



THE LANDSCAPE FOR SOCIAL INVESTMENTS IN WEST AFRICA

DEEP-DIVE INTO SOCIAL INVESTORS

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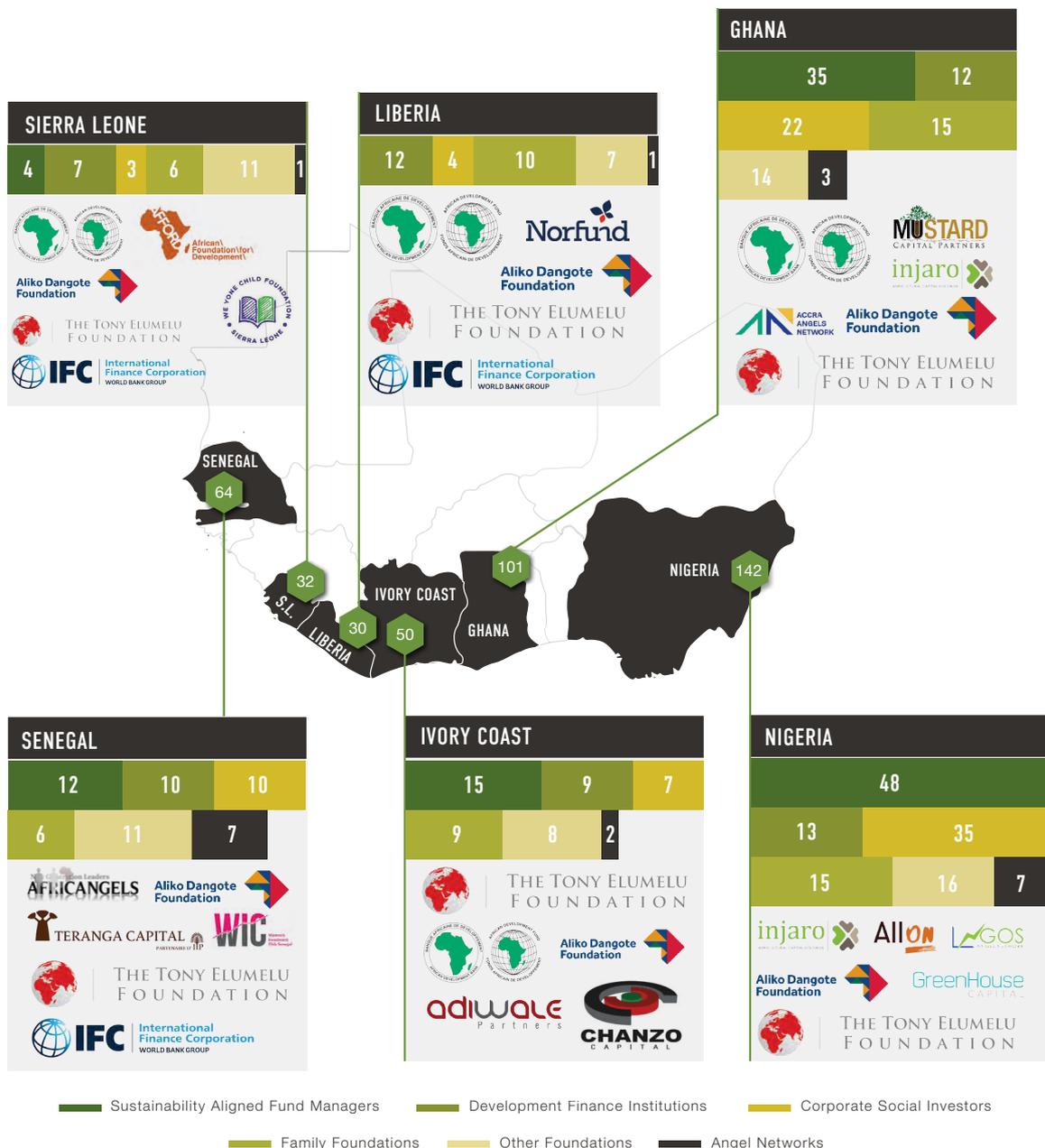
DEEP-DIVE INTO SOCIAL INVESTORS (SUPPLY SIDE PLAYERS) IN WEST AFRICA

1.1 KEY SOCIAL INVESTOR ARCHETYPES AND THEIR INVESTMENT STRATEGIES

An increasingly diverse mix of social investors are actively deploying capital in West Africa. This research identified over 250³³ social investors operating across the focus countries, majorly based in Nigeria (52%). Sustainability Aligned Fund Managers (SFMs) account for the largest proportion (35%)

of the identified social investors in the region. The number of social investors headquartered in the region is on the rise, with West Africa-based family foundations and Corporate Social Investors accounting for 4% and 10% of total active investors in the region respectively.

Figure 1: Overview of Key Social Investors in the Region

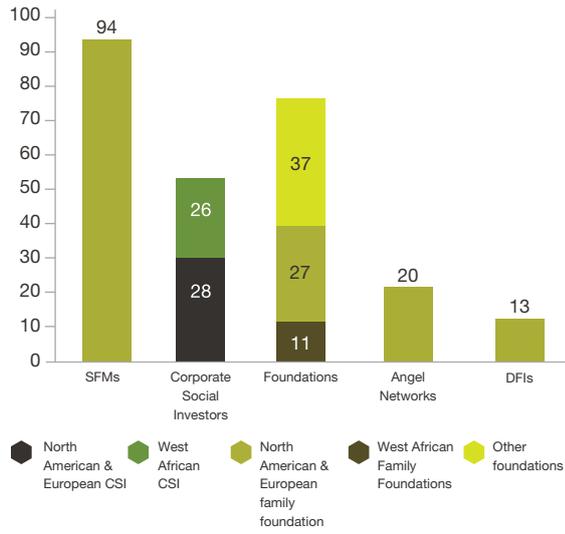


Source: Intellect Analysis

NB: Some of the players are active in multiple countries and thus country totals will not equal total number per investor category.

³³ List not exhaustive

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



Source: Intelicap analysis

1.1 KEY SOCIAL INVESTOR ARCHETYPES AND THEIR INVESTMENT STRATEGIES

Impact investing and venture philanthropy strategies are increasingly gaining traction amongst social investors in the focus countries.

Regional and international foundations, for instance, are shifting from traditional grant making approaches of only supporting NGOs to making investments (equity and debt) in social enterprises. The governments are increasingly deploying low-cost debt, investing in impact-focused funds, and establishing angel networks. On the other hand, corporates are moving into more sustainable CSI approaches, and high net worth individuals are increasingly engaging in angel investing to boost the growth of early-stage enterprises.



