



African Angel Academy

Case study

Rising Tide Africa: Investing with a gender lens



According to a 2022 analysis from Africa: The Big Deal¹, startups in Africa founded by a single woman or an all-women team had raised 56 times less equity funding than those founded by a single man or an all-men team. Although this had reduced to 36 times less in the first half of 2023, there's still lots of work to be done to bridge the gender investment gap. **This case study looks at Rising Tide's journey of establishing and growing an angel network that mobilises women to invest with a gender lens and change this narrative.**

1. Africa: The Big Deal, 2023, Ayy, Boy! Whatcha say, Boy? <https://thebigdeal.substack.com/p/genderh1>

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African Angel Academy

ABOUT THE AFRICAN ANGEL ACADEMY

The African Angel Academy is an African-led initiative aiming to increase the supply of early-stage capital to African businesses. Since 2020, the Academy has trained and connected hundreds of emerging angel investors from across the continent, while providing mentorship to new local angel networks.

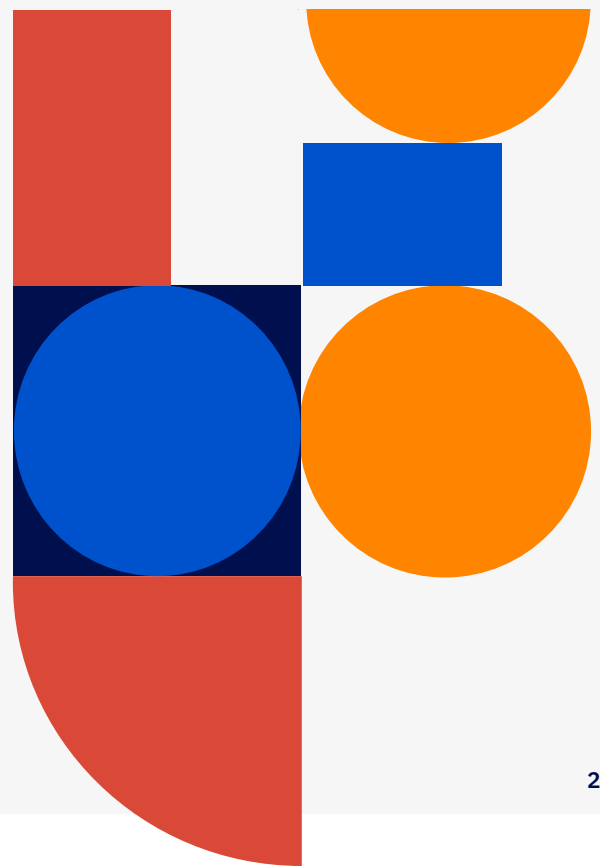


ABOUT THE UK-NIGERIA TECH HUB

The UK-Nigeria Tech Hub forms part of the International Tech Hub network delivered by DCMS (Department for Digital, Culture, Media & Sport), under a UK government initiative designed to promote digital inclusion and inclusive growth of the digital ecosystems in partner countries.

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Rising Tide Africa: INVESTING WITH A GENDER LENS





ORIGINS: FROM ONE WOMAN TO MANY

Yemi Keri is the firebrand cofounder of Rising Tide Africa (RTA), a Lagos-based, cross-border network of women angel investors harnessing their power, network, passion, and capital to back women-owned and -run businesses with a strong gender lens in Africa. Keri drew on her own experience in the entrepreneurship space to build RTA. In 2011, she founded Heckerbella, a digital transformation firm that delivers information technology solutions to businesses across Africa, and in 2016 began her foray into angel investing as a member of the Lagos Angel Network (LAN).

It was during one of the business pitching events at LAN that her passion for investing in women-owned businesses was sparked.

“A young woman had come to pitch. She had a great business with lots of potential, but it was clear that she was having a hard time pitching and lacked the confidence to communicate the value proposition of her product,” recalls Keri. “Afterwards, my cofounder



Yemi Keri, RTA Founder

Dr Ndidi Nnoli-Edozien and I took her under our wings to coach her for the following few months. There was a clear difference when she pitched again.”

Keri and Nnoli-Edozien soon began supporting more women entrepreneurs through mentoring and coaching. As they interacted with more of these entrepreneurs, the natural next step was to consider investing in the more attractive of these businesses. Moreover, a network-based investment organisation seemed like a natural fit since other women in Keri’s circle had shown an interest in what she was doing.

