

Category

Best Incubator, Accelerator, Equity

Program/Fund Name

Incubating Healthcare Startups in Africa

Corporate Name

Villgro Africa

Date Of Creation

2015-01-01

Indications (if applicable)

NA

Therapeutic Categories (if applicable)

NA

History of the development of the fund / Incubators

Villgro Africa is a franchise of the Villgro Innovations Foundations, a leading impact incubator that has been working in the areas of healthcare, agriculture and climate action in India since 2001. In 2015, we partnered with VIF to establish Villgro Kenya in Nairobi, Kenya with a singular focus on the health and life sciences sector. By 2018 Villgro Kenya was operating in Uganda and Ethiopia, thus necessitating the rebranding to Villgro Africa in 2020 by which time 50% of the portfolio companies were located in the region. Today, Villgro Africa is a leading health sector incubator having directly supported over 50 startups within East Africa, and over 50 startups in 20 countries across the continent through partnerships and sponsored acceleration programs. In addition, we have recently launched a USD 5M pilot fund - the Jaza Rift Venture fund to bridge the \$100k - \$2M gap (missing middle) where startups lack funding sources to meet their more advanced product development, IP and regulatory needs. As we scale up and out of East Africa, we are also leveraging our sectoral expertise and regional experience to scale deeper in the East Africa Community economic bloc to develop a medtech (biomedical engineering) industrial cluster in Dar-es-Salaam, Tanzania in partnership with the Ifakara Health Institute. We are also building a consortium to establish a biotech (biologicals) industrial cluster in Nairobi, Kenya that serves as a regional biotechnology and pharmaceutical manufacturing hub.

Focus

Over the last 8 years Villgro Africa has supported over 50 healthcare startups in East Africa. These have gone on to raise 20 million dollars in follow on funding and impacted about 2 million lives. At the same time, Villgro Africa embarked on a pan-Africa expansion journey in 2021 training and sharing its incubation model with 12 incubators across 5 countries in Africa. This past year has seen a demand for Villgro Africa's acceleration-as-a-service model with off takers like BCG/AUDA NEPAD, Johnson & Johnson Foundation, AI4D (IDRC & SIDA) and most recently Boehringer Ingelheim willing to sub-contract Villgro Africa to run their accelerator programs. These large healthcare corporates and

institutions see Villgro Africa's domain expertise coupled with a proven track record in the region as a unique proposition. We therefore strongly believe that Villgro Africa is well positioned in mobilizing startup capital and technical assistance to where its most needed to in order to transform 30 million lives in Africa by 2030. In addition to the current incubation program, Villgro Africa plans to launch a Biotech Innovation Hub which will be approx. \$6 million investment over 5 years that seeks to create shared value by leveraging East Africa's genetic diversity to accelerate the development of drugs, vaccines and diagnostics for the control and elimination of poverty related diseases, rare diseases and cancer. Poverty related diseases (PRDs) are diseases that predominantly afflict low income and marginalized populations and are therefore neglected by the biopharmaceutical industry because they lack the commercial incentive for investing in the product development. Building capacity for local innovative pharmaceutical industry development is therefore a necessary investment for ensuring Africa's drug security. This will be positioned to serve entrepreneurial scientists who are keen to seek alternative commercialization pathways outside academia.

How do you address your portfolio needs

We deploy a rigorous and context specific selection process allows us to back suitable implementing partners (portfolio companies) on behalf of our funders. 2. Technical Assistance - We offer hands-on customized technical assistance to our investees. We bolster their internal capacity by embedding our portfolio managers for up to 3 years. 3. SEED Capital – We offer full stack funding (grants, equity and quasi-equity) to Villgro Africa portfolio companies and apply our de-risking mechanism and investment readiness support to help unlock follow on funding. Our ticket sizes range from \$20,000 to \$100,000. 4. Thematic Calls – Occasionally, we identify priority areas and put a targeted call for innovations and manage the portfolio over the next 2-3 years. Good example is the recent call for AI innovations in Africa in partnership with AI4D funded by IDRC/SIDA which received over 200 applications across 33 countries in Africa. 5. Ecosystem Building – We believe that healthcare startups cant operate in a silo due to the highly regulated nature of healthcare. We interlink with Academia, Government, Private Sector and Corporates to collaborate on Go-to-Market partnerships that allow Healthcare innovations/SMEs/Startups to thrive. 6. Market Entry Support– We support Global Health Innovators that want to enter any new market in East Africa by doing market entry research and advising them on go to market strategy,.

