avpa AFRICAN VENTURE PHILANTHROPY ALLIANCE

THE LANDSCAPE FOR SOCIAL INVESTMENTS: SUB-SAHARAN AFRICA COMPARATIVE ANALYSIS

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The African Venture Philanthropy Alliance (AVPA) is a unique Pan-African network for social investors, headquartered in Nairobi and committed to building a vibrant and high impact community across Africa. AVPA is aligned with thriving networks in Europe (EVPA - HQ in Brussels with 250+ members) and Asia (AVPN - HQ in Singapore with 600+ members) to form a dynamic global force for social impact.

The following AVPA team members contributed to this report:

- Dr. Frank Aswani - Chief Executive Officer
- Rachel Keeler – Value Hub Director, Report Lead
- Nancy Kairo - Executive Director, East Africa
- Oluwatoyin Adegbite-Moore - Executive Director, West Africa

The U.S. African Development Foundation (USADF) is an independent U.S. government agency established by Congress to invest in African grassroots organizations, entrepreneurs and small and medium-sized enterprises. USADF's investments promote local economic development by increasing incomes, revenues and jobs, and creating pathways to prosperity for marginalized populations and underserved communities. Utilizing a community-led development approach, USADF provides seed capital and local project management assistance improving lives and impacting livelihoods while addressing some of Africa's biggest challenges around food insecurity, insufficient energy access, and unemployment, particularly among women and youth.

Over the last five years, throughout Africa, with an emphasis on the Horn, Sahel and Great Lakes regions, USADF has invested more than $115 million dollars directly into over 1,000 African owned and operated entities and impacted over four million lives.

Social Capital Foundation is a Dutch Foundation that partners with social impact first organisations who want to enhance sustainable economic opportunities for communities and small businesses.

SCF supports local talent potential, creativity and innovation with adequate tools, flexible funding and a knowledge network to maximize and scale impact.

The Rockefeller Foundation's mission—unchanged since 1913—is to promote the well-being of humanity throughout the world. Today the Foundation advances new frontiers of science, data, policy, and innovation to solve global challenges related to health, food, power, and economic mobility. As a science-driven philanthropy focused on building collaborative relationships with partners and grantees, The Rockefeller Foundation seeks to inspire and foster large-scale human impact that promotes the well-being of humanity by identifying and accelerating breakthrough solutions, ideas and conversations.

Authors

The following Intellecap team members contributed to the research:

- Karnika Yadav – Associate Partner
- Racheal Wangari – Manager
- Anuja Kaushal – Manager
- Nehemiah Owino – Senior Associate

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SUB-SAHARAN AFRICA COMPARATIVE ANALYSIS

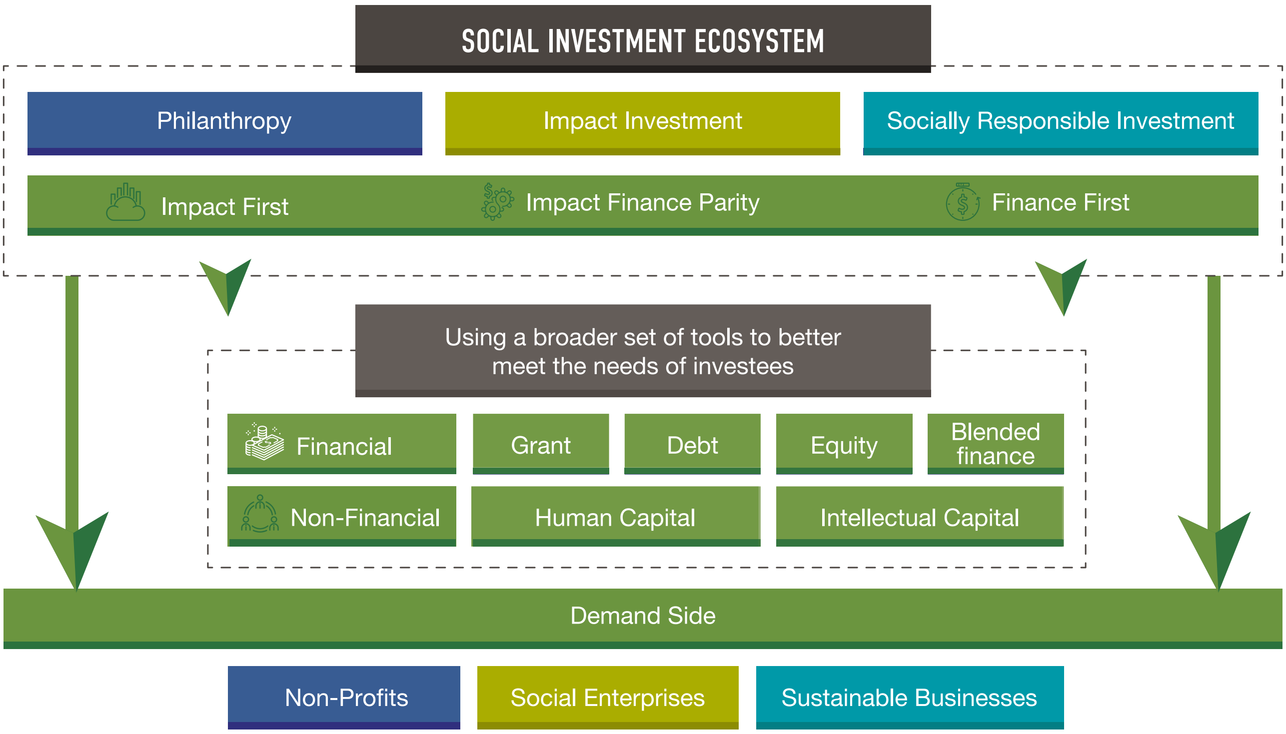
INTRODUCTION AND OVERVIEW OF THE RESEARCH

Continuum of Social Capital and role of African Venture Philanthropy Alliance (AVPA)

Social investment has been gathering momentum across the world.

Social investment is an umbrella term that brings together diverse categories of funders aiming to achieve social and/or environmental impact. Broadly, social investments include financial and non-financial support deployed via venture philanthropy, impact investing (with a focus on investing for impact), and socially responsible investing. Social investment methodologies have proven to be a powerful strategy to create sustainable and scalable social and environmental impact by enabling diverse social investors to collaborate for a more significant impact on the achievement of the SDGs. Collaboration across different types of capital and investment strategies is needed, referred to as the "continuum of capital".

Figure 1: Continuum of Social Capital



Adopted from Asia Venture Philanthropy Network (AVPN)

In sub-Saharan Africa many social investors operate in silos, necessitating strategic interventions to bridge gaps across the continuum of capital.

Established in 2018, the African Venture Philanthropy Alliance (AVPA) is a Pan-African network that seeks to drive a transformative social investing agenda in the continent. AVPA leverages the experience and momentum gained by the European Venture Philanthropy Association (evpa.eu.com) and the Asian Venture Philanthropy Network (avpn.asia) – thriving networks that together have over 800 members in more than 50 countries and are proven catalysts for mobilizing capital and helping members to deploy it more effectively to drive positive change. AVPA facilitates the flow of human, intellectual and financial capital, not only within Africa, but also with the vast network of members across the 50+ countries outside of Africa. AVPA seeks to support the sector through several key service lines offered to its members.

