



THE LANDSCAPE FOR SOCIAL INVESTMENTS IN SOUTHERN AFRICA

DEEP-DIVE INTO SOCIAL INVESTORS

TABLE OF CONTENTS

Acknowledgements	01
1. Deep-dive into Social Investors (Supply-side players) in Southern Africa	03
1.1 Key social investor archetypes and their investment strategies	04
1.1.1 Development Finance Institutions (DFIs)	06
1.1.2 Sustainability Aligned Private Fund Managers (SFMs)	09
1.1.3 Corporate Social Investors (CSIs)	13
1.1.4 Family Foundations/ Trusts/ Endowments	18
1.1.5 Multilateral and Bilateral Donors	23
1.1.6 Angel Investors and Angel Networks	26
1.1.7 Faith-based Giving	28
1.2 Social investor roles in the Continuum of Social Impact Capital	28

LIST OF TABLES

Table 1: Summary of social investment approaches adopted by select family foundations	18
Table 2: Funding activities by top angel networks across the countries	27
Table 3: Social Impact Potential by Social Investor Category	29

LIST OF FIGURES

Figure 1: Overview of Key Social Investors in the Region	03
Figure 2: Number of social investors in the region, By type	04
Figure 3: Selected social investors and their main investment strategies	05
Figure 4: Total funding deployed by international and regional DFIs	06
Figure 5: Social capital deployed by DFIs, By Year (2015-2019)	06
Figure 6: Social capital deployed by DFIs by country (2015-2019)	07
Figure 7: Capital deployed by DFIs, By Sector (2015-2019)	07
Figure 8: Capital deployed by DFIs, By Investment Mechanism (2015-2019)	08
Figure 9: Sample recent DFI investment deals	08
Figure 10: Capital deployed by SFMs By Year (2015-2019)	09
Figure 11: Proportion of SFM By Country	10
Figure 12: Capital deployed by SFMs, By Country (2015-2019)	10
Figure 13: Capital deployed by SFM, By Sector (2015-2019)	10
Figure 14: Capital deployed, By Deal Size (2015-2019)	11
Figure 15: Sample recent SFM investment deals	12
Figure 16: Overview of Investment Strategies Adopted by Corporate Social Investors	13
Figure 17: CSI spending trends in South Africa	16
Figure 18: Giving by Southern African family foundation, By Recipient Type (2013-2020)	21
Figure 19: Giving by Southern African family foundation, By Area of focus (2013 – 2020)	21
Figure 20: Capital Deployed by North American Family Foundations, by Sector (2015-2019)	22
Figure 21: Top North American Family Foundations Active in the Region, by Number and Value of Grants (2015-2019)	22
Figure 22: ODA trends across the focus countries (US\$ million), 2010 vs. 2018	23
Figure 23: Snapshot of USAID funding trends in the region	24
Figure 24: Select Donor Interventions across the Focus Countries	25
Figure 25: Number and amount held by HNWI in Southern Africa, 2018	26
Figure 26: Number of angel investors interested in the focus countries in Southern Africa	26

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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.

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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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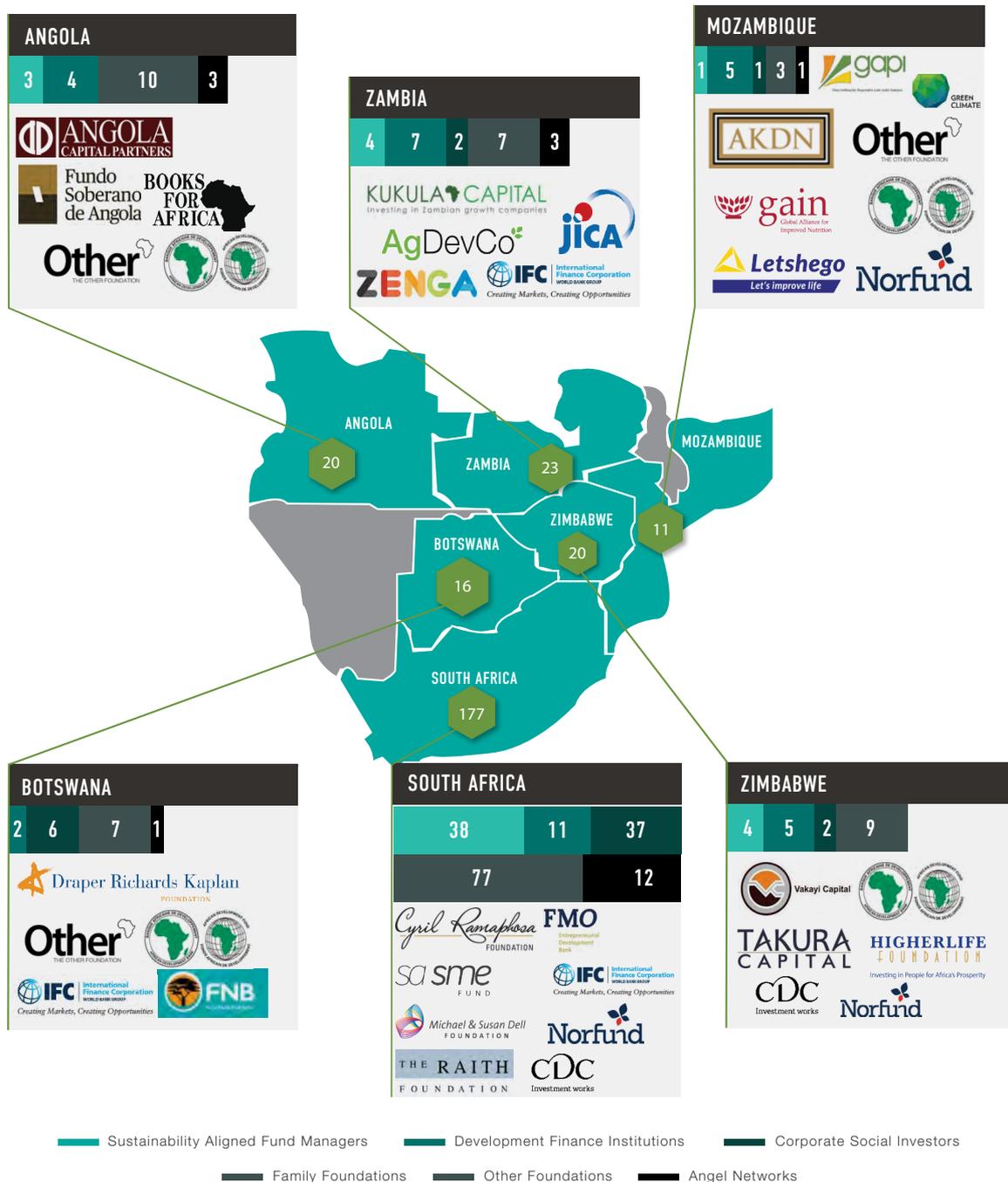
01

DEEP-DIVE INTO SOCIAL INVESTORS (SUPPLY-SIDE PLAYERS) IN SOUTHERN AFRICA

Southern Africa has a diverse mix of international and regionally based investors deploying social capital in the region. This research mapped close to 250 active social investors operating across the focus countries, majorly based in South Africa (71%). The region has a higher number of active regional based family foundations and

Corporate Social Investors (CSIs) compared to the West and East Africa regions accounting for 34% of the active social investors identified. On the other hand, the region has a relatively lower number of Sustainability aligned Private Fund Managers (SFMs) than the two regions.

Figure 1: Overview of key social investors in the region



Source: Intelcap database NB: Some investors operate across multiple countries and thus counted in each country

Figure 2: Number of social investors in the region, By type



1.1 KEY SOCIAL INVESTOR ARCHETYPES AND THEIR INVESTMENT STRATEGIES

Social investments and venture philanthropy are on the rise in Southern Africa.

Philanthropic investments have historically supported several development sectors in Southern Africa. This is due to the CSR/ BEE regulations and corporates supporting social entrepreneurial activities particularly in South Africa. Foundations – both regional and international, are evolving their strategies to support for-profit entities, rather than traditional grantmaking. Likewise, there is a surge in the number of HNWI and angel networks investing and contributing to the growth of social enterprises and start-ups in the region.



Figure 3: Selected social investors and their main investment strategies

		DEMAND		
		Non-Profits	Social Enterprises	Sustainable Businesses
SUPPLY	SUSTAINABILITY ALIGNED FUND MANAGERS	Tshikululu Social Investments (Grants) Verdant Capital (Hybrid Debt) Innovation Edge (Grants, Debt, Equity)	30Thirty Capital (Equity, Debt) Goodwell Investments (Equity) Kagiso Capital (Equity) AgDevCo (Debt) Knife Capital (Equity) Grofin (Debt) Zenga Ventures (Equity, Debt) Inside Capital Partners (Debt, Equity) SA SME Fund (Equity, Debt) Kukula Capital (Debt, Equity)	Business Partners and Mergence (Equity, Debt) Vakayi Capital (Debt) Actis (Equity)
	DEVELOPMENT FINANCE INSTITUTIONS			FMO (Debt, Equity) IFC (Debt, Equity) CDC (Debt, Equity) Swedfund (Debt, Equity) US International Dvpt Fin Corp (Debt, Equity) AFDB (Grant, Debt, Equity) BIO Corp (Debt, Equity)
	FAMILY FOUNDATIONS	DG Murray Trust (Grants) The RAITH Foundation (Grants)	MSDF (Grants) Anna Foundation (Grants) Cyril Ramaphosa Foundation (Grants)	
	CORPORATES SOCIAL INVESTORS		Kagiso Trust (Grants) DRK Foundation (Grant, Equity) ELMA Philanthropies (Grants, Debt, Equity) FNB Foundation (Grants, Debt) Ford Foundation (Grants) SAB Foundation (Debt) BMW Foundation (Grants) Old Mutual Foundation (Grants) BP Foundation (Grants) Debswana Foundation (Grants)	Naspers (Equity, Debt)
	GOVERNMENT SCHEMES	Government departments and agencies	Small Enterprise Finance Agency (Debt, Equity)	Development Bank of Southern Africa – govt DFI (Debt) Development Bank of Zambia – govt backed DFI - (Debt, Equity) National Empowerment Fund (NEF) South Africa (Debt) Section 12J incentive
	HIGH NET WORTH INDIVIDUALS/ANGEL INVESTORS	Individual philanthropists (Grants)		Individual angels (Equity) Dazzel Angels (Equity, debt) Jozi Angels (Equity, debt) Angel Investment Network (Equity, debt)

1.1.1 Development Finance Institutions (DFIs)

SUMMARY OF TRENDS AND OBSERVATIONS ON DFI INVESTMENTS

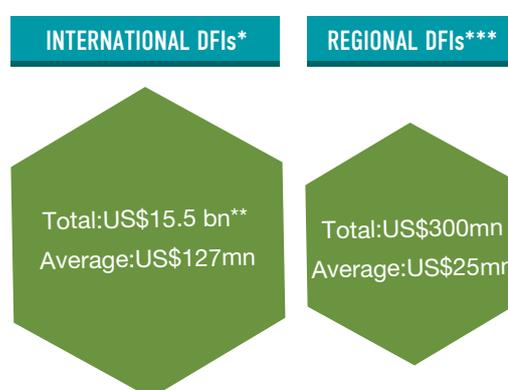
- 19 DFIs invested US\$ 15.84Bn in 132 deals between 2015 and 2019.
- Regional Southern African DFIs deployed US\$ 300 Mn in the region between 2015 and 2019.
- Though the number of direct investments outnumbers the indirect investments, the value of indirect investments is almost 10 times the direct investment.
- South Africa and Zambia are the preferred investment destination for DFI investments followed by Mozambique, which is emerging as the next preferred investment destination.
- Financial services, energy and agriculture are the dominant sectors in the DFI portfolio.

OVERVIEW

Regional and international Development Finance Institutions (DFIs) continue to drive the social investing space in Southern Africa.

There are currently 19 DFIs active in Southern Africa, including regional and international DFIs, supporting various development sectors. DFIs made over US\$ 15.8Bn deployment across 132 deals between 2015 and 2019. A decrease in funding was observed between 2018 and 2019, as most DFIs had not reported the deals at the time of writing the report.