Figure 3: Selected Social Investors and How They Are Operating

		DEMAND			
		Non-Profits	Social Enterprises	Sustainable Businesses	
SUPPLY	SUSTAINABILITY ALIGNED FUND MANAGERS		Catalyst fund (Grant)		
			Brightmore capital (Equity, quasi equity)	Sahel Capital (Equity, quasi equity)	
			All On (Debt, convertible note)	Oiko Credit (Equity, debt)	
			Grofin (Debt)		
			Incofin (Equity, Debt)	Zebu Investments (Equity)	
			Wangara Green Ventures (Debt)	Alitheia Capital (Equity, Quasi equity)	
	DEVELOPMENT FINANCE INSTITUTIONS			Proparco (Equity, debt)	
			Norfund (Equity, debt)		
			FinDev (Debt, guarantees, equity)		
	FAMILY FOUNDATIONS	MacArthur Foundation (Grants)		Jacobs Foundation (Debt, equity)	
		TY Danjuma Foundation (Grants)		Tony Elumelu Foundation (Grants, debt, equity)	
		Chris Ogunbanjo (Operating foundation)		Canopus foundation (Grants)	
		Bill and Melinda Gates Foundation (Grants)		Stone Family Foundation (Grants, debt)	
		Ovie Brume Foundation (Operating foundation)			
	CORPORATE SOCIAL INVESTORS	Johnson and Johnson (Grants)		Lundin Foundation (Equity)	
		ACT Foundation (Grants)			
		MasterCard Foundation (Grants)		Shell Foundation (Grants)	
		Ford Foundation (Grants)	Africa Capital Alliance Foundation (Grants)	Danone Communities (Equity)	
		Proshare Foundation (Operating foundation)	A. Dangote (Microgrants - women businesses)		
		A. Dangote (Grants)	Sterling Bank (Debt, equity)		
				Lagos State Employment Trust Fund (Debt)	
	GOVERNMENT SCHEMES			National Entrepreneurship and Innovation Programme Ghana (Debt)	Venture capital Trust Fund (Equity, debt)
		Government agencies and ministries (Grants)			ADEPME Senegal (Grants, debt)
				DER Senegal (Debt)	
	HIGH NET WORTH INDIVIDUALS			Individual angels (Grants, Equity)	
		Individual philanthropists (Grants)		Ghana Angel Investment Network (Equity)	
			Nigeria SSE Angels Network(Equity)		

Source: Intelicap Analysis

1.1.1 Development Finance Institutions (DFIs)

SUMMARY OF TRENDS AND OBSERVATIONS ON DFI INVESTMENTS

- 14 DFIs invested **US\$ 8.4 Bn** in **262 deals** between 2015 and 2019; **US\$ 938 Mn** of the total capital was indirectly deployed through funds of funds.
- DFIs are increasingly shifting their strategies from direct investments to indirect investments through fund managers.
- Ivory Coast is becoming a preferred destination for DFI investment and was ranked second after Nigeria in DFI investment value and deals.
- **Debt** is a preferred mode of investment for DFIs accounting for over **70%** of capital deployed in the region between 2015 and 2019.
- Financial services sector dominates the DFI portfolio value (29%) overtaking the energy sector which topped DFI portfolio pre-2015.

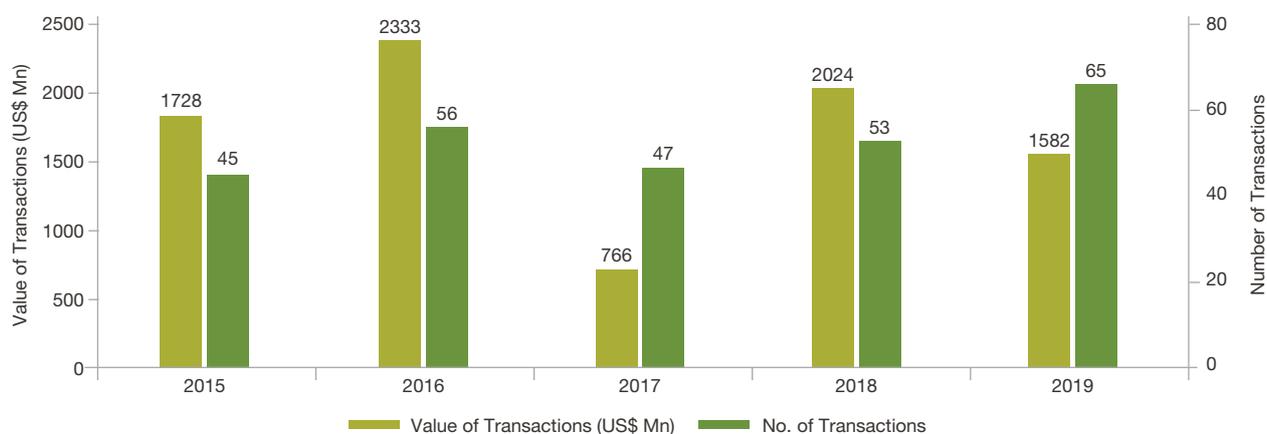
OVERVIEW

DFIs are the prominent providers of social capital in the West African region through direct investment, 'fund of funds' investments, and programmatic interventions.

The research identified 14 DFIs, majority headquartered

outside of the region, operating across the focus countries. The total capital deployed between 2015 and 2019 was **US\$ 8.4Bn**. DFI investment in the focus countries recorded mixed performance increasing by 35% between 2015 and 2016 and declining by 67% between 2016 and 2017.

Figure 4: Capital Deployed by DFIs, by Year (2015-2019)



YEAR	2015	2016	2017	2018	2019
AVERAGE DEAL SIZE (US \$ MN)	38.4	41.7	16.3	38.2	24.3

Source: Intelicap Analysis, DFI websites

COUNTRY FOCUS

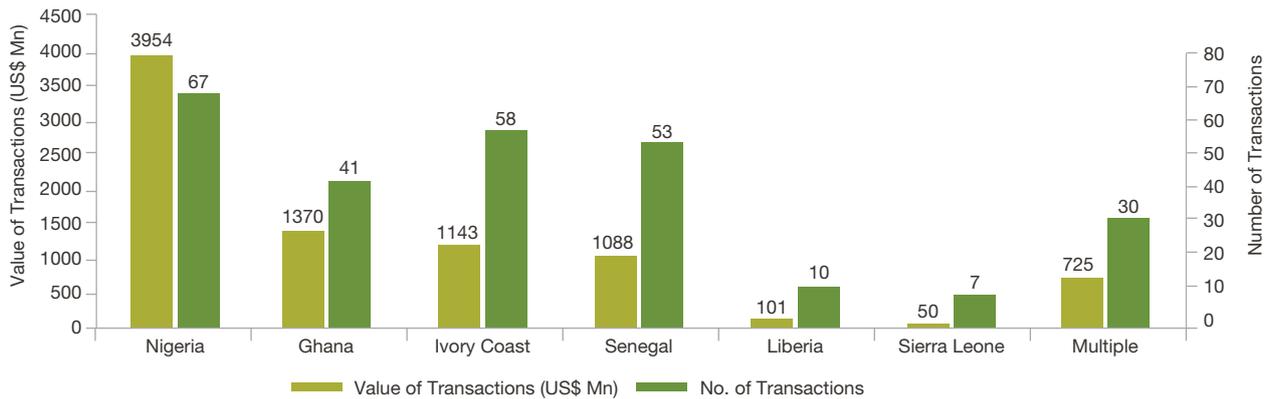
Most of the DFI funding was deployed in Nigeria, given the large size of the economy and hence the presence of more companies capable of absorbing the DFI ticket sizes.

Nigeria accounted for 47% of total DFI deal value and only 25% of the number of deals. Ivory Coast is increasingly becoming a preferred investment destination for DFIs, given the political and economic stability witnessed in recent years. The country accounted for 14% of DFI deal value and 22% of DFI transactions.

"Because DFIs invest in larger ticket deals, the size of the economy is a key determinant on which countries to invest in. Further, the interest rates in Anglophone West Africa are higher than Francophone, hence the preference for countries such as Nigeria and Ghana".