Figure 2: Overview of AVPA service offering

Methodology Adopted (Data Collection and Analysis)

In its efforts to build the knowledge base on social investments in Africa, AVPA commissioned a comprehensive study to map providers of social capital (financial, human and intellectual), their investment strategies, and opportunities for collaboration amongst the various investors. The study insights are presented in three reports outlining the social investment landscape in East, West and Southern Africa.

The study leveraged concurrent triangulation, a mixed-method approach involving a collection of qualitative and quantitative information from structured interviews, and secondary sources. The methodology adopted included: a) Literature review/desktop research, b) Interviews with social investors such as development finance institutions (DFIs), foundations, corporates, and impact investors; demand-side players including social enterprises and non-governmental organizations (NGOs); and ecosystem enablers such as incubators, accelerators, professional service firms, research, and academia; c) transaction mapping through verified online sources; and d) quantitative online surveys.

The key definitions adopted and used in the study include;

Social investment is an umbrella term for financial and non-financial capital deployed according to rigorous investment principles to generate positive social and environmental impact, with varying financial return expectations.
Venture philanthropy builds on the philanthropic tradition as a high-touch engagement and long-term approach whereby an investor provides tailored financial and non-financial support with a focus on maximising, measuring and managing social impact. Generating positive impact is the first priority for venture philanthropists.
Impact investments are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return.[1]
Socially responsible investment is an investment made into a sustainable business that promotes ethical and socially conscious themes. While social returns are important, financial returns are also critical for socially responsible investors.
Social enterprises are businesses with a primary focus on achieving social or environmental impact in a financially sustainable manner. In Africa, social enterprises often employ technology and innovation to address critical needs for the 'bottom of the pyramid'.

[2] As defined by the Global Impact Investing Network.

A baseline for future research

Data limitation on social investments, particularly in areas such as philanthropy, venture philanthropy, and corporate sustainability programs across the regions, is substantial. This inaugural report sought to develop a high-level picture of the social investing space. The comprehensiveness of information within countries and investor categories varies widely. While the reported data are useful in identifying broad trends and regional and national differences, they are not comprehensive and leave significant scope for further research. Key areas recommended for future research include:

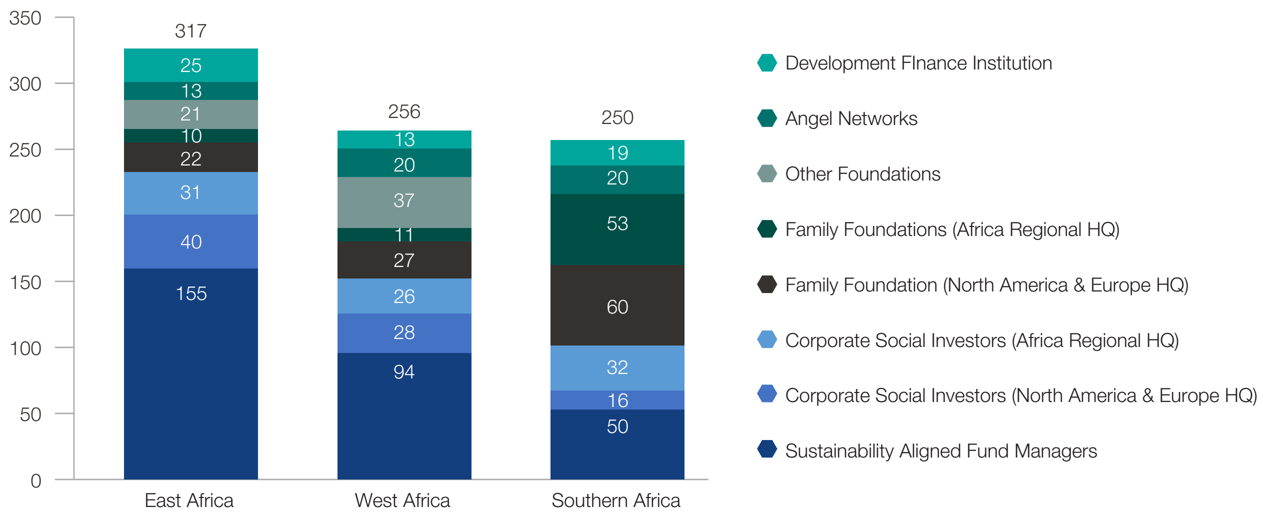
- Sectoral performance of blended finance and catalytic financing structures to understand how these can be scaled for maximum impact. Further, there is a need for research on blended and innovative finance for smaller transactions at the early stage enterprise stage across all the regions.
- Benchmarking analysis of corporate social investment policies to provide best practices to guide policy formulation in countries that lack frameworks to promote strategic corporate giving.
- Understanding effective ways to engage the diaspora community to raise and structure development finance at scale.
- Research to determine the extent and impact generated by faith-based giving. Further, understanding the operations and structures of religious-based NGOs and CSOs and identifying strategic collaboration mechanisms with other social investors.
- Frequent data gathering e.g. through annual surveys to generate quantitative data for foundations and corporate social investors headquartered in the region, as this remains scarce and could not be comprehensively covered in the research across most of the countries.
- Understanding the effectiveness of different Technical Assistance (TA) models adopted by investors across sectors.
- Case studies of successful models adopted by foundations and grantmakers transitioning into impact investing and venture philanthropy is needed to inform best practice.
- Demand-side research for this study was mainly desktop-based; thus, it will be important to engage with social enterprises and NGOs to understand their changing needs further.

COMPARATIVE ANALYSIS OF SOCIAL INVESTMENTS BY REGION

There is a diverse group of social investors actively deploying capital in the SSA region.

The research identified over 820[2] social investors active in East, West, and Southern Africa. The majority of social investors have a focus on East Africa, which can be attributed to the region's economic growth and increasing level of entrepreneurship and innovation over the years.

Figure 3: Overview of Key Social Investors in SSA



Source: Intellecap Database

[2] List not exhaustive

Southern Africa has seen more active participation by capital providers headquartered in the region compared to East and West Africa.

Philanthropy by regionally based corporates and individuals is more pronounced in Southern Africa, given the relatively high number of family and corporate foundations operating in the region. In addition to running programs through operating foundations, these players have increasingly collaborated with other social investors to develop and implement innovative social investment structures. Some players are, for example, acting as outcome payers in impact bonds. Regional based corporate social investors in East Africa are however, increasingly contributing to social investments through long term innovative programs aimed at solving development challenges.

The governments in Southern and West Africa have been driving the development of innovative structures for deploying social investments.

In West Africa, the governments have been participating in the space and promoting impact investment by setting up funds and angel investor networks, while in Southern Africa, governments have been active in promoting impact bonds by paying for outcomes.

Giving by individual/family philanthropists in East Africa remains less structured and highly private compared to West and Southern Africa.