RTA was seeded from of this desire to nurture women entrepreneurs, and in 2017 it was formalised as an

organisation, modelled on Rising Tide Europe, which similarly sought to increase women’s participation in angel investing.

“It was still early days in the broader ecosystem,” says Keri. “Angel investing was just getting off the ground, and we were just beginning to appreciate the opportunity of early stage investing. There was a lot I still had to learn personally, and I had to grow my own competencies as an investor.”

Keri adds that although she was uncertain about the path ahead she was determined to secure comprehensive business assistance for these women. “Our interactions involved sitting down with them and, drawing from our own extensive business background, asking them detailed questions about whether they had thought certain aspects through, taken specific actions, or explored alternate possibilities.”

Soon they were having regular sessions for women entrepreneurs and before long RTA made its first investment.

THE RISING TIDE AFRICA STARTUP

“We were very much a startup ourselves. We rallied around family, friends, and personal networks in our early days.” And, like any startup, there was a lot of change.



Although the initial concept was modelled on Rising Tide Europe, Keri and her team soon discovered that they needed to adapt the model – which was mostly focused on investing – to the realities of the African context.

They found that the immediate needs of women entrepreneurs in Nigeria went further than the focus on capital – it included mentorship and education. These realisations served to further define RTA’s purpose and vision to create an investment fund. In the immediate term, however, Keri saw

a need to create a network-based platform to mobilise women angel investors and channel their capital and professional experiences towards empowering upcoming women-owned and -led businesses. At the same time, she knew the network members would need capacity-building in angel investing.

“We decided we were going to be women-first, through and through. Our core was mentoring, education, and investing with a view towards Africa and with appreciation for those businesses

that had social impact,” says Keri.

“We realised raising a fund wasn’t easy and it was going to take time, especially since we wanted to focus on the early stage. We needed to be patient with these businesses and gradually nurture them. That was going to take more than just a fund.”

The network started formally with about 10 members in 2017 and shortly after made their first investments in Mines (now Migo) and Amayi Foods.

GROWING THE NETWORK

Today, RTA is registered as a Limited Liability Company in Nigeria (this after initially considering a Mauritian domicile which proved too expensive), and organises itself around four pillars: mentoring, investment, networking, and education.

These pillars, each overseen by dedicated volunteer network members, exemplify the very essence of the shared responsibility embedded in RTA's identity.

The mentoring pillar focuses on empowering women entrepreneurs both in portfolio and non-portfolio businesses.

The investment pillar's focus is on identifying and executing network investments. The education pillar enhances the capabilities of RTA members and women entrepreneurs in investing, and the networking pillar organises events that sustain RTA's engagement with the wider ecosystem.

RISING TIDE AFRICA'S FOUR PILLARS



MENTORING

We build character and mold the vision of young women.



INVESTMENT

Access to High potential early stage co-investment opportunities.



NETWORKING

We engage key players in the ecosystem through events.