DFI operating in the region

Figure 5: Capital Deployed by DFIs, by Country (2015-2019)



COUNTRY	NIGERIA	GHANA	IVORY COAST	SENEGAL	LIBERIA	SIERRA LEONE	MULTIPLE
AVERAGE DEAL SIZE (US \$ MN)	59.0	33.4	19.7	20.5	10.1	7.2	24.2

Source: Intelicap Analysis, DFI Website

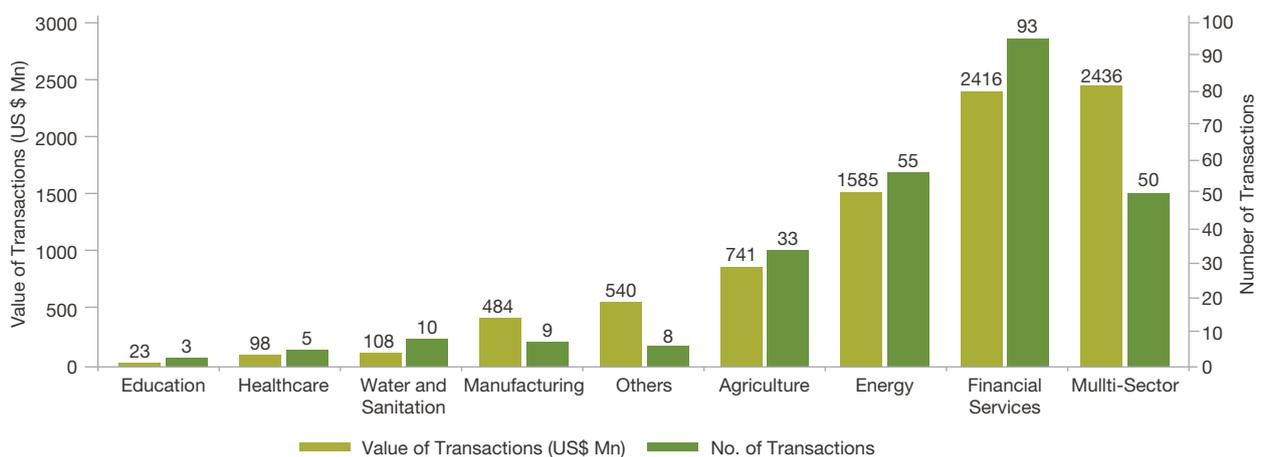
SECTOR FOCUS

Financial services, energy, and agriculture are the preferred sectors for DFIs, given the high capital requirements in these sectors.

The three sectors cumulatively account for 68% of the number of DFI deals and 56% of portfolio value, showing a high preference of DFIs in sectors solving critical development gaps in the region. Financial services

accounted for 29% of DFI capital and 35% of total deals overtaking the energy sector, which accounted for the largest proportion of DFI deals between 2005 and 2015³⁴. The energy sector received the majority (70%) of DFI capital between 2015 and 2016, primarily into large scale traditional and renewable energy projects across the region.

Figure 6: Capital Deployed by DFIs, by Sector (2015-2019)



SECTOR	EDUCATION	HEALTHCARE	WATER & SANITATION	MANUFACTURING	OTHERS	AGRICULTURE	ENERGY	FINANCIAL SERVICES	MULTI-SECTOR
AVERAGE DEAL SIZE (US \$ MN)	7.5	19.7	10.8	53.7	67.5	22.4	28.8	26.0	48.7

Source: Intelicap Analysis, DFI Websites; Others include real estate, logistics and hospitality

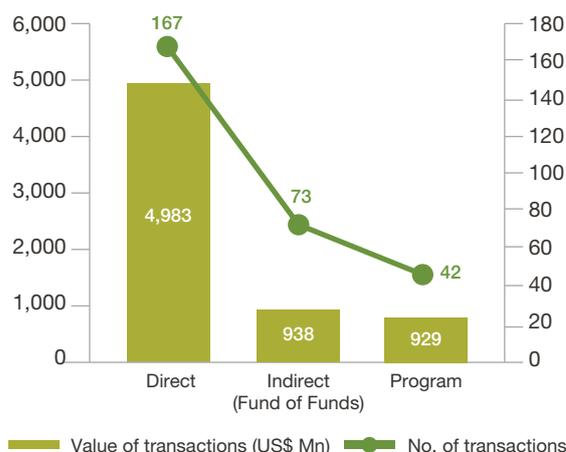
³⁴ GIIN: The landscape for impact investing in West Africa, 2015

INVESTMENT STRATEGY

DFIs made most of their investments between 2015 and 2019 directly into enterprises, although an increasing shift towards indirect investments was also observed.

Direct investments by DFIs (mostly through debt) account for the largest proportion (averaging 74% over the study period) of the DFI portfolio. This proportion declined from 83% in 2017 to 78% in 2019³⁵ as the DFIs increasingly shifted strategy to invest through fund managers (mostly using equity). In the financial services sector, DFIs have increasingly leveraged guarantees to enhance financing for key segments such as SMEs. These guarantees, however, just accounted for 5% of total DFI deals. Furthermore, DFIs are also a primary source of funds for TA facilities in the region – grant and TA support by DFIs accounted for 13% of total DFI deals.

Figure 7: Capital Deployed by DFIs, by Investment Mechanism (2015-2019)



Source: Intellectap Analysis, DFI Websites

Figure 8: Sample DFI Deals

<p>OASIS AFRICA SME FUND</p> 	 <p>AGRICULTURE (LOGISTICS)</p>
<p>Launched in 2017, the Oasis Africa VC Fund is a US\$ 50.5Mn private equity investment vehicle investing in SMES in in Ghana and Ivory Coast across a number of sectors - education, financial services, housing, healthcare, food services and hospitality sectors. The fund has to date made more than 5 investments.</p> <ul style="list-style-type: none"> • Sector: Multi-Sector/SMEs • Country: Ghana, Ivory Coast • Amount raised: US\$ 50.5Mn • Funding year: 2019 • Funding type: Equity • Investors: <i>DFIs</i> - European Investments Bank, Norfund, Proparco, International Finance Corporation (IFC), Norfund, <i>impact fund</i> - Dutch Good Growth Fund, <i>government</i> - Venture Capital Trust Fund (VCTF), <i>financial institution</i> - GCB Bank <p>The fund targets to invest between US\$500,000 to US\$5million to high growth business across the focus sectors.</p>	<p>Founded in 2017, Kobo360 is a technology company that aggregates end-to-end haulage operations to help cargo owners, truck owners, drivers, and cargo recipients to achieve an efficient supply chain framework. The company has a focus on empowering rural farmers by leveraging big data and technology to reduce farm logistics friction. The company has 12,908 fleet and has supported 2,345 businesses. The company has raised several rounds of funding from multiple investors.</p> <ul style="list-style-type: none"> • Sector: Agriculture (Logistics) • Country: Nigeria, Kenya, Ghana, Uganda • Amount raised: US\$ 37.3Mn in 6 rounds • Funding year: 2018-2019 • Funding type: Seed and Series A • Investors: <i>Investment Bank</i>- Goldman Sachs, <i>DFI</i> - IFC, <i>impact fund</i> - Western Technology Investment

³⁵Intellectap analysis

While most DFIs get funding from bilateral and multilateral governments, a few of the DFIs have also begun exploring engagement with philanthropic organizations for additional funding.

This has been driven by the tightening of funding from international governments, particularly in Europe and the United States. The African Development Bank (AFDB) case shown below is an example of such an engagement.

SPOTLIGHT: SOURCING FOR NON-TRADITIONAL FUNDING – THE CASE FOR AFRICAN DEVELOPMENT BANK (AFDB)

AFDB is currently implementing its 2013-2022 strategic plan with the overarching objectives to achieve inclusive growth and the transition to green growth through five operational priorities: infrastructure development, regional economic integration, private sector development, governance and accountability, and skills and technology. In 2015, AFDB launched the five development agendas of the bank (High 5s) created in line with the strategy and the SDGs. These include Light up and Power Africa; Feed Africa; Industrialise Africa; Integrate Africa; and Improve the Quality of Life for the People of Africa. Key investments made by AFDB have been in support of these initiatives.