While Southern Africa has the highest number of regional based family foundations, a high level of activity was recorded for regional family foundations in West Africa who are highly public with information on their giving and the causes they support.

COMPARATIVE ANALYSIS BY SOCIAL INVESTOR

Donors and development finance institutions are the largest providers of social capital across the SSA regions deploying billions of dollars annually.

Table 1: Capital deployed by various social investors

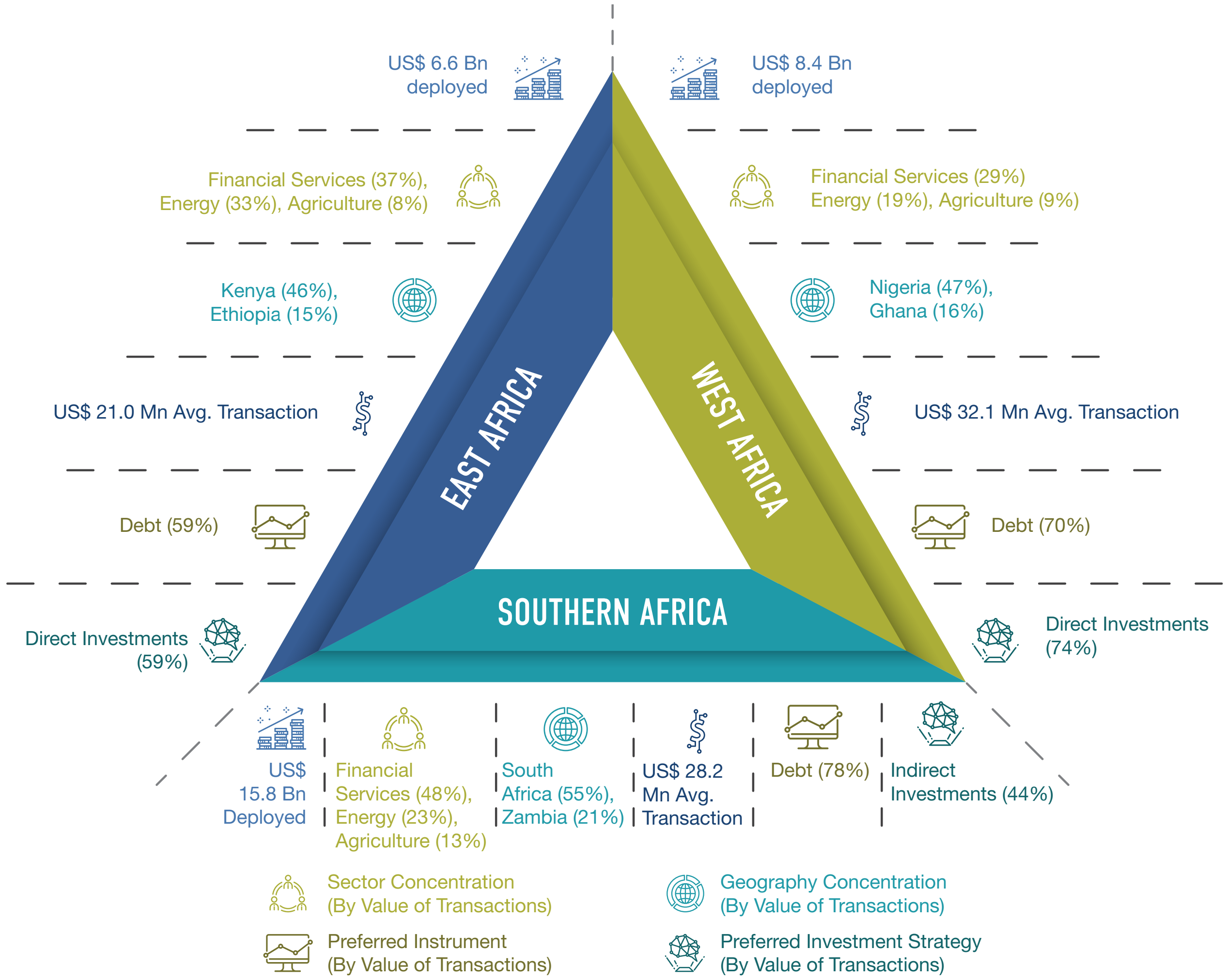
CAPITAL DEPLOYED (US$ MN) 2015-2019	EAST	WEST	SOUTHERN
Bilateral / Multilateral Donors, 2018	14,500	7,400	4,760
Development Finance Institutions (DFIs)	6,600	8,400	15,800
Sustainability Aligned Fund Managers (SFMs)	1,500	1,200	1,170
CSIs (regional HQ)	383 (2014- 19)	397 (2010-19)	2,700
CSIs (North American)	571	547	
Family Foundations (regional HQ)	22 (2012-19)	267 (2010-19)	320 (2013-20)
Family Foundations (North American)	710	796	545

Source: Intellecap research based on various sources

Development Finance Institutions (DFIs)

DFI investments across the regions have followed similar trends in terms of sector preference with financial services, energy, and agriculture emerging as the top three sectors in each region, accounting for between 57-84% of the DFI portfolios in those regions. Debt has been the commonly used instrument across the three regions with a high preference for direct investments in enterprises in West and East Africa.

Figure 4: Summary of DFI activities 2015-2019

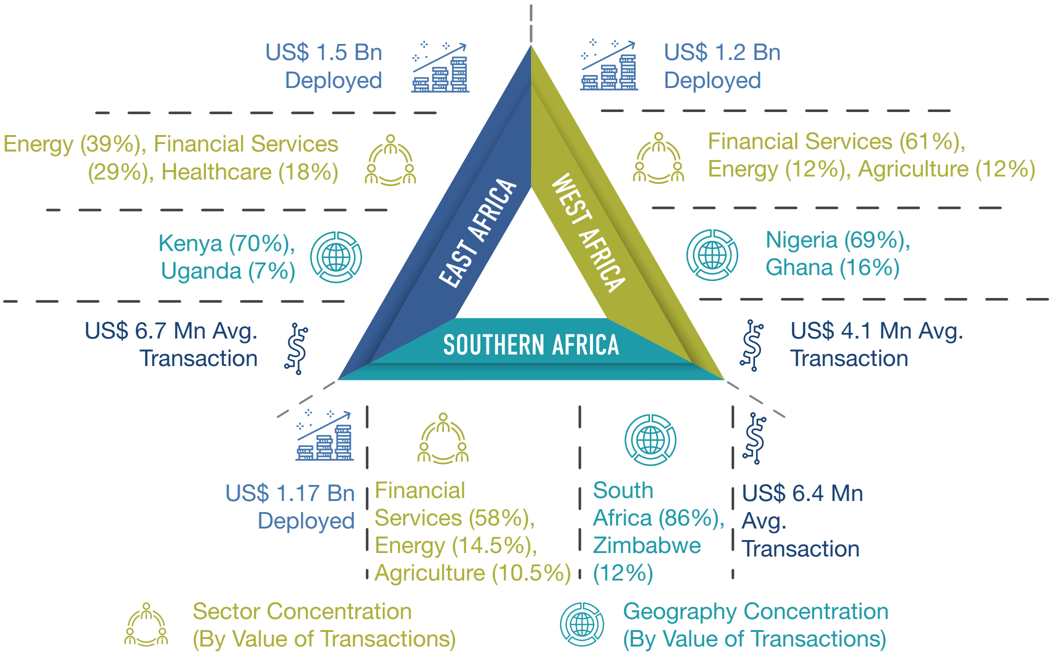


Sustainability Aligned Fund Managers (SFMs)[3]

Similar to DFIs, SFMs focused largely on enterprises in the financial services, energy, agriculture and health sectors. Most of the investments favored technology-driven enterprises, especially in the financial sector. While East Africa has a relatively well-balanced portfolio for the top three sectors, in West and Southern Africa this is highly skewed towards financial services. Most of the SFM deals in the regions focused on early-stage businesses (accounting for a large number of deals). At the same time, a significant financing gap remains for enterprises at growth stages across all regions. This reflects the challenges faced by 'missing middle' enterprises in the SSA regions.

