

A person with a backpack is hiking on a dirt trail on a grassy mountain ridge. The background shows a vast valley with a river and distant mountain ranges under a clear sky.

PIONEERING FAITH DRIVEN FRONTIERS

Nurturing Entrepreneurial Ecosystems
in Frontier and Emerging Markets

FAITH DRIVEN
— INVESTOR —

EXECUTIVE SUMMARY

"A society grows great when men plant trees whose shade they know they may never sit in."
Caecilius Statius, 220-168 BC

Business has God-given power to transform nations by creating jobs, generating prosperity, catalysing human flourishing and bringing people into relationship with Christ.

This year has been a tumultuous time for all of us as nations feel the impact of the Covid-19 virus and we face the greatest economic crisis in a century. The poorest parts of the world are experiencing massive changes—growing populations, shifting beliefs, changing climate, and new technologies—which presents both challenges and opportunities. Faith Driven Entrepreneurs across Africa, Asia, the Middle East and Latin America are at the forefront of this change as they seek to bring God's Kingdom on Earth. But it isn't always easy.

Our conviction is that our role is to journey with our brothers and sisters around the world, to support them as they disciple their employees and provide Christian witness in their communities, and to help them nurture a flourishing faith-driven ecosystem. We believe that business has God-given power to transform nations by creating jobs, generating prosperity, catalysing human flourishing, and bringing people into relationship with Christ. We know that this will take time, which is why we cultivate with a fifty-year time horizon of transformation. We are praying that God will move through entrepreneurship and investment and that we will see a New Great Awakening around the world. We would like to invite you to partner with us in this endeavour.

Reuben Coulter on behalf of the Faith Driven Investor Team
August 2020

FAITH-DRIVEN MOVEMENT

FAITH DRIVEN INVESTOR

■ CONTENT

Media platform with video, podcasts, research and blogs which has an audience of 200,000.

■ CAPITAL

Investment marketplace which enables investment in funds and enterprises.

FAITH DRIVEN ENTREPRENEUR

■ COMMUNITY

Global and regional conferences and working groups which build relationship and foster new initiatives.

■ CAPACITY

Support the development of partners and initiatives around the world which widen the ecosystem.

THIS REPORT FOCUSES ON EMERGING AND FRONTIER MARKETS:

- How can Faith Driven Entrepreneurship (FDE) and Faith Driven Investment (FDI) transform the marketplace and redeem nations?
- How can we support the emergence of FDEs and FDIs in these markets?
- What are the principles and process of developing a flourishing faith-driven ecosystem?
- How can we engage and influence the secular entrepreneurial ecosystem?
- What role does philanthropic, catalytic and commercial capital play?


This report is published by Faith Driven Movements (FDM). FDM is a not-for-profit organization that exists to further Faith Driven Entrepreneurship (FDE) and Faith Driven Investing (FDI). Our approach is articulated in the Marks of a Faith-Driven Entrepreneur and the Unifying Principles of a Faith-Driven Investor. Our Code of Conduct outlines how we seek to engage each other as a movement.



A NEW GREAT AWAKENING

“It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair...”

Charles Dickens, A Tale of Two Cities



Almost 250 years ago, Europe and the United States were experiencing the beginnings of the First Industrial Revolution. Technological breakthroughs created new industries and produced rapid economic progress. Life for the ordinary person was extremely hard. In the UK, average life expectancy was 45 years, people worked seven days a week and children as young as four worked in the mines.

In response to the crisis of their day, Christian business leaders, investors, and politicians came together to seek God and to lead a Moral Revolution, the legacy of which is still felt today. It began with a grassroots revival of faith, led by preachers such as John Wesley, Charles Whitfield, and Jonathan Edwards, which led to the normalization of the Christian values of hard work and integrity. In many places pubs and taverns shut due to lack of customers. Christians in positions of power, particularly those associated with William Wilberforce and the Clapham Circle, were appalled at working conditions and used their influence to abolish slavery, reduce child labour and legislate for health and safety standards. Christian business leaders were at the forefront of innovation and reform. Quaker businesses such as Cadbury's and the Lever Brothers (now Unilever) provided healthcare and education for their employees and demonstrated that compassionate capitalism was possible. Many historians believe that the influence of Christianity was so profound in the UK and USA that it averted violent revolution as experienced in France. The church laid the foundations for the social and economical flourishing of the Western World.

At the dawn of the 4th Industrial Revolution, we are entering an analogous period. The growing utilization of new technologies such as artificial intelligence, cloud computing, robotics, 3D printing, the Internet of Things, advanced wireless technologies, and others has ushered in a new era of economic disruption with uncertain socio-economic consequences.

Many of us have benefitted from the fruits of progress but in emerging and frontier markets, two-thirds of the world's population still live on less than \$10 per day. How can we respond to the challenges of our world, share the Gospel and see God's kingdom advanced in our generation?



MEGATRENDS

There are major trends which will shape our world and the church for generations to come. The Christian community needs to prayerfully discern how to respond to these and particularly how faith driven entrepreneurs and investors can provide solutions to these opportunities and challenges.

YOUTH BULGE

Of the 1.8 billion youth today, 90% live in developing countries. The median age in Uganda is 16 years and in the Philippines it is 25, compared to 38 in the USA. The growth of jobs is not keeping pace with the growth in population which creates the potential for massive unemployment and social unrest.

BATTLE FOR HEARTS AND MINDS

There is a battle for the hearts and minds of young people in developing countries. Christianity has spread rapidly in many parts of Africa and Latin America, yet it's often 'a mile wide but an inch deep'. The emphasis on a sacred-secular divide means Christian values are not expressed in the marketplace. In addition, a shallow 'Prosperity Gospel', emphasising individual materialistic success rather than the true Gospel, threatens to compromise the church. For young people, the faith of their parents feels irrelevant and unattractive compared to a materialistic, secular life. Other countries are unreached by the Gospel and may be hostile to Christianity. For those seeking meaning and purpose, faiths like Islam appear to offer a seemingly compelling vision and close knit community. Some Islamic nations and communities have a strategic, long-term vision of influencing societies and are actively utilising business and investment to these ends. This stands in contrast to most of the Christian church which has been disengaged from the marketplace.

COVID 19 AND THE GLOBAL ECONOMIC CRISIS

Many emerging and frontier markets have grown rapidly over the past 20 years, with the top 10 fastest growing countries all in Africa or Asia. However, much of this growth was fuelled by debt or commodities. This has failed to create significant job growth, foster value addition, or develop human capital, thus leading to inequality. The recent Covid-19 pandemic has led to severe economic stress and job losses across the world. According to the IMF, 40% of poor countries are either in a debt crisis or are rapidly approaching one. Small and medium businesses are particularly vulnerable with a recent survey (June 2020) showing that 12% had already failed and 49% were at high risk of failing.

CLIMATE CHANGE

Rapidly changing weather patterns are severely affecting emerging and frontier markets which are particularly dependent on agriculture. As temperatures rise, regions such as Africa will face declining crop yields and will struggle to produce sufficient food for domestic consumption, as their major exports will likely fall in volume. Climate extremes have also led to an increase in droughts, flooding, and other natural disasters from which developing countries are less prepared to recover.