This necessitated the need for AFDB to mobilise more funding from non-traditional sources. Thus, since 2015, the bank has been engaging with various philanthropic organisations to secure additional financing for its projects. In 2018, AFDB secured US\$3 million to support two of its “High 5s” development priorities from Rockefeller Trust Fund. This was AFDB’s second formal alliance with a foundation. In 2015, AFDB collaborated with the Bill and Melinda Gates Foundation on investment into the Africa Digital Inclusion Fund. These partnerships follow the implementation of the “guidelines for engagement with non-sovereign entities” launched in 2015 and which forms the basis for resource mobilisation and strategic collaboration between the bank and philanthropic organizations, corporate foundations, and the private sector. The guidelines among other things outline the due diligence process to be undertaken, risk-mitigation measures of the partnership, and the monitoring and evaluation process. The guidelines particularly advocate for partnerships that align with AFDB’s strategies.



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\$ 1.2Bn** was deployed into 305 sustainability-themed deals by SFMs.
- The research identified 94 SFMs active in the region – Nigeria (58%), Ghana (41%) and Ivory Coast (18%).
- While impact consideration is key, the ability to meet the expected financial returns still determines the viability of an investment. Most SFMs in the region expect financial returns of between 15-25% on debt and 2-3X for equity on the dollar value.
- The amount of **seed capital** (lower ticket size) deployed in the region has seen consistent year on year growth between 2015 and 2019, highlighting the shifting focus of SFMs towards early stage enterprises as well as increased presence of more early stage investors in the region attracted by booming start-up ecosystem.

OVERVIEW

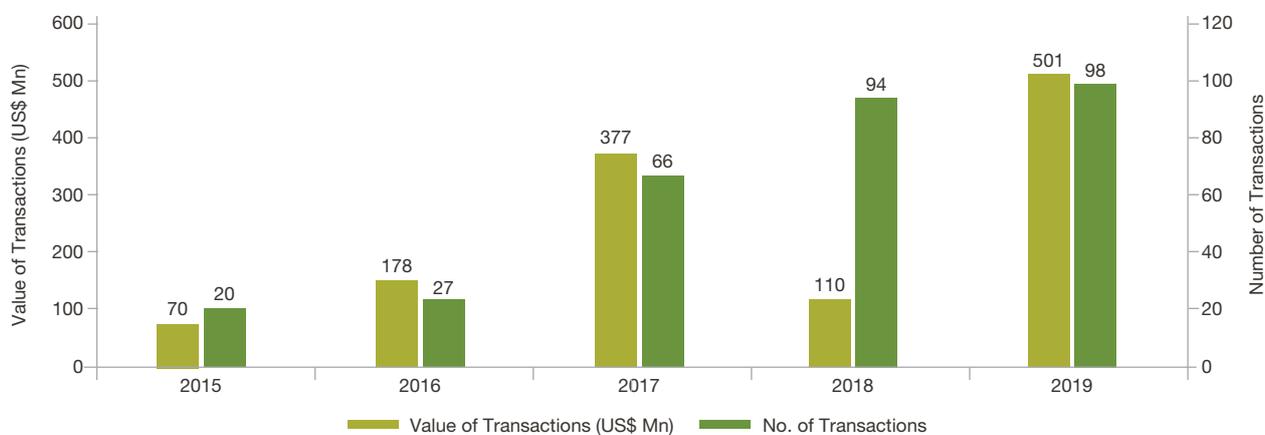
Sustainability aligned fund managers' (SFMs) investing activity in focus West African countries recorded an increasing but fluctuating growth in the last five years.

Between 2015 and 2019, a total of **US\$ 1.2Bn** was deployed into **305** sustainability-themed deals by **94** different SFMs active in the region. The value of annual investments grew by more than 526% between 2015 and

2019 as the focus economies continued to recover from the recession experienced between 2014 and 2016 and thus boosting the confidence of investors to deploy more capital into these countries.

Top 10 deals made by SFMs between 2015 and 2019 account for over 60% of the capital deployed in the region.

Figure 9: Capital Deployed by SFMs, by Year (2015-2019)



YEAR	2015	2016	2017	2018	2019
AVERAGE DEAL SIZE (US \$ MN)	3.5	6.6	5.7	1.2	5.1

Source: Intellectap Analysis, CrunchBase, Baobab Insights

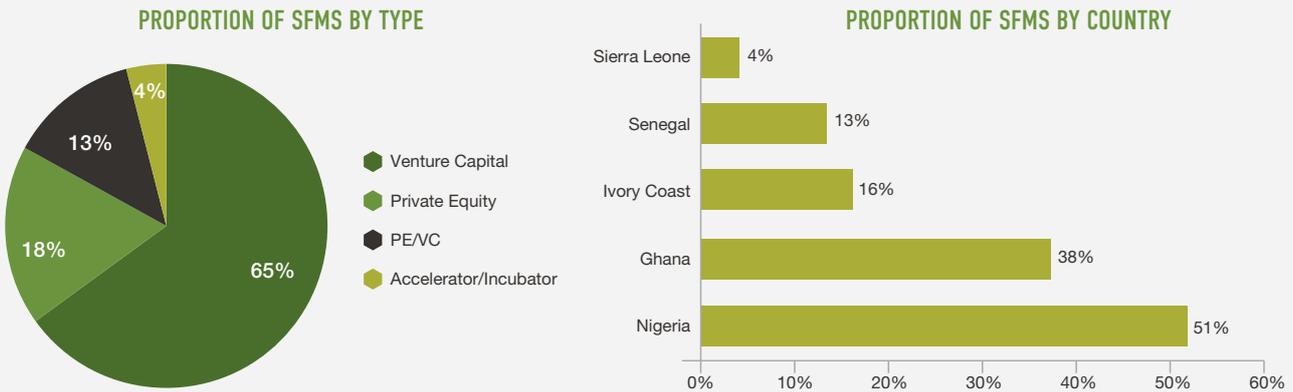
COUNTRY FOCUS

Despite overall growth in terms of capital deployed in the region, countries remain at varying stages of the entrepreneurial ecosystem growth and, thus, large variations in SFM capital deployment.

The research mapped 94 SFMs mostly operating in Nigeria (51%), Ghana (38%) and Ivory Coast (16%)³⁶. Close to 65% of the SFMs identified focus exclusively on the West African region while the rest have either a Pan-Africa and/or a global focus³⁷.

