



**SUMMARY OF KEY REGULATIONS
AND POLICIES APPLICABLE TO
THE SOCIAL INVESTMENT INDUSTRY**

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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:

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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.

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SUMMARY OF KEY REGULATIONS AND POLICIES APPLICABLE TO THE SOCIAL INVESTMENT INDUSTRY

COUNTRY	APPLICABLE REGULATIONS AND POLICIES
Kenya	<ul style="list-style-type: none"> Income Tax Act Cap 470– The act outlines the various taxes within the law of the land and defines the various categories of individuals and organisations that are exempted from taxes. Corporate entities and individuals engaging in corporate social activities as well as charitable organisations are tax-exempt. NGOs are also accorded benefits in terms of tax exemption. Cooperative Societies Act 2012 – The act provides for the structure, management, funding and oversight of Cooperative Societies in Kenya. It also outlines the rights and responsibilities of the cooperatives in society. The Companies Act 2015 – The act defines the various classes of companies and the requirements for registration and operation in Kenya. It provides for the guidelines on the structures of the various company classes, including shareholding and ownership structures. NGO Coordination Act, 1990 – The act provides for the rights obligation and the financial management of non-governmental organisations registered in Kenya under the act through the NGO coordination board. Capital Markets (Foreign Investors) Regulations 2002 – Provides for the rights of foreign investors to invest without any restrictions in the level of holdings.
Tanzania	<ul style="list-style-type: none"> Tanzania Investment Act of 1997 – The act provides for the guidelines needed for local and foreign investment in Tanzania. The purpose of this act was to ease investment in Tanzania. Financial Laws Amendment Acts–The amendment of the financial laws takes place annually to address all the affected legislation such as the customs laws, Income Tax Laws and Tax Laws.
Uganda	<ul style="list-style-type: none"> Uganda Investments Code Act 2019–Among other things, the act provides for incentives to encourage investment in Uganda as well as guidelines on investing Uganda Income Tax Act – the act exempts some social enterprises including NGOs registered under the Uganda NGO Act from tax payments. The Income Tax Act and guidelines are issued every year.
Ethiopia	<ul style="list-style-type: none"> The Ethiopian Income Tax Proclamation 979/2016 – Provides for the classes of incomes that are exempted from payment of income taxes. Income Tax Regulation No. 410/2017–NGOs, also referred to as community-based organisations, are exempted from tax on grants and membership fees but will pay tax on any commercial activities.
South Sudan	<ul style="list-style-type: none"> South Sudan Taxation Act 2009 – Related to the income of organisations registered with an appropriate government entity as non-governmental organisations with public benefit status. The income used exclusively for public benefit is exempted from tax payment.
Rwanda	<ul style="list-style-type: none"> Corporate Income Tax 2015 – Provides for tax exemption to various entities including entities that carry out activities only of religious, humanitarian, charitable, scientific or educational nature; International organisations, agencies of technical cooperation and their representatives. Special Economic Zones Act – Provides for a 0% corporate income tax at the rate, exemptions from withholding tax, and tax-free repatriation of profits for free-trade zone developers and foreign companies with headquarters in Rwanda. Capital Markets (Registered Venture Capital Companies) Regulations 2007 – Provides for 0% tax to venture capital companies registered with the Capital Markets Authority. Rwanda Law on investment and export promotion and facilitation – Companies that carry out microfinance activities benefiting from the investment incentive of paying a profit tax equivalent to zero per cent (0%) during a five-year period. Investment Law, 2005 – Registered investors are entitled to a profit tax discount if they employ a certain number of Rwandans for at least six months.