Figure 4: Total funding deployed by international and regional DFIs



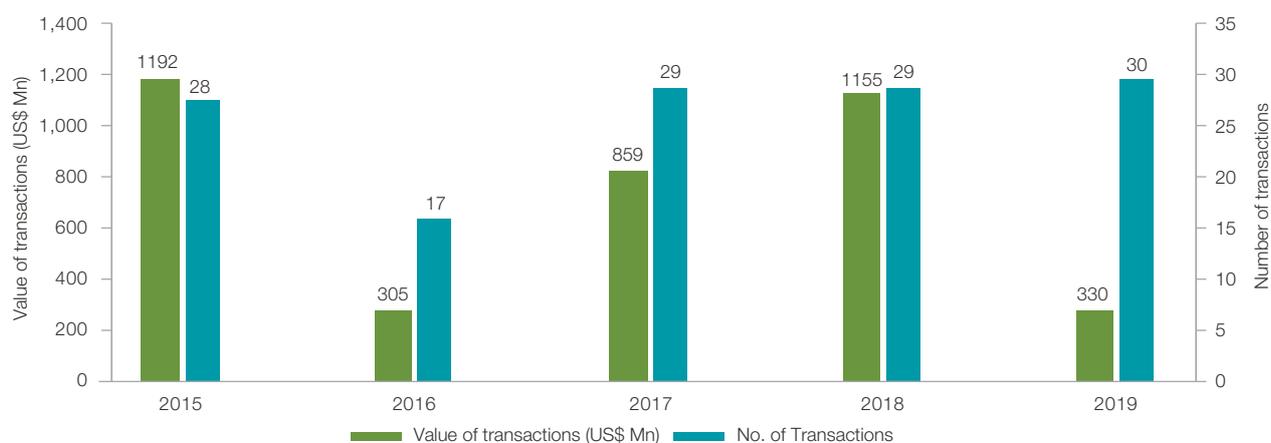
Source: Intelcap Analysis

* Across all focus countries

** Including outlier (US\$ 12.8 billion to finance the energy sector in the region)

*** Across South Africa, Angola, Mozambique, Zimbabwe

Figure 5: Social capital deployed by DFIs, By Year (2015-2019)



Year	2015	2016	2017	2018	2019
AVERAGE DEAL SIZE (US \$ MN)	42.6	18	29.6	39.8	11.0

Source: Intelcap Analysis, DFI Websites

NB: 2016 data excludes US\$ 12Bn funding to avoid skewing the graph

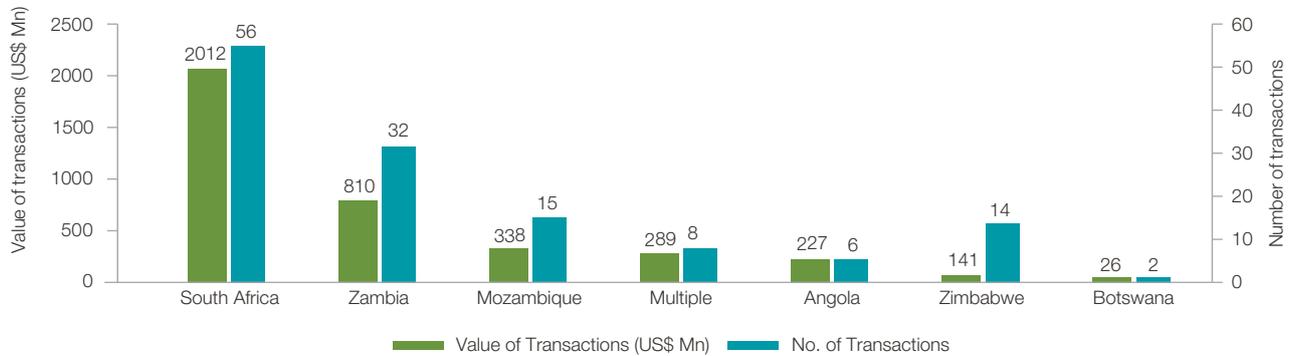
COUNTRY FOCUS

South Africa, followed by Zambia, continues to be the preferred destination for DFIs.

South Africa accounted for 52% of total DFI investment, and 42% of the total deal count. With the evolving social

investment infrastructure, Zambia is becoming the next preferred destination for DFI investments. The country accounted for 24% of the total number of deals and 21% of the total value of capital deployed in the region between 2015 and 2019.

Figure 6: Social capital deployed by DFIs by country (2015-2019)



COUNTRY	SOUTH AFRICA	ZAMBIA	MOZAMBIQUE	MULTIPLE	ANGOLA	ZIMBABWE	BOTSWANA
AVERAGE DEAL SIZE (US \$ MN)	35.9	25.3	22.5	36.2	37.8	10.0	12.8

Source: Intelicap Analysis, DFI websites

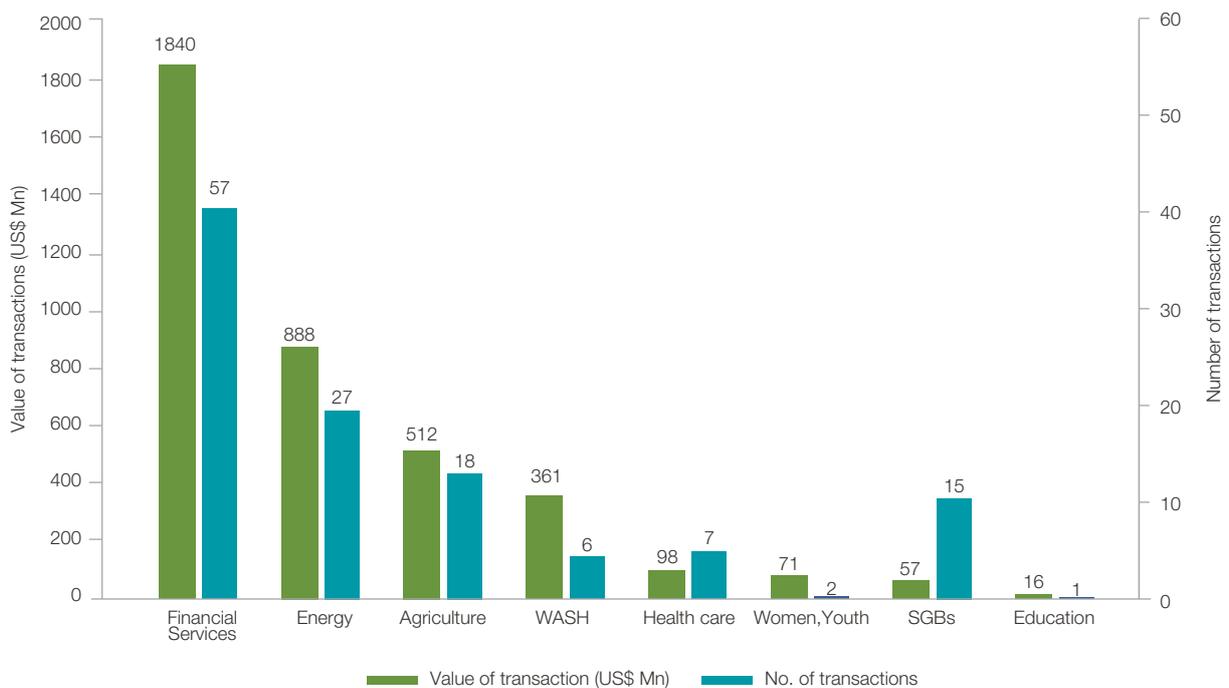
SECTOR FOCUS

Financial services, agriculture, and energy attracted most of the DFI investment in Southern Africa

The three sectors play a prominent role in the region's economy generating key economic, social and environmental benefits. The sectors have attracted a

significant proportion of the DFI funding given the high capital requirements for businesses and projects in the sectors. Financial services sector has further received the biggest focus with funds deployed through financial service providers such as commercial banks and microfinance institutions.

Figure 7: Capital deployed by DFIs, By Sector (2015-2019)



SECTOR	FINANCIAL SERVICES	ENERGY	AGRICULTURE	WASH	HEALTHCARE	WOMEN, YOUTH	SGBs	EDUCATION
AVERAGE DEAL SIZE (US \$ MN)	32.3	32.9	28.4	60.2	14.0	35.5	3.8	15.5

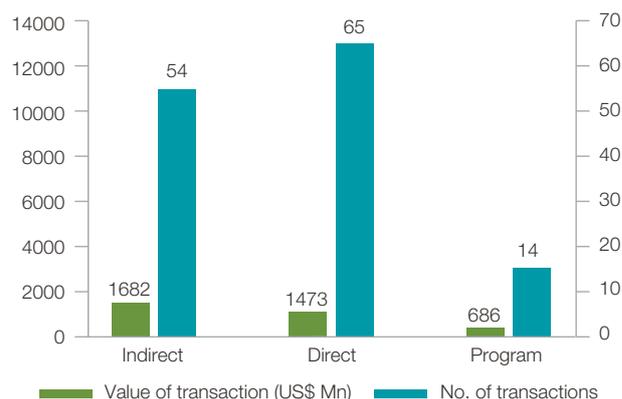
Source: Intelicap Analysis, DFI websites

INVESTMENT STRATEGY

DFIs mostly provide financing through indirect mechanisms; innovative finance structures also remain common among DFIs.

Indirect investments by DFIs, through fund managers, account for the largest proportion (averaging 44% over the study period) of the DFI portfolio. A significant proportion of the DFIs investment is in the form of credit guarantees to financial institutions offered to enhance financing for key segments such as SMEs.

Figure 8: Capital deployed by DFIs, By Investment Mechanism (2015-2019)



Source: Intelicap Analysis, DFI websites

NB: Indirect investments excludes the US\$ 12Bn outlier to avoid skewing the chart

Figure 9: Sample recent DFI investment deals



The facility for energy inclusion (FEI) is a new Debt Fund for small-scale renewable energy in Africa. The aim is to contribute to the electrification of Africa..

- **Sector:** Clean energy
- **Country:** Pan-Africa
- **Funding Amount:** US\$ 500Mn
- **Funding year:** 2019
- **Funding type:** Debt
- **Investors:** African Development Bank (DFI), Norfund (DFI), Lion's Head Global Partners Asset Management (Fund manager)

The fund seeks to alleviate the barrier of lack of access to debt financing faced by small scale renewable energy projects. It intends to do this by supporting small-scale Independent Power Producers (IPPs) to deliver power to the grid, mini-grids and captive power projects.



In collaboration with PharmAccess and technical assistance partners, the MCF has developed an extensive training program to improve both business and clinical performance for healthcare SMEs, using internationally accredited SafeCare standards.

- **Sector:** Healthcare
- **Country:** South Africa
- **Funding Amount:** US\$ 40 million
- **Funding year:** 2017
- **Funding type:** Debt
- **Investors:** IFC (DFI), CDC (DFI), DFID (Donor), OPIC (DFI), AFD (government financial institution), Calvert Foundation (foundation) and other private investors.

The investment will help MCF increase access to funding for the broader universe of private healthcare SMEs in Africa.

1.1.2 Sustainability Aligned Private Fund Managers (SFMs)

SUMMARY OF TRENDS AND OBSERVATIONS ON SFM INVESTMENTS

- Between 2015 and 2019, a total of US\$ 1.17 billion was deployed into 183 sustainability themed deals by SFMs.
- South Africa and Zimbabwe have attracted higher ticket size deals than the other countries. There were no disclosed deals by SFMs in Angola and Botswana.
- Financial services has received the highest interest from SFMs in the focus countries evident by the high number and value of deals in the sector. Investments in the sector have been into new segments such as fin-tech involving digital payment solutions, peer to peer lending and insurance, among others.
- There was a decrease in number of deals within the US\$ 0.5-1Mn ticket range indicating a significant gap for financing of enterprises at the growth stage.

OVERVIEW

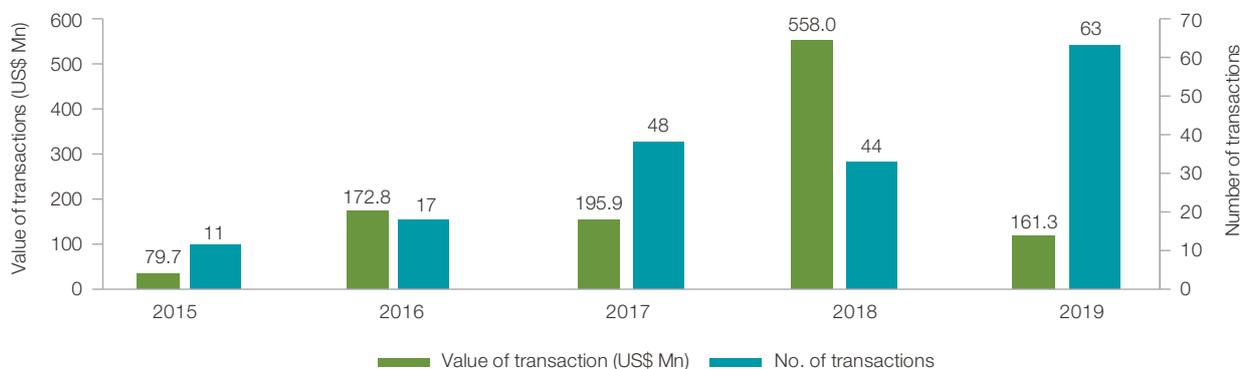
The number of SFM deals in the focus countries in Southern Africa was rising steadily till 2018, however, there was a sharp decline in 2019.

Between the year 2015 and 2019, a total of **US\$ 1.17 billion** was deployed into over 183 sustainability-themed deals by SFMs. The number of annual investments grew by around 55% between 2015 and 2019, experiencing a dip in the number of transactions in 2018, but again a rise in 2019, exhibiting increasing confidence for the investors

to deploy more funds. A large drop in the value of capital deployed in 2019 compared to 2018 can be attributed to lower deal sizes in that year with fewer Series A and Series B deals.

Top 25 deals made by SFMs between 2015 and 2019 accounted for over 83% (US\$ 977Mn) of the capital deployed in the region.