TECHNOLOGY LEAPFROGGING

Over the past decade there has been a rapid adoption of innovative technologies in emerging markets. In Africa, over 75% of the population now has a phone and almost a third of these are smartphones. Lack of legacy technologies and the drive to address complex problems has enabled nations to leapfrog forward. For example, off-grid solar power is bringing electricity to remote villages, sensors and AI can predict droughts, mobile payments can enable business without cash, and remote viewing can enable expert doctors to save lives from thousands of miles away.



FROM AID TO TRADE TO TRANSFORMED NATIONS

“What could happen if we changed our emphasis from push to pull? What if much more of the \$143 billion spent on official development assistance in 2016 was channeled to support direct market-creation efforts in poor countries, even when the circumstances seemed unlikely?”

Efosa Ejomo, *The Prosperity Paradox*



FROM AID TO TRADE TO TRANSFORMED NATIONS

Over the past 70 years there has been significant progress in raising living standards and quality of life around the world. Prior to Covid-19, it was estimated that from 1990 to 2015, the extreme poverty rate (less than \$1.9 per day) dropped an average of a percentage point per year – from nearly 36% to 10%. A closer look at the numbers shows that progress has been unevenly distributed, mainly driven by the rise of China where GDP per capita went from \$90 in 1960 to \$10,000 in 2019. In sub-Saharan Africa more than 41% of people still live in extreme poverty. The impact of Covid-19 threatens to undo much of the progress that has been made.

History shows that enterprise and a transformed marketplace are the only way in which countries can escape poverty. For example, the Asian ‘Tiger’ economies (Singapore, Malaysia, Taiwan and South Korea) had GDPs lower than Ghana and Kenya in the 1970s. Fifty years later, despite sub-Saharan Africa receiving the equivalent of six Marshall Plans in aid, the ‘Tigers’ raced ahead.

Aid has an important role to play in addressing crises and ensuring basic access to essential services. However, it has had limited success in lifting people out of poverty. Despite philanthropy’s best efforts, children still lack basic education, families can’t access clean water or quality health-care, and countless villages remain without electricity in much of Africa and parts of Latin American and Asia. Without inclusive economic growth driven by enterprise, these essential human services are unsustainable and unaffordable. The countries reliant on outside aid are unable to chart their own course.

A look at the amounts of capital also shows the same result. The United Nations estimates that the cost of achieving the Sustainable Development Goals will require an additional \$2-3 trillion per annum. That is a staggering number if we are solely reliant on philanthropy. However, consider that global wealth is \$150 trillion, and 55% of this is stewarded by Christians. If even a fraction of this is invested with impact, then social, economic, and spiritual transformation would be achievable.

Innovation and creativity have been central to the economic dynamism of the Western world. As shown in the Global Innovation Index, there is a high correlation between innovation and national GDP. Over a decade ago, the government of China commissioned an economist Dr. Peter Zhao to do an academic study to determine the reason why America has the largest and most powerful economy in the history of the world. His conclusion was that the church had shaped America's culture and produced elements such as a tireless work ethic, honesty, suppression of corruption, a motivation for excellence, generosity, and the "spirit of creativity" which comes from worshipping a Creator (Wall Street Journal, Aug 8th 2008). We believe that when individuals and cultures are rooted in redemptive thinking this potential is unlocked.

The world stands at an economic, social, and spiritual crossroads. Capitalism without its Christian heritage and institutions of integrity has led to corruption, increasing inequality, and continued high poverty rates. However, enterprise rooted in Christianity can lead to inclusive and compassionate economic growth and be the single biggest contributor to poverty reduction and realising the Great Commission. Christian entrepreneurs and investors need to redeem the marketplace and in doing so transform nations by creating jobs, generating prosperity, driving innovation, and catalysing human flourishing.

An aerial photograph of a city, likely Los Angeles, viewed from a high vantage point on a hillside. The city's buildings and streets are visible in the mid-ground, with a hazy, overcast sky above. The foreground shows the rocky and vegetated terrain of the hillside.

THE TRANSFORMATIVE ROLE OF ENTERPRISE

“Wealth creation is rooted in God the Creator, who created a world that flourishes with abundance and diversity.”

Wealth Creation Manifesto, The Lausanne Movement



THE TRANSFORMATIVE ROLE OF ENTERPRISE

We believe that Faith Driven Entrepreneurs and Investors can create transformation in four main ways; Wealth and Job Creation, Innovation, Evangelism, and Discipleship and Cultural Transformation. The calling and gifts of the business leader are complementary to those of those of the minister and where possible should work in partnership together.

BUSINESS CAN CREATE JOBS AND WEALTH

Two thirds of the world's population live in poverty. Over 600 million new jobs will need to be created globally by 2030. Rapidly growing populations means that youth are often unemployed and without a future. Small & medium enterprises (with annual turnover from \$100,000 to \$50m) create more than 90% of formal employment opportunities in frontier and emerging markets, making them an essential part of every economy and an important lever for social and environmental impact.

BUSINESS CAN PROVIDE INNOVATIVE SOLUTIONS TO THE WORLD'S NEEDS

Yesterday's solutions can't solve today's problems. Innovation and technology can help tackle complex problems and enable nations to leapfrog forward. Entrepreneurs are the forward-thinkers the global economy needs. They look at technology as an opportunity to move forward in leaps and bounds.. In doing so, this type of innovation can create new markets and generate inclusive prosperity.

BUSINESS CAN REACH THE UNREACHED

32% of the world claim to be Christians, but over 7,000 people groups have never heard of Christ. Evangelism is restricted in many countries and Christians are often persecuted. Other faiths like Islam are growing rapidly especially among youth. Faith-driven entrepreneurs can go to places where traditional missionaries can't, and they can build meaningful relationships with and witness to their employees, customers, and suppliers.

BUSINESS CAN DISCIPLE LEADERS AND TRANSFORM CULTURE

Too often people have a 'Sunday only' faith which is divorced from the daily reality of making ends meet. This disjointed faith turns a blind eye to corruption or promotes a prosperity gospel which focuses on personal enrichment. Faith-Driven Businesses can nurture their employees in their faith and disciple them to live Christ-like lives. In turn, these businesses and leaders will affect change in every aspect of society.



THE MISSING MIDDLE AND ENTREPRENEURIAL ECOSYSTEMS

For faith-driven entrepreneurs to succeed in creating jobs, generating prosperity, driving innovation and catalysing human flourishing they need a vibrant entrepreneurial ecosystem.

THE MISSING MIDDLE AND ENTREPRENEURIAL ECOSYSTEMS

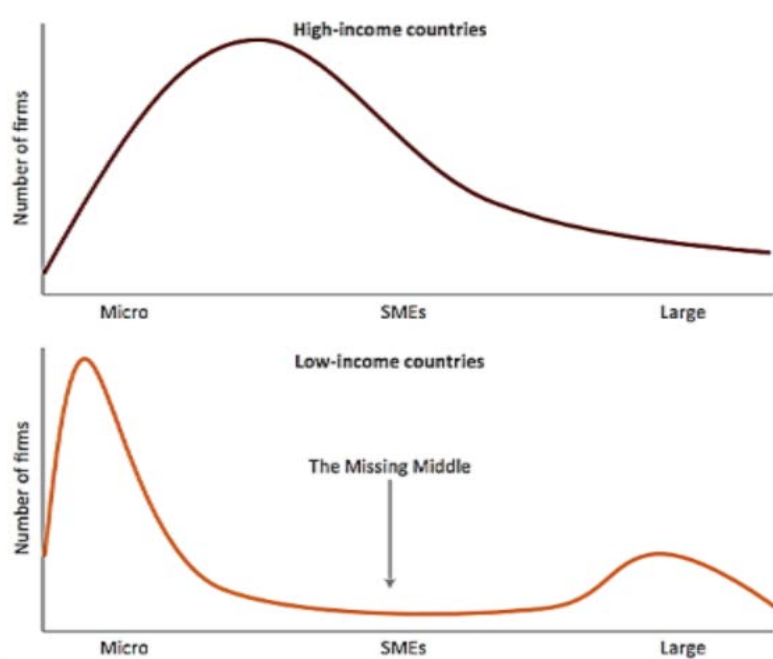
Faith-based enterprises transforming economies intuitively makes sense but its potential has yet to be realised. Why is this the case?

