

OVO's impact in its African focus countries: A Short Study

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Structure and approach

Since 2018, OVO has organised a business-to-business program called Sustainable Technology for Africa (SusTech4Africa), in which start-ups in Africa are supported by voluntary efforts and investments by Belgian or Dutch entrepreneurs. The program includes a 'boost camp' (intensive training on business plans, promotion and financing), a coaching period and, provided the grant conditions are met, the possibility of obtaining a loan. To date, approximately 200 projects have been coached in Uganda, Rwanda, Benin or Senegal, and about 60 projects received a loan.

Now that the program has been running for 5 years, the Board of Directors of OVO considered it appropriate to gain an understanding of the impact it has had on the local stakeholders involved. Given the limited financial resources of OVO, some volunteers were asked to conduct a survey of a limited selection of initiatives in Africa supported by Belgian entrepreneurs.

Given the objectives and ambition of this exercise, it was decided to use an approach that is inspired by the methodology of **outcome harvesting**¹. For this purpose, a list was compiled of projects that could be questioned. No statistical representativeness was sought in the compilation of this list, given the limited numbers and unique nature of each project. Rather, the selection was intended to reflect the diversity of initiatives, approaches and growth prospects.

The data were collected through interviews, mainly with the local managers. An interview guide and a reporting format were prepared prior to the interviews, which were submitted for assessment to a number of NGOs with which OVO collaborates. In addition, the interviewers received brief guidelines. Originally, the plan was to apply triangulation for each project, i.e. in addition to the respondent, a second person involved would also be interviewed for a validity and reliability check. In practice, however, this proved difficult to achieve in most cases. Ultimately, 11 cases were selected, spread over the four countries where OVO operates: 5 in Uganda, 1 in Rwanda, 3 in Senegal and 2 in Benin. A total of 14 people were interviewed. The data collection took place during the second half of 2023.

Overview of the cases

Of the 11 projects, 5 are in agriculture or livestock farming, 3 in the craft sector and 3 in the services sector. A loan was granted to 7 projects, ranging between €5,000 and €50,000, with a planned repayment period of 3 years at an annual interest rate of 7% (which is significantly below the local market price). Of those 7, the repayment is on schedule for 4 of them; delays occur in the other 3.

¹ <https://www.civilsocietyacademy.org/post/outcome-harvesting-a-monitoring-evaluation-method-for-social-accountability-and-advocacy> "Outcome harvesting is a monitoring and evaluation (M&E) method that allows us to retrospectively determine changes achieved and the project's or initiative's contribution to these. This method helps the users identify the relevant changes ("outcomes") that took place, collect ("harvest") evidence of the changes, and then, working backwards, determine whether and how the intervention has contributed to these changes. In this sense, it differs from traditional monitoring and evaluation methods, which measure progress toward predetermined objectives." (Tereza Kaplan)

In Benin Ento-Agro and A2D service were selected. **Ento-Agro** produces flour from larvae originating from organic waste. This flour is, in comparison with imported flour, richer in proteins, cheaper and, as a circular economy, better for the environment. It is intended for fish and poultry farming. The company is on a growth path and used OVO's loan to purchase machinery. **A2D service** produces orthopedically designed knee and foot prostheses from local raw materials. The aim is to offer customers an affordable and high-quality product, for which there is a demand. With a possible loan (necessary in January 2024) the company can purchase a 3D printer to increase and improve production.

In Senegal, it concerns 3 rural projects: Couve-Tech, Récoltes Vertes Ventures² and Lysa & Co. **Couve-Tech** produces for the local market of livestock farmers breeding pens from local raw materials based on solar energy. The loan aimed to purchase solar panels. The project decided on its own initiative to return the loan so other African entrepreneurs could benefit from this money. **Récoltes Vertes Ventures** grows rice and vegetables for the local market and used OVO's loan for irrigation equipment. **Lysa & Co** is a large peanut plantation, founded in 1988, which focuses both on local and international markets. The company is currently transitioning from an informal to a formal economy. The aim of the loan is product diversification (also offering cereal bars and cookies for the local market). Although the repayment of the loan is on schedule, this investment was postponed due to the illness of the managing director.

In Rwanda, Xanaahealth was the selected project. **Xanaahealth** creates software and web applications for the management of customer data in hospitals and insurance companies. No loan was requested as the company depends on subsidized bodies and is not on a growth path.