³⁶ Intellectap Analysis based on aggregated database of 94 SFMs

Figure 10: Number of SFMs Operating in the Region, by Type and Country

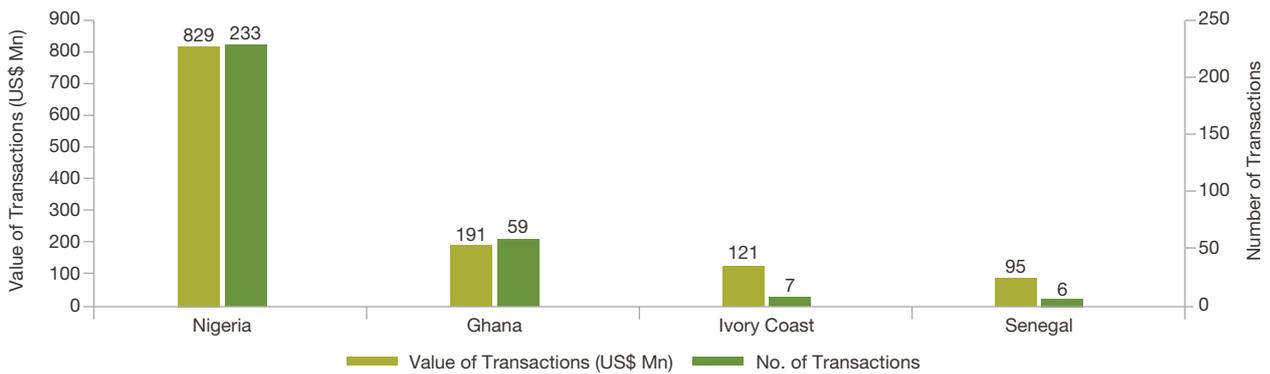


Source: Intelicap Analysis

While Nigeria remains the preferred investment destination, Ivory Coast is slowly catching up. The average deal size in Senegal and Ivory Coast also remains higher than in Nigeria and Ghana. Despite the low number of SFMs focused on the Ivory Coast, the country still

attracted a substantial amount (11%) of the total funding deployed into the region. Greater political stability and economic growth in Ivory Coast are driving investments into the country. The research did not identify any social investment deals by SFMs in Liberia and Sierra Leone.

Figure 11: Capital Deployed by Analysed SFMs, by Country (2015-2019)



COUNTRY	NIGERIA	GHANA	IVORY COAST	SENEGAL
AVERAGE DEAL SIZE (US \$ MN)	3.6	3.2	17.4	15.8

Source: Intelicap Analysis, CrunchBase, Baobab Insight

SECTOR FOCUS

The financial services sector is the preferred sector for SFMs, accounting for 43% of the total number of deals identified and over 61% of the total value of deals made by SFMs in the region.

Financial technology (Fintech) companies enhancing access to financial services, such as savings, credit, and payments, have received the greatest attention from SFMs. Over two-thirds of the capital deployed

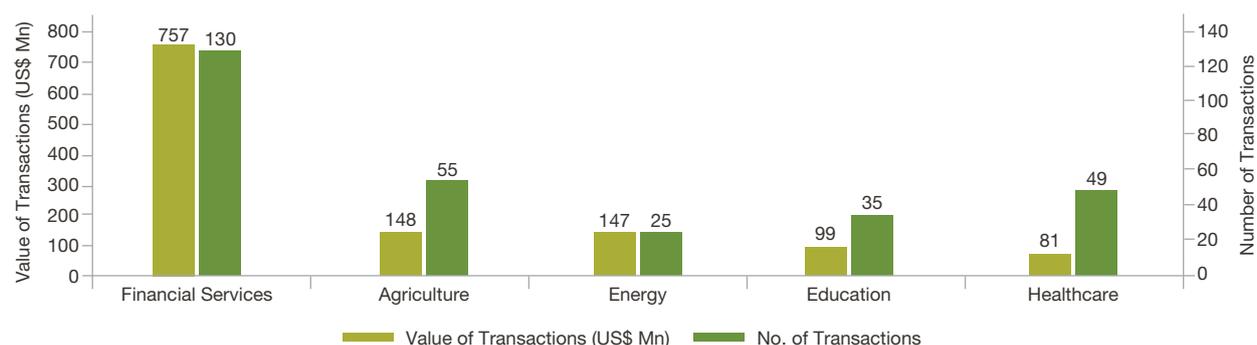
in the financial service sector was deployed in 2017 and 2019 majorly into two large deals—Opay and Enterprise Group. Energy, education, healthcare, and agriculture are the other common sectors of interest, with the majority of investors interviewed indicating that they are now also increasingly focusing on the agriculture sector, given its relevance to the region.

“We focus on three main sectors; financial services, agriculture and renewable energy. Over the years, we have identified more opportunities in the financial services sector accounting for 75% of our total portfolio while agriculture takes up the remaining 25%. We are currently trying to build the renewable energy pipeline”.

SFM in Ivory Coast

³⁷ Intelicap Analysis based on aggregated database of 94 SFMs

Figure 12: Capital Deployed by SFMs, by Sector (2015-2019)



COUNTRY	FINANCIAL SERVICES	AGRICULTURE	ENERGY	EDUCATION	HEALTHCARE
AVERAGE DEAL SIZE (US \$ MN)	5.8	2.7	5.9	2.8	1.6

Source: Intelicap Analysis, CrunchBase, Baobab Insights

DEAL SIZE

A significant gap exists for enterprises raising capital between US\$ 500,000 and US\$ 1 Mn, which reflects the “missing middle” gap in the investment continuum.

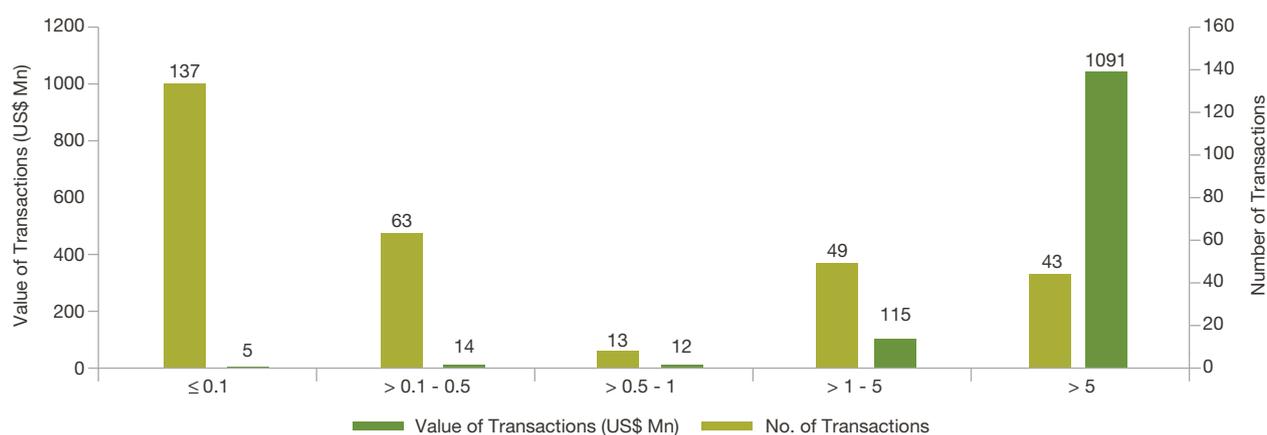
The average ticket size of capital deployed by SFMs in the region is US\$ 4.05Mn, while the median is around US\$ 0.15Mn. A significant proportion of the deals (66%) were made at the early stage (less than US\$ 0.5Mn), however, accounted for only 2% of the total capital deployed by SFMs. Financial services and healthcare sectors attracted the highest amount of capital deployed at the early stage owing to SFM’s interest in early-stage tech start-ups typical in both these sectors. A significant

gap was identified at the pre-seed level with limited funding deployed to support enterprises for validation of their business models.

“We deploy capital to enterprises operating in sectors such as agriculture and renewable energy and by that virtue we are generating impact and have tools that we use to measure impact; however, commercial viability of an enterprise and ability to generate financial returns remain key investment criteria as we want to create long term sustainable impact”.