A recent report by the Legatum Institute “How Nations Succeed”, charted how over the past 60 years some countries have been able to develop entrepreneurial ecosystems which have created a pathway out of poverty. Entrepreneurs in developing countries face enormous challenges to take their ideas to scale—90% of businesses do not grow and over 75% fail within three years. These challenges include: low capacity of entrepreneurs, a corrupt business environment, and a lack of early-stage capital to scale. In many parts of the world, Christian entrepreneurs face additional discrimination and outright persecution because of their faith.

For example in Africa;

- 80% of entrepreneurs seek mentoring support
- 72% have no formal accounting system
- 57% have no formal business plan
- 83% can't access growth capital, a \$180 billion financing gap
- Trust is low and corruption is high. Kenya is ranked at 137 (out of 180 countries) in the
- Transparency Index, despite the majority of the population professing Christianity

As a result, the majority of businesses remain informal and at subsistence level, leaving investors struggling to find viable and scalable investment opportunities. In developed nations like the USA, medium sized enterprises contribute the most to GDP and job creation but in developing countries they account for just 16%. This gap is known as the 'Missing Middle'.



THE GOLDFISH PRINCIPLE

Take the example of Elon Musk. He is an extremely successful South African innovator who has founded Paypal, Tesla, and SpaceX. However, if he had remained in South Africa, without the skills, capital, and markets of the United States, it is unlikely that he would have achieved as much. He is undoubtedly a brilliant entrepreneur, but his environment has had a vital role in enabling his success. He would have remained a large goldfish in a small bowl.

For faith-driven entrepreneurs to succeed in creating jobs, generating prosperity, driving innovation, and catalysing human flourishing, they need a vibrant entrepreneurial ecosystem. This involves cultural renewal, discipleship and mentoring, community building, access to expertise, and aligned capital.

A photograph of a city street scene. In the foreground, there are lush green trees and a market area with several stalls covered by white and blue tarps. People are seen walking and working in the market. In the background, there are several buildings: a large, ornate white building with a dome, a modern blue and white high-rise building, and a tall, grey skyscraper. The sky is a clear, light blue.

REDEMPITIVE UNICORNS AND OTHER ARCHETYPES

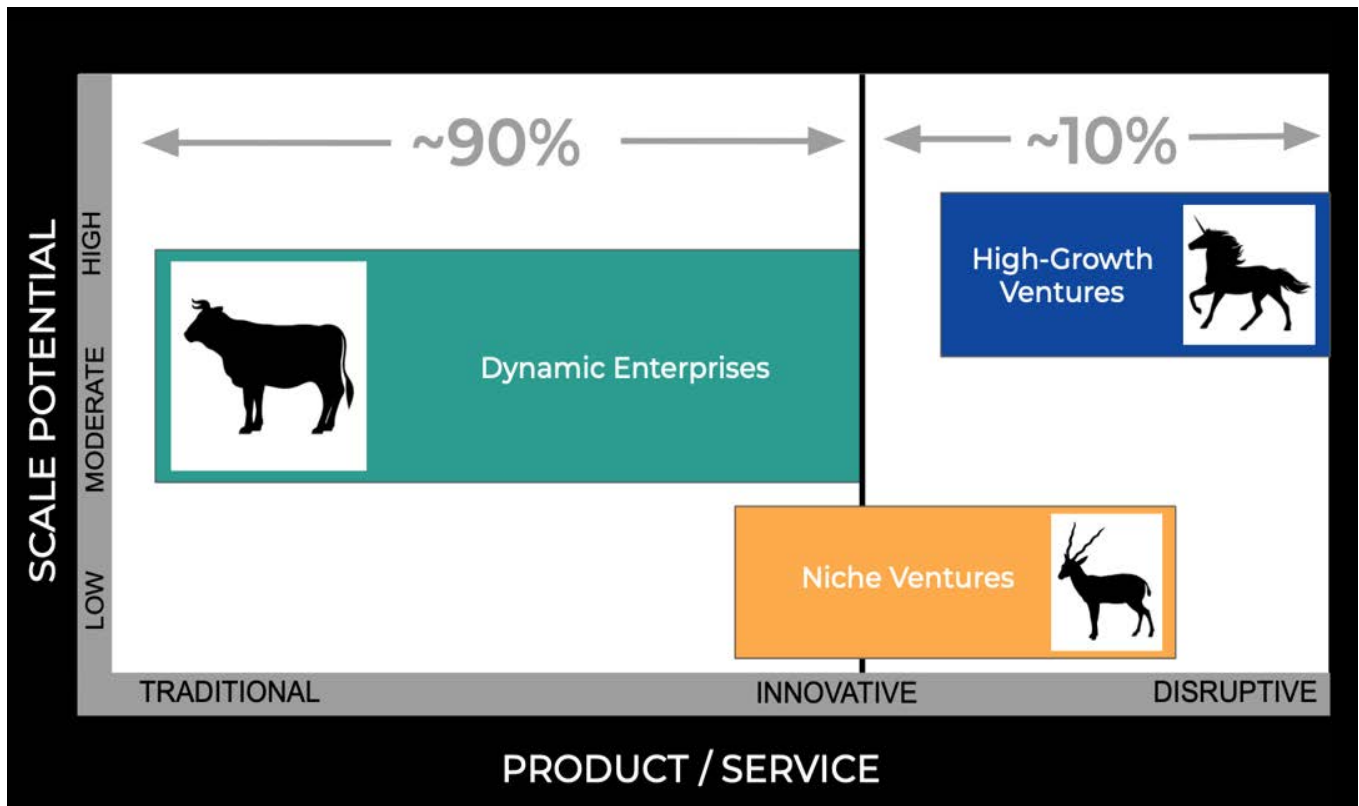
All businesses have redemptive potential but the spiritual, social, and economic impact varies based on their type.

REDEEMPTIVE UNICORNS AND OTHER ARCHETYPES

What distinguishes a faith-driven entrepreneur from a secular entrepreneur? What types of enterprises create what impact?

We've identified these Marks of a Faith-Driven Entrepreneur which define our businesses. These are expressed differently depending on the type of company we run, industry we are in, or which part of the world we live.

- **CALLED TO CREATE** - We believe God has created us to share in His entrepreneurial process.
- **IDENTITY IN CHRIST** - We live lives that have been transformed by the Gospel, that have accepted the gift of salvation, and now seek to bring God glory as our highest purpose.
- **STEWARD VERSUS OWN** - We understand that He has entrusted these resources to us to steward effectively according to His purposes rather than our own.
- **DON'T WORSHIP WORK** - We don't make work an idol that steals our affections from God and robs us of time for community, family, and fitness.
- **EXCELLENCE MATTERS** - We must follow the example of our Savior and seek excellence in every aspect of our daily job.
- **FAITHFUL VERSUS WILLFUL** - We seek to surrender our will to God's will, rather than mistake our will for His will.
- **MINISTRY IN DEED** - We believe that God has placed us in the marketplace to be salt and light through our actions.
- **MINISTRY IN WORD** - We believe in sharing our faith and being a winsome witness with gentleness and respect.