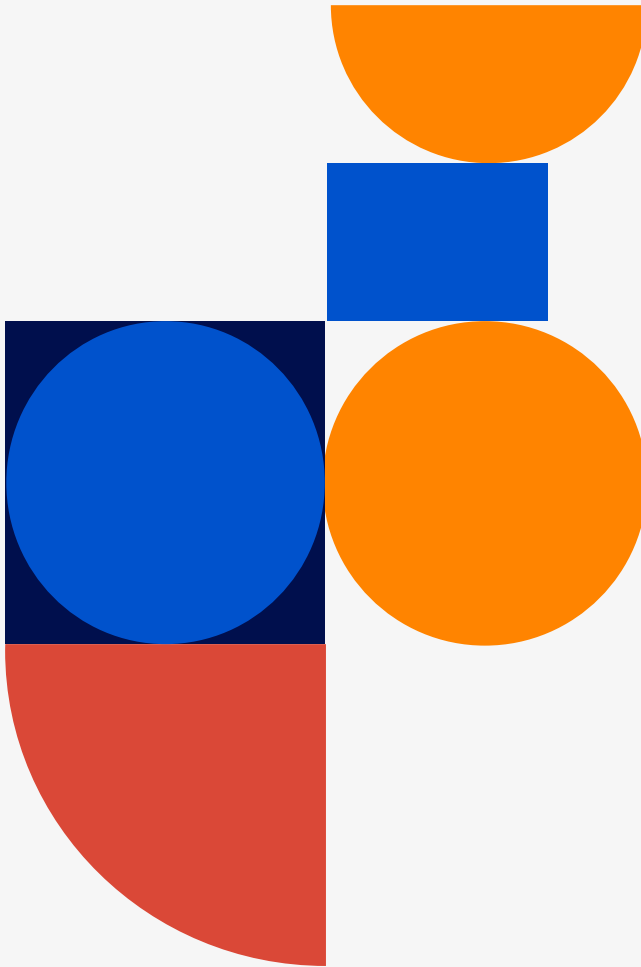
EDUCATION

We empower women in our network by teaching them about investing.

Membership is open to women only, since the essence of RTA is exposing women to angel investing as an asset class, and the idea of women empowering women is central to its existence.

Keri instinctively began with her family and friends, and growth has been by referral among members. This has engendered a strong sense of trust within RTA. Today, the network boasts more than 90 members, including not only Nigerians at home and in the diaspora, but other people from other nations, including the UK, US, Egypt, and South Africa. By the third quarter of 2023, membership numbers are expected to cross the hundred mark.

Those interested in joining the network start by expressing their interest via email. The membership team then follows up with a call to introduce RTA, angel investing and the associated risks, and learn more about the individual. Referrals are common, so new members often have some familiarity with RTA through the referrer's endorsement. Additionally, RTA hosts a quarterly network event to welcome new members.



MORE THAN JUST A NETWORK

RTA is not just about investing and building up entrepreneurs, it strives to add value to its members.

Keri tells the story of one of their members who had enjoyed an extensive career in finance and had retired with substantial expertise in the sector: “Post-retirement, she found herself in a sort of limbo over what to do next. I encouraged her to get involved with the investment team at RTA and she took this up quite enthusiastically. Her rich experience was very valuable to the team. She also ended up developing the finance section of our accelerator curriculum which was formalised into our Financials 101 session. This also exposed her to other members who started turning to her for financial consulting outside RTA. Through this she was able to find a new path and purpose for her next phase. RTA gave her that platform and she’s become a big advocate for us.”





INVESTMENT MANDATE AND PROCESS

In terms of their investment philosophy, RTA prioritises women-owned and women-led businesses, businesses with a gender-diverse management or team, or products and services that target – or have a positive impact on – women’s livelihoods. RTA is sector-agnostic with a preference for technology and technology-enabled businesses.

Social-economic development is important for RTA and they’re attracted to businesses that can create positive change and have a meaningful impact. **Although most opportunities come by referral, the sourcing team under the investment pillar is tasked with prospecting for investment opportunities. However, there’s another useful pipeline: the education pillar.**

A key part of the education pillar is RTA’s virtual business accelerator which offers entrepreneurs a five-week, self-paced business learning experience – and doubles as a means to identify investment opportunities. “The accelerator acts as a kind of filter. Some entrepreneurs drop off or fall back on the material and we can tell the ones that are really giving it a good shot,” says Keri. “The quality of their assignments also gives us some insight into their business management acumen. In addition, the accelerator creates a starting point to build the relationship with the entrepreneurs. In the three cohorts we’ve had so far, we’ve picked up about 50% of the business for investment.”

RTA has also implemented an origination process to manage their sourcing and initial evaluation of businesses.



“First, the business goes through a 15-point grading system that assigns points for specific criteria. It’s a yes-or-no grading system. If the business scores a minimum of 11 out of 15 points, it proceeds to the next level of understanding the value proposition, team, product, exit strategy, financials, market, and so on. Sometimes, we might look at a business even if it didn’t get the minimum points, especially if we recognise the potential of the founder.”

The process moves on to a mini due diligence procedure with a particular focus on the founder – establishing their entrepreneurial acumen, track record, and reputation. Thereafter, the business may be invited to pitch at RTA’s monthly investment meeting which is open to all RTA members. They usually have a minimum of three pitches at the monthly investment team meeting and each pitch is 15 minutes long – eight minutes for the presentation followed by seven minutes of Q&A from the members. Thereafter, a poll is taken to establish members’ interest in pursuing the deal.