SFM in Nigeria

Figure 13: Capital Deployed, by Deal Size (2015-2019)



COUNTRY	< 0.1	> 0.1 - 0.5	> 0.5 - 1	> 1 - 5	> 5
AVERAGE DEAL SIZE (US \$ MN)	0.04	0.22	0.89	2.34	25.37

Source: Intelicap Analysis, CrunchBase, Baobab Insights

SOURCES OF CAPITAL

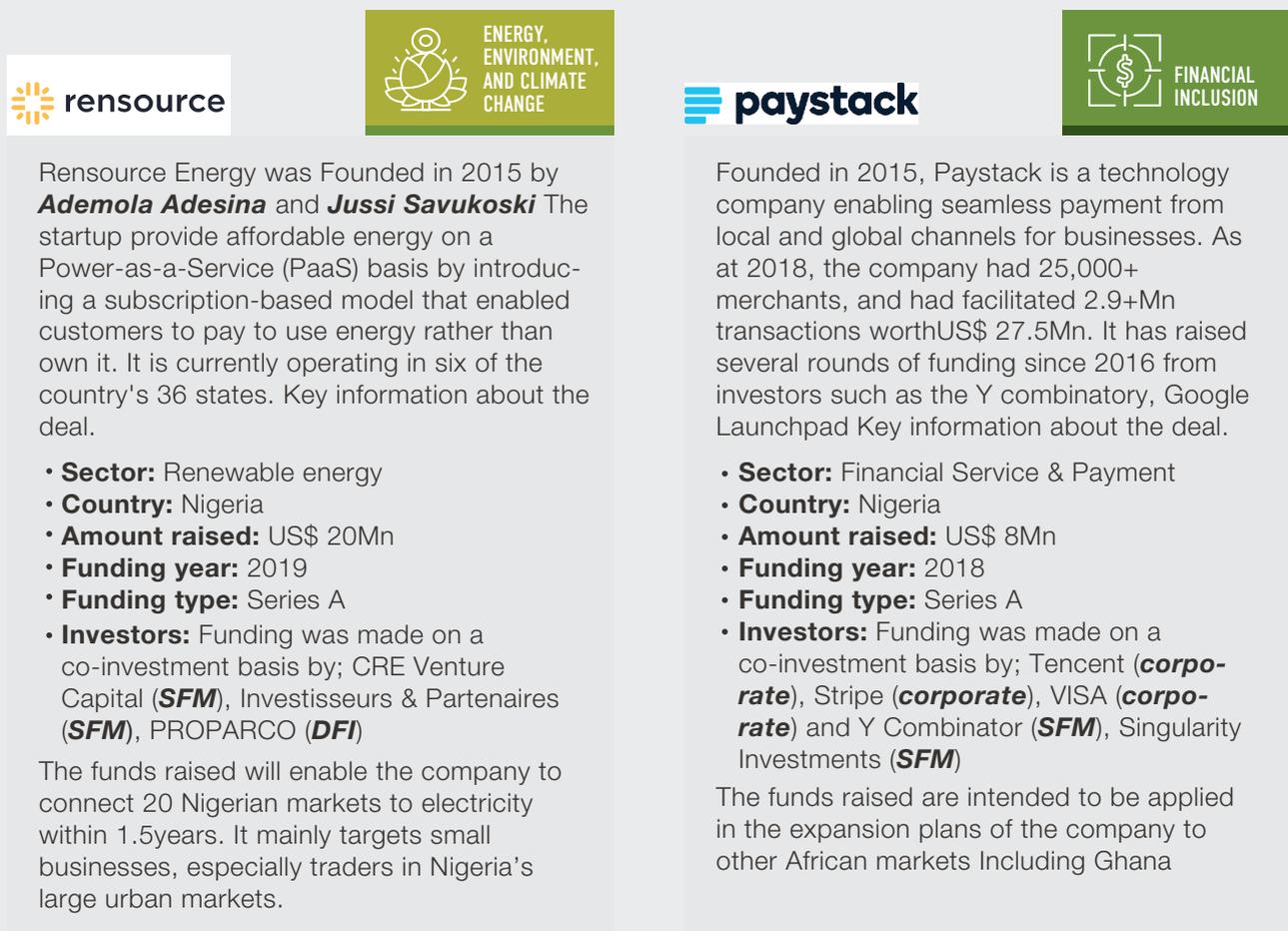
Most of the SFMs rely on international funders to raise capital for investing as well as for technical assistance support.

Most of the SFMs in the region have raised their capital from international Limited Partners (LPs) such as DFIs, foundations, and asset managers. Grant funding from these investors has also been leveraged to provide TA support to enterprises. SFMs have also recently started to engage local capital providers like the government to finance technical assistance (TA) facility. For example, **Sahel Capital Agribusiness Manager** has received funding from the government for its TA facility. Engagement with local capital providers for TA support, however, remains minimal. Furthermore, some SFMs in the region are engaging with donors and foundations as co-investors. For instance, **The Nigeria Off-Grid Energy Challenge** is a collaborative structure between All On and United States African Development Foundation (USADF) where USADF provides each of the selected indigenous energy enterprises US\$50,000 in *grant seed capital* while All On provides \$50,000 in *convertible debt*.

“Technical assistance is a major component of all the investments we make. We provide TA of up to 8% of the investment and have a dedicated TA fund of US\$ 4.2Mn which is funded by the Nigerian government through the Federal Ministry of Agriculture and Rural Development (FMARD), and DFIs who have invested in our fund”.

SFM in Nigeria

Figure 14: Sample Recent SFM Investment Deals



TA SUPPORT BY SFMs

More than three-quarters of the SFMs engaged for this study indicated that they usually set aside funds for technical assistance either off their balance sheet or as a percentage (which varies from 2% to 8%) of the funds invested in a business. Given the focus on early-stage businesses, particularly by some SFMs, TA is considered essential as it helps de-risk the investment by building organizational resilience and financial sustainability, and maximize a business's chance of success. The investors interviewed, however, noted that the TA funds available are usually not adequate, especially for pre-investment support and most used for post-investment support. TA support to businesses has generally been in the areas of strategy development, financial management, governance, and board advisory, marketing and distribution channels, human resources and talent management as well as compliance, especially in the agro-processing industry. While more generic support (e.g. through incubation) is provided for early-stage businesses, more customized support is provided for growth-stage companies.

1.1.3 Corporate Social Investors (CSIs)³⁹

TRENDS AND OBSERVATIONS ON CSI INVESTMENT

West African CSIs

- West Africa Corporate Social Investors provided **US\$ 396.6 Mn** in social capital through **37 transactions** between 2010 and 2019
- Most corporate foundations leverage their own operating foundations to deploy funds (through programmatic interventions) as opposed to making grants to other recipients.
- Health, education and economic empowerment are the key social causes of interest for corporate social investors.
- Corporate social investors in the region are increasingly working with social enterprises

North American and European CSIs

- North American and European CSIs operating in the region have mainly been implementing programmatic interventions working with the government agencies and NGOs.
- North American CSIs are primarily focused on areas such as entrepreneurship, innovation, and education while European CSIs have mainly been active in the healthcare sector, given the dominance by corporates in the pharmaceutical and health products value chain.
- More in-depth research is needed to understand the full scope and potential for CSI activity in the region, including corporates headquartered in other regions.