MARKET SIZE & PROFILE OF ARCHETYPES

All businesses have redemptive potential but different types of business can have varying spiritual, social, economic and environmental impact. We identify three fundamental archetypes of business and use animal metaphors to define them: Unicorns (high-growth ventures), Gazelles (Niche Ventures) and Oxen (Dynamic Enterprises). It is important to understand that each of these archetypes requires a different ecosystem to serve it—from expertise and capacity building to the type of investment they require to grow.

Social and economic transformation occurs when households are economically empowered. Then, they can invest in housing, education, and healthcare, which in turn enables them to escape the poverty trap. Furthermore, provision of public goods and services becomes sustainable and no longer aid-dependent as individuals and communities pay, either directly or through income tax. Over time, tax-paying citizens are empowered to hold their governments to account and rule of law is upheld, a virtuous circle which enables nations to flourish. Spiritual transformation usually begins with the employees of the enterprise through integration of discipleship or chaplaincy. The culture of the organization can provide a witness to Kingdom values to employees and wider stakeholders. Products and services which have been developed through redemptive imagination may shape or influence culture.

UNICORNS (HIGH-GROWTH VENTURES)

Unicorns are high-growth ventures which harness market-creating innovation. As their name suggests, these types of businesses are rare, comprising less than 10% of the entrepreneur ecosystem. They have the ability to scale and dominate their markets and are typically tech or asset-intensive product-based ventures. These high-risk, high-return businesses will play a significant role in long-term economic prosperity. As these enterprises scale, they create new markets and can engage and influence the culture and habits of millions of customers—they can become Redemptive Unicorns.

Examples of this type of innovation include companies founded by faith-driven entrepreneurs like Microensure, Flutterwave, and Bridge International Academies. Microensure provides insurance to the poorest people in the world who are dramatically impacted by natural disasters. Previously, no-one thought poor people were a viable market, but to-date it has registered more than fifty-six million people worldwide. Flutterwave was founded by Nigerian entrepreneur Iyinoluwa Aboyeji who wanted to build a payments infrastructure to connect Africa to the global economy. In 2019, Flutterwave processed 107 million transactions worth \$5.4 billion. Bridge International Academies founders realised that millions of children in Africa were either not in education or received sub-standard education. They set out to establish low-cost primary education utilising a standardised, online curriculum and tablet technology to compensate for the lack of skilled teachers. Over the past decade, Bridge has educated over 1 million children and expanded to 2000 schools in five countries.

GAZELLES (NICHE VENTURES)

Gazelles are niche ventures often found in the creative industries or which serve a particular target audience/ community. They tend to have a unique business model and may generate good returns. They can be very influential because they are rooted in a particular place or group, but they don't usually scale, unless they are franchised.

Examples of this type of company include companies like Craftwork or Little Tinkerer. Craftwork is a Texas-based specialty coffee and coworking operator that seeks to draw people out of isolation and into community by reimagining apartment amenity space. Little Tinkerer is a wonderful enterprise which aims to foster a healthy relationship between young children and technology through STEM toys and contents. Their toy products aim to restore what learning should be for young kids; not according to the anxieties of parents, or the popular manipulative marketing of consumerism, but according to their nature that God created in His own image—curious, creative, passionate, and engaged.

OXEN (DYNAMIC ENTERPRISES)

Oxen are traditional businesses operating in core sectors (ie agriculture, manufacturing, services or retail) or multi-generational family businesses. They typically have a modest but steady growth trajectory and a long time horizon. These businesses comprise 90% of the entrepreneurial ecosystem, and contribute to the majority of employment. Because of this, there is potentially enormous impact when the owners and leaders of these businesses embrace their God-given purpose.

Wonderful examples of Oxen are Hagar in Cambodia and Ten Senses in Kenya. Hagar Catering & Facilities Management is a leading food service provider in Cambodia. It grew out of a non-profit ministry and now provides training and jobs for hundreds of at-risk youths in a sustainable and profitable way. Ten Senses Africa (TSA) is the world's first fair trade certified macadamia nut exporter. They connect 30,000 smallholder farmers to high-value export markets and represent 10% of the Kenyan market. Farmers have seen their livelihoods improve by up to 35% and the CEO Frank Omodi was able to build a church in the community in which many of his workers live.



A FAITH-BASED ENTREPRENEURIAL ECOSYSTEM

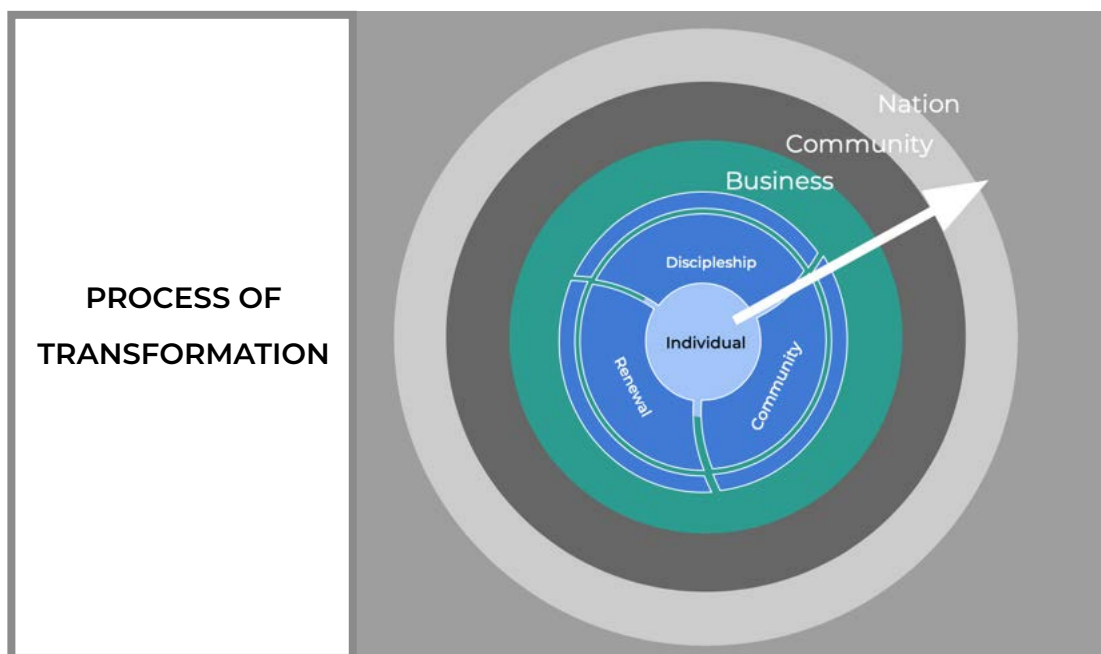
“Human creativity images God’s creativity when it emerges from a lively, loving community of persons and, perhaps more important, when it participates in unlocking the full potential of what has gone before and creating possibilities for what will come later.”

Andy Crouch, Culture Making

A FAITH-BASED ENTREPRENEURIAL ECOSYSTEM

In our experience, a healthy faith-based ecosystem is built on five pillars. The first two pillars are foundational and unique to our faith, while the others are also applicable in the wider secular context.