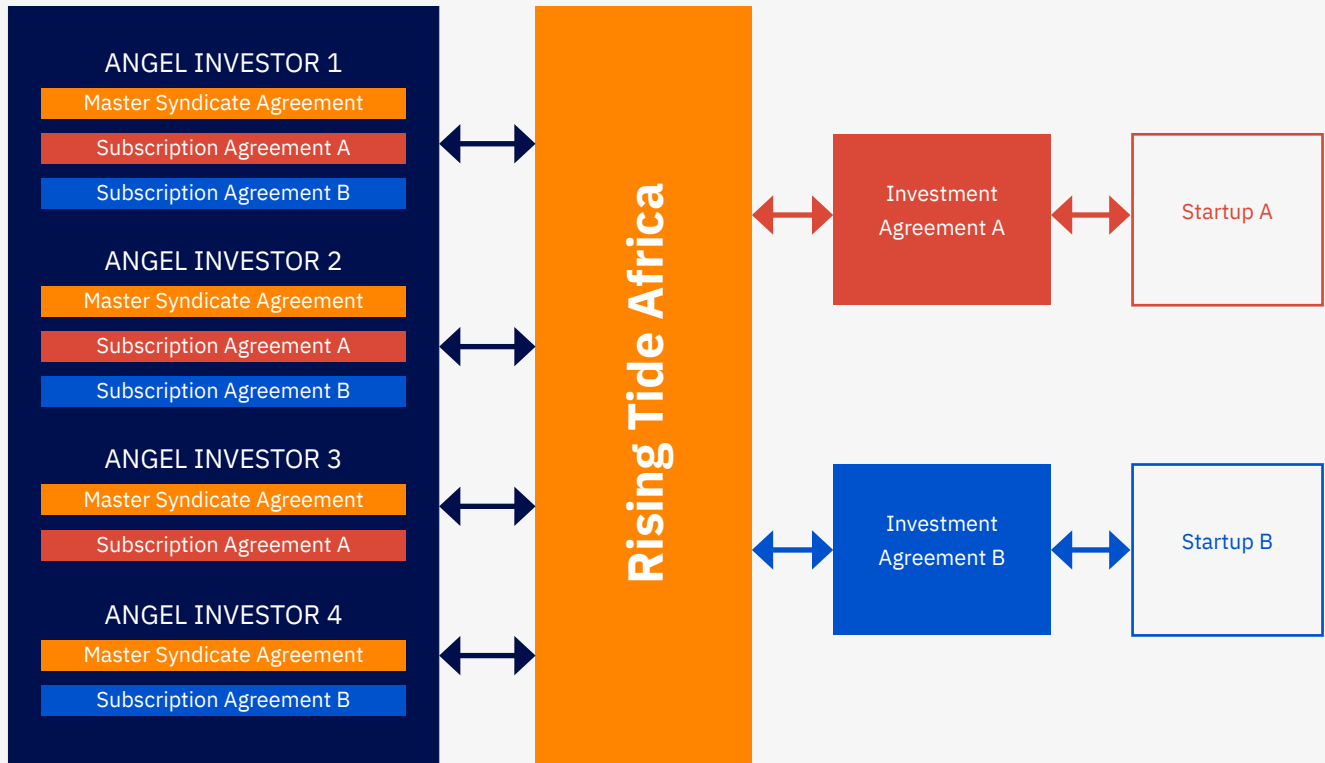
If there’s interest in a particular business, a deal “chat room” is created to manage members’ interactions as they engage in follow-on questions and discussions with the founder(s). An interested member is selected to lead the process and effectively becomes the liaison between the entrepreneur and the network, building the relationship with the founder on the one hand and updating the network on progress on the other. Working alongside RTA’s dedicated diligence team, the lead takes responsibility for the formal due diligence, which is the next stage in the investment-making process.

At the outset, RTA’s investments were made through special purpose vehicles (SPVs) whereby members would subscribe individually and directly into the share capital of the SPV pro-rata, based on their contribution to the investment being made. However, this proved complicated as each new investment required a new SPV with its own administrative and compliance issues.