SFM investments across the three regions are highly concentrated geographically with over 60% of total capital deployed in one country in each region.

Figure 5: Summary of SFM activities 2015-2019

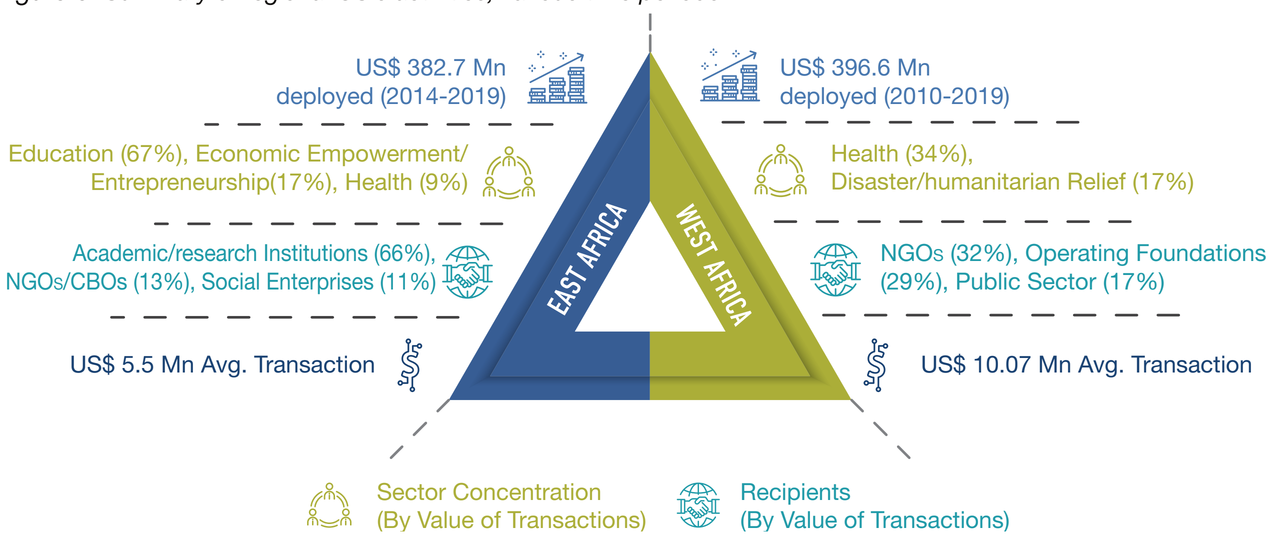


Corporate Social Investors (CSIs)[4]

Corporate Social Investors in the SSA region are adopting various sustainable strategies and innovative approaches to support programmatic interventions. These include impact investing, shared value approach and sustainable CSR, venture philanthropy, and ecosystem building through acceleration/incubation programs. In East Africa, a significant proportion of capital (11%) was observed to be deployed through social enterprises, with only 2% deployed through social enterprises in West Africa.

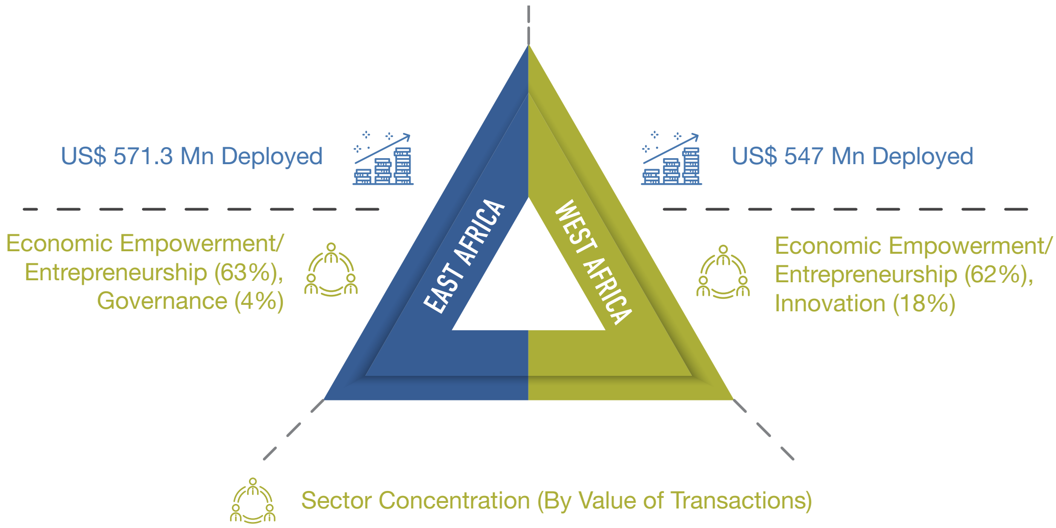
NGOs remain a common recipient of corporate funds across all the regions.

Figure 6: Summary of regional CSIs activities, various time periods



[3] SFMs refer to private fund managers (including venture capital funds, private equity funds, debt funds, blended finance funds, incubators and accelerators) that deploy capital in SDG focused sectors.
[4] Refers to corporate foundations, corporate funds, and corporate accelerator/incubator programs

