The Early-Stage Capital Provider Network is an initiative of the Collaborative for Frontier Finance. ESCP Network encompasses capital providers that target SGBs at the early stage of their business model. The target SGBs have established revenues and have financing needs in the range of $50k - $500k. The early stage vehicles provide debt, equity, and/or hybrid capital and include closed-end funds, opened-ended funds, NBFIs, evergreen vehicles, and fintech firms. Typically ≤$20M AUM.

Why it matters

• SGBs lack $930bn in capital. This dilemma is particularly true for enterprises that are at the early stage of developing and implementing their business model. These early-stage SGB’s are often too large for microfinance yet lack access to banks and local PE firms. ESCPs fill an important gap in the capital value chain.

• Despite the economic importance of SGBs, the ESCPs struggle to access institutional capital. Their small fund size, challenged economic models, and the perceived risk associated with early stage enterprises have discouraged investment from institutional capital market place.

• Caught in this cycle, ESCPs need access to market-based, albeit patient - institutional capital, as well as the requisite technical assistance for themselves and their portfolio enterprises.

Approach

CFF manages a network that currently supports seventy ESCPs. The network services are focused on three key components.

1. Shared learnings: A P2P approach that engages and builds relationships among these capital providers. Provide in person gatherings and ongoing workshops for shared learning of “what’s working?, what’s not?”. Access to experts in relevant topics.

2. Network building: Establish a mechanism for mutual support, collective action and increased visibility.

3. Collective Action: Identify initiatives for CFF to support on members’ behalf; develop and implement ideas which CFF and the ESCPs can take forward that provide “tangible” benefits to the ESCP network members and the broader early stage financing sector.

Current Activities

P2P work groups include: (i) Fund economics – case studies to better understand what’s working; (ii) LP profiles/data – increase transparency to improve LP outreach; (iii) Market data – creating a repository of industry/transaction data; (iv) Purpose definition – driving ESCP network purpose and engagement. Slack channel for “real-time” discussions

Eleven peer /expert led webinars including: (i) Gender Lens Investing, (ii) COVID-19 Response, (iii) Fundraising and (iv) Portfolio Support.

Partnership with IFC to develop the Fund Manager Portal – a repository of fund related resources, such as legal docs, due diligence processes, investment term sheet templates, etc: www.fundmanagerportal.org

Establishment of Nyala Ventures, a US$10 million facility funded by FSD Africa to provide investment capital and capacity strengthening to ALCPs.

Team Information

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