





Fast facts

ESTABLISHED: 2015



REGIONAL FOCUS:
East Africa

TARGET COUNTRIES:
Ethiopia, Kenya, Rwanda, Tanzania, Uganda

SDG

AFRICA2026

CORE OFFERING
 This unique blended finance structure combines research grants, debt and equity investment to support entrepreneurial ventures within Africa's burgeoning health innovation ecosystem.

GOALS
 Supporting companies that are developing product (hardware) and process (business models) innovations to improve healthcare in Africa.

IMPACT INVESTING INSTRUMENT
 Blended finance structure combining grants, equity and debt for entrepreneurs in Africa's healthcare innovation sector.

About

Villgro Africa is an incubator and impact investor supporting emerging healthcare businesses in Africa.

Offering research grants and incubation services to deliver solutions to key constraints to business development, Villgro Africa empowers healthcare innovation entrepreneurs on the continent to design robust business strategies that are attractive to equity and debt providers – including Villgro Africa itself as a provider of catalytic seed funding.

The initiative is East Africa focused, with projects in Ethiopia, Kenya, Rwanda, Tanzania and Uganda.

The innovative design of the financing structure, coupled with a clear and deliberate impact focus in the healthcare innovation sector, makes Villgro Africa a standout leader in the financial structure category for this year's awards.



The problem

Sub-Saharan Africa accounts for only 11% of the world's population but bears 24% of the global disease burden, including 71% of the world's infectious diseases and 21% of global non-communicable diseases. It also accounts for approximately half of the world's mortality rate in children under five. In many countries on the continent, healthcare services are inaccessible, due to poor service delivery by under-resourced public providers and the unaffordability of private services.

Significant investment is necessary in healthcare ecosystem innovation to

overcome the challenges of existing models of healthcare provision.

Entrepreneurs can play an important role in stimulating innovation but often lack the resources needed to invest in specialist healthcare research which is crucial to the design of effective, affordable solutions.

Villgro Africa catalyses innovation in the healthcare sector by supporting companies that are developing innovations to address Africa's healthcare crisis, by providing earlystage companies with the resources they need to grow and scale so that they can reach underserved populations.

What makes Villgro Africa unique?

Villgro Africa's model includes the pairing of entrepreneurs with research institutions to deliver research outcomes that are critical to healthcare innovation. It provides research grants to support the design of healthcare innovations that are relevant and fit for purpose, to ensure that businesses are investable and scalable. This is a unique approach to enable businesses to effectively address a substantive social challenge.

This, coupled with Villgro Africa's broader incubation services and the provision of catalytic seed capital, improves the

chances of success for healthcare innovation startups in Africa.

In the past seven years, Villgro Africa has onboarded 53 companies, which each received between \$20k-\$50k in seed or preseed funding in the form of either grants or equity investment. Roughly a third of these are companies building hardware products with the rest being process innovations (such as software solutions). Villgro Africa's funding is catalytic, de-risking early-stage companies by enabling them to generate traction and unlock more funding.

Impact

Villgro Africa has yet to reach financial exit on any of its investments but has tracked impact over the past seven years (since its establishment in 2015).

Villgro Africa's key success metrics are follow-on funding accessed and revenue generated by investee companies and jobs created and patients served through supported projects.

To date, 70% of Villgro Africa's portfolio companies have gone on to raise capital after Villgro Africa funding. Follow-up funding raised exceeds \$24m and includes equity, grant and debt. This is notable when compared to Villgro Africa's initial investment of roughly \$2.7m. Since 2016, Villgro Africa's portfolio companies have generated more than \$6m in revenue.

So far, the companies that Villgro Africa has supported have created more than 600 jobs and served more than 4m patients.

Villgro Africa's support is enabling healthcare innovation to reach millions of people who would otherwise remain unserved by insufficient or unaffordable traditional healthcare models.



An additional unintended positive impact

Influencing healthcare policy in Kenya: Benacare, one of Villgro Africa's supported start-ups, recently piloted its home-based dialysis treatment. At the time, there were no protocols to guide home-based renal replacement therapies for CKD care in Kenya. In partnership with the International Development Research Centre (IDRC), Villgro Africa facilitated Benacare's partnership with the Jomo Kenyatta University of Agriculture and Technology (JKUAT) to conduct a study on

home-based care dialysis in Muranga County in central Kenya. The results of this study will be pivotal in generating guidelines for home-based CKD care in Kenya. Currently, the NHIF (the national insurance fund) is considering including home-based peritoneal dialysis as part of its benefits package. If approved, this will be a major milestone. It will allow thousands of patients to receive care in the comfort of their homes and, be spared the travail of travelling for long distances to receive care.

Addressing challenges

The Villgro Africa model has presented the team with three main challenges:

- 1** Working with start-ups, which is inherently risky, that are also operating in a niche industry that is heavily reliant on sophisticated research.
- 2** Developing an appropriate methodology for quantifying the value of the research voucher programme when packaging it alongside other financial instruments – such as equity investment.
- 3** Extended exit times, as a result of the time needed for research and development.

To mitigate against these challenges, the Villgro Africa team has taken great care in ensuring that it has set up robust processes for investment selection, research partnership support and investee incubation.