Figure 10: Capital deployed by SFMs By Year (2015-2019)



YEAR	2015	2016	2017	2018	2019
AVERAGE DEAL SIZE (US \$ MN)	7.2	10.2	4.1	12.7	2.6

Source: Intellectap Analysis, CrunchBase, Baobab Insights

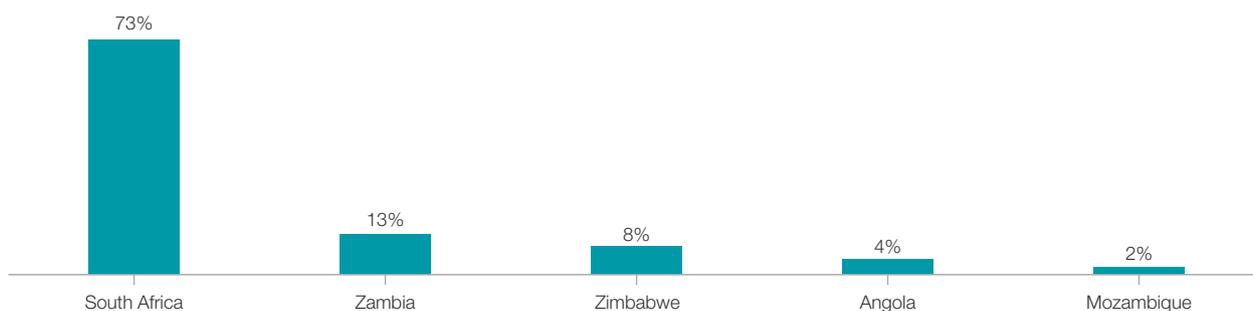
COUNTRY FOCUS

South Africa is the most preferred investment destination, followed by Zambia and Zimbabwe.

The research identified 52 SFMs actively operating in the focus countries, with most investing in South Africa. Facilitative regulations and the relatively developed social investment ecosystem make these countries favourable for investment, while other

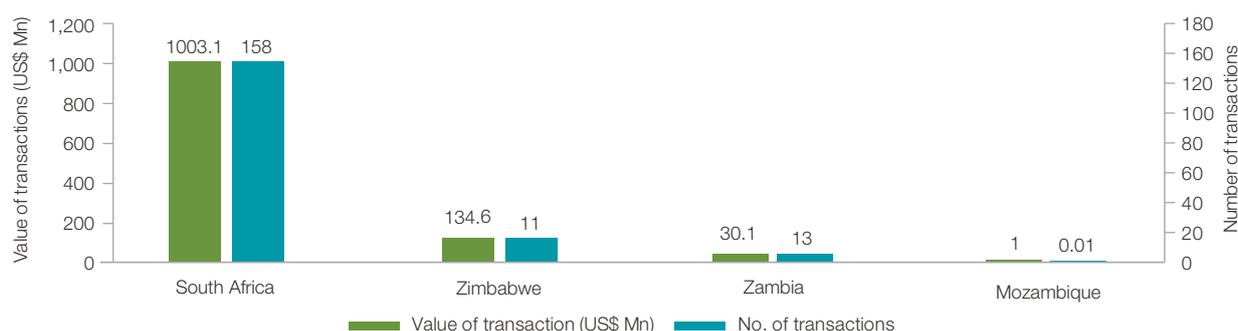
countries such as Mozambique and Angola are still suffering and recovering from insurgency and civil war. Nearly 90% of the identified SFMs, focus exclusively on the Southern Africa region, while the rest have either a global or a Pan-African focus, a higher proportion than the West (65%) and East (70%) Africa regions.

Figure 11: Proportion of SFMs By Country



Source: Intellectap Analysis, CrunchBase, Baobab Insights
N=52 SFMs

Figure 12: Capital deployed by SFMs, By Country (2015-2019)



COUNTRY	SOUTH AFRICA	ZIMBABWE	ZAMBIA	MOZAMBIQUE
AVERAGE DEAL SIZE (US \$ MN)	6.35	12.2	2.3	0.01

Source: Intellectap Analysis, CrunchBase, Baobab Insights

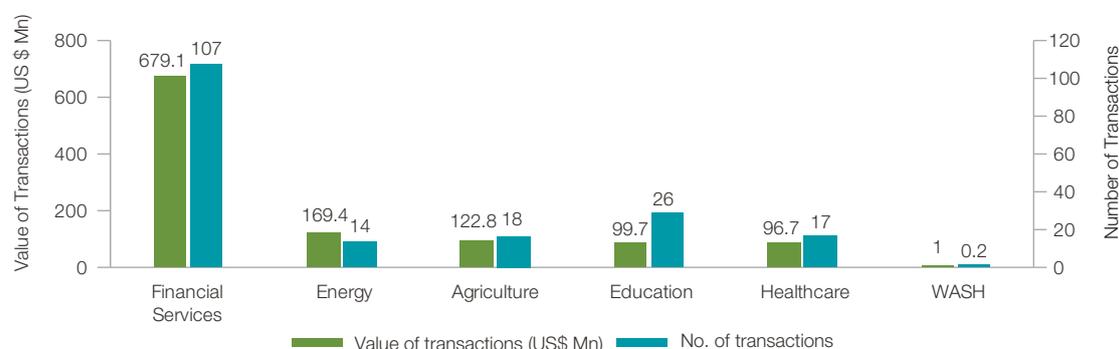
SECTOR FOCUS

The financial services sector has received the largest amount of funding accounting for 58% of the total value of deals.

The increasing establishment of innovative financial technology based enterprises solving financial inclusion challenges has resulted rising interest by SFMs on the financial services sector. Technology

has been a common cross-cutting theme of investment in agriculture and education as well. Zesa Holdings - a Zimbabwe based power company, working to increase electricity generation to meet the unmet electricity demand- attracted the highest amount of capital by SFMs (US\$ 81 Mn in 2016) in the form of debt.

Figure 13: Capital deployed by SFMs, By Sector (2015-2019)



SECTOR	FINANCIAL SERVICES	ENERGY	AGRICULTURE	EDUCATION	HEALTHCARE	WASH
AVERAGE DEAL SIZE (US \$ MN)	6.3	12.1	6.8	3.8	5.7	0.2

Source: Intellectap Analysis, CrunchBase, Baobab Insights

³⁰ The research identified 325 deals, however funding information for only 183 deals was publicly available

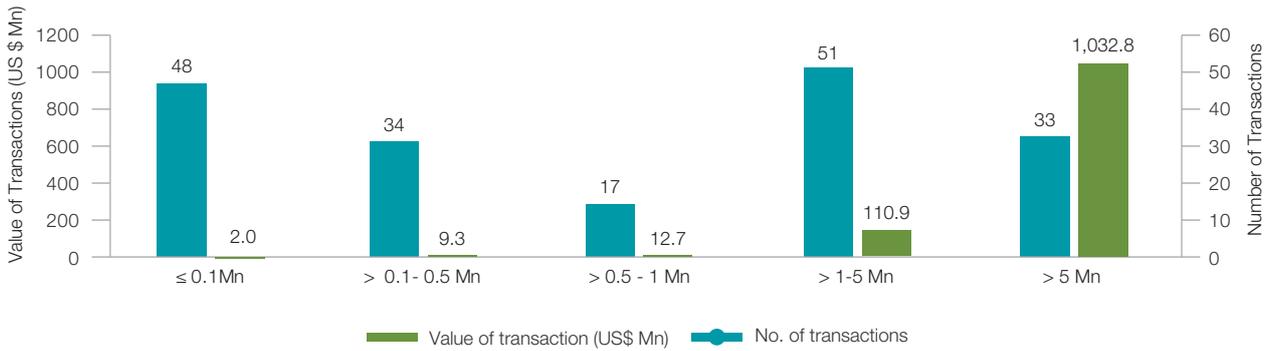
DEAL SIZE

A critical financing gap exists for enterprises raising capital at the growth stages.

The average ticket size of capital deployed by SFMs in the region is US\$ 6.38 Mn, while the median is US\$ 0.75 Mn. A significant proportion of the deals were made at the early stage as depicted by the lower ticket sizes. However, the number of deals significantly drops

at growth stages highlighting the challenges faced by 'missing middle' enterprises in raising subsequent capital after their first raise. As such, there is a need to support enterprises at the growth and pre-growth stage. Catalytic capital through blended finance structures can be used to provide TA support to some of these high impact enterprises assisting them in growing and scaling.

Figure 14: Capital deployed, By Deal Size (2015-2019)



DEAL RANGE (US\$ MN)	≤ 0.1 MN	> 0.1- 0.5 MN	> 0.5 - 1 MN	> 1-5 MN	> 5 MN
AVERAGE DEAL SIZE (US \$ MN)	0.04	0.27	0.75	2.17	31.3

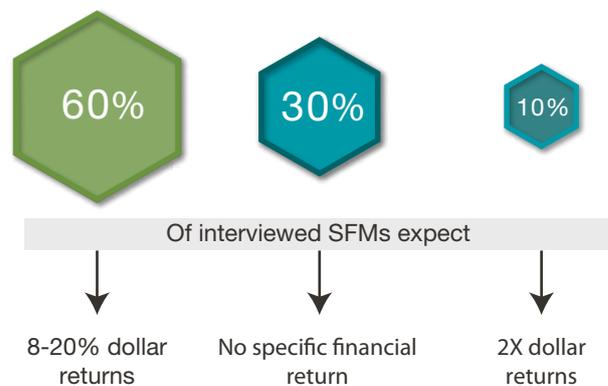
Source: Intellectap Analysis, CrunchBase, Baobab Insights

SOURCES OF CAPITAL

Despite a large number of local DFIs and HNWI's present in the region, most of the SFMs in the region rely on international funders to raise capital.

SFMs in the region rely on international development finance institutions, development organisations, foundations, large corporate and private funders/ high net worth individuals (HNWIs) with committed funding to raise capital for their funds. This is despite the fact that the region has several local DFIs (majorly in South Africa) as most (over 60%) local DFIs prefer to invest directly, rather than deploying their capital through fund managers³¹.

SFMs have an extensive range of financial returns expectation; some investors do not expect any return, while others plan to double their investments.



The SFMs interviewed consider the potential to generate financial returns through their investments as a very critical element for their financial sustainability. Financial return expectations range from no expectations (for those SFMs focusing on building the pipeline for later-stage investors and whose main funders are donors), to between 8-20% depending on the composition of Limited Partners (LPs). SFMs are also adopting revenue share models that oblige the SFMs to work with the businesses to increase their revenues.

³¹ Intellectap Analysis

Figure 15: Sample recent SFM investment deals



FINANCIAL
INCLUSION

Founded in 2010, Rent to own provides affordable financing to high capacity entrepreneurs in rural communities across Zambia.

- **Sector:** Financial Inclusion
- **Country:** Zambia
- **Funding Amount:** US\$ 1.12 million
- **Funding year:** 2019
- **Funding type:** Convertible note
- **Investors:** Seed Capital (SFM), DGGF (revolving fund)

The investment will be used primarily as working capital to double the company's portfolio of rural Zambian entrepreneurs.



HEALTHCARE

Founded in 2017, Healthcent's platform Signapps facilitates collaboration between patients and medical providers through conversations, and sharing medical files from a mobile device, which cuts down on consultation time and cost.

- **Sector:** Healthcare
- **Country:** South Africa
- **Funding Amount:** US\$ 565,000
- **Funding year:** 2019
- **Funding type:** Simple agreement for Future Equity (SAFE) convertible note
- **Investors:** Umkhati Wethu Ventures (SFM), Allan Gray (investment manager)

The investment will propel expansion into SA healthcare environment and will further develop the capabilities of the product.