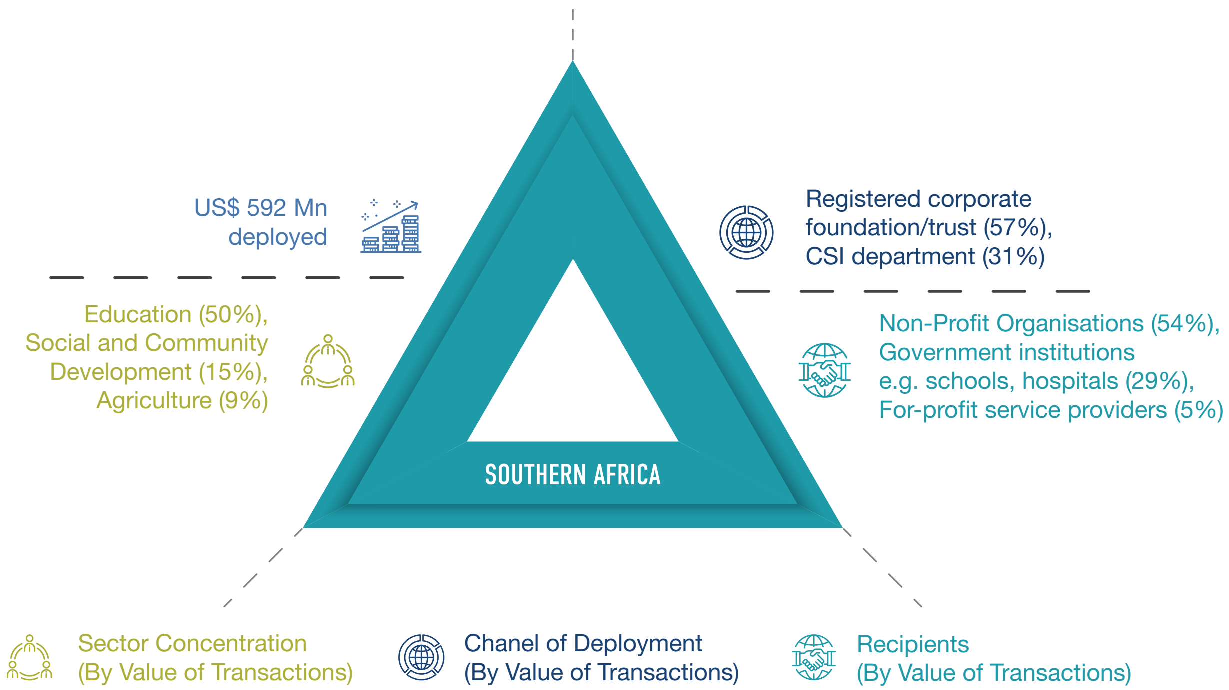
Figure 7: Summary of North American CSIs activities, 2015-2019



NB: For Southern Africa, publicly available data was present only for South Africa (this was also combined for both regional and international CSIs) and not for the entire region and therefore not presented in figure above.

South Africa has one of the most active corporate giving sector in the region driven largely by effective legislation. International and regional based corporates in the country spent a total of US$ 2.7Bn[5] on social causes between 2015-2019 with a consistent year on year growth observed. Corporate funds in South Africa are largely deployed through registered corporate trusts and foundations indicating a high formalization with the largest proportion of funds focused on supporting education initiatives. While quantitative information was not mapped for CSIs in Mozambique and Zambia, qualitative insights indicate a high preference for health and education initiatives with most of the CSI activity dominated by corporates in the mining sector.

Figure 8: Summary of CSI activities in South Africa, 2019



[5] This was reported as aggregated for both South Africa based and international corporates operating in the country.

Family Foundations

Most family foundations across SSA deployed funds towards essential services provision; particularly in health, education and entrepreneurship/economic empowerment with health receiving the largest proportion of North American family foundations funding across all the regions. Agriculture also received a focus from North American foundations in East and West Africa, while education in Southern Africa was a key focus for these foundations. West and Southern Africa regional family foundations were observed to deploy significantly higher ticket sizes than those based in East Africa.

> *Regionally based family foundations were observed to deploy higher value donations/grants than North American foundations in West and Southern Africa regions.*

Figure 9: Summary of regional family foundations activities, various time periods

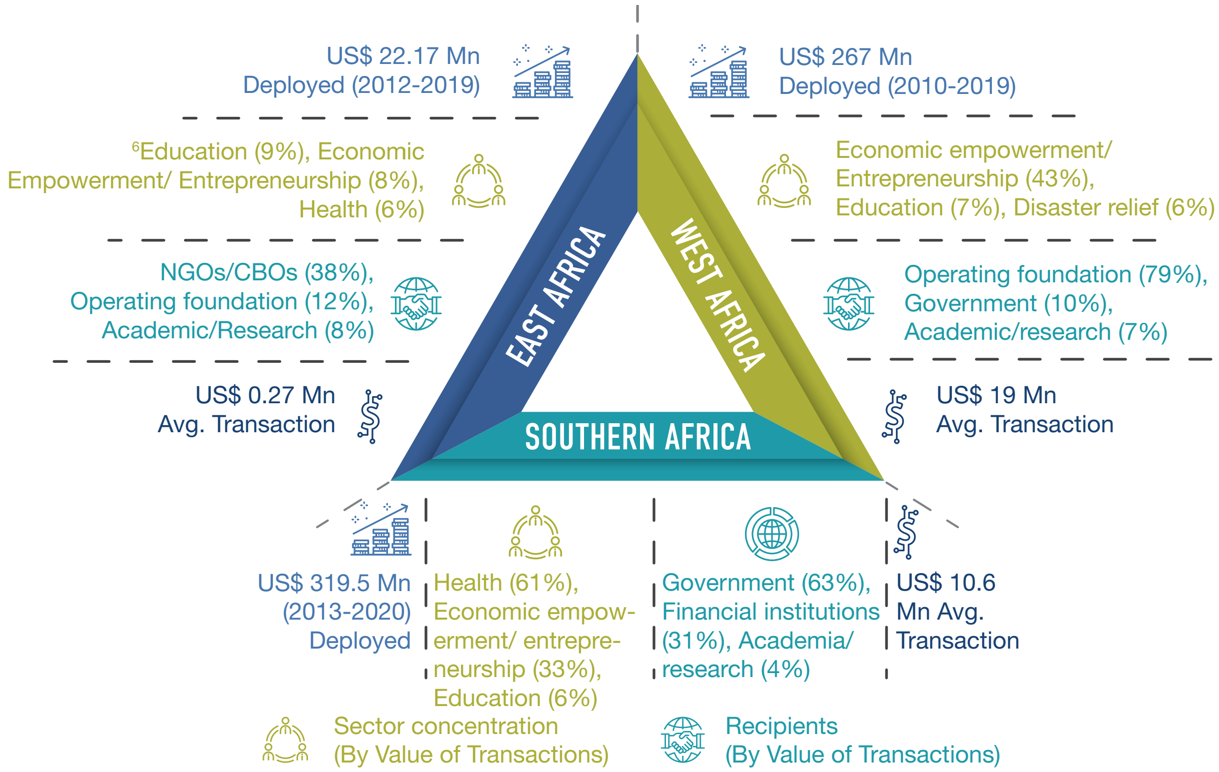
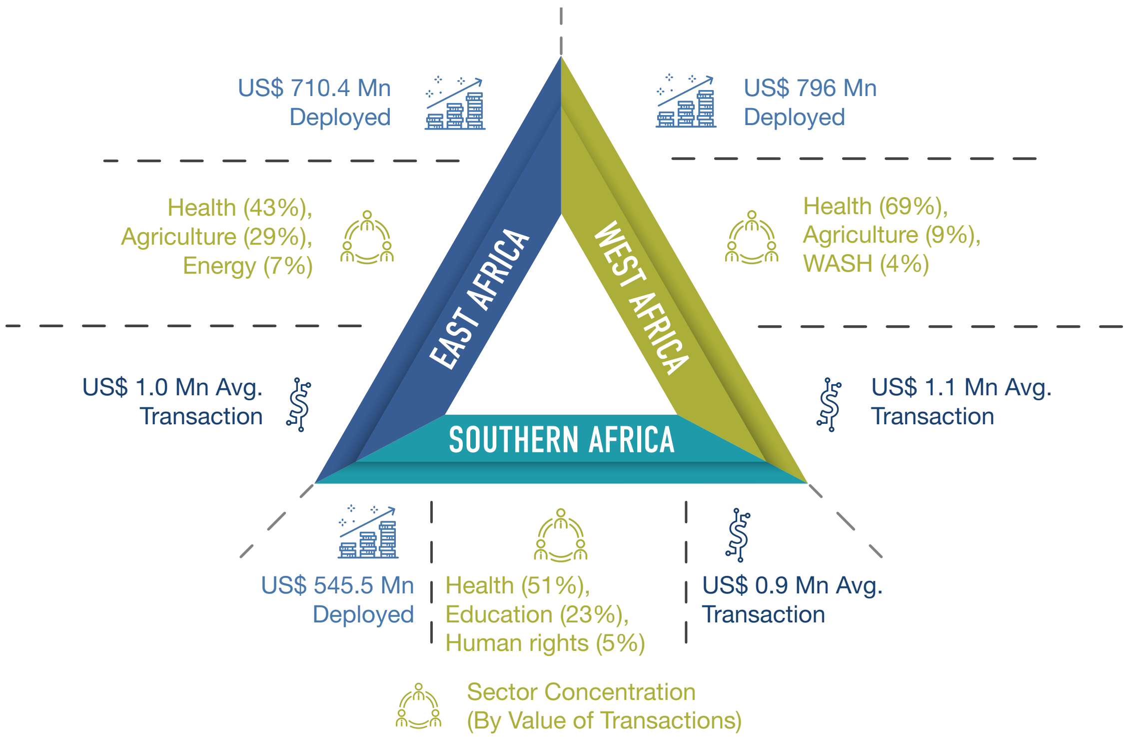