In 2020, RTA made a change in the investment structure. Instead of incorporating SPVs per investment, **each RTA member now signs a single master syndicate agreement that gives power of attorney to RTA (the entity)**. Investing members then sign a subscription agreement for each individual investment, committing their funds to the

investment in exchange for a portion of the shareholding RTA receives for its investment. The founders also sign a side letter committing to provide updates on an agreed frequency basis. RTA then invests the member’s capital based on these agreements.

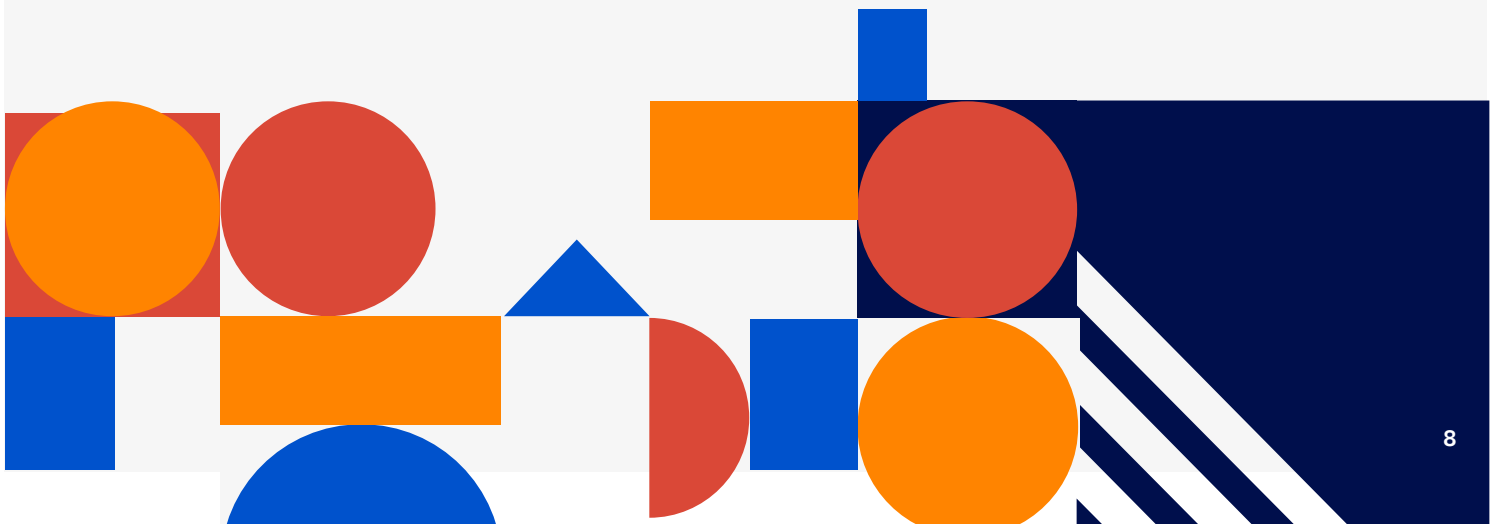
RTA’S INVESTING STRUCTURE



Here there are four angel investors, each of whom has signed a standard master syndicate agreement with RTA. They then sign a subscription agreement for each individual investment they want to participate in, giving RTA power of attorney to represent them in that specific deal.

In this case, Angels 1, 2, and 3 have signed subscription agreement A to participate in the investment in Startup A, while angels 1, 2, and 4 have participated in the investment in Startup B. RTA signs the investment agreement with each startup on behalf of the participating angels. In terms of flow of funds, RTA calls up funds from each participating angel in a deal. The startup receives the investment from RTA on behalf of the angels.

So far RTA has invested close to US\$2 million in 34 investments across several countries.



▶▶ POST-INVESTMENT PORTFOLIO MANAGEMENT AND EXIT

The lead is required to continue the relationship with the entrepreneur post-investment, becoming their first point of call going forward. RTA brings in its mentoring pillar to support entrepreneurs through one-on-one sessions, handholding and advising them on various aspects of their business and challenges as they arise.