1.1.3 Corporate Social Investors (CSIs)³²

SUMMARY OF TRENDS AND OBSERVATIONS ON CSI INVESTMENTS

- International and local based corporates in South Africa spent US\$ 2.7bn between 2015 and 2019 in the country on corporate social investment programs with growth experienced year on year.
- Education has been the most preferred sector by corporates in South Africa accounting for 50% of all corporate giving in the country in 2019.
- Health, education and economic empowerment are the key social causes of interest for corporate social investors.
- Corporate giving in South Africa has largely been driven by corporates in the retail and wholesale, mining and financial services sector accounting for 22%, 19% and 16% of the total CSI spend respectively in 2019.
- CSI initiatives in Zambia and Mozambique are largely dominated by corporates in the mining and extractive sectors who support health, education, and community empowerment initiatives

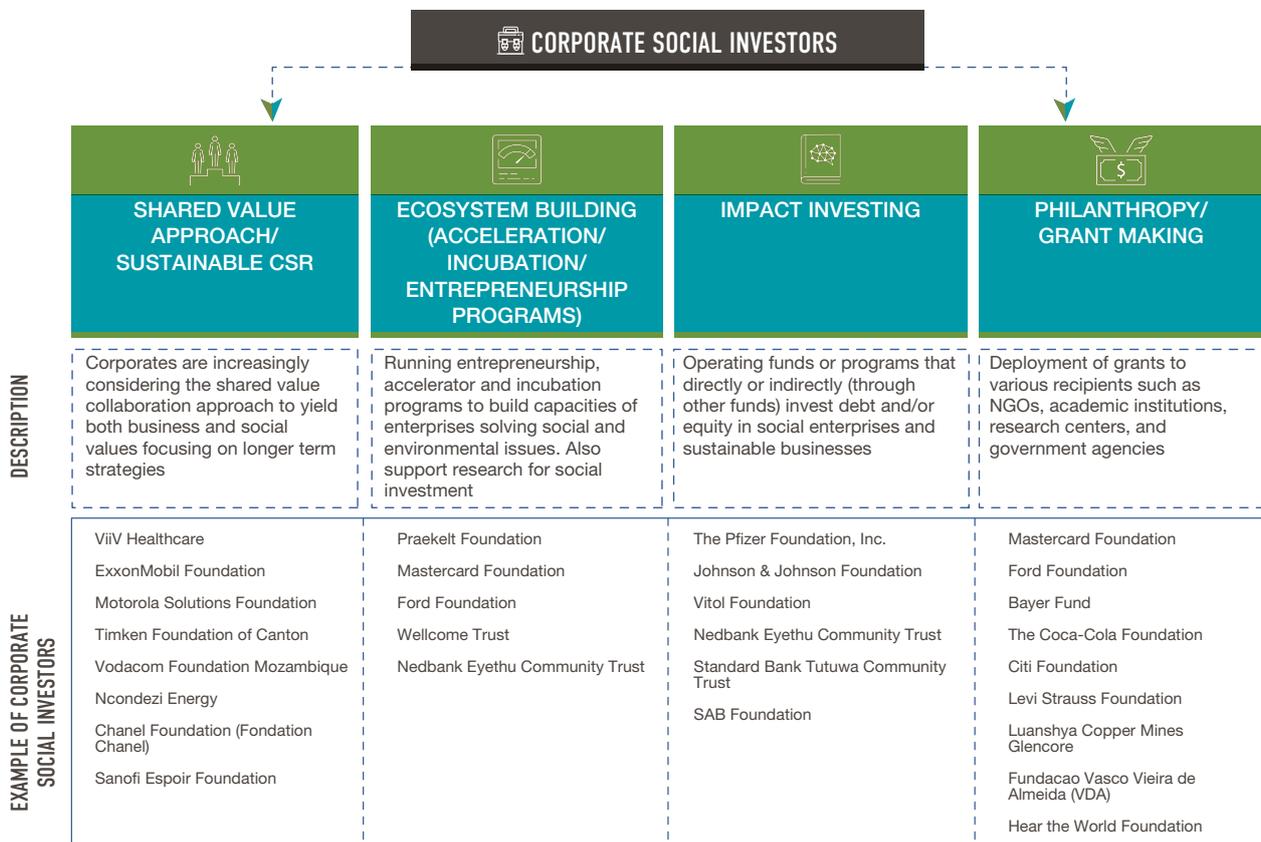
INVESTMENT STRATEGIES

Corporates in Southern Africa support programmatic interventions that result in larger and sustainable societal and national development.

North American-based corporate foundations are the major contributors to the corporate social responsibility initiatives across Africa – East, West, and Southern. These include MasterCard Foundation, Ford Foundation, Bayer, and the Coca-Cola Foundation, among others. With the mandatory requirement of CSI across all sectors in South Africa and in the mining

sector in Zambia and Mozambique, there is a large section of corporates in these countries that has also come up with multiple social initiatives. Some of these include First Rand Foundation, MTN SA Foundation, Old Mutual Foundation, SAB Foundation, Ncondezi Energy, and Glencore among others. Most of these follow traditional philanthropy/grant making although they have gradually been adopting venture philanthropy and ecosystem building initiatives.

Figure 16: Overview of Investment Strategies Adopted by Corporate Social Investors



³² Refers to Corporate Foundations, Corporate Funds, and Corporate accelerator/incubator programs

³³ Refers to Corporate Foundations, Corporate Funds, and Corporate accelerator/incubator programs

The various strategies adopted by the corporates in the region are described below:

Philanthropy/ Grantmaking:

Traditional grantmaking is the most prominent approach for corporate investments in Southern Africa. Some of the largest international foundations active in Southern Africa, including MasterCard Foundation, Ford Foundation, and The Coca-Cola Foundation, among others, adopt this approach for their CSR activities. While MasterCard Foundation focuses its philanthropic initiatives towards education, skill and youth development; Ford Foundation supports the reduction of poverty and injustice, strengthening of democracy, and international cooperation; and the Coca-Cola Foundation has been supporting the community impacted by its activities – through water and sanitation initiatives for women³⁴ and replenishment of water reservoirs³⁵ in the focus countries such as South Africa and Mozambique.

Shared value approach/Sustainable CSR:

Similar to other Sub Saharan Africa regions, the shared value approach is one of the most common strategies adopted by different corporates in the region. ExxonMobil and Motorola Solutions provide strategic grants while developing strong relationships with the communities and forging innovation along with them and for them. Sanofi, through its materiality assessments, has proven its financial and non-financial impact on the communities³⁶.

Impact investing and innovative finance:

Corporate investors in Southern Africa have started to engage in impact investment activities. For instance, Vitol Foundation invests in early-stage enterprises; the ticket size of each investment is around US\$ 200,000 for 2-3 years, without financial return expectations³⁷. Pfizer Foundation has been promoting healthcare research for almost a decade. In 2013, the foundation made an investment of US\$ 5 million in a first-of-its-kind fund – Global Health Investment Fund (GHIF) to finance late-stage global health technologies that had the potential to save millions of lives in low-income countries³⁸.

Corporate trusts and foundations have also been at the forefront of promoting innovative financing structures like social impact bonds. Standard Bank Tutuwa Community Trust, for example, is one of the key investors in two of the SIBs in the country - the Bond4Jobs (youth employment) and the innovation fund impact bond (early childhood). The First Rand Foundation has also collaborated with the government and other corporate foundations to pool funding for student finance. Nedbank on the other hand issued a renewable energy bond in 2019, becoming the first bank to list a green bond in the

Johannesburg Stock Exchange (JSE). Corporate entities have also been investing in early-stage businesses as part of their own product/ service expansions with funds sourced from corporate entities contributing 6.5% of the total Venture Capital (VC) deals and 15.7% of the total VC funds under management in Southern Africa in 2018³⁹.

Ecosystem building:

CSIs in the region are also actively supporting the social investment ecosystem in various ways. FNB Philanthropy Centre, a subsidiary of FNB Bank, offers philanthropy advisory and philanthropy fund management services to institutional and individual philanthropists. MasterCard Foundation focuses its efforts on improving education and youth development initiatives in the region. The foundation provided initial support to Harambee Youth Employment Accelerator in 2015. Nedbank Private Wealth has also been producing annual reports outlining data on the state of giving in South Africa. Absa, Total, AngloGold Ashanti, Assmang, Coronation Fund Managers, Sanlam, Glencore Xstrata, and Investec are some of the active players in entrepreneurship development working with NGOs and other intermediaries to build the capacity of enterprises.

INVESTMENT ACTIVITIES: TRENDS AND FOCUS AREAS

Corporate Social Investors in South Africa

With adequate regulations for corporate philanthropy, corporates in South Africa are one of the major contributors to sustainable socio-economic development in the region with US\$ 2.7bn CSI spend between 2015 and 2019 in the country.

A major proportion of corporate philanthropic activities in the region occur in South Africa due to its dominant commercial position. CSI is currently mandatory in South Africa, with the Department of Trade and Industry's BBBEE Codes of Good Practice designed to encourage its business sector to carry out socio-economic development (SED). According to this regulation, companies need to spend 1% of net profit after tax (NPAT) to obtain the required points (5) assigned to SED. For this, 75% of the beneficiaries should be black. Other components include skills development; and enterprise and supplier development.

CSI spend in the country has been exhibiting a moderate rise in recent years, primarily driven by sectors such as retail and wholesale, mining and quarrying, and financial services.

Annual CSI spend in South Africa exhibited considerable growth between 2015 and 2019, driven by the increasing corporate profits. The top contributing sectors to CSI are

³⁴ Coca-Cola Helps Improve Lives of African Women and Girls

³⁵ The Coca-Cola Foundation Helps Secure South Africa's Water

³⁶ Sanofi – CSR Strategy, 2020

³⁷ Insights from primary discussion

³⁸ Pfizer Foundation Invests In Global Health Investment Fund, Pfizer, 2013

³⁹ SAVCA: VC Industry Survey, 2019

also the ones that contribute significantly to the country’s GDP and export. For instance, South Africa has the largest reserves of platinum group metals (PGMs) and some of the largest gold, diamonds, chromite ore and vanadium deposits globally. In 2018, the mining sector contributed US\$ 20.6 billion to the GDP, and accounted for 25% of the country’s total export earnings⁴⁰, the sector accounted for 19% of the CSI spend in 2019. Retail and wholesale, which usually features at second or third position, was the the biggest contributor contributor (22%) to the to CSI spend with financial services accounting for 16% of the spend⁴¹.

Brand management is one of the most common reasons for corporate giving, with initiatives in education, community development, and agriculture receiving the largest proportion of the CSI funds.

Most corporates (~86% in 2019)⁴² integrate CSI strategies as part of their overall brand management strategy; brand reputation, relationships with business stakeholders, and shared value CSI approach were identified as significant triggers for CSI spend by various corporates. Corporates continue to leverage not-profit organizations (NPOs) as key partners for their CSI activities, given their deep networks in the communities. In 2019, 54% of the total CSI-spend in the country was channelled through the NPOs⁴³. Between 2015 and 2019, education remained the most favoured sector by corporates – with an average CSI expenditure of 47% in the sector each year⁴⁴. This was followed by support to social and community development initiatives, food security and agriculture, healthcare interventions, disaster relief and environmental causes.

SPOTLIGHT: CSI INITIATIVES IN THE EDUCATION SECTOR

Innovative interventions have been witnessed at the intersection of education and technology to cater to challenges linked to education, skill development and entrepreneurship.

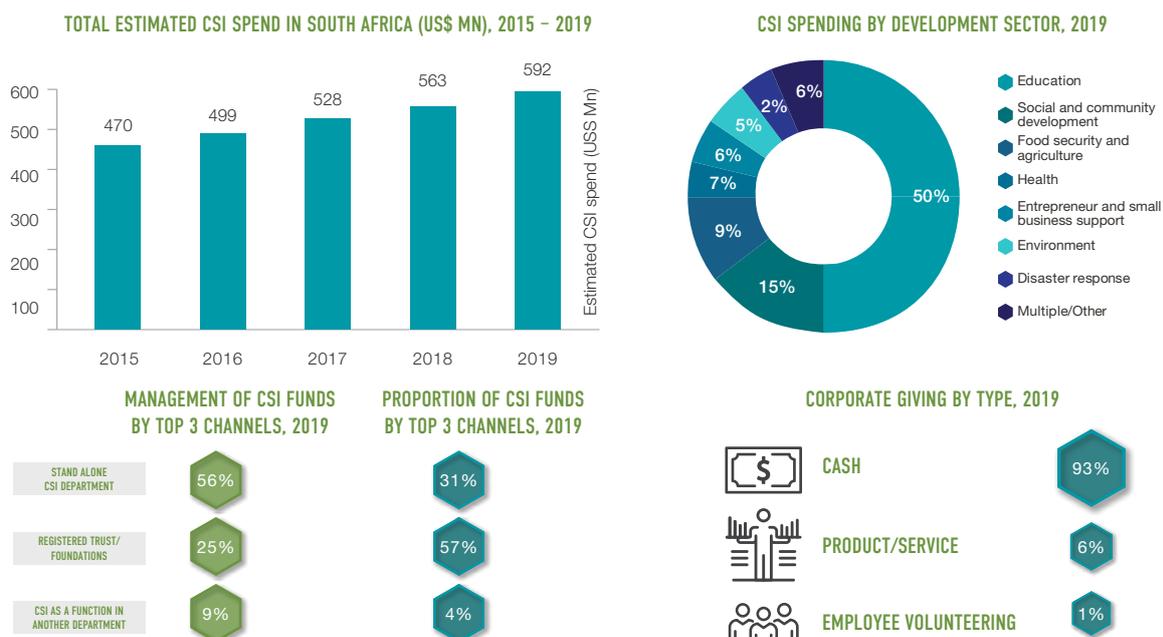
Some of the most interesting and innovative CSI initiatives in South Africa include promotion of coding and robotics at primary and high school levels to promote IT skills by Nedbank; accredited skills program for 17-35 year old students to address dual issues of shortage of data scientists and youth unemployment by Nedbank; Connectivity, Electricity and Education for Entrepreneurship (CE3) project which serves as a catalyst for local economic empowerment, and builds new businesses through provision of affordable electricity by Accenture; and Beyond Painting Classrooms (BPC) – a platform that actively organizes and empowers employee volunteer practitioners to create a volunteering ecosystem to scale and increase the impact of its initiatives by FirstRand.

Most corporates are formalizing their giving, which is mainly deployed through registered trust/ foundations and are mostly in the form of cash donations.

Cash donations have dominated corporate given in the last five years deployed through the corporates trusts/

foundations and CSI departments. Non-cash giving, mainly in the form of products and services decreased over the study period from 10% of total CSI expenditure in 2015 to 7% in 2019⁴⁵. While most corporates manage their CSI funds through a stand-alone CSI department in the company, trusts/foundations account for the largest proportion of the CSI funds deployed.