- REALISATION OF IDENTITY AND PURPOSE IN CHRIST
- REDEMPTION OF BUSINESS AND CULTURE
- UNLOCKING OF CAPACITY AND CREATIVE POTENTIAL
- RELEASING OF RESOURCES FOR GROWTH
- UTILISING TECHNOLOGY AS AN ENABLER



REALISATION OF IDENTITY & PURPOSE IN CHRIST

As Christ-following business leaders, we need a realisation that our true identity is as a loved daughter or son of Christ. We have articulated this as the Marks of a Faith-Driven Entrepreneur. It's a journey, not a destination, and this process of transformation takes place through Renewal, Discipleship, and in Community.

- **RENEWAL** - Our minds need to be renewed with a theology and vision of God's ultimate mission of redemption and a belief that God invites us to partake in that mission. We need to be baptised in Word, Prayer, and the Holy Spirit, which guides us and empowers us to bring 'His Kingdom on earth as it is in heaven'.
- **DISCIPLESHIP** - This is the process through which our walk with Christ deepens and our character is strengthened. Our lives are transformed through practices that make us Christ-like and dependent on God.
- **COMMUNITY** - Our personal transformation is enabled by our Christian community—the Church. We should encourage, support, and hold each other accountable. For those of us blessed with wealth and power, our challenge is to embrace justice and generosity to empower those less fortunate and give them opportunities. For those of us without wealth and power, our challenge is to understand the abundance of God and live in righteousness to faithfully steward and grow what we have.

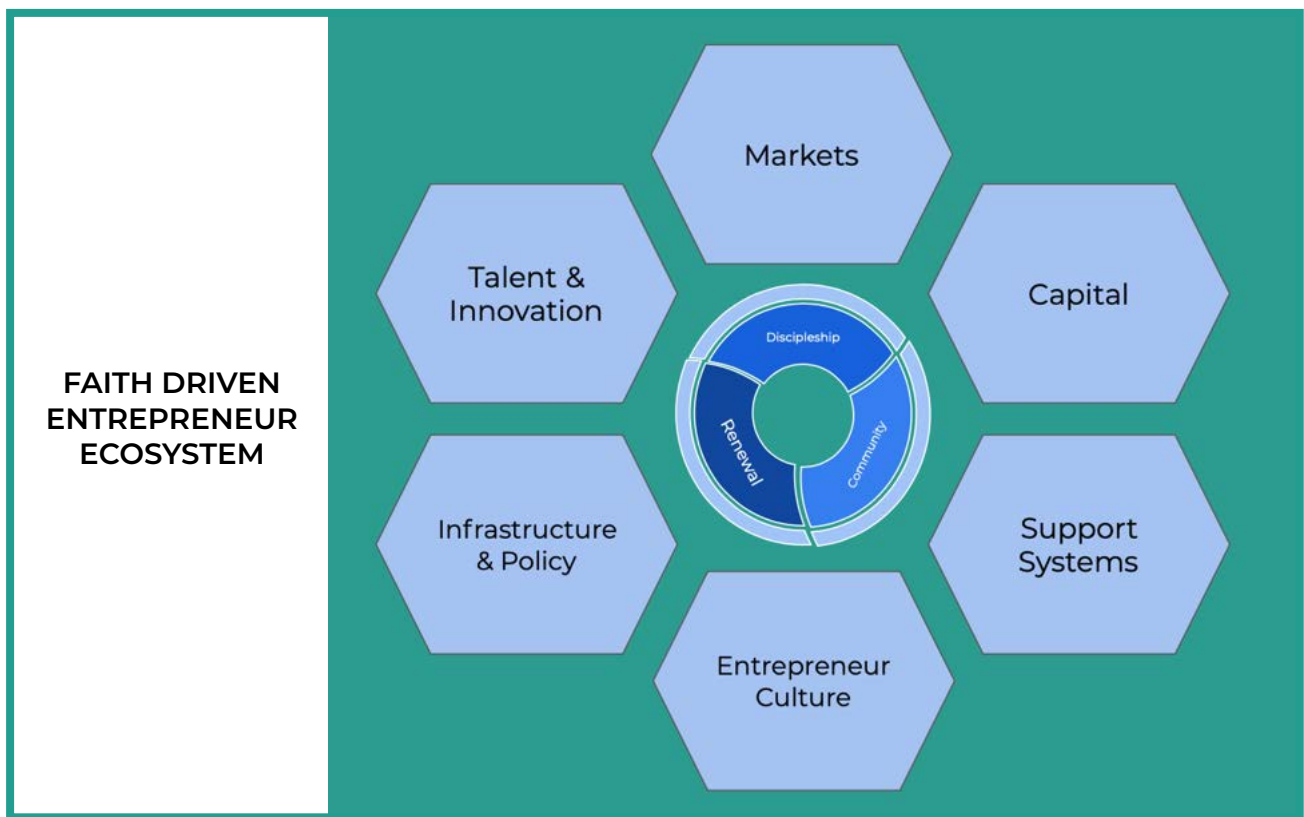
The local church should be central to this process. However, as described earlier, churches often have either an undeveloped theology of work or a distorted gospel of prosperity. Much work is required to support the global church to develop a Biblical understanding of business and the marketplace, and to support and disciple the entrepreneurial leaders in their midst.

Great examples of those engaged in this type of work include; C12 Group which provides peer-discipleship for executives in Brazil, Malaysia and Singapore, the Fearless leadership conference hosted by Mavuno Church in Nairobi, the author and thought-leader Andy Crouch who articulates the case for redemptive mission, and, of course the Faith Driven Investor and Entrepreneur podcasts which tell the stories of people pioneering in their field.

REDEMPTION OF BUSINESS AND CULTURE

Businesses, which we as Christ-followers lead, should have a mission of serving God and others with our abilities, as grateful worship for the gift of life. These enterprises can express our faith through ministry in word and deed. We are ready to share the hope we have with gentleness and respect and in culturally appropriate ways, with employees, service providers, and customers. We create excellent products and services, as well as internal cultures and stakeholder relationships that God may use to further his work of redemption.

As our businesses flourish and scale we should gain influence and ability to shape cultural values through meaningful business relationships, which affords us an ability to love and serve our stakeholders and solve problems through markets. Over time this has a significant impact on the wider community and national culture.



UNLOCKING OF CAPACITY AND CREATIVE POTENTIAL

As discussed earlier, unlocking capacity and creative potential is essential to enable entrepreneurs to grow and their ventures to scale. Rigorous research has been conducted by organisations such as Kaufmann Foundation and George Mason University on what elements enable support the unlocking of creative potential and enable entrepreneurship to flourish.

These include:

- **SEEDING AN ENTREPRENEURIAL CULTURE**
- **NURTURING TALENT AND INNOVATION**
- **PROVIDING CAPACITY BUILDING PROGRAMMES**
- **DEVELOPING SYSTEM INFRASTRUCTURE AND POLICIES**
- **ENABLING ACCESS OR CREATING NEW MARKETS**
- **MOBILISING APPROPRIATE INVESTMENT**

The strongest ecosystems are deeply rooted and led by local leadership but engage and partner with international expertise. In many countries, a vibrant secular entrepreneurial ecosystem and the role of Christians may simply be to come alongside existing organisations and initiatives to help them integrate faith and support their Christian entrepreneurs, rather than replicate all of their activities. For example in Kenya, there are many secular accelerators, incubators, and investors such as iHub, Village Capital, and Growth Africa. Faith-driven organisations like Sinapis and Transformational Business Network partner with these where possible. In Egypt, the lack of any acceleration programs presents an opportunity for Christians to influence the wider society. A local Christian business network has established a business accelerator programme, with support from Sinapis, an international organisation, and are growing an Egyptian mentor/ angel investor network. (See Country Case Studies for more details)

Each of the business types, Unicorn, Gazelle and Oxen, require different types of capacity-building support and investment to enable them to grow. However, all of them require the foundational elements of Renewal, Discipleship and Community.