Figure 10: Summary of North American family foundations activities, 2015-2019



[6] Largest proportion of transaction value (77%) by East Africa family foundations was recorded as multiple sector deployment

Angel Investors

Angel investing across the regions has been gaining momentum with a significant number of angel investor networks established within the last five years. Angels mostly prefer investing in sectors not strongly aligned with the SDGs, such as e-commerce, consumer goods (clothing, accessories), and information technology due to the potential for higher financial returns in these sectors. Angels have also placed significant focus on financial technology companies (fintechs) across all the regions.

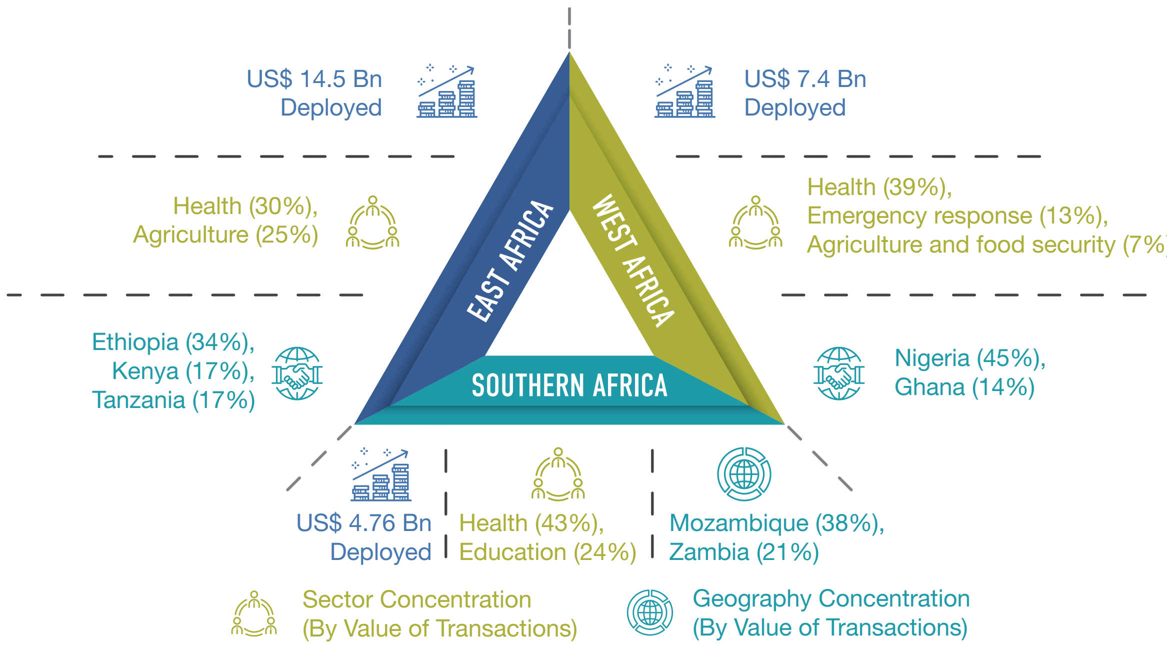
Angels across the regions prefer investing in sectors not strongly aligned with the SDGs.

Bilateral and Multilateral Donors

Donors deployed the largest recorded amount of social investment capital captured in this study across all regions, mainly through programmatic multi-year interventions. Health remains the primary focus area for donors across all the regions accounting for the largest proportion of funding. There is also a huge donor focus in the education sector in Southern Africa to close the education inequality gaps in the region, particularly those that existed during the apartheid period in South Africa. In East and West Africa, the agriculture sector has also received donors' focus, given the sector's importance to the economy. Donor funding across all the regions is dominated by the United States Agency for International Development (USAID), which accounts for between 21-41% of the total donor funding in the regions.

Donors across the regions deploy the largest amount of social investment capital annually.