Figure 17: CSI spending trends in South Africa



Source: Trialogue - Business in Society Handbook, 2015-2019

⁴⁰ South Africa Factsheet 2020, Department of Trade and Industry, Republic of South Africa

⁴¹ 2019 Trialogue Business in Society Handbook

⁴² 2019 Trialogue Business in Society Handbook

⁴³ 2019 Trialogue Business in Society Handbook

⁴⁴ Intellectap analysis basis data from Business in Society Trialogue Handbooks for 2016, 2017, 2018, 2019

⁴⁵ Business in Society Trialogue Handbooks for 2016, 2019

SPOTLIGHT: SAB FOUNDATION

Established in 2010 by South African Breweries Ltd (SAB), the SAB Foundation⁴⁶ is an independent trust that supports entrepreneurship development in South Africa. It has as yet invested US\$ 16.24 million (280 million Rand) and supported 478 SMEs, contributing to the creation of 800 jobs. The beneficiary demographics comprise 70% women, 42% youth, 4%, with 78% of all these located in rural areas. SAB Foundation partners with academic centers such as Bertha Centre⁴⁷ and Gordon Institute of Business Science⁴⁸; business advisory organisations such as Fetola⁴⁹ and Impact Amplifier⁵⁰; and network organisations such as Open Africa⁵¹, to support the SMEs in different aspects related to understanding and developing market strategy, access networks, and assist them in becoming independent businesses.

Corporate Social Investors in Mozambique

With the absence of guidelines and policies to encourage corporate giving, CSI activities in Mozambique remain nascent.

CSI projects and activities in Mozambique encompass education programs, including the development of education infrastructure, healthcare programs such as awareness campaigns for HIV/AIDS, distribution of contraceptives, local infrastructure, and community development programs primarily in the areas located near or impacted by the mining operations. Though there are numerous NGOs in Mozambique that engage or can potentially engage in CSI, there is no systematic approach, transparency, or co-ordination between government authorities or the private sector to carry out these projects effectively. CSI in Mozambique is mainly motivated by corporates' own needs, driven by the potential to create positive impact on companies' financial performance and for internal risk management.

Corporate philanthropy in Mozambique is mainly driven by the mining sector.

There is an absence of an overarching CSI regulation governing all sectors CSI in the country. However, since 2014, mining companies operating in the country are mandated to contribute to community interventions given the environmental, health and social challenges arising from mining activities. Yet, even amongst the mining companies, only very large projects have dedicated CSI departments and budgets. Some of the

other large corporate investors with notable involvement in social investment space include Mozal, Coca-cola Sabco, Cervejas de Moçambique (CDM)⁵², Colgate-Palmolive, Hidroelétrica de Cabora-Bassa, and British Petroleum Mozambique, among others⁵³. ExxonMobil Foundation has also been addressing community issues in the country – in 2016, the foundation partnered with Opportunity International to launch the Projecto para Empoderamento das Mulheres e Desenvolvimento da Agricultura (PEMA) program to expand economic opportunities for women farmers in the country⁵⁴.

CSI initiatives in Mozambique have focused on health, education and community development initiatives.

While there is limited information available on the value of CSI transactions in the country across different sectors, most of the corporate philanthropy interventions identified are around health, education and community development. Some of these include contributions to HIV/AIDS Program by Motorcare; and the development of education infrastructure, environmental and cultural development projects by MCEL.

SPOTLIGHT: VODACOM FOUNDATION MOZAMBIQUE

To keep the businesses, government and communities connected, the continent's major telecom player, Vodacom, has launched various technological innovations in several countries across Africa. In Mozambique, Vodacom is providing free connectivity to ministries, airports, and NGOs. Also, Vodacom Mozambique is in discussions with the Ministry of Health to offer support for geo-data tracking and big data analytics. Some of the other social responsibility initiatives of the corporate in Mozambique over the last decade include the upgradation/ painting of the Lhanguene Complete Primary School through employee volunteerism; and preventative measures to combat malaria in Marracuene district through the distribution of hundreds of mosquito nets in the community⁵⁵.

⁴⁶ The SAB Foundation holds 8.4 million SAB Ltd shares and applies the dividend and special dividend income received from these shares for the benefit of the wider South African community. The Foundation was also the first organisations in South Africa to received tax exemption and is registered as a tax exempt Small Business Funding Entity under section 10(1)(cQ) of the Income Tax Act.

⁴⁷ <https://www.gsb.uct.ac.za/berthacentre>

⁴⁸ <https://www.gibs.co.za/Pages/default.aspx>

⁴⁹ <https://fetola.co.za/>

⁵⁰ <https://www.impactamplifier.co.za/>

⁵¹ <http://www.openafrica.org/>

⁵² A local brewery company

⁵³ UN Global Compact Country Report Mozambique, Corporate Social Responsibility

⁵⁴ Strategic community investment, ExxonMobil, 2019

⁵⁵ Vodacom Mozambique, Social Responsibility

SPOTLIGHT: NCONDEZI ENERGY

Ncondezi integrates environmental, health and safety responsibilities in all aspects of its business. The company's corporate social responsibility (CSR) policy has been designed to promote social development projects that facilitate sustainable development and focus on community involvement. Ncondezi, as part of a public-private partnership (PPP), implemented a US\$ 2 million, 3-year social development plan (SDP), which benefitted the local communities at the Ncondezi Project, the Moatize District, and selected other communities in Tete and Mozambique⁵⁶.

Corporate Social Investors in Zambia

Similar to Mozambique, Zambia also lacks specific guidelines and policies to encourage corporate giving; external investors are the main drivers of CSI activities in the country.

The Government of the Republic of Zambia regulates mining companies' actions, but it has not passed any legislation that addresses the social responsibilities of businesses in local communities. Laws such as The Mines and Minerals Development Act of 2015 states that a mining company will be able to get a license if it confirms that its mining activities would not cause any adverse socio-economic impact or harm to human health, however, these have not been extended to ensure that mining companies are supporting the communities. In addition, there is a lot of external investment, especially in the mining sector from China. The Chinese companies follow their home country's CSI strategies in other countries of operation, including Zambia.

The mining sector is the most active sector in the CSI front, deploying funds largely to health interventions.

The mining sector, which is one of the prime contributors to the country's exports (70%)⁵⁷, creates severe environmental and health degradation by destroying agricultural land to create and expand mines and the emission of toxic chemicals. In addition to the damage caused by mining, Zambia has other endemic health issues such as HIV/AIDS and Malaria, which can be exacerbated by unhealthy environmental factors. Therefore, most of the mining companies focus on healthcare and community development projects.

SPOTLIGHT: LUANSHYA COPPER MINES

Luanshya Copper Mines (CLM) invests in various CSI activities related to health, education, and employment through sports, infrastructure development, and agriculture. With 60% CSI-spend directed towards healthcare, CLM runs the Luanshya mine hospital and six other clinics. Some of its other programs include the prevention of mother to child HIV transmission and distribution of contraceptives. Furthermore, CLM is engaged in initiatives to combat diseases such as malaria, Ebola and cholera. CLM has embarked on 27% CSI-spend for education – it operates Luanshya Craft Training School (tertiary education institution) and Luanshya Trust School (primary and junior secondary education). Nearly 10% of CSI-spend was directed towards the Roan United Football Club – providing the monthly wages for the club and logistics support. CLM also constructed Zaone market, improved the road network that leads to the mine, refurbished play parks, and developed a modern gym and a swimming pool for the youth⁵⁸.

SPOTLIGHT: GLENCORE

Glencore has a major share in Mopani Copper Mines. In its sustainability report, the company outlined its workplace health and strategic safety priorities for 2015-2020. Overall, Glencore has a three-step process to tackle health concerns in local communities, including assessing, monitoring, and controlling community health risks, and contribute to the wellbeing of the community. Glencore has seven clinics, five first aid centers and two hospitals surrounding its mines in Zambia. To address HIV/AIDS, Glencore claims that it offers testing, and has helped increase access to antiretroviral treatment and HIV care. In addition, it also sponsors two cervical cancer screening centres.

⁵⁶ Ncondezi Energy, CSR, Mozambique

⁵⁷ Corporate Social Responsibility in Zambian Copper Mines: An Analysis of Mining Corporations' Health Initiatives and Their Effects on Mining Communities, SAIPAR, 2019

⁵⁸ Corporate Sustainability Performance: An Approach to Effective Sustainable Community Development or Not? A Case Study of the Luanshya Copper Mine in Zambia, MDPI, 2019

1.1.4 Family Foundations/Trusts/Endowments

SUMMARY OF TRENDS AND OBSERVATIONS ON FAMILY FOUNDATIONS

Southern Africa family foundations

- This research mapped US\$ 319.5Mn deployed across 30 transactions by Southern Africa based family foundations in the region between 2013 and 2020.
- Healthcare is the main focus area for regional foundation accounting for 61% of the total funding.
- Most of the family foundation's funding has been deployed through the government indicating a close working relationship.

North American family foundations

- US\$ 545.4Mn was deployed in form of 830 grants during the period between 2015 and 2019 by North American foundation.
- North American family foundations' activities are dominated by Bill and Melinda Gates Foundation (BMGF) accounting for 59% of total funds deployed.
- North American family foundations have supported various initiatives in the region, with most of the funding focusing on healthcare and education (together accounting for 74% of the funding between 2015 and 2019).

INVESTMENT STRATEGIES

Family foundations active in Southern Africa largely adopt the grantmaking and donations based approach for their capital deployment.

The family foundations in the region have a main focus on healthcare and education-related initiatives.

Family foundations are most prevalent in South Africa; apartheid practices in the country had resulted in several development issues that require support and funding from philanthropists. A number of regional family foundations have existed for over several decades. These were primarily grantmaking institutions but have recently started to adopt alternative investment approaches. Some of the most active international family foundations in the region, including BMGF, MSDf, Ford Foundation, Segal Family Foundation, and The Andrew W Mellon Foundation, also primarily adopt the grant-making strategies for capital deployment in the region.

The regional family foundations have a broader developmental agenda aiming to solve several development challenges, including education, health, environmental sustainability, and social justice. An illustration of solving multiple issues through a single initiative is the recent funding provided by the Gray philanthropy ecosystem in South Africa, which has provided US\$ 10.5 million (180 million Rand) to support economic, educational and medical requirements occasioned by COVID-19 crisis⁶⁰. The larger international foundations are noted to allocate a huge chunk of their funding to the healthcare sector. These institutions mostly cater to HIV/AIDS, TB, and child and maternal care.

Table 1: Summary of social investment approaches adopted by select family foundations

#	Foundation Name	Headquarter	Acceleration/ Incubation support	Impact Invest- ing	Venture Philanthropy	Grants/ philanthropy	Description
1	Bill and Melinda Gates Foundation (BMGF)	United States					The foundation largely deploys grants to various sectors working with the government agencies and NGOs. The foundation has also been engaged in promoting innovative financing models such as volume guarantees particularly in the health sector. Further, the foundation has also promoted social investment ecosystem growth through the engagement in the global development incubator programmes focusing on the financial services and agriculture sector.

⁵⁹ Insights based on primary interviews

⁶⁰ Covid-19: Gray philanthropy ecosystem responds to crisis with R180 million in funding, 2020

#	Foundation Name	Headquarter	Acceleration/ Incubation support	Impact Invest- ing	Venture Philanthropy	Grants/ philanthropy	Description
2	Michael and Susan Dell Foundation (MSDF)	United States					MSDF funds projects and programmes that contribute to the achievement of SDGs both through scholarship programmes, grants and mission-related impact investments. Under impact investment, the foundation uses financial tools and structures to support work in education, health, and family economic stability.
3	Segal Family Foundation	United States					Segal Family Foundation has provided grants and engaged in impact investing in several countries in Southern Africa such as South Africa, Zambia, and Malawi. Over the past decade, the foundation has evolved its business model from supporting community based organizations to supporting scalable for-profit models. The organization believes that there is need and relevance of both types of organizations ⁶¹ . In 2016, the foundation also launched a social impact incubator programmes in southern Africa, specifically in Malawi, to promote systems strengthening, and address organizational and leadership needs. It has also worked with AgriBioTech NPC in South Africa, an organisation that nurture, mentor, train and incubate agripreneurs in the value-adding to biological resources space
4	The Andrew W Mellon Foundation	United States					The foundation has been providing grants for over 3 decades in South Africa, primarily supporting the universities to address key national challenges. In 2015, it provided US\$ 3.84 million – the largest grant for a single program to accelerate the development of a black South African humanities professoriate ⁶² .
5	Oak Foundation	Geneva					The foundation engages in strategic grant-making approaches focusing on various sectors such as healthcare (primarily HIV/AIDS), WASH (rural water supplies), Education (special needs), and services that help vulnerable women, children and elderly. In Zimbabwe the foundation also funds local organisations involved in serving the disadvantaged and vulnerable sections of the society.
6	The RAITH Foundation	South Africa					RAITH Foundation, has heavily adopted a grant-making approach. The Foundation has funded university scholarships and provided grants in non-developmental projects. Over the years, with evolved strategy, the foundations is one of the few that focuses its initiatives on matters of social and environmental justice.
7	Cyril Ramaphosa Foundation	South Africa					The foundation was established 15 years ago with a broad vision to work towards inclusive society to help deal with inequality and poverty. Its main focus areas have been education and small business development because these were the main issues in South Africa. The foundation provides grants to these sectors and also supports entrepreneurship development and business incubation programmes under its umbrella - Shanduka Black Umbrellas (SBU). Through the SBU, the foundation connects participants to potential collaborators, mentors and even investors. Over 1900 businesses have been incubated since inception.