Consider the growth journeys of three very different faith-driven enterprises;

CLOUDFACTORY - NEPAL, KENYA

Mark Sears has a vision of connecting one million people in the developing world to online work. This vision was born from a trip that he and his family had to Nepal over a decade ago. As a result he founded CloudFactory, which provides an on-demand digital workforce to help train and augment Artificial Intelligence (AI). Today CloudFactory employs over 5,000 people worldwide and revenue of over \$25M. CloudFactory was supported in its growth by Praxis Labs, a US-based accelerator programme, which helped Mark refine his vision and build relationships with like-minded investors. Sovereign's Capital, a faith-driven venture capital fund, were early investors and helped guide the company as it scaled.

EDUCOR - KENYA

Prisca Muyodi is the founder and director of Educor, a Kenyan company focussed on Christian primary education. Prisca was able to join an intensive Lean Start Up training with Agora Enterprises which allowed her to use the lean canvas to get a better understanding of her business and where she needed to improve. Agora also provided her with one to one mentoring to help her grow. As a result, Prisca was able to put her business in front of outside investors including the Christian impact fund Talanton which has enabled her to scale further.

AFFORDABLE ABODES - MALAYSIA

Tim Tan is passionate to enable poor families to have a high-quality, low cost and environmentally friendly home. His model revolves around kenaf, a fast growing tropical plant which can be used as a better alternative to cement. Tim's heart for the poor was birthed through his experience with his local church in Singapore and Malaysia. With encouragement from peers in a Christian business network, he left his comfortable job with a large real estate company to establish Affordable Adobes. Along the journey Tim was able to engage with Transformational Business Network in Asia which connected him to expertise and capital he needed to grow. Garden Impact, an impact investment fund led by Singaporean Christians, invested in his company and has supported the growth journey.

MOBILISING RESOURCES TO SCALE

“A generous person will prosper; whoever refreshes others will be refreshed.” Proverbs 11:25

Wisely mobilising local and international resources (capital and expertise) is critical to enable enterprises to scale. Often, resources flood into an environment which doesn't have the capacity to absorb it. At best this leads to inefficiency and waste, but it can often drown the shoots of transformation which we seek to nurture. Instead, as faith-driven investors and philanthropists, we want to provide a patient drip irrigation of appropriate support and capital. Building on the Unifying Principles of a Faith-Driven Investor, we need to listen and follow local leadership and build alongside their capacity and resources.

In the Cultivate and Seed stages of ecosystem development, this will depend significantly on Philanthropic grants or Catalytic (concessional) capital. We think it is appropriate to use this type of capital when:

- **PIONEERING A NEW MODEL OR EXPANDING INTO A NEW REGION**
- **PROVIDING ENABLING ECOSYSTEM INFRASTRUCTURE FOR THE COMMON GOOD**
- **INFLUENCING AND SHAPING CULTURE OR POLICY**
- **ACTING AS RISK MITIGATION CAPITAL TO CROWD-IN OTHER INVESTORS OR SCALING IMPACT**
- **DELIVERING SOCIAL OR SPIRITUAL OUTCOMES (IMPACT-FIRST), WHERE A COMMERCIAL INVESTMENT MIGHT DILUTE THE IMPACT**

Over time the ecosystem will develop and have the ability to absorb greater volumes of capital—the type of capital required will shift to catalytic (concessional) and then commercial capital. This sequencing is important because an over-reliance on philanthropy can encourage dependency, reduce dynamism, and distort markets. On the other hand, without philanthropic capital to cultivate the ecosystem and seed innovation, it is unlikely that the market will mature and produce scalable businesses.

As the entrepreneurial ecosystem matures, it will gradually become sustainable. The pipeline of faith-driven enterprises will grow and require commercial capital to scale. As they become profitable, they will create wealth for their employees and their investors. This in turn will allow them to be generous in their support of indigenous ministry efforts and so generate further social and spiritual impact in their community and nation.

CATALYTIC CAPITAL - THE PRINCIPLE OF GLEANING

The MacArthur Foundation has pioneered the use of Catalytic capital and defines it as ‘investment capital that is patient, risk-tolerant, concessionary, and flexible in ways that differ from conventional investment—is an essential tool to bridge capital gaps and achieve breadth and depth of impact, while complementing conventional investing.’

In the Old Testament, the Israelites were commanded to leave the edges of their fields unharvested so that the poor and marginalised might be provided for - a practice known as ‘gleaning’ (Leviticus 19: 9 - 10). Catalytic capital is based on a similar principle of not maximising the return on investment of our entire portfolio, but rather allocating a portion to be impact-first. Gleaning was commanded in addition to tithing (philanthropic giving). What if we allocated 10% of our investment portfolio to be impact-first?

Examples include;


- Transformational SME is a missional-business fund which invests in Christian-owned, small to medium-sized, growth-stage enterprises across North Africa, the Middle East and Asia. It seeks to optimise economic, environmental, social and spiritual returns in complex, high-risk commercial, ethical and spiritual environments. Investors in the fund aim for capital preservation, with all return on capital being utilised by the fund to offset investment losses and for charitable purposes in the region where its portfolio operates.
- Ceniarth’s impact-first capital preservation strategy which has provided first-loss capital to impact funds, in water, sanitation and healthcare in low-income countries, to de-risk and crowd-in other investors.

UTILISING TECHNOLOGY AS AN ENABLER

The ubiquitous spread of technology is facilitating the development of the faith-based entrepreneurial ecosystem by bringing together like-minded individuals, facilitating the movement of resources, reducing transaction costs and providing rich data from which to learn. Industry specific groups can help support each other, build supply chains and enable access to markets. Over time, this will allow entrepreneurs from Zimbabwe to Mongolia to have access to world-class support from the global Christian community.

Examples of this include:

- Triventure and African Management Initiative - online platforms which enable entrepreneurs to access world-class training, expertise and resources wherever they are.
- Faith Driven Investor Marketplace - connecting investors with faith-driven funds and deals around the world.
- Faith Driven Communities of Capacity Builders and Investors in Emerging and Frontier Markets - virtual groups which utilise Zoom, Slack, and other technologies to support, collaborate, and learn from each other.
- International Coffee Cooperative - a Facebook group of over 500 Christian entrepreneurs active in the coffee sector who share insights and work together.



NURTURING THE ECOSYSTEM

“How we behave when we turn up is incredibly important. We can really get that badly wrong with our enthusiasm to be agents of change. What we've got to do is to empower locally and not short-circuit (the process) by bringing in smart people from outside who can get from A to B faster.”

