



PARTNERING TO ACCELERATE ENTREPRENEURSHIP

VILLGRO KENYA: CATALYZING HEALTH INNOVATIONS

Through the **Partnering to Accelerate Entrepreneurship (PACE) Initiative**, USAID's U.S. Global Development Lab aims to catalyze private sector investment into early-stage enterprises by identifying and testing innovative models or approaches that help entrepreneurs bridge the pioneer gap—thus unlocking the potential of thousands of promising enterprises around the world.

THE CHALLENGE

Kenya has a highly advanced medical research and development sector, hosting world-class organizations that are well connected to regional and global networks. Yet, despite having such a deep pool of talent, Kenyan health start-ups struggle to make the jump from the lab to profitability, due to a lack of a strong sector-focused innovation ecosystem, limited academic-private sector linkages, a lack of available seed funding, and struggles in attracting managerial talent.

Villgro Kenya (VK) is an early-stage incubator that aims to address the challenges that healthcare and life science start-ups face. Founded in 2015, VK is replicating the Villgro Innovations Foundation (VIF) incubation model—which has 15 years of success supporting India-based social enterprises to scale—in the East African region to transform innovation into sustainable businesses that impact the base of the pyramid.

The success of the VIF model in India, however, does not guarantee similar results in Kenya. With the Kenyan market presenting a unique set of challenges, VK required help to replicate its model of high-touch, investment-readiness services in a sustainable way.

THE PARTNERSHIP

Through the Partnering to Accelerate Entrepreneurship (PACE) Initiative, USAID is helping Villgro Kenya replicate the VIF model of high-touch, customized incubation by providing targeted mentoring and technical assistance to healthcare-focused innovators in Kenya.

Recognizing that cohort-style acceleration is not the right model for all types of enterprises, VK's incubation model is tailored to the needs of individual entrepreneurs. VK provides extensive mentoring, access to networks and capacity building exercises to create a strong sector-focused innovation ecosystem. In addition, it helps entrepreneurs access seed capital by forming strategic partnerships with investors. VK also partners with researchers, university students, and experienced individuals in the health sector to build connections within the local market and develop robust relationships between academia and the private sector that the entrepreneurs can leverage.

USAID's grant to VK supports its customized technical assistance activities and business development services. USAID also supports VK's efforts to find and retain the appropriate C-suite level talent that enterprises need to grow and facilitate linkages between Indian and Kenyan businesses interested in geographic expansion or collaboration. Through this partnership, USAID and VK are supporting a south-south transfer of knowledge that brings highly relevant information for rapid incubation from the Indian to the Kenyan ecosystems.



USAID PARTNERS

- Villgro Innovation Foundation
- Lemelson Foundation
- Strathmore University

THE RESULTS

Since the launch of the partnership in September 2016, VK has grown its portfolio of seed-stage businesses from five to nine. The partnership seeks to work with 10 enterprises across Kenya in the next two years, supporting them to become ready for investment and to better understand their prospects for achieving social impact through market-based models. As they grow after incubation, the enterprises are expected to grow and improve their services for their low-income customers in Kenya.

By demonstrating the value of a supportive incubator environment, VK's approach is building the case for increased collaboration to support social enterprises in Kenya and testing a sustainable model for early-stage incubation that could be replicated in other countries around the world.

For More Information

To learn more about the PACE Initiative, visit www.usaid.gov/pace.

About the U.S. Global Development Lab

The U.S. Global Development Lab serves as an innovation hub. The Lab takes smart risks to test new ideas and partner within the U.S. Agency for International Development (USAID) and with other actors to harness the power of innovative tools and approaches that accelerate development impact.

The Lab is a reflection of USAID's broad embrace of innovation to bring about positive change and solve some of the world's most pressing challenges. It works across USAID and within the broader international development community to test innovative tools and methods. When a new approach proves effective, the Lab works to increase its adoption throughout USAID and with our partners.