⁶¹ Insights based on primary interviews

⁶² Mellon Foundation, 30 years

⁶³ Leading South African research centres join forces, Wellcome, 2016

#	Foundation Name	Headquarter	Acceleration/ Incubation support	Impact Investing	Venture Philanthropy	Grants/ philanthropy	Description
8	Wellcome Trust	United Kingdom					The Wellcome Trust provides grants in support of innovative healthcare initiatives, especially research centres. For instance, in 2016, it supported Africa Health Research Institute (AHRI) and KwaZulu-Natal Research Institute – focused on developing interventions to manage HIV/ AIDS and TB disease burden in KwaZulu-Natal province – the highest in South Africa ⁶³ .
9	LGT Venture Philanthropy	Switzerland					LGT venture philanthropy deploys philanthropic growth capital through an entrepreneurial venture philanthropy approach. It primarily supports organizations in emerging markets, focusing on high-impact sectors, including education, health, and environment. It invests into for-profit and non-profit social enterprises. In South Africa, LGT has invested in mothers2mothers (m2m), an organization that aims to eliminate paediatric AIDS and keep mothers alive.
10	Rockefeller Foundation	United States					The foundation supports various initiatives in the global impact investing space. The foundation has as awarded both grants and program-related investments (PRIs). In South Africa, the foundation has worked with the Harambee Youth Employment Accelerator in 2015 to support in scaling a demand-driven model for training high potential but disadvantaged youth, and placing them in digital jobs in the retail, business process outsourcing and financial services sectors in South Africa.

INVESTMENT ACTIVITIES

Southern Africa based family foundations

Southern Africa has several active local family foundations, addressing the inequalities and basic services gap since the apartheid times.

Our research identified over 60 family foundations based in Southern Africa, the majority of which are based in South Africa. Many of South Africa's modern philanthropic institutions were founded to address inequality rooted in the apartheid era. Zimbabwe also has several family foundations supporting the promotion of equality and social justice. For instance, the Oak Foundation pursues rights and gender equality approaches – while contributing to social and environmental concerns, especially impacting the disadvantaged.

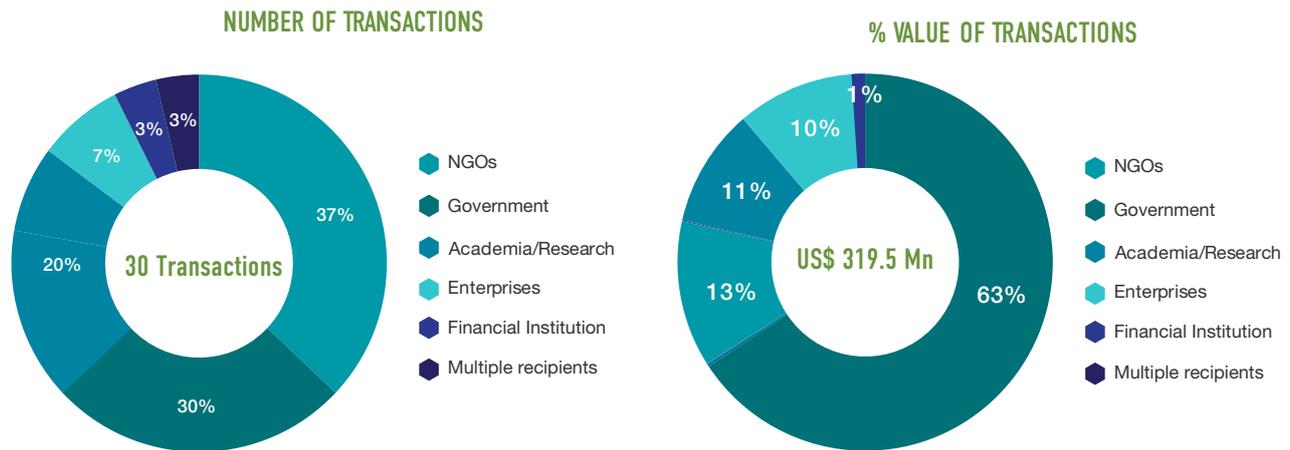
Similar to other geographies in Sub Saharan Africa, family foundations in Southern Africa are very discrete regarding the financial support they provide, especially with respect to the transaction amount. Most of these work as operating foundations implementing various programs on behalf of the philanthropists in addition to raising external financing. The new generation of HNWI's spearheading the family foundations in the focus countries allocate separate resources towards philanthropic initiatives and do not tend to merge the investment practices with the main family business. This separation of profitable and philanthropic activities ensures sustainability and scaling of both wealth creation and philanthropy initiatives.

Regional based family foundations in Southern Africa largely deploy their funding through government and NGOs.

This research mapped US\$ 319.5Mn deployed across 30 transactions by Southern Africa based family foundations in the region between 2013 and 2020. Cash donations remain the most preferred form of giving with the largest proportion of transactions deployed through NGOs. Government however, account for the largest proportion of value of funding by family foundations. Albeit, in low proportion, a number of family foundations transactions were also made into enterprises majorly as grants.

⁶³ Leading South African research centres join forces, Wellcome, 2016

Figure18: Giving by Southern African family foundation, By Recipient Type (2013-2020)



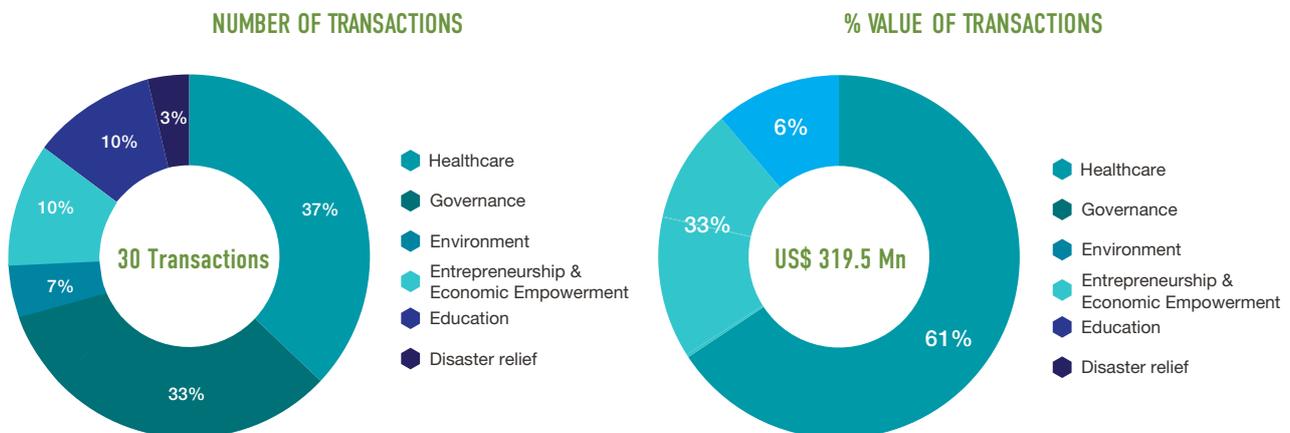
Source: Intellect Analysis

Most of the Southern Africa family foundations have focused on interventions in the health sector, and economic empowerment.

Unlike the corporate social investors that have largely focused on promoting education initiatives, family foundations region have deployed funds to enhance provision of healthcare services, accounting for 61% of

the funds deployed. These foundations have continued to play a key role in response to the COVID-19 health crisis. The Gray philanthropy in South Africa, for example, provided funding worth US\$ 10.5 million (180 million Rand) to assist with the economic, educational and medical shortages created due to the COVID-19 crisis⁶⁴.

Figure 19: Giving by Southern African family foundation, By Area of focus (2013 – 2020)



Source: Intellect Analysis

North America based family foundations

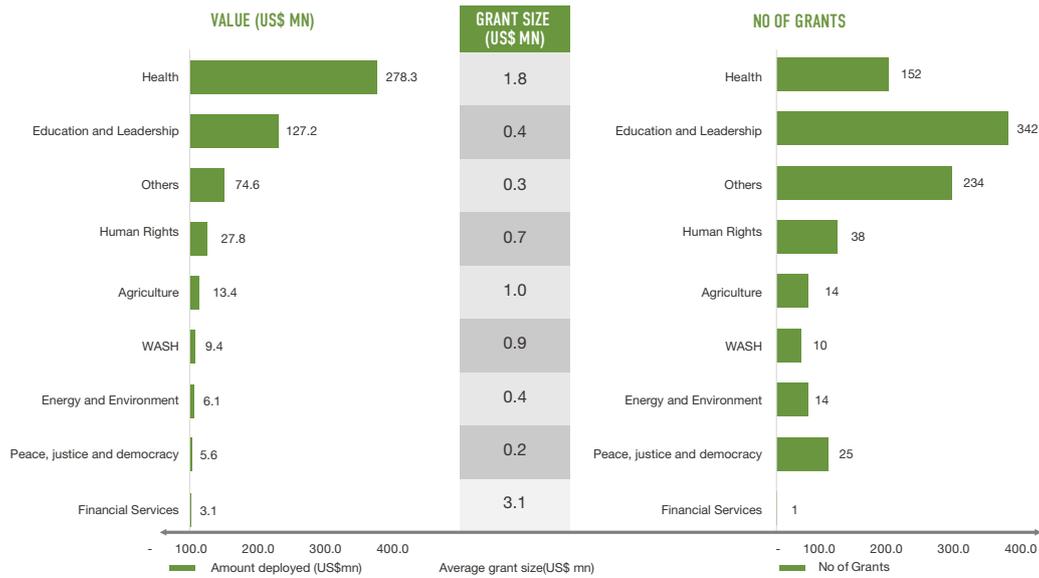
The healthcare sector constitutes the largest proportion of North American family foundations' funding in the region.

The research mapped 830 grants valued at US\$ 545.4 Mn deployed by North American based family foundations between 2015 and 2019. The healthcare sector constitutes 51% of total funding provided by the North American family foundations in Southern Africa, highly skewed by the largest foundation -

BMGF. The foundation focuses on solving healthcare issues, especially those linked to HIV/AIDS, child and maternal care, among others. BMGF followed by Wellcome Trust, and the Leona M. and Harry B. Helmsley Charitable Trust are the top contributors to healthcare. The top sectors, healthcare and education/university grants, accounted for almost 73% of the funding by North American family foundations between 2015 and 2019.

⁶⁴ Covid-19: Gray philanthropy ecosystem responds to crisis with R180 million in funding, 2020

Figure 20: Capital Deployed by North American Family Foundations, by Sector (2015-2019)



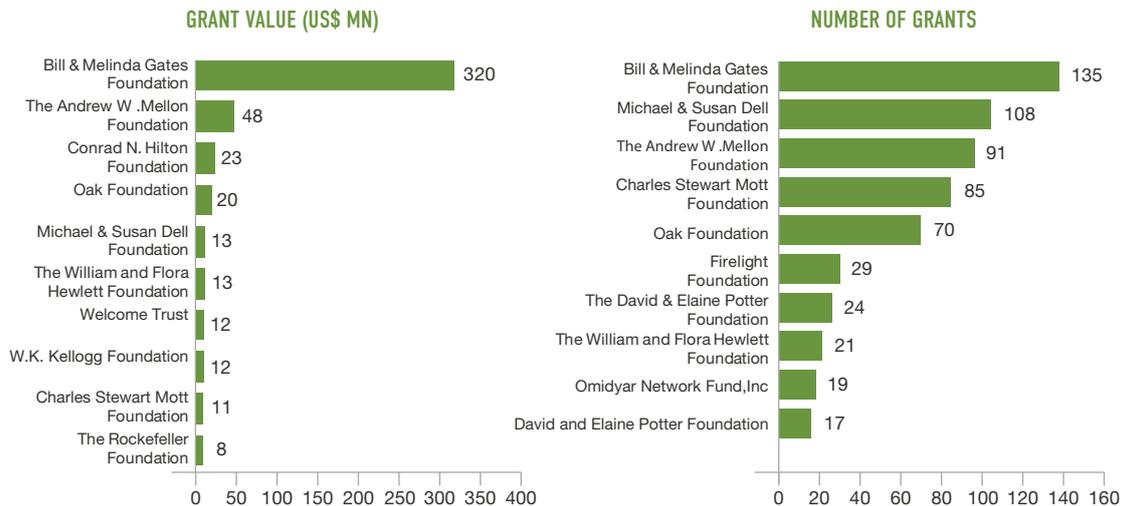
Source: Intelcap Analysis, Foundation Centre

The top three foundations – BMGF, Andrew W. Mellon, and Conrad N. Hilton Foundation – accounted for over 76% of the North American family foundations grant value between 2015 and 2019.