Malcolm Johnston, Angello Capital

NURTURING THE ECOSYSTEM

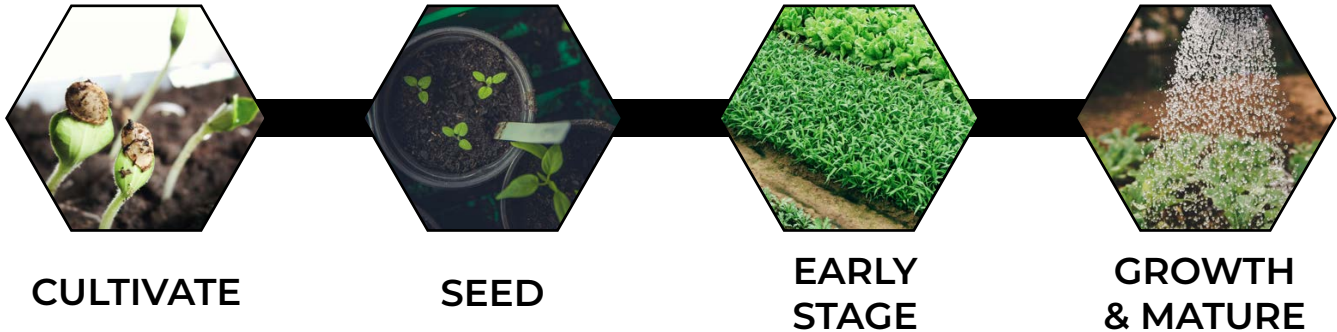
Ecosystem building requires time and patience. It is typically a co-creation process between local leadership and capacity and international expertise and resources. The process is unlikely to be clearly linear. In some countries the ecosystem may be well established (but gaps are likely to remain), while in other countries the process may need to begin from scratch. The early stages of Cultivate and Seed are critical to ensure deep Biblical foundations, a vibrant and engaged community of entrepreneurs and innovators and a broad pipeline of innovative and scalable companies.

Tips for a Successful Ecosystem

- **STARTUP COMMUNITIES ARE LED BY LOCAL ENTREPRENEURS**
- **ENTREPRENEURS HAVE TO TAKE A LONG-TERM VIEW (20+ YEARS)**
- **IDENTIFY AND BUILD ON LOCAL CAPABILITIES AND RESOURCES**
- **BE INCLUSIVE OF ANYONE WHO'S INTERESTED IN BEING PART OF THE STARTUP ECOSYSTEM**
- **ORGANIZE ACTIVITIES AND EVENTS THAT ARE SUBSTANTIVE AND BUILD COMMUNITY**

'Building Entrepreneurial Communities' Brad Feld, Techstars

DEVELOPING FLOURISHING ECOSYSTEMS



<ul style="list-style-type: none"> ■ Identify local leaders & potential partners ■ Map existing ecosystem ■ Identify gaps 	<ul style="list-style-type: none"> ■ Prototype new initiatives ■ Replicate from elsewhere 	<ul style="list-style-type: none"> ■ Build capacity of partners ■ Scale what's working
SIGNS OF EACH STAGE		
<ul style="list-style-type: none"> ■ Engage/ initiate community ■ Develop theology & ideas ■ Role models & storytelling ■ Entrepreneurial education 	<ul style="list-style-type: none"> ■ Pitch competitions ■ Incubators ■ Entrepreneurship training 	<ul style="list-style-type: none"> ■ Accelerators ■ Advisory ■ Mentoring
		<ul style="list-style-type: none"> ■ Advisory ■ Mentoring ■ Talent development
CAPITAL TYPES BY STAGE		
PHILANTHROPIC		
	CATALYTIC	
		COMMERCIAL



CULTIVATE

Ecosystem building starts with understanding the environment and prayerfully discerning what God is doing. Few of the entrepreneurs will have a good understanding of how their faith applies to their business and will often feel isolated or misunderstood by their church community. Church leaders will often view the business community as a source of income and not understand its missional role. The process of understanding the soil, clearing the weeds and building relationships requires patience and 'apostolic' leadership. It is critical that the ecosystem is led by entrepreneurs with others coming alongside them. It is also important to engage with Christians with influence and wealth to expand their understanding of God's calling on their life and business. Ultimately the aim is to nurture a local leadership team who can guide the future development of the ecosystem.

PROCESS

- Identify who are the key local entrepreneurs, leaders & potential partners which share an aligned vision and values
- Map the existing ecosystem - what capabilities and resources exist locally, who are the key Christian and secular players in this space, what support do they provide, what are the gaps?
- Facilitate and equip the local leadership to shape their vision and identify the opportunities

EXAMPLES OF ACTIVITIES

- These activities may continue well beyond the seed stage but are critical for creating the right foundations for success.
- Engage/ initiate a community of faith-driven entrepreneurs, mentors, and investors with regular events & activities
- Facilitate renewal and discipleship by developing theology and ideas, as well as role models and storytelling
- In cultures where entrepreneurship is weak, there may be a need for education initiatives such as high-school or college programmes

CAPITAL REQUIRED

- The laborious work of cultivation usually requires philanthropic subsidy as few of the activities have sustainable business models.



EARLY STAGE

As seedling initiatives and enterprises begin to sprout they may continue to require tailored support and resources to allow them to scale. This is a more intensive process and will require specific skills and experience. At this stage the local faith-driven community should have developed a critical mass which allows it to shape and influence the wider culture. Positive results and a healthy pipeline of enterprises should have encouraged a wider group to engage as mentors and potentially form an angel investment network.

PROCESS

- Strengthen and build capacity of local partners
- Scale or replicate what is working

EXAMPLES OF ACTIVITIES

- More bespoke/ technical support and access to markets will be required for scaling enterprises. Local mentoring and angel investor networks are extremely important.
- Capacity building support continues to play an important role. This will include culture formation activities such as doing a spiritual integration review or even employing a corporate chaplain.

CAPITAL REQUIRED

- Activities should be able to create sustainable business models but may still require catalytic funding to build their capacity and enable them to scale.
- Angel investors or some VCs are likely to become interested individual businesses at this stage providing seed capital.
- Debt or revenue-based financing will be more appropriate for certain enterprises.



SEED

Having established a faith-driven community, there is a need to nurture and grow it. The opportunities in the ecosystem will have been identified and local partners are in place to support the implementation of these initiatives. Initiatives should be built on local capabilities and be resourced locally where possible. Support and resources from outside should be requested and directed by local partners. Pioneering and pastoral leadership will be required to help the community navigate this stage.

PROCESS

- Prototype new initiatives which address opportunities/ gaps
- Replicate & adopt successful models from elsewhere
- Engage and provide faith-specific support to secular organisations

EXAMPLES OF ACTIVITIES

- Supporting innovation and prototyping new technologies/ business models through pitch competitions, design labs, or incubators
- Building capacity of enterprises through accelerator programmes or bespoke support
- Developing and discipling talent through mentorship, entrepreneur apprenticeships, or training

CAPITAL REQUIRED

- Many of these activities will still require some philanthropic subsidy. However, it may be possible to generate revenue streams which assist sustainability.
- In addition to grants, other forms of catalytic funding, such as low-interest loans or revenue-match payments, may be appropriate.



GROWTH & MATURE

In these stages, the majority of the ecosystem should have become self-sustaining. Some of the early generation of enterprises will be leaders in their field and will be able to provide expertise and resources to support the next generation.