Among the Ugandan projects in this study, 2 did not request or obtain a loan: Teso Farmers en Deploy. The other 3 did receive a loan: SSEAL Uganda, Trautback Energy and My Guardian. **Teso Farmers** stores and cleans grains and delivers grain to local farmers. The company is still in the start-up phase and considers it, due to its modest turnover, too early to get a loan. The same reasoning was followed by **Deploy**, a small business producing shoe brushes made from locally available material (e.g. cow tails it purchases at a nominal amount at abattoirs). Deploy consists of a managing director and 10 women who work from home and are paid by the piece. They deliver to local shops. **SSEAL Uganda** grows soybeans and works on enhancing soybean varieties. The harvested soy is distributed among a large network of more than 5000 local farmers. OVO's loan was for marketing and upscaling but due to the recent drought and failed harvests, the repayment has been temporarily discontinued. **Trautback Energy** specialises in the training of certain target groups (a.o. refugee camps) in the use of briquettes as an alternative energy source for preparing meals. An important side effect was that it helped prevent illegal logging in nearby forests. However, Trautback Energy was and is indirectly very donor- and subsidy-dependent. Currently, the activities are on hold and the repayment of OVO's loan (for the purchase of a briquette machine) has been postponed. **My Guardian** offers assistance insurance to Ugandans who work as migrant workers in Saudi Arabia. The assistance must ensure that the insured persons are paid correctly and on time, that help is being offered in case of an illness or accident and that they can at any time return to Uganda. For the time being the company works on a small scale, with a minimum of

² This is an alias. At the request of the company the real name is not published.

investments (mainly telephone communication). With the recent loan from OVO, the rent of a modest office in Saudi Arabia is being paid.

This overview shows that OVO operates in a contingent environment where not every initiative leads to success. Three partners hesitated, out of caution, to get a loan. Two others experienced repayment problems due to economic setbacks. The remaining six however appear to be successful entrepreneurs. The granted loans are used to invest and, in doing so, stabilize or increase the turnover.

The impact of initiatives supported by OVO

In this passage, we examine the impact of the supported project, not of the support itself. OVO's support is meant as a little boost, but the merit of the success of the projects themselves and what they mean for others is completely due to the initiators.

The first and obvious form of impact is situated in the livelihood and (increased) **standard of living of the entrepreneur concerned** and his/her family. In most cases, this was explicitly or implicitly stated. Because this is an important driver for doing business itself, and because success stories are usually contagious, this form of impact should not be underestimated.

Secondly, **employment** is ensured and therefore livelihoods for employees and freelance workers. 10 projects were created together in total (considering Trautbuck Energy is currently on hold and doesn't employ anyone) 114 permanent jobs. This excludes interns and seasonal workers as their number varies every year and they're only temporarily employed, but they represent in total another 30 people. All in all, we note an employment effect of **approximately 150 people**. Working conditions and circumstances are being monitored to ensure they meet the minimum standards of decent work, but there is no prospect of additional forms of social protection. The income of both the entrepreneur and the employees not only means livelihoods for the families involved but also implies a **multiplier effect** towards the community due to their purchasing behaviour.

Of course, the projects also have an economic impact because their products or services meet a **social demand**, often in areas where consumers cannot go elsewhere. In the cases of the breeding pens of Couve-Tech, the assistance to migrant workers of My Guardian, and the patient software of Xanaahealth we're talking about unique providers who **innovate the market**. At Lysa & Co we note a growth towards the formal sector and anchoring in a stable market that allows product diversification. The larvae flour of Ento-Agro, the prostheses of A2D service and the shoe brushes of Deploy are rather product innovations: the work using locally available materials ensures not only high-quality but also **affordable products** which therefore do not have to be imported from abroad. Sometimes it's not so much about innovation but stabilization: in the cases of SSEAL Uganda and Teso Farmers farming communities are being served that must be able to count on reliable supplies to make their activity more sustainable.

Another important impact area is the **eco- and climate-friendliness** of the production and the consumer-offered products. Projects such as Ento-Agro and Deploy fall in the category of **circular economy** because of the use of larvae from bio-waste and cow tails from abattoirs respectively. A2D (prostheses), Couve-Tech (breeding pens), Récoltes Vertes Ventures

(agricultural products) and SSEAL Uganda too explicitly opt to work with **local raw materials**, as a result of which prices remain affordable for the consumers and no import-related costs (a.o. transport) needs to be charged. By offering briquettes, Trautbuck Energy had an explicitly ecological objective, in particular **preventing logging** and the use of charcoal as an energy source. Couve-Tech uses **solar energy** for its breeding pens. At Lysa & Co the ovens do burn on wood but are now energy-efficient.

We also see an impact in the strengthening of the **economic position of women**. From the 114 permanent jobs created in all 11 projects, 56 – so nearly half of the jobs - went to women. For a significant part, this is due to Lysa & Co (peanuts), where 23 of the 30 employees and also the managing director are women. Deploy works exclusively with women who, thanks to homework, can combine their household chores with the production of shoe brushes. At a certain number of agricultural companies (SSEAL Uganda, Teso Farmers, Récoltes Vertes Ventures) it is acknowledged that women only perform administrative tasks as the production and distribution work is not always safe for women.

What does OVO mean for the projects?