Figure 11: Summary of donor activities, 2019



Faith-Based Giving

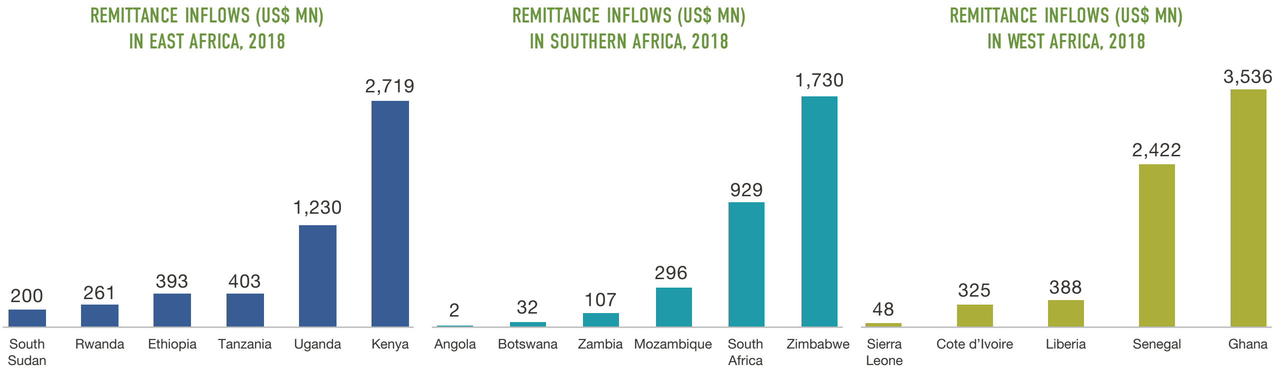
While other social investors' activities have gained momentum in recent decades, faith-based philanthropy has a long history across all the SSA regions rooted deeply in religious principles and teaching. Faith-based philanthropy is driven through faith-based organizations (FBOs) mainly focusing on health, education, economic empowerment and emergency relief initiatives. There are also prominent religious-backed international non-governmental organisations such as Catholic Relief Services and Adventist Development and Relief Agency International, which are active across most countries. The Aga Khan Development Network, a religious backed social investor, has also been actively supporting various causes in selected countries in the focus regions. Given the large funding base and active reach of faith-based organisations across the continent in key social sectors, more research is needed around models for engagement with other social investors.

More research is needed to understand effective models of enhancing engagement between faith-based organisations and other social investors.

Diaspora Funding

The potential for diaspora funds in financing development challenges remains largely untapped across the regions. However, diaspora bonds have been leveraged in East and West Africa bonds to raise funds although at a limited extend. In East Africa, Kenya is in the process of issuing a diaspora green bond to facilitate investments into the "big four agenda", including investments into affordable housing, healthcare facilities such as cancer centres and agribusinesses, while Rwanda launched a US$ 50Mn RemitPlus Rwanda Diaspora Bond (RRDB-1) in 2019 to provide affordable housing for the Rwandan population. In West Africa, Nigeria raised its first diaspora fund, a total of US$ 300Mn for investment in infrastructure, while Ghana is targeting to raise US$ 3Bn for economic development (specifically for infrastructure for agriculture and tourism industries) from its diaspora. Some countries like Ethiopia, Senegal and Zambia have previously issued diaspora bonds with some of them failing to attract enough investors.

Figure 12: Remittance inflows (US$ Mn), 2018



Source: World Bank Migration and Remittances Data
NB: Nigeria data of US$ 24,356Mn has been excluded to avoid skewing the chart

DEMAND FOR SOCIAL INVESTMENT

Social enterprise and start-up landscape

The supply of social investment capital in the SSA region remains significantly mismatched with demand from social enterprises and impact businesses, particularly for small and medium enterprises giving rise to the "missing middle" financing gap. There is an increasing number of SFM deals recorded at the pre-seed and seed level, demonstrating an improvement in the quality of pipeline at this level as well as a higher number of investors focused at this stage of businesses. However, there is a consistent decline in the number of deals in the US$ 0.5-1Mn ticket sizes across all the regions.

Across the regions, tech-based enterprises focused on solving challenges in the financial services, agriculture, energy and healthcare challenges have received the highest focus from social investors. Financial services enterprises were the most preffered with a higher on these enterprises particularly witnessed in South Africa where 58% of the enterprises receiving funding focused on solving financial inclusion challenges compared to 23% in West Africa and 34% in East Africa. West Africa data showed a relatively balanced portfolio in terms of sectoral distribution of the enterprises receiving funding than West and Southern Africa regions.

While the number of innovative business models established has been increasing, funding has been consistently flowing into only a few enterprises across the regions. In East Africa, top 10 businesses in the region attracted over 69% of the total funding by SFMs. This was 72% in West and 67% in Southern Africa. Further, the top 10 businesses accounted for 20%, 18% and 22% of the SFM deals in East, West and Southern Africa respectively.

Overall, the three regions have been making advancement in gender diversity in business ownership; key gender diversity differences however, exists in ownership of start-ups. Three of the focus Southern Africa countries (South Africa, Angola and Botswana) were ranked to 10 in the global ranking of women entrepreneurs in 2019[7] with only Uganda (ranked 1st) and Ghana (ranked 2nd) from East and West Africa respectively making it to the top 10 ranking. In terms of gender diversity for start-ups, West Africa lags behind East Africa with 15% and 13% of enterprises in Nigeria and Ghana respectively with female co-founders compared to 25% in Kenya[8].

West African entrepreneurship space consists of more local entrepreneurs than expatriates, with most of the funding deployed into the local enterprises. The West African entrepreneurship space consists of more local entrepreneurs with only 10% and 5% of businesses owned by expatriats in Ghana and Nigeria respectively compared to Kenya's 37%[9]. Consequently, more funding in the region has gone to locally founded enterprises. In Nigeria, for example, 55% of the total funding in 2019 went to enterprises with local founders[10]. This is compared to East Africa where local founders in Kenya secured only 6% of the total venture capital funding in 2019, while expat-founded start-ups received 88%[11] of the total funding.

[7] The MasterCard Index of Women Entrepreneurs, 2019
[8] Timon and Briter Bridges: Compensation Study, 2019
[9] Timon and Briter Bridges: Compensation Study, 2019 – 778 start-ups across four African countries were analysed as part of this study
[10] Victoria Ventures, 2019
[11] WerTracker: Expat Bias – Kenya Start-up Scene

Non-profit landscape

The overall Civil Society Organisation (CSO) sustainability index across the regions has shown minor improvements; with the financial viability score deteriorating for most of the focus countries. The CSO sustainability index measures the performance of CSOs in seven key dimensions including; legal environment, organisation capacity, financial viability, advocacy, service provision, sectoral infrastructure and public image. CSOs financial viability indicator score across the three regions has been poor as CSOs struggle to raise funding for their activities.

With declining funding from donors and international foundations, non-profits are exploring alternative and more sustainable funding models. Non-Governmental Organisations (NGOs) across the regions remain largely dependent on foreign donors and foundations to fund both the programmatic interventions and general administrative activities. International funding has, however, been fluctuating in recent years. This shift is urging NGOs to both identify and explore alternative funding sources. Some models have been emerging across the regions in recent years. These include; *internal revenue-generating models* (these adopt a membership fee and/or an annual subscription), *hybrid models* (where an NGO operates both a for-profit and a non-profit entity with the profits gained on the commercial entity utilized to fund the non-profit subsidiary; and leveraging *crowdfunding models.*

ENABLING ENVIRONMENT FOR SOCIAL INVESTMENTS

The Southern Africa region is ahead of the East and West Africa in terms of the establishment of policies and regulations aimed at boosting the growth of the sector. Further, the region has seen philanthropy advisors' establishment, focused on strategically mobilizing and deploying philanthropy funds.