PROCESS

- Mobilisation of resources to enable enterprises to scale
- Supporting discipleship of leaders and a faith-driven culture

EXAMPLES OF ACTIVITIES

- Partnering with Christian business leadership and discipleship networks (like C12, FCCI and Convene) to expand into new countries
- Development of commercial investment funds, particularly those which can provide added-value through scaling expertise or access to markets

CAPITAL REQUIRED

- Faith-driven equity investors which can provide market-return growth capital are valuable at this stage to support growth and maintain culture and values.
- Businesses should have sufficient revenues to secure local bank financing.


The background of the page is a photograph of a sunset. The sky is a gradient of warm colors, from a pale yellow at the top to a deep orange and red near the horizon. In the foreground, the dark silhouettes of several palm trees are visible, their fronds reaching upwards against the bright sky. The overall mood is serene and natural.

KENYA ECOSYSTEM CASE STUDY

The Rise of the Silicon Savannah

KENYA ECOSYSTEM CASE STUDY

Nairobi is a cosmopolitan, dynamic, and entrepreneurial city. It's known as the Silicon Savannah due to its vibrant tech sector, which has pioneered mobile money and online education. It is also the financial services centre for the East Africa region. Agriculture and tourism drive the economy in the rest of the country. Over the past decade, Kenya has experienced an average GDP growth rate of 5.7%. However, there is enormous inequality and it's estimated that only 40,000 people (0.1% of the population) have benefited. The majority of the population live below the poverty line. Corruption is rife in Kenya, which is ranked 139 out of 168 in Transparency International's Corruption Index. This erodes trust, increases costs and has a tremendously detrimental effect on society and entrepreneurs alike. While more than 85% of Kenyans identify as Christians, there is a huge disconnect between people's faith and how they live out their values in the realm of business and investing. The faith-based entrepreneurial ecosystem in Nairobi is entering the Early stage with hundreds of entrepreneurs growing and developing their businesses. Most of these enterprises are still small but there have been a few which have scaled. Many of the churches such as Mavuno, Nairobi Chapel, and Christ is the Answer Ministries have been teaching faith and business integration and have thriving business communities. There are a number of capacity building organisations such as Sinapis, Agora, and Transformational Business Network who have been providing discipleship, accelerator, and capacity building services. These programmes generate some revenue from their services but still require some grant subsidies. In the past two years, faith-based investors like Talanton and Kinyungu have begun to make investments. Members of Africa 100, an experienced group of local Christian business leaders, are becoming actively involved as mentors. Hopefully over time, they will become local investors who can nurture entrepreneurs at an early stage and partner with and guide international investors.

The background of the page is a photograph showing the silhouettes of several ancient, conical-roofed structures, likely stupas or pagodas, against a bright, hazy sky at sunset or sunrise. The sun is positioned behind one of the structures, creating a lens flare effect. The overall color palette is muted, with shades of grey, brown, and a soft orange from the sky.

CENTRAL ASIA ECOSYSTEM CASE STUDY

Flourishing on the Margins



CENTRAL ASIA ECOSYSTEM CASE STUDY

After the collapse of the USSR, this Central Asian country became independent but was slow to prosper economically. It is still a poor country, ranked in the bottom 10 for GDP per capita of less than US\$2000. In recent years, the government launched large-scale reforms, which included liberalization of the economy, opening of borders, and reduction of trade duties. This has led to significant foreign-direct investment. The country is rich in natural resources and also processes a strong manufacturing industry.


Over 90% of the population are Muslims. Other Islamic countries are the main investors in the region and have a strong influence on the economy and in shaping the culture. The country is in the top 20 worldwide for persecution of Christians. Despite this, Christianity is flourishing, with more than 200 Protestant evangelical churches.

The faith-based entrepreneur ecosystem is in the Seed stage. In 2017, a group of over 40 Christian entrepreneurs from different churches launched a business club called 'UCreate' to support start-ups, grow their businesses and most importantly to show young Christians how to flourish in their faith and work. It has also been active in engaging and witnessing to non-Christian entrepreneurs. Most of these enterprises have an annual turnover of less than US\$200,000. Currently there is little external support for their activities and only one known international investor who is providing low-cost loans to support enterprises through the Covid crisis. Their aspiration is to grow the Christian business community so it has a strong presence and influence for Christ across the region.



EGYPT ECOSYSTEM CASE STUDY


A Light in the Islamic World



EGYPT ECOSYSTEM CASE STUDY

Egypt is one of the fastest growing economies in the Middle East and Standard Chartered Bank has predicted that it will be one of the top 10 economies in the world by 2030. Egypt is also significant as a cultural and media hub and influencer for the rest of the region. Egypt is home to 20 million Christians, the highest Christian population in the Arab world. Cairo is the second entrepreneurship hub in the middle east after Dubai, and the fastest growing one. All of this means that Egypt has enormous potential for faith-driven entrepreneurship to influence the Arab world.

The faith-based entrepreneur ecosystem is in the Seed stage but has strong local leadership. The Community (tC), a ministry affiliated with the evangelical community, recognised the potential of faith driven entrepreneurship and the need to mobilise their community. They have developed a network of 200+ Christian business people. In partnership with Sinapis, they have developed two programmes for entrepreneurs, Genesis and Oasis. Genesis is a 9-week idea stage program to help young aspiring entrepreneurs develop a complete business model. Oasis is a more intensive, 4-month mini-MBA alternative designed to accelerate training for entrepreneurs with businesses in the growth stage. They also provide consulting and mentoring to early and growth stage companies. They are in the process of developing an Egyptian network of angel investors. Their ambition is that over time they can expand into other countries throughout the Middle East.



CALL TO ACTION

“The harvest is plentiful, but the workers are few.”

Luke 10: 2

CALL TO ACTION

We hope this report has inspired and challenged you to think about the necessity, urgency, and impact of faith-driven entrepreneurs to advance the Kingdom of God. Many of you have been on this journey for a while, others of you are taking the first steps. We are encouraged as our community is growing rapidly and we are building relationships with Christian brothers and sisters all around the world. At Faith Driven Movements, we believe our role is to serve the Christian entrepreneurs, investors, innovators, and capacity builders. There are many ways to engage and collaborate. We hope you will join us on this journey.

- Join the movement and engage with and learn from your peers through our Working Group of investors focused on emerging and frontier markets.
- If you are already on this journey, share with us what you are learning, tell us what we are missing, and let us know how we can help you.
- If you are just starting out, then pray and discern what God is calling you to; which geographical regions or areas of impact.
- Come and visit Africa and Asia with us, meet local entrepreneurs, and understand what God is doing around the world.
- Determine how you will define impact and return expectations across your investment and philanthropic portfolio. This might include:
- Engage with local and international partners to build faith-driven ecosystems utilising philanthropic capital
- Allocate a proportion of your investments as catalytic capital to maximise impact
- Identify market-rate investment opportunities around the world
- Participate in the Faith-Driven Marketplace to identify opportunities which align with your impact and return expectations

“THE BEST TIME TO
PLANT A TREE WAS 20
YEARS AGO, THE NEXT
BEST TIME IS NOW.”

ACKNOWLEDGEMENTS

Thanks to all the FDI/FDE team who provided their input to this report, particularly Henry, Justin, Jonny and I really appreciate the many friends who have journeyed with me on this project, especially Ray Barreth and Malcolm Johnson who are generous with their wisdom. Thanks to many in the Business as Mission community who have been pioneering this work for decades. Finally, it's wonderful to engage with the faith-driven community around the world who have shared thoughtful and diverse perspectives - thanks to Matthew Rohrs, Toby Kilgore, Peter Nagy, Duncan McFadzean, Roman Kan and Craig.