Mentoring largely leverages RTA members' skills and their professional experience. In addition, investees are invited to events and ecosystem activities as needed. **RTA has recorded one exit so far, triggered by an acquisition of one of its portfolio companies in 2021.** The slight uptick in the sales valuation less than a year into RTA's entry allowed for them to make 1.2 times multiple on their invested capital, a divestment equivalent to the entry investment, and the roll-up of the balance into an equity stake in the acquiring company.

"We believe our portfolio has reached the point of maturity and we are now on the lookout for exit opportunities through secondaries and M&As. We are further incentivised by our members who expect to see the proof of profitability of their angel investments over the last six years, which would support our notion that angel investments are indeed a high-yield asset class," says Keri.

AMAYI FOODS

Year invested: 2019

Amount invested: US\$208,000

Number of angels that participated: 10

Why did you invest?

Amayi is a majority women-owned business, which fits the profile of the businesses we invest in. Their products are made with fresh, high-quality ingredients and are packaged in convenient, easy-to-prepare formats.

This makes them a great option for working mothers and other busy individuals who are looking for a delicious and easy way to enjoy traditional African food. In addition to their convenient products, Amayi is also committed to empowering women.

How has the business performed post-investment?

Amayi Foods has performed well post-investment. They have increased revenue and developed new products to improve their product offering. They are well-positioned to enter new international markets.

SHUTTLERS

Year invested: 2021

Amount invested: US\$44,000

Number of angels that participated: 10

Why did you invest?

Shuttlers is a women-led business that's disrupting the traditional public transport sector through technology. This perfectly aligns with our investment thesis, which focuses on supporting women entrepreneurs and businesses disrupting traditional industries.

They leverage technology to improve the traditional public transport sector while ultimately serving the end consumer, who is commuting to work daily and is well-positioned to benefit from macroeconomic factors such as increasing urbanisation in Africa.

How has the business performed post-investment?

Shuttlers has performed very well post-investment with its traction and revenue growing exponentially. They recently raised US\$4 million in a new funding round led by Verod-Kepple Africa Ventures (VKAV), a Pan-African-focused venture capital firm with participation from follow-on investors, including VestedWorld, ShEquity, CMC 21 & Alsa, and EchoVC. They have also expanded to other cities in Nigeria and secured major partnerships with leading businesses.



MANAGING GROWTH

With all the moving parts and a growing network, Keri had to take a step back to ensure she had the right internal structures to manage growth. “You’ll be surprised how much effort it takes to book meetings with members when they’re already very busy,” she says.



“We recently have had to invest in a strong back-office support team as we enter our growth stage. We’re now planning to expand our footprint to South Africa, but it’s a very different geography so we’re taking our time to understand that market and what it needs. It helps that we already have RTA members from the area who can give insight into the market.”

▶▶ ANGEL INVESTING IN NIGERIA: STATE OF PLAY

Reflecting on the state of the Nigerian startup ecosystem, Keri notes especially the significant jump in valuations between 2016 and the present. “When we began, startups were valued in the hundreds of thousands of dollars, but now even startups with barely any traction are attracting multimillion-dollar valuations. We’ve had to make a decision on our acceptable valuation on a deal and have stopped going after deals ‘just because’. Now, the deal needs to make sense in terms of its value.”

She also notes the challenge in the ecosystem of entrepreneurs who are good at raising funds but not delivering on building sustainable businesses. “There are novice entrepreneurs that start their businesses without any structured or unstructured employment experience and so lack the exposure to what it takes to build a business,” says Keri. **To mitigate this, RTA has opted to be a more active investor. “Gone are the days when you could invest and just hope that the business does well. We’ve realised that we must engage on the entrepreneurial journey with the founders to safeguard our investment.”**

Keri adds that talent is leaving Nigeria and that’s becoming increasingly difficult to attract and retain good, experienced talent – an issue RTA has had to grapple with itself. “For example, we’ve struggled to find a really good investment manager. Those that are well suited are more attracted to venture capital and private equity where they can do bigger deals and get better pay.”

Despite the challenges, Keri is firm that the startup ecosystem in Africa needs



a growing and maturing angel investor ecosystem. This is why she remains actively involved with the Lagos Angel Network and the Africa Business Angels Network.

