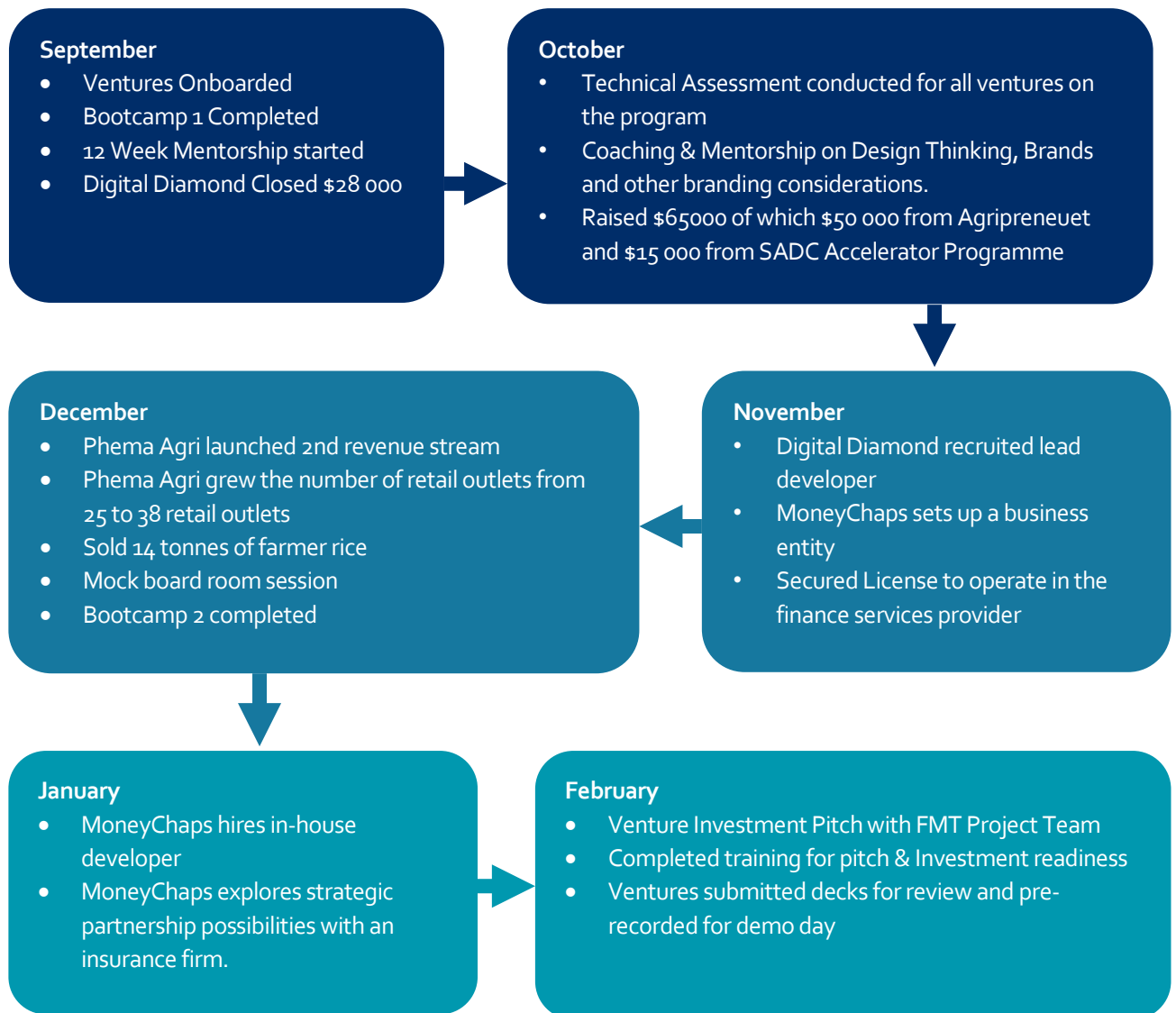
Following the 25th of February Virtual Demo Day, interest in the top 3 ventures was received from the following organisations:

- Digital Diamond: Proparco, Botswana Angels Network
- MoneyChaps: Botswana Angels Network (also received an invitation to pitch to an Oxford MBA Alumni Network)
- Phema Agri: Enygma Ventures, Future Africa Capital

# STANDALONE

## Incubation Impact Journey

Figure 8: A Timeline of the Impact Journey



Source: FinMark Trust Author's own

## Conclusion

The SADC Innovation challenge saw thirty-six participants applying in August of 2020. Over the past 6 months, the three ventures that won the challenge have gone through rigorous training, mentorship and masterclass sessions to bring them closer to fully functioning businesses. The SADC IC's objectives were all met. These ventures were able to make the necessary adjustments reflected in the significant development and maturity in the engagement, participation and execution levels. As the ventures progressed and stepped closer to the end of the programme, the confidence and quality of pitches, question and answer sessions improved tremendously, leading investors to take an interest in the quality and process each venture had brought to the table during the demo day. This opened the path for investment/funding for all three ventures (all of which we are awaiting confirmation of investments soon). The SADC Innovation challenge was, to this end, a vehicle to facilitate the incubation of ventures until they were business ready and thus offering solutions to the challenges bedevilling SADC at this present moment. Realising the value of the SADC Innovation challenge required collaboration with various stakeholders for implementation that was appropriate to all ventures that participated in the challenge.



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