The top three foundations have actively engaged in the region, working with the local organisations to implement

some of the initiatives. BMGF, which accounted for the largest proportion of grants (62%), worked with several national and international stakeholders primarily in the healthcare and education sectors. The Andrew W. Mellon Foundation has been active for three decades in South Africa, primarily supporting universities to address key national challenges.

Figure 21: Top North American Family Foundations Active in the Region, by Number and Value of Grants (2015-2019)



Source: Intelcap Analysis, Foundation Centre

Other family foundations active in the region

Unlike East and West Africa, there are very few European family foundations operating in Southern Africa. Those present include Belgium based King Baudouin Foundation (KBF Foundation) that runs an annual prize known as ‘King Baudouin Prize for Development in Africa’. The prize recognises individual and organisational level contributions across several African countries, including Mozambique and Botswana in Southern

Africa. Switzerland based LGT Venture Philanthropy that provides tailored support, including philanthropic capital, business management support, technical and strategic advice, among others has supported the Harambee Youth Employment Accelerator through grant – to further its impact in ensuring that the vulnerable people are able to access economic opportunities.

1.1.5 Multilateral and Bilateral Donors

SUMMARY OF TRENDS AND OBSERVATIONS ON SOCIAL INVESTING BY GOVERNMENTS IN THE REGION

- USAID accounted for the largest proportion (41%) of donor funding in the region in 2018. In the past 2-3 years, there has been a decline in funding due to changing strategies of the donor.
- Health, education and skill development have been the priority sectors for donors in the focus countries in Southern Africa.

COUNTRY FOCUS

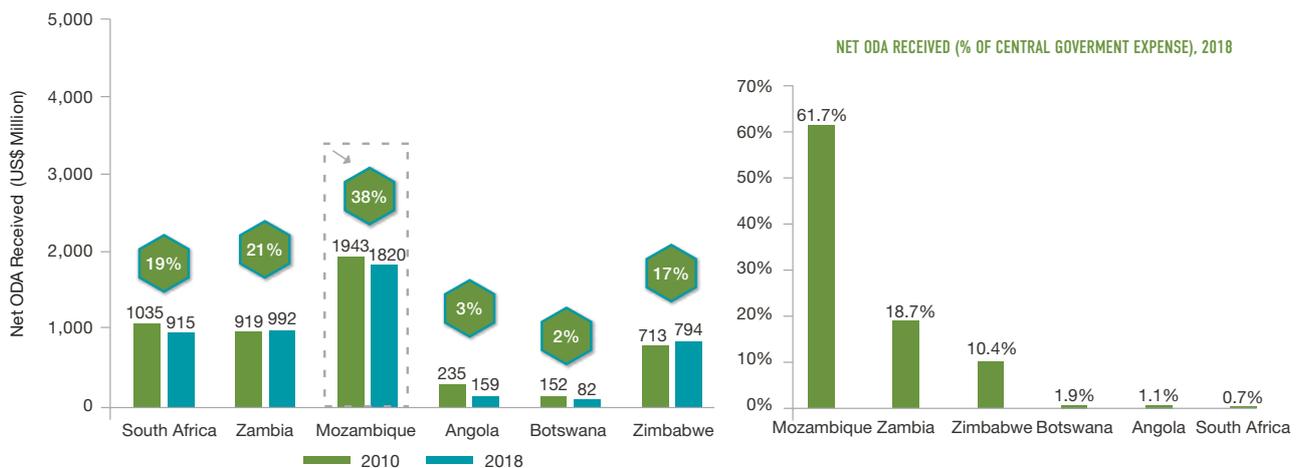
Social investment support through Official Development Assistance (ODA) varies widely across Southern Africa countries; ODA to the region also decreased between 2010 and 2019.

ODA account for a substantial proportion (61%) of government expenditure in Mozambique given the frequent natural disasters that face the country that has seen it receive significant humanitarian assistance from the donor community. ODA contribution is lowest in

South Africa, Angola and Botswana. Total ODA funding to the region experienced a 5% decline between 2010 and 2019. This can be attributed to several political reasons, including evolving relationships between the governments and the international community (donors), and their strategies of fund deployment.

Total ODA to the region was US\$ 4.76Bn in 2018 with the United States Agency for International Development (USAID) accounting for 41% of the donor funding.

Figure 22: ODA trends across the focus countries (US\$ million), 2010 vs. 2018



Source: World Bank Development Indicators

NB: Circle represent share of total ODA to the focus countries (2018)

Regional Total - 2010: US\$ 5.97 billion; 2018: US\$ 4.76 billion

SECTOR FOCUS

Donors in the region have placed a big emphasis on the health, education and skill development sectors through programmatic interventions.

Southern Africa has been the epicenter of several diseases, including HIV/ AIDS. There is a dearth of child and maternal care facilities contributing to high rates of maternal and infant mortality. In addition, with inadequate

sanitation facilities, several water-borne diseases such as cholera further increase the disease burden. Education and skill development are not in tandem with the skill set required by employers. Along with the government and a few other social investors, donors prefer supporting health and education initiatives in the region⁶⁶. Nearly 43% of the investment has been in the health sector and around 24% in education⁶⁷.

⁶⁵ World Bank Development Indicators

⁶⁶ Development aid at a glance, Africa, OECD, 2019

⁶⁷ Intellectap analysis.

Major donors in the region are undergoing significant transitions necessitating the need for innovative strategies to leverage more private sector capital.

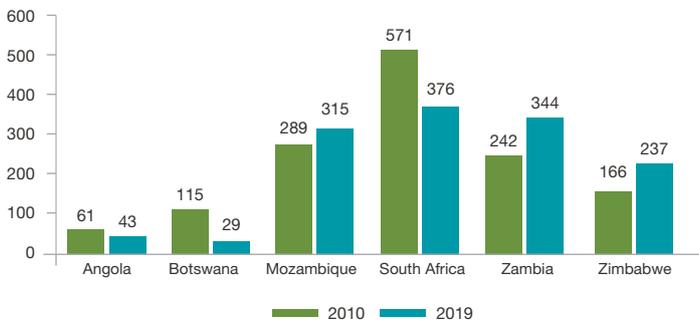
- DFID was recently merged with the Foreign and Commonwealth Office (FCO) to form the Foreign, Commonwealth and Development Office. It is expected to impact funding for addressing social challenges in developing countries as FCO has traditionally focused on advancing security and diplomatic issues rather than poverty-reducing projects.
- The adoption of the United States Better

Utilization of Investments Leading to Development (BUILD) Act that and the establishment of the U.S. International Development Finance Corporation (DFC) as the US government’s DFI. DFC combines the activities of Overseas Private Investment Corporation (OPIC) and some components of USAID. This shift is expected further to reduce the already declining USAID donor funding to the region, disrupting the implementation of key development programmes – USAID funding to the focus countries reduced by 31% between 2018 and 2019.

Figure 23: Snapshot of USAID funding trends in the region

USAID funding saw sharp decline in South Africa and Botswana between 2010 and 2019

USAID FUNDING BY COUNTRY



Source: USAID Funding database

USAID programmes are more focussed on health intervention, followed by WASH, sustainable agriculture and education

USAID FUNDING BY SECTOR (AVERAGE 2015-2019)

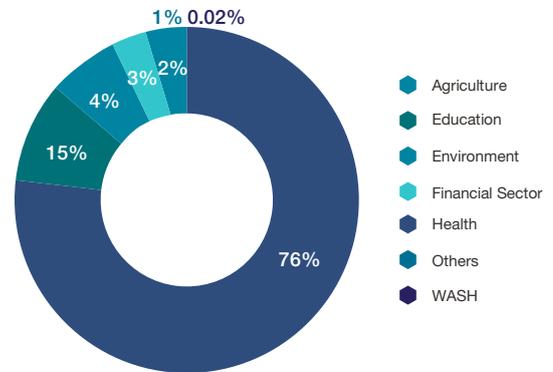


Figure 24: Select Donor Interventions across the Focus Countries



The World Bank Group launched XL Africa, a five-month business acceleration program designed to support the 20 most promising digital start-ups from Sub-Saharan Africa. Start-ups will receive mentoring from global and local experts, learn through a tailor-made curriculum, increase their regional visibility, and get access to potential corporate partners and investors. It collaborated with prominent African investment groups, including the African Business Angel Network (ABAN), AngelHub Ventures, Goodwell Investments, Knife Capital, Nest Africa, Silvertree Capital, Singularity Investments, South African Business Angel Network (SABAN), TLcom Capital, Zephyr Acorn and 4Di Capital, and corporate partners, such as Orange, Eco, Ringier, and Thomson Reuters. The XL Africa supported 20 selected start-ups with early stage capital between US\$ 250,000 and US\$ 1.5 million.

- **Sector:** SME Development
- **Country:** South Africa
- **Funding Amount:** Between US\$ 0.25Mn and US\$ 1.5Mn
- **Funding year:** 2017
- **Funding type:** Debt
- **Investors:** World Bank, governments of Finland, Norway, and Sweden
- **Implementing Partners:** IMC Worldwide, VC4A, and Koltai & Co.



The World Bank approved \$122 million worth of financial assistance to tackle the scourge of Tuberculosis (TB) in some of Southern Africa's high burden TB countries --Lesotho, Malawi, Mozambique and Zambia.

The project, under the name Southern Africa Tuberculosis and Health Systems Support Project targets mining communities, regions with high TB burdens or HIV/AIDS, transport corridors, and cross-border areas of the four target countries. The primary beneficiaries are TB-affected individuals and households in line with the World Bank Group's goals to support the most vulnerable as part of its thrust to ending extreme poverty and promoting shared prosperity in the world. Key information about the deal.

- **Sector:** Healthcare
- **Country:** Mozambique, Zambia, Lesotho, and Malawi
- **Funding Amount:** US\$ 122 Mn
- **Funding year:** 2016
- **Funding type:** Debt & Grant
- **Investors:** World Bank
- **Implementing Partners:** Respective country governments



The World Bank, through the Girl's Education and Women's Empowerment and Livelihoods Project for the Republic of Zambia (GEWEL) supports the Government of Zambia to increase access to livelihood support for women and access to secondary education for disadvantaged adolescent girls in extremely poor households in selected districts. The project targets women aged 19 to 64 years old who are fit for work and adolescent girls aged 14 to 18 years old living in extremely poor households in rural areas; and aims to support women's livelihoods, keep girls in school, and support institutional strengthening and systems building.

- **Sector:** Education
- **Country:** Zambia
- **Funding Amount:** US\$ 65 Mn
- **Funding year:** 2015
- **Funding type:** Debt & Grant
- **Investors:** World Bank
- **Implementing Partners:** The Government of Zambia



The World Bank, through the Girl's Education and Women's Empowerment and Livelihoods Project for the Republic of Zambia (GEWEL) supports the Government of Zambia to increase access to livelihood support for women and access to secondary education for disadvantaged adolescent girls in extremely poor households in selected districts. The project targets women aged 19 to 64 years old who are fit for work and adolescent girls aged 14 to 18 years old living in extremely poor households in rural areas; and aims to support women's livelihoods, keep girls in school, and support institutional strengthening and systems building.

- **Sector:** Financial Inclusion
- **Country:** Zambia
- **Funding Amount:** US\$ 8.42Mn
- **Funding year:** 2013-2022
- **Funding type:** Concessional
- **Investors:** IFAD
- **Implementing Partners:** Co-financiers (International) - Spanish Fund US\$ 11.99 million; Co-financiers (Domestic) - Domestic Financing Institutions US\$ 3.3 million; National Government US\$ 2.61 million

1.1.6 Angel Investors and Angel Networks

SUMMARY OF TRENDS AND OBSERVATIONS ON ANGEL INVESTING

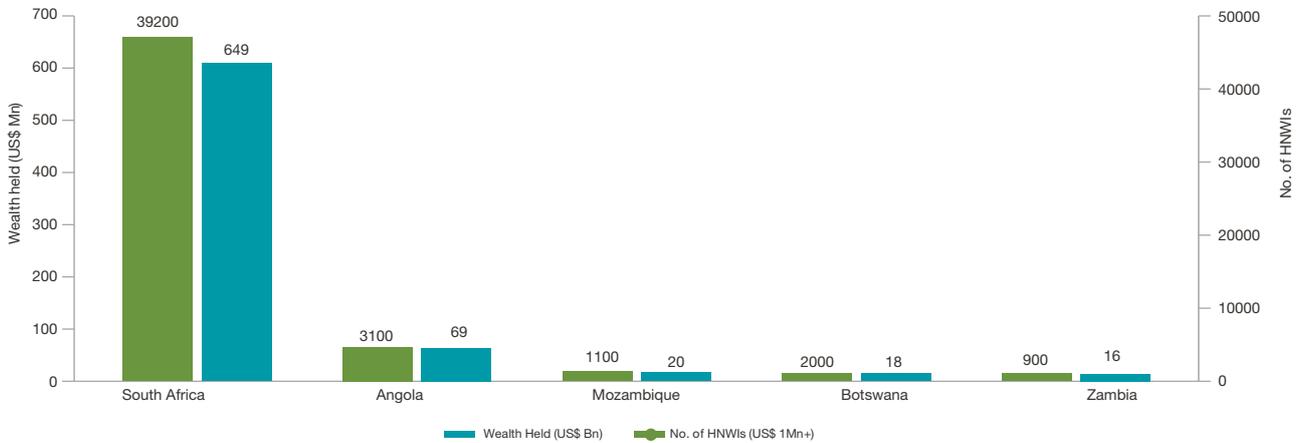
- Most of the angel investor networks have been established in the last 4-5 years and thus are still in nascent stages of operation with minimal investment activities recorded for most of these networks
- Angel Investments in the region increased from US\$ 2.6Mn in 2015 to US\$ 12.9Mn in 2018.
- Angels prefer investing in innovative business models such as block-chain, and other technology based enterprises such as fintech, e-commerce and software

Southern Africa is home to some of the wealthiest individuals in SSA, with five of the focus countries ranked top 20 wealthiest countries in Africa⁶⁸.

to the highest number of HNWI's (39,200) – more than double the number in Egypt (the second wealthiest country in the continent). In 2018, the country accounted for over 85% of the wealth held by dollar millionaires in the region.