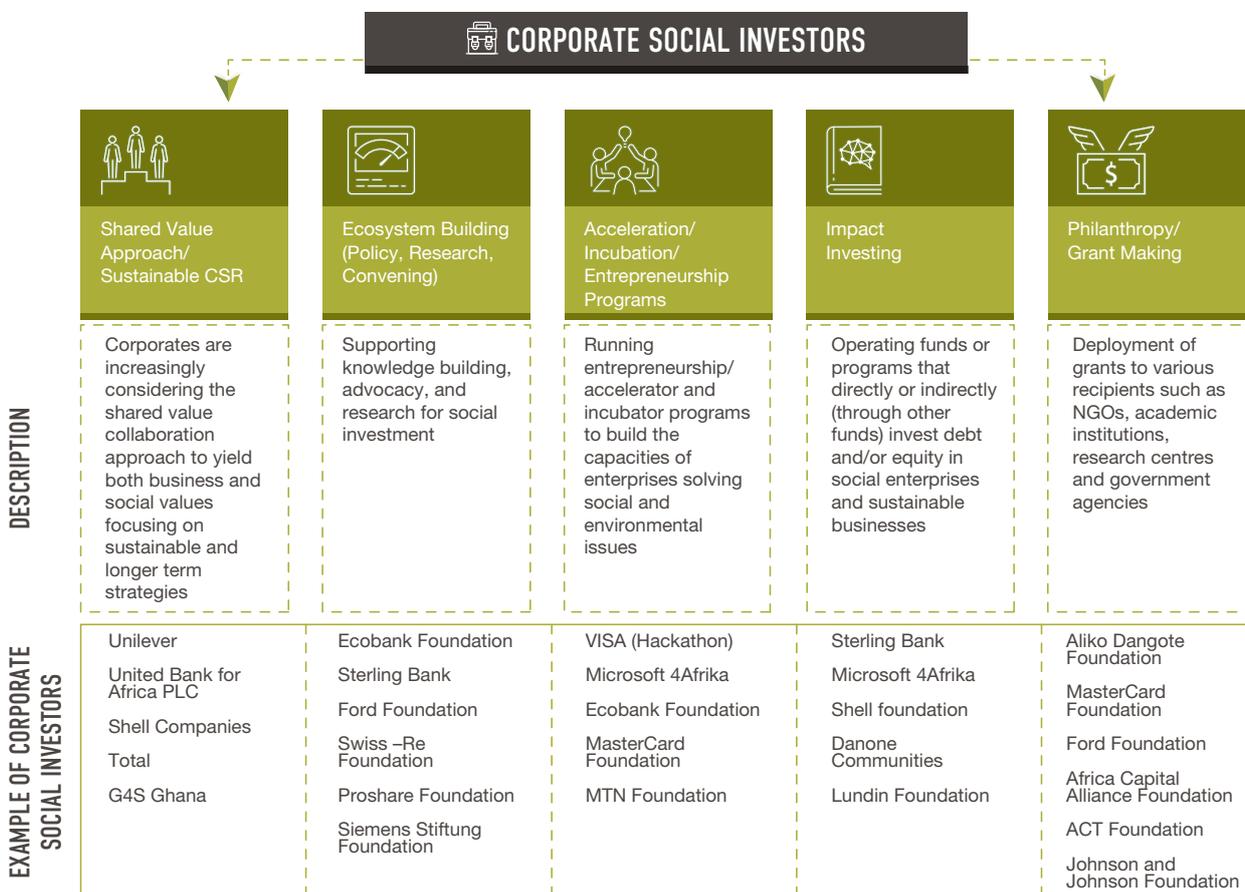
INVESTMENT STRATEGIES

Corporates in the region⁴⁰ are increasingly adopting programmatic and sustainable approaches for corporate giving.

North America-based corporation foundations such as MasterCard Foundation, Ford Foundation, Coca Cola Foundation, and ExxonMobil Foundation deploy the largest amount of publicly recorded corporate giving in West Africa. There is also active participation from

European-based foundations such as Siemens Stiftung, Sanofi Espoir Foundation, Swiss Re Foundation, Phillips Foundation. West African corporate social investors such as Dangote Foundation, Aspire Coronation Trust (ACT) Foundation, and Africa Capital Alliance Foundation have also been actively working to solve development challenges in the region. Corporates in the region use different strategies to deploy social capital, e.g. philanthropy/grant making, impact investing, venture philanthropy, and ecosystem building through acceleration/incubation programs.

Figure 15: Overview of Investment Strategies Adopted by Corporate Social Investors



³⁹Refers to Corporate Foundations, Corporate Funds, and Corporate accelerator/incubator programs

⁴⁰Both West Africa based and international (headquartered outside the region) corporates

The strategies adopted by the corporates are described below:

Shared value approach/Sustainable CSR:

Sustainability is increasingly being embraced by corporates in the region who seek to derive shared value from their activities. The Nigeria Stock Exchange, for example, has put in place sustainability reporting guidelines for private companies listed at the exchange, which helps drive social and environmental considerations in business operations. Corporates have also been supporting actors within their value chains to generate business value. For instance, in 2015, Unilever entered into a partnership with the Growing Business Foundation, where it provided the foundation with five-year funding for capacity building of women entrepreneurs and provision of grants to these entrepreneurs. The women are then leveraged as distribution agents for Unilever.

"In Ghana, companies in oil and gas sectors provide capacity building to SMEs that they work with in addition to their value chains as part of their CSR agenda aimed at building shared value".

Philanthropy network in Ghana

Ecosystem building:

Corporates have been supporting the development of the social investment sector through ecosystem building efforts, including undertaking research, policy advocacy, organising social investment convening, in addition to setting up ecosystem support organisations. Ford Foundation, for example, is one of the founding members of the Impact Investors Foundation Nigeria, which seeks to grow the industry through policy advocacy, capacity development, knowledge sharing, and networking. Proshare Foundation Nigeria has been enhancing financial inclusion through the development and implementation of innovative solutions in the sector. In 2020, Sterling Bank Nigeria set up the Sterling Bank Foundation to streamline and professionalise philanthropy activities and intends to operate as a "philanthropy fund manager" - mobilising and strategically deploying funds on behalf of philanthropists.

"We intend to work as a philanthropy fund manager to streamline and professionalize philanthropy activities in the region"

Sterling Bank Foundation Nigeria

Acceleration/incubation/entrepreneurship programs:

Corporates have been supporting social entrepreneurship in the region by both establishing and supporting acceleration / incubation / entrepreneurship programs and promoting entrepreneurship particularly among the youths. For example, the MasterCard Foundation is a key player in the promotion of youth entrepreneurship in the region through the Young Africa Works initiative in Ghana,

Nigeria, and Senegal. MTN Foundation complements government efforts in enhancing youth employment through its youth entrepreneurship development program in Nigeria. Corporates have also been supporting the growth of enterprises through incubation and acceleration programs. In 2018, VISA partnered with Lagos State Employment Trust Fund (LSETF) to run hackathons for tech-based start-ups. In 2018 and 2019, Sterling Bank partnered with the Nigeria Economic Summit Group to run start-up pitch events that sought to identify, fund, and provide business training to start-ups in Nigeria. Since 2017, Ecobank has been running an annual Fintech challenge that aims to identify and support Fintechs across Africa.

Impact investing and venture philanthropy:

Corporates have been directly and indirectly (through funds) deploying grants, debt, and equity to social enterprises and sustainable businesses. For example, Sterling Bank has been making impact investments into innovative social enterprises in the health, education, agriculture, renewable energy, and transport sector through debt and equity since 2017. The bank has so far made equity investments in up to eight enterprises. Aliko Dangote Foundation has also been providing micro-grants to women to promote their businesses with US\$ 0.6Mn⁴¹ worth of grants disbursed to date. Microsoft 4Afrika currently offers both financial and non-financial support to start-ups in Nigeria and Ghana. On the other hand, Lundin for Africa, the philanthropic arm of the Lundin Group of Companies, seeded Injaro Agricultural Capital, an agricultural SME fund focused in Africa in 2014, thus indirectly providing debt and equity to these SMEs. Shell Foundation is one of the main foundations adopting the approach of venture philanthropy, where it provides grants and zero-interest debt supporting the growth of enterprises in the energy and mobility sector in various.