Impact / metrics to measure success

We bench mark success based on the following compared to ecosystem standards. 1. Total # of startups supported 2. Number of diagnostic panels/ advisory panels convened 3. Number of monthly portfolio reviews (where monthly startup performance (revenues) and impact numbers are tracked) 4. % of company level risk score reduction (qualitative assessment and quantitative analysis of risk reduction month on month) 5. Number of startups selected for seed funding each year 6. Amount of seed funding committed to our portfolio companies 7. Amount of seed funding disbursed to our portfolio companies 8. Number of full time jobs created by startups 9. Total incremental revenue of social enterprises (cumulative) 10. Number of enterprises with revenues > \$10,000 11. Number of enterprises with revenues > \$100,000 12. Number of Thriving companies (have 12 months runway or 50% year-on-year revenue growth) 12. Number of Surviving companies (have 10% year-on-year revenue growth or 1-12 month runway) 13. Number of Failing companies have <1 month runway 14. Number of BoP Customers (low income earners) served as % of total at portfolio level 15. Average % increase of end beneficiaries per startup 16. Number of of startups that unlock follow-on private capital 17. Amount of funding leverage of Villgro capital deployed (follow on funding raised since Villgro's investment into startups) 18. Number of Startups that raise < \$100,000 19. Number of Startups that raise

\$100,000-\$1,000,000 20. Number of Startups that raise > \$ 1,000,000 21. Amount in funds committed for incubator operations from grants (cumulative) 22. maximum % of income from individual philanthropic sources 23. Number of significant multi-year funders to the incubator 24. Amount of funds raised per year by the incubator from advisory fees 25. Amount returned capital (financial exits) 26. Number of seminars/symposia facilitated by the incubator 27. The % response rate of enterprises/startups reporting business performance data

Why your model is innovative, and/or how it will improve the human condition?

Africa's health security remains precarious due to her low purchasing power vis a vis a patent-based biopharma business model that is de-incentized in regards to addressing Africa's health needs. Consequently, Africa's 1.4B population makes up a meagre 4% of the global pharma market and 3% of the global medtech market, which is reflected in the region's disproportionate 25% of the global disease burden and low life expectancy. To address this, our incubation offering is driven by frugal engineering/innovation and social enterprise principles to develop high quality but cost effective solutions. We believe this offers the best strategy to addressing the market's failure to meet Africa's health needs, and we collaborate with innovation funds and impact investors to support home-grown solutions for Africa's health systems, in addition to solutions with global market appeal (reverse innovation).

Moreover, our incubation model is designed with invention-based startups in mind that are developing tangible/hardware health technologies. This requires we place a premium on know-how whereby we walk the journey with innovators through a systematic "learning by doing" approach to de-risking the technology, business model, organizational development strategy and the overall investment case. The Villgro incubation program consists of the following features, customized for each startup and implemented over 1 to 3 years:

1. Funding - up to \$100,000
2. Mentorship hours - 2 to 4 hours per month
3. Portfolio Managers - 4 startups per each portfolio manager
4. Technical assistance sourced from in-house expertise (80%) and partner vendors (20%)
5. Go to Market partnerships
6. Regulatory advice especially around QMS and market approval
7. Communications support
8. Trainings, bootcamps and masterclasses.

See attached "About Villgro Africa" deck that has team profiles and our support services.

Please provide appropriate references (Examples / Case Study)

We use blended funding (grants + equity). Starting some companies with grants and later on take equity.

Our combined portfolio companies have raised over \$22 million dollars to date representing almost 11X leverage to the SEED funding deployed by Villgro Africa. Happy to share more.

The link to examples of our portfolio companies can be accessed here >> <https://villgroafrica.org/innovators/innovator-spotlights/> Happy to share a pdf on email due to size limit.