South Africa is Africa's wealthiest country and home

Figure 25: Number and amount held by HNWI's in Southern Africa, 2018



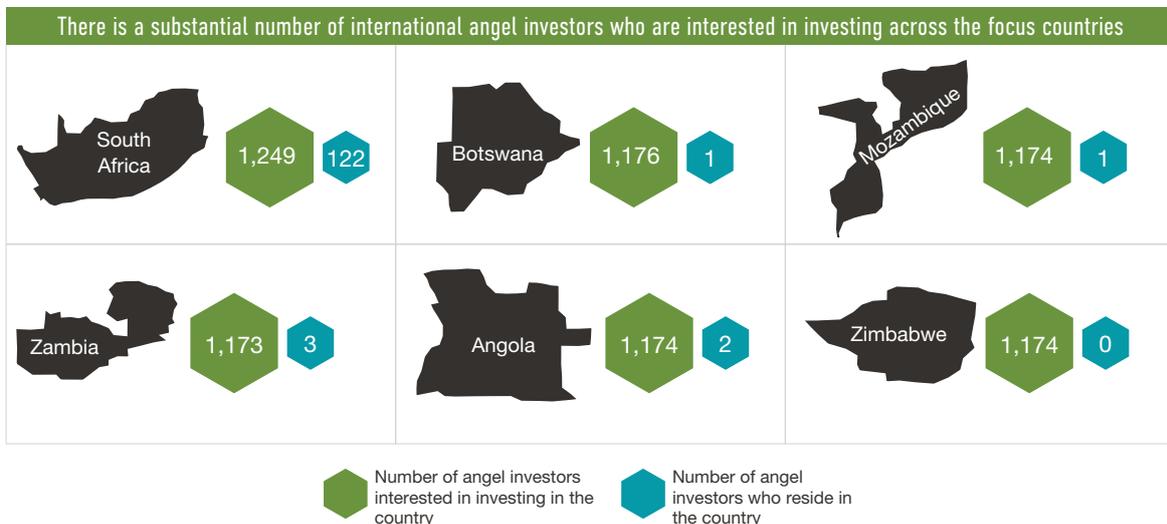
Source: AfrAsia Bank Africa Wealth Report, 2019

More angel networks are being established as angel investors become a significant source of venture capital finance in the region; with higher number in South Africa compared to the other countries.

providing much needed early-stage finance for innovative businesses in the region. In 2018, Angel investors accounted for 24.7% of total Venture Capital (VC) deals and 4.2%⁶⁹ of VC funds under management in the region. Angel Investments in the region increased from US\$ 2.6Mn in 2015 to US\$ 12.9Mn in 2018⁷⁰.

Several HNWI's have ventured into angel investing,

Figure 26: Number of angel investors interested in the focus countries in Southern Africa



Source: Angel List (for respective countries)

⁶⁸ Africa Wealth Report 2019, AfrAsia Bank

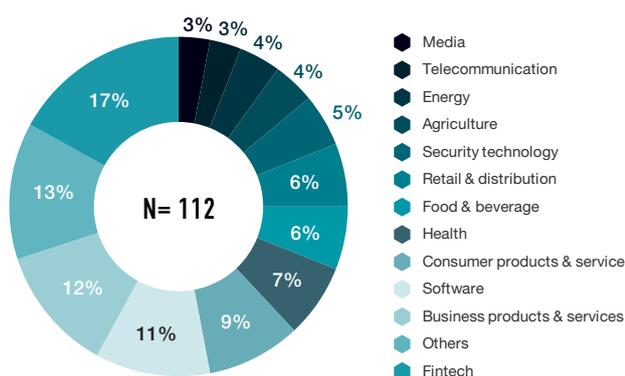
⁶⁹ SAVCA: VC Industry Survey, 2019

⁷⁰ SAVCA: VC Industry Survey, 2017 and 2019 reports

Technology-based innovations requiring seed or start-up capital have attracted the most interest from angel investors in the region.

In 2017, a survey by the Southern Africa Venture Capital and Private Equity Association (SAVCA) showed that 3 of the top 5 sectors receiving most deals were leveraging technology in their business models. The main sectors receiving angel investments included; fintech, software and e-commerce. Most of the angel investments were deployed at start-up and seed funding levels, with 54% of the angel investment deals in the region for ticket sizes smaller than US\$ 28,560⁷¹. Most angel investors have an average of 6 deals in their portfolios.

PROPORTION OF ANGEL INVESTMENTS BY SECTOR, 2017



Source: SAVCA Venture Capital 2017 industry report

The region has witnessed an increase in the number of angel networks operating in the country.

There are more than 15 angel networks currently operational in the region, with the majority (60%) in South Africa. Most of these angel networks engage in partnerships with other networks providing a range of ecosystem support services along with initial funding, business planning and business development support. Some of the most active angels (investing through angel networks) in the region include Brett Dawson, who has invested around US\$ 3.55 million in 2018-19 in tech-based enterprises such as Gather Online, and Wrapistry through Campa; Michael Jordan, who invests in both development and non-development sectors such as financial inclusion, education, mobility, telecom⁷² through Montegray Capital, and has invested US\$ 7.4 million between 2014 and 2019; and Llew Claasen and Vinny Lingham who invest in Blockchain-based enterprises such as Wala, BitGo, SA Florist, WumDrop, SweepSouth through Newtown Partners.

The region has also witnessed the rise of peer to peer lending platforms linking angel investors and early-stage businesses such as the Angel Investor network that has so far facilitated close to US\$ 236Mn⁷³.

Table 2: Funding activities by top angel networks across the countries

#	Name	Year of establishment	Amount (US\$)	Country	Sectors of focus	Example of investees
1	Jozi Angels	2015	US\$ 354,675 (2015 – 2019)	South Africa	15 investments including tourism platform, media and advertising, social marketplace, and market research	Tour 2.0, Geist, Momslit, Neural Sense
2	Mozambique Business Angels Associations	Est. 2015, started operations in 2019	Did not disclose ⁷⁴	Mozambique	Tourism, Food supply chain	Did not disclose ⁷⁵
3	Ngwana Enterprises	2009	Not available	Botswana	Education, Agriculture, Technology	Not available
4	Silicon Cape	2019	Not available	South Africa	Tech-based enterprises	Neural Sense, Guardian Gabriel, Timbuktu Travel

⁷¹ SAVCA: VC Industry Survey, 2017

⁷² in enterprises such as Bank Zero, GoMetro, Rain, Snapplify.com

⁷³ Angel Investor Network website

⁷⁴ During primary interview

⁷⁵ During primary interview

1.1.7 Faith-Based Giving

Faith-based philanthropy in Southern Africa is rooted largely in principles of Christianity as the region's dominant religion, and driven by large-scale individual and institutionalized giving.

Christianity is the dominant religion in most of the focus countries, with about 80% of the population in the region following the religion⁷⁶. Most churches tend to adhere to the biblical principle of tithing, which enforces a 10% mandatory contribution from an individual's gross income. In South Africa, support to churches is the second most important causes supported by around 50% of population in 2018⁷⁷. In Zambia, a declared Christian country, the Joint Country Program (JCP) of Christian Aid was established almost a decade ago (in 2011) along with Dan Church Aid and Norwegian Church Aid to manage the structural barriers to development and protect the human rights for all Zambians. Such large scale programs are managed by local civil society organisations (CSOs) such as Council of Churches in Zambia (CCZ) and the Zambia Conference of Catholic Bishops (ZCCB) (previously known as the Zambia Episcopal Conference).

Faith Based Organisations (FBOs) in the region play a critical role in addressing critical developmental challenges such as skill development, health, and poverty in the focus countries.

Unemployment has been besetting the economic growth in several focus countries, especially South Africa, Botswana, Zambia and Angola. Along with other social investors such as corporate foundations and international foundations, faith-based organisations also focus on addressing these issues across different countries in Southern Africa. For instance, in South Africa, the Motsepe Foundation and the 33 Religious and FBOs have been working together for several years and established a "job creation fund" to create sustainable jobs and provide skills and training to youth. FBOs have played an instrumental role in advancing development in Zambia and reaching places that are challenging and the government has not effectively reached. FBOs can potentially play an important role in HIV prevention throughout the region because of their focus on health care provision and deep operational reach into rural areas.

SPOTLIGHT: THE ROLE OF FAITH IN FINANCING SDGs – INSIGHTS FROM A SESSION AT SANKALP AFRICA 2020 SUMMIT

During the recently concluded Sankalp Africa summit, key stakeholders from various religious affiliations were brought together to discuss the role played by the church in the financing of the SDGs and discuss potential innovative strategies going forward. It was clear that there is an increasing shift in the way religious institutions are financing social good. Pope Francis, for example, advocates for an impact investment strategy for the Catholic Church; Jewish Law instructs followers to provide loans to those in need to build up their capacity for growth rather than to give gifts; and the Zakat Fund (an Islamic form of philanthropy that obligates eligible Muslims to donate at least 2.5 percent of their accumulated wealth to charitable causes.). Faith-based institutions play a critical role towards the achievement of SDGs. Pooled funds under the Zakat Fund, for example, had been used to support farmers in Kenya to purchase inputs (seeds) while the Jewish community ran agricultural centres, which gave extension services to farmers.

Key takeaway from the session was that more structured mechanisms need to be formulated to tap into the vast resources held by the religious institutions towards the financing of the SDGs.

1.2 SOCIAL INVESTOR ROLES IN THE CONTINUUM OF SOCIAL IMPACT CAPITAL

The different social investors play different roles across the continuum of capital and present significant potential to scale impact. Donors, international foundations and governments have a medium to high-risk tolerance and can be leveraged for catalytic capital attracting more funding from SFMs and DFIs with low-risk tolerance. The continuum of capital presents immense opportunities for collaboration amongst the investor categories. Innovative finance, however, has currently not been fully leveraged amongst the investor categories, particularly the regional social investors.

⁷⁶ Except Mozambique where around 56% follow Christianity, 18% follow Islam, and the remaining other/ no religion

⁷⁷ South Africa Giving, Charities Aid Foundation, 2019

Table 3: Social Impact Potential by Social Investor Category

Social Investor Category	Capital Scale (US\$)*	Type of Capital deployed	Patient Capital?	Innovative Finance?	Risk Tolerance	Geographic Reach	Dominant Sectors	Potential for Social Impact
Development Finance Institutions (DFIs)		Equity Debt Guarantees				Moderately Concentrated (South Africa, Zambia, few large deals in Mozambique)	 	Large capital base can be used to catalyse more innovative finance structures in more sectors Longer term financing to cover short term financing by SFMs, corporate social investors
Sustainability Aligned Fund Managers (SFMs)		Equity Debt				Moderately Concentrated (South Africa)	 	Through engaging with grant makers using innovative finance structures
Family Foundations (North America and Europe HQ)		Grants Debt Equity				Across all countries	 	Large capital base, flexible, can drive innovative finance e.g. payment of outcomes for social impact bonds
Family Foundations (Southern Africa HQ)		Grant Debt				Highly concentrated (South Africa)	 	Limited capital but opportunity to lead local venture philanthropy practice
Corporate Social Investors		Grants (Primarily) Equity, Debt				Highly concentrated (South Africa)	 	Potential to mainstream impact through corporate sustainability
Faith-Based Giving		Grants				Across all countries	 	Large capital base and geographic reach, enormous catalytic capital potential
Angel Investors		Equity Debt				Highly concentrated (South Africa)	 	Supporting early stage commercial social enterprises
Government Schemes		Debt Guarantees				Moderately Concentrated (South Africa, Zambia, Mozambique)	 	Large capital base, can be leveraged for innovative finance like SIBs
Donors		Grant Debt				Across all countries	 	Large capital base can be used to catalyse more innovative finance structures in more sectors e.g. in form of DIB

Billions
 Hundreds of Millions - Billions
 Hundreds of Millions
 Tens of Millions

Limited
 Yes
 No
 High
 Medium - High
 Medium
 Low - Medium
 Low

Financial Services
 Energy
 Agriculture and Food
 Health
 Education
 Economic Empowerment/Entrepreneurship/SMEs

Consumer Goods
 Community Development
 Software & ICT
 Fintech

*Capital Scale = range of capital deployed annually in the region as a group.