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COUNTRY	APPLICABLE REGULATIONS AND POLICIES
Nigeria	<ul style="list-style-type: none"> • Companies and Allied Matters Act (CAMA) – requires that organisations wishing to receive donor funding or enjoy tax exemptions and other similar benefits must register or be incorporated under CAMA and given charitable status. • Companies Income Tax Act (CITA) – outlines that any company making donations to organisations with charitable status shall enjoy tax deductions not exceeding 10 percent of the total annual profits. Charitable organisations/non-profit organisations (NPOs) are tax-exempt. • Personal Income Tax Act (PITA) – the profits of any company engaged in charitable, activities are exempted from income tax provided such profits are not derived from a trade or business conducted by the organisation. • Value-Added Tax (VAT) Act – as per the act, any goods purchased for use in donor-funded humanitarian projects are zero rated for VAT • Finance Act that exempts startups with annual revenues of ~US\$ 65,000 (₦25 million) from paying taxes.
Ghana	<ul style="list-style-type: none"> • Income Tax Act 2015 – corporate entities and individuals engaging in corporate social activities to charitable organisations are tax-exempt. NGOs are also accorded benefits in terms of tax exemption. • Value Added Tax Act 2013 outlines various exempt supplies and relief items which may positively affect operations of NGOs. • Ghana Social Enterprise Policy – developed to promote and grow social enterprises as a means of improving livelihoods, particularly among the youth of the country. • 2016 National Corporate Social Responsibility Policy – seeks to enhance CSR in the country. • The draft Trust Bill – seeks to provide a regulatory framework for public and private Trusts as well as NGOs and CSOs, which will be viewed separately from for-profit companies. • Venture Capital Act (2004) – offers incentives to venture capital investors in the form of tax exempt status for funds and returns to investors.
Ivory coast	<ul style="list-style-type: none"> • OHADA Uniform Act on Company Law – the country is part of the Organization for Harmonization of Business Laws in Africa (OHADA). The main statute governing companies is thus the OHADA Uniform Act. • Côte D'Ivoire Customs Code – offers 100% duty and tax exemption for the import and export of food and non-food items.
Senegal	<ul style="list-style-type: none"> • Senegal Startup Act (2019) – aimed at developing growth of the startup ecosystem. • Investment Code (2004) – provides incentives to investors that 'create new enterprises, create jobs, and develop enterprises' in underserved regions of the country. • VAT Act – charitable activities related to health and education are tax-exempt. Companies investing at least US\$ 31,479 (XOF 15 million) in setting up activity in the social sector (including activities related to health, education and training) are exempted from customs on imported equipment for 3 years; receive a 3-year deferral on payment of VAT; receive a reduction of 50 percent of taxable income for 5 years for up to 40 percent of the investment; and are exempted from payroll tax for up to 8 years. • OHADA Uniform Act on Company Law – the country is part of the Organization for Harmonization of Business Laws in Africa (OHADA). The main statute governing companies is thus the OHADA Uniform Act.
Sierra Leone	<ul style="list-style-type: none"> • Sierra Leone's National Revenue Authority Act – NGOs are accorded public benefit status and therefore qualify for tax exemptions. • Income Tax Act of 2000 – charitable organisations are exempted from tax income under the Act except for property income and on income from a business that is not related to the function constituting the basis for the organisation's exemption.
Liberia	<ul style="list-style-type: none"> • Liberia Revenue Code of 2000 – exempt registered non-profits from paying taxes. Furthermore, income of private foundations, corporations, community chests, funds and foundations organised and operated for religious or charitable purposes is tax- exempt. Additionally, to encourage philanthropy, deductions of up to 15% of the taxpayer's taxable income are made for philanthropic contributions.



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COUNTRY	APPLICABLE REGULATIONS AND POLICIES
South Africa	<ul style="list-style-type: none"> • BEE Act – In South Africa, CSR initiatives have been in practice since 1970s. The government has set up the BEE Act of 2003 to promote CSR activities in the country. The programs are formalized through ‘Corporate Social Investment’ guidelines provided by BEE. • Income Tax Act – This includes Donations Tax is levied at a flat rate of 20% on the value of the property donated, and for amount of donations exceeding US\$ 1.8 million (30 million Rand), it is taxed at a rate of 25%. The Act also provides tax exemptions to non-profit organisations (NPOs) and public benefit organisations (PBOs). • The code for responsible investing in South Africa (CRISA) – This correlates with the UN-backed Principles for Responsible Investment (PRI) which promote collaborative engagement to better incorporate ESG issues in decision-making and ownership practices of institutional investors. • The Non-profit Organisations (NPO) Act – Provides a regulatory and supportive function for smaller voluntary associations that were established under common law and had no registration or reporting capacity. • Companies Act – Provides for incorporation and regulation of non-profit companies and others. • Trust Property Control Act – Provides for the registration of non-profit trusts and other trusts. • VAT Act – Provides for the regulation of value-added tax. • Lotteries Act – Provides regulations for the funding of NPOs from the proceeds of national lotteries. • National Development Agencies Act – Provides for the funding of NPOs from the government. • Fund Raising Act – It controls the collection of funds from the public, and is administered by the Minister of Social Development.
Zambia	<ul style="list-style-type: none"> • VAT Act – Any goods purchased for use in donor-funded projects are zero rated for VAT • Public Finance Management Act – It requires that donations given to the Government constitute public resources and must be accounted for accordingly. For instance, the funding received during the COVID-19 pandemic.
Mozambique	<ul style="list-style-type: none"> • VAT Act – Provides simple VAT exemptions for non-profit organisations or public entity services and goods
Angola	<ul style="list-style-type: none"> • Income Tax Act – Contribution to social security is tax exempt.
Botswana	<ul style="list-style-type: none"> • Income Tax Act – Includes any charitable, religious or educational institution or a trust established for public purposes under the category of “company”. Income from such organisations is taxable only if it is business income or disposal gains and has not been applied / utilized for public objectives. • VAT Act – Provides exemption to grants from government, • Botswana Trust Property Control Act – Provides for registration and correction of trust deeds that are not in the interests of beneficiaries.
Zimbabwe	<ul style="list-style-type: none"> • Deeds Registries Act – Provides for registration of an NGO as a Trust. • Private Voluntary Organisation (PVO) Act – Provides for registration of NGOs in Zimbabwe. Registration is done through the Department of Social Welfare under the Ministry of Public Service Labour and Social Welfare. Primarily, A PVO is defined as “anybody or association of persons, corporate, or any institution that seeks to promote the social welfare of people.