Table 2: Summary of the enabling environment for social investments

ECOSYSTEM CATEGORY	EAST	WEST	SOUTHERN	DESCRIPTION
Policies and regulations				The policy and regulatory frameworks across all the regions remain inadequate, although few key developments have been witnessed in Southern Africa.
Incubators and early-stage support				While there is a growing number of incubators supporting early-stage businesses, these are highly concentrated in Kenya, Nigeria and South Africa. Further, most of the incubators are found only in the main cities in these countries.
Accelerators and capacity-builders				Across the regions, limited support exists for growing businesses/SMEs with a few affordable accelerators and TA providers operating across the countries. International donors and foundations are main sources of funding for TA.
Networks and platforms				There are several well-established networking platforms in the region. Some like Aspen Network of Development Entrepreneurs (ANDE) have a global focus. Several regionally based philanthropy platforms support the sector in each region. Few network activities bring together philanthropists and impact investors.
Knowledge and research				Data and information on the social investments industry, particularly philanthropic, corporate and faith-based giving in the region, remain scattered and inaccessible in most of the regions.However, Southern Africa (mainly South Africa)has made significant efforts to document corporate and individual giving insights.
Strategic philanthropy advisors				Southern Africa, particularly South Africa, has witnessed a rise in ESOs offering strategic support and advisory services to philanthropists to deployfunds and other alternative innovative finance structures that can be adopted to maximize impact through the grants deployed. Such ESOs were, however, not identified in East and West Africa

High maturity levels indicated by intensity and sophistication of the activities and number of players

High activities with increasing number of players

Moderate activities and number of players witnessed

Minimal to no activities witnessed

RECOMMENDATIONS FOR FOSTERING THE SOCIAL INVESTMENT INDUSTRY

The research outlines key recommendations on interventions needed to boost the social investment industry across the three regions. These are grouped into three sections; recommendations to catalyse a diverse and innovative pool of social capital, recommendations to empower organisations delivering social change, and recommendations to develop enabling environment and infrastructure for social investment industry

Table 3: Summary of key recommendations across the regions

	Recommendations For SI Stakeholders	Priority Level
Recommendations to catalyse a diverse and innovative pool of social capital	Promoting education and awareness creation on social investment practices	High
	Mobilizing and enhancing the use of concessional/catalytic capital	High
	Driving shared value collaboration	High
	Enhancing the role of government in social investment space	Medium
Recommendations to empower organisations delivering social change (demand-side players)	Advocating for alternative funding models for non-profits	High
	Developing a technical assistance toolkit and on-site training for NGOs	Medium
	Promoting human capital development for SEs and NGOs	Medium
Recommendations to develop enabling environment and infrastructure	Data building and development of knowledge tools	High
	Improving the legal and regulatory frameworks	Medium
	Enhancing ecosystem support to enterprises outside the main cities	Medium
	Enhancing impact measurement and management	Medium

RECOMMENDATIONS TO CATALYZE DIVERSE AND INNOVATIVE POOL OF SOCIAL CAPITAL

- **Promoting education and awareness about other social investment practices beyond impact investing:** Awareness of the methodologies and practice of venture philanthropy, particularly amongst the philanthropy community and corporates, remains significantly low. Hence, more engagement needed to engage and educate these players and guide them in aligning their strategies and create shared value collaboration amongst the investors.
- **Mobilizing and enhancing the use of concessional/catalytic capital:** In the wake of a changing funding landscape globally, there is a need to leverage more catalytic capital in the region. Donors and international foundations are well-positioned to catalyse impact capital e.g., by providing credit or first loss default guarantees to cover the downside risk for commercial lenders lending to development sectors and in the early stage and "missing middle". Innovative/blended structures such as impact bonds can also be used to enhance effective use of catalytic capital.
- **Driving shared value collaboration:** More often, investors are unable to align their objectives, making it hard to collaborate. Thus, there is a need for shared value collaboration amongst investors to deliver more investments. Such collaborations can be created by leveraging third-party entities that can articulate the objectives of each investor and develop synergies. Sector-specific coalitions that incorporate investors in the continuum of capital, for example, could help bring together multiple investors, leveraging the different strengths to mobilize funding for the sectors.
- **Enhancing the role of government in social investment space:** The governments' role in the social investment sector across the regions has been evolving as they, play a pivotal role in funding the SME and agriculture sectors through guarantees and low-cost debt. Social investors working in these sectors, thus, can collaborate with the government to scale up interventions. Government funds can also be leveraged to de-risk investments in other sectors outlined in countries' national development plans.

RECOMMENDATIONS TO EMPOWER ORGANISATIONS DELIVERING SOCIAL CHANGE (DEMAND-SIDE PLAYERS)

- **Advocating for alternative funding models for non-profits:** With the declining donor funding to NGOs, new and innovative models need to be leveraged to raise and attract more funding to support NGOs activities. Several funding models can be explored leveraging internal sources (models such as consultancy fees, asset building, event organization, and membership fee) and external sources (models such as crowdfunding, microfinance, incubation, and social/green bonds).
- **Developing interventions to support human resources (HR) needs of enterprises:** Financial constraints prohibit early-stage enterprises from hiring the right talent or up-skill their current talent. In order to build

the HR capacities of enterprises, social investors could develop interventions such as subsidizing HR costs of enterprises or supporting ESOs that specifically run leadership and management programs. Key players, e.g., corporates, and sector experts, can further be leveraged to provide handholding and mentorship support to the enterprises. Corporates, for example, can volunteer their staff for a few months of secondment in the enterprises.

- **Establishment of a technical assistance toolkit and training for NGOs:** One of the critical challenges facing NGOs is the inadequate skills in technical areas such as strategy, financial management, and program management. Most of the funders mainly focus on program funding with minimal amount allocated to provide TA. Further, most NGO support organizations also rely on funding from international sources to finance the services offered to NGOs. As such, development of a readily accessible toolkit providing information and training on various operational areas can help improve the capacities of the NGOs.

RECOMMENDATIONS TO DEVELOP ENABLING ENVIRONMENT AND INFRASTRUCTURE

- **Data building and development of knowledge tools:** The disparate sources of data on the different social investment approaches observed across the regions and countries make it difficult to drive collaboration. Thus, continuous research on the sector and establishing a data portal bringing together different investors can enhance more partnerships and provide data-backed evidence on success models, identifying additional opportunities for strategic interventions amongst key social investors.

- **Improving the legal and regulatory frameworks:** Governments across most of the focus countries need to put in place critical supply, demand, and ecosystem level regulations that boost the performance of a sector. Proposed rules and policies include; a Start-up Act to drive innovation and entrepreneurship, CSI policies and laws, and enhanced process of application of philanthropy tax incentives.

- **Enhancing impact measurement and management:** While most of the investors in the regions measure impact, there is a need for standardization of impact measurement approaches, using models that are (a) relevant to the context in various African countries; (b) affordable and accessible to social investors operating at smaller transaction sizes; (c) relevant to core business operations for companies; and (d) relevant to strategic development and operational efficiency for non-profits.

- **Enhancing ecosystem support to enterprises outside the main cities:** Currently, ecosystem support organisations (ESOs) are concentrated in major cities across the focus countries locking out rural-based enterprises from accessing capacity building, mentorship and funding opportunities. An online platform would help cater for a broader range of enterprises as physical presence is not required. Such a platform can also be leveraged to build the capacities of the very early stage (idea) businesses and thus provide a pipeline for incubators seed investors.