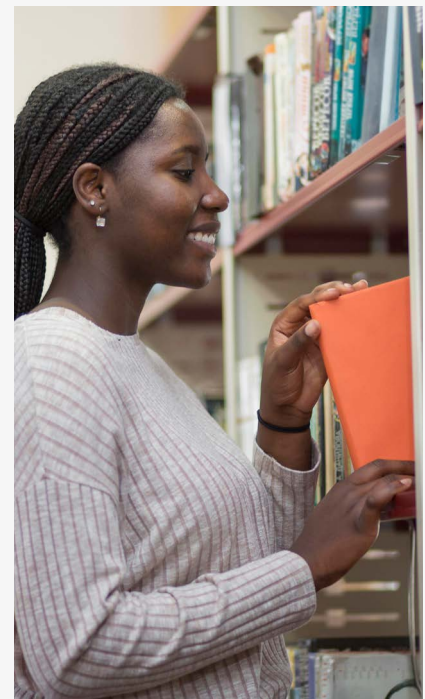
“We all bear a collective responsibility for the growth of the startup ecosystem and early stage investing.” So much so, she says, that there’s no competition among the different players. “We’re not yet at the level of competition. It’s still very early days and a lot of cooperation and collaboration is needed to grow the system. A lot is needed to maintain a high standard and level of investing: co-investing and inviting trusted investors to participate in our deals is part of our model. We believe the more local

investors we have in a deal, the more the foreign investors will have interest in the African market.”

She offers her advice to prospective angels. “Understand the risk. This must be money you can part with. Don’t invest alone. Investing with others reduces the risk for you and allows others to bring in their perspectives which can help you avoid your blind spots and biases. As a new angel investor, invest in sectors you understand. Start small and grow your portfolio as you take lessons learnt from your investments. Finally, don’t make it a do or die affair, this is about building people and legacies.”

▶▶ INVESTING WITH A GENDER LENS

Experience has shown Keri that men and women are instinctively driven towards different sorts of businesses. For example, she’s found women to be more predisposed to the health, agricultural, and education sectors.



However, she points out that this is changing as women enter fields traditionally dominated by men – such as fintech – and believes that this is partly due to the work being done to encourage girls to study STEM subjects. There’s also a distinct difference in their approach to business. Keri says that although women bring unique strengths to the forefront they must contend with challenges unique to their gender. For instance, due to social and cultural influences, she says, women tend to take rejection more personally than men, even in terms of investments. “When they hear ‘no’ from an investor, it affects them more. They may also not be as assertive and daring as their male counterparts. That’s why we invest effort in boosting confidence in women entrepreneurs.”

Having said that, Keri is quick to observe that there’s a marked difference with the younger generation of women entrepreneurs. “The



millennials are different, perhaps having grown up in a different cultural context than earlier generations. You find them being feistier and more open to risk. There’s a clear difference in the women founders we’ve seen since 2018 and even more so in recent years.”

Finally, she observes: **“Our society’s norms and expectations for each gender are a reality. Women and men face different demands of life. The challenge is that many women feel they must choose one over the other – like focusing on family or career. But I try to share with women that it doesn’t always have**

to be that way. Family-building is a phase of life, albeit critical and during the core of your career. Eventually, children grow up, and you’ll have more time to continue your business pursuits. For sure there will be slow years in between, but it’s important to actively manage this and strike a balance. A strong support network is important and helps.”

For Rising Tide Africa, **“for women, by women” is more than a cliché.** RTA angels have walked in the shoes of the women entrepreneurs they seek to develop – they’ve been there and done that and are still pushing the envelope.

DISCUSSION QUESTIONS



Q1

Discuss how building an angel network is like building a startup and in what ways it might be different.

Q2

What do you think of RTA's investing structure? What might be the pros and cons of investing in this way? What might alternative structures be?

Q3

“RTA is not just about investing and building up entrepreneurs, it strives to add value to its members.” Would you agree with this statement? What sorts of things can angel networks do to add value to their members? Can you give any examples from your network?

Q4

Keri identifies several challenges in the Nigerian startup ecosystem that make it uniquely challenging for angel investors in that market. Identify the challenges. Do you face similar challenges in your own ecosystem? What unique challenges do you face in your own ecosystem? How might angel groups work around these challenges?

Q5

What are your views on gender lens investing? Do you agree with Keri's observations?

Q6

What difference does it make to have a women angel network investing with a gender lens? Are there specific pros or cons to this?