What OVO means for small start-ups, we can better describe in terms of contribution (contribution to impact) than attribution (impact attributes to). Through an intensive (normally residential) boostcamp and personal coaching, OVO offers selected projects **know-how** on how to run a business and, if feasible, a small **loan** from interested Belgian or Dutch entrepreneurs in OVO's network. The meaning of which we can interpret in terms of capital: **financial capital, human capital, and social capital**.

The loan (€5.000 to €50.000) is not of the order that one can create a business from scratch. In most cases, these are projects that have started and can, thanks to an **extra investment**, scale up or improve their quality. The investment often takes on the form of production-oriented machinery (as is the case for Ento-Agro, A2D, Récoltes Vertes Ventures, Lysa & Co, Trautbuck Energy), energy supply (solar panels as is the case for Couve-Tech), or infrastructure (office rental as is the case for My Guardian). We see that in the cases where no loan was taken (Xanaahealth, Teso Framers, Deploy) the companies did not have a concrete investment in mind. Often it was the managing director him/herself who, during or after the boostcamp, concluded that taking out a loan at that particular stage in the life of the company would rather be a millstone than a leverage. We see that in four of the eight cases where a loan was granted, the repayment goes smoothly or is already completed. In two cases there is a delay and a flexible solution is sought to get the repayments back on track. The remaining two cases are more problematic. The project SSEAL Uganda faced bad harvests due to continuous drought and hopes for better climatic conditions in the near future. At Trautback Energy the problems were apparently due to a too great dependence on (in the meantime ceased) sources of income. The underlying problem seems to be a lack of experience in running a business.

This shows that the material support (loan) cannot be separated from the important intangible support (boost camp and coaching) that precedes or guides the loan period. Just about all the interlocutors surveyed praised the **knowledge input** gained from OVO and the insights it has led to in terms of market position, growth potential and pace, and financial management. As mentioned above, some managing directors realized that they were currently unable to afford

a repayable loan given their level of turnover and operating results. Communication skills, such as for promotion, looking for promotional channels and pitching a project, were often mentioned as an added value from the boost camp and guidance/counselling.

Last but not least, the support of OVO has an impact in terms of social capital, in particular **building a network**. Not only agricultural businesses in rural areas (Teso Farmers, SSEAL Uganda) but also innovative producers and service providers (A2D, My Guardian) saw this as an important aspect to which OVO has contributed, either by suggesting itself contacts or by improving the managing director's interpersonal skills. Examples of developing contacts in which OVO played a direct or indirect role are the NGO Energie Pour Impact (Couve-Tech), US Aid (Récoltes Vertes Ventures), HPO and Legs For Africa (A2D), BNP, Westerwelle, Ugandan Government (Xanaahealth), Einstein Rising (Teso Farmers), Ugandan Ministry of Science, Mastercard Foundation (Deploy).

The interlocutor's appreciation for OVO does not mean that they see no **points for improvement**. Some believe that the boost camps are too generic and that the range of participants is too wide to provide tailor-made insights for their company. A more frequently cited comment is that although the coaching is very useful, it should run for a much longer period of time. In addition, the contact moments are too occasional and too distant (via video conference). Given the complexity of some problems, it is expected that a coach should be able to be called up at any time and that at least some contacts would also take the form of a visit on-site.

Conclusion

The latter remark, about bringing more continuity and intensity into the guidance/counselling, deserves due attention. It is in the culture of many African organizations to develop a business contact into a sustainable personal bond that does not die out and is not limited to communication at regular intervals. Furthermore, the way in which OVO and most projects initially found each other seems to be the mere consequence of coincidences. Nevertheless, there are also examples of other organizations (Einstein Rising, Woord en Daad, ...) that point out to promising African entrepreneurs the opportunity to knock on OVO's door for support.

This indicates that OVO can focus even more on networking with organizations that can direct entrepreneurs to them. In addition, the survey shows that helping to build a network for the selected entrepreneurs can be a major added value of the guidance/counselling.

This does not alter the fact that the cases included in this overview show how OVO plays a unique role in its own modest way with regard to entrepreneurship in Africa that few organizations dare to take on. Emergency aid or a charitable approach is not chosen. Nor is the easy way to support projects that are already at cruising speed, partly by other donors.

OVO focuses on companies with a clear goal, with potential, not only where favourable conditions arise, but where essential knowledge about business operations must also be acquired. The examples cited show how to generate a significant impact from which entire communities take advantage.

Endnote

This Impact study was carried out by Impact Expert Ignace Pollet, with the valuable support of OVO volunteers who were responsible for conducting the interviews and other essential contributions. The commitment and cooperation of the external expert and the OVO volunteers have contributed to the success and depth of this evaluation. We would like to thank all of them for their dedication and commitment to mapping out the impact of OVO in its African focus countries.