"We deploy grants to both NGOs and social enterprises given their social impact focus. We are, increasingly shifting to working with social enterprises given that they are more sustainable. Currently, 70% of our grantees are NGOs while 30% are social enterprises".

Corporate Foundation in Nigeria

Philanthropy/grant making:

Most of the corporate foundations operating in the region continue to deploy funds through grants deployed to individuals and institutions. Aspire Coronation Trust (ACT) Foundation by Access Bank Nigeria, African Capital Alliance Foundation, and Foundation for Partnership Initiatives in the Niger Delta (PIND) by Chevron actively support NGOs and social enterprises through grants. MTN Foundation provides scholarships to bright low-income students in Ghana. International corporate foundations, such as MasterCard Foundation, Coca Cola Foundation, Ford Foundation, ExxonMobil Foundation, are also some of the active grant providers in the region.

⁴¹Dangote Foundation website

SPOTLIGHT: ALIKO DANGOTE FOUNDATION (ADF)

ADF, the CSR arm of the Dangote Group of companies, is one of the largest philanthropic organisations in Africa with an endowment of US\$ 1.25Bn. ADF's main objective is to reduce the number of lives lost to malnutrition and disease. The foundation also seeks to combat Severe Acute Malnutrition (SAM) in children and improve the outcome of their lives through investments in health, education, and economic empowerment. Some key programs include:

- Health – aims to reach one million households with community-based management of acute nutrition by 2025;
- Education – has deployed US\$ 2.6Mn for the enhancement of Nigerian universities, in addition to a donation of student housing facility constructed at a cost of US\$ 3Mn;
- Empowerment – has disbursed US\$ 0.6Mn micro grants to women in Nigeria in order to support an additional 106,000 women through disbursement of US\$ 2.8Mn

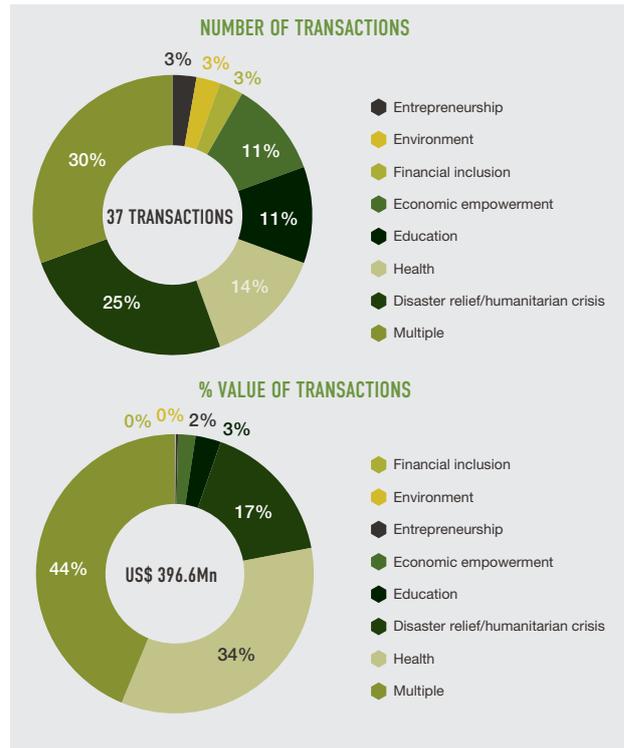
In 2016, ADF partnered with the Bill and Melinda Gates Foundation and key northern states governments in Nigeria to co-finance and implement a US\$ 100Mn plan to fight malnutrition in Nigeria.

INVESTMENT ACTIVITIES: TRENDS AND FOCUS AREAS

West African corporate social investors active in the region

The research mapped 37 transactions worth US\$ 396.6Mn⁴² deployed by West Africa-headquartered corporate investors between 2010 and 2019. The deployment has primarily been towards disaster relief/humanitarian crisis, and health care with a significant corporate response witnessed in the eradication of Ebola, flood, and the recent COVID-19 pandemic where corporates are some of the biggest contributors to the Coalition Against COVID-19 (CACOVID)⁴³ facility in Nigeria. Dangote Foundation is one of the largest corporate social investors supporting initiatives in health, education, and economic empowerment and mainly working with government agencies to implement the projects.

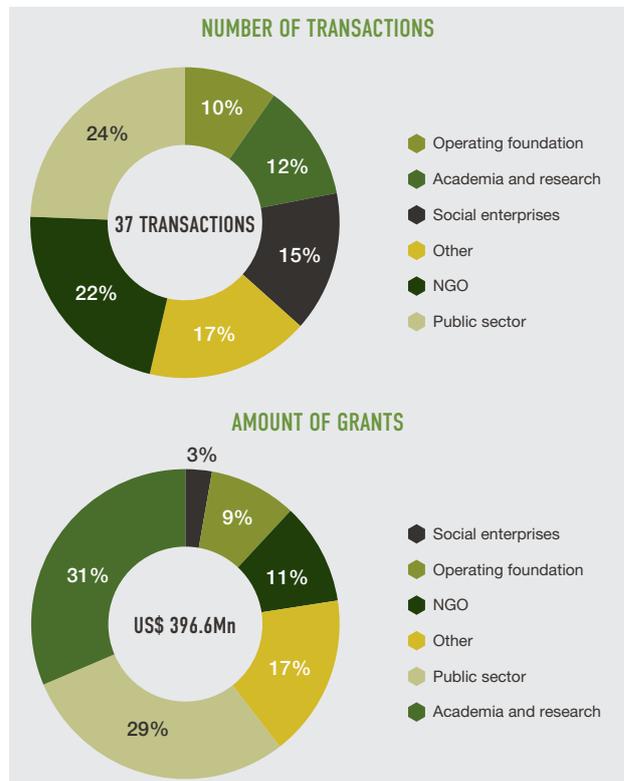
Figure 16: Social Investments by West African Corporate Social Investors, by Focus Areas (2010-2019)



Source: Intellectap Analysis

While NGOs and the public sector remain the primary recipients, more corporates are also shifting to support social enterprises through grants, debt and equity.

Figure 17: Social Investments by West African Corporate Social Investors, by Recipient Type (2010-2019)



Source: Intellectap Analysis

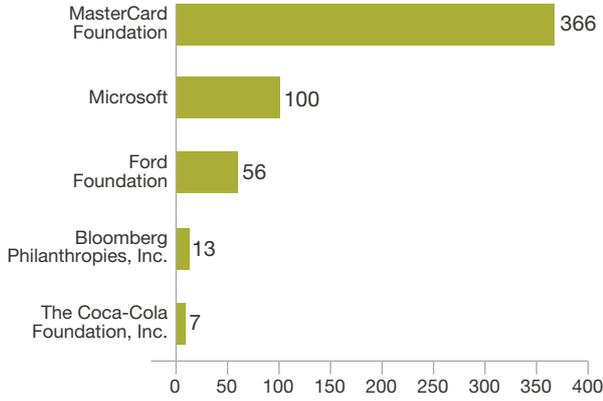
⁴² Intellectap analysis

⁴³ Discussed in detail in Annexure 3

North American corporate social investors active in the region

The research identified more than 20 North American corporate social investors operating in the region deploying grants directly to NGOs, academic and research centers, and government agencies in addition to running programmatic interventions. Some of the most active players are highlighted below;

Figure 18: Select North American Corporate Social Investors, By value of deployment (US\$ Mn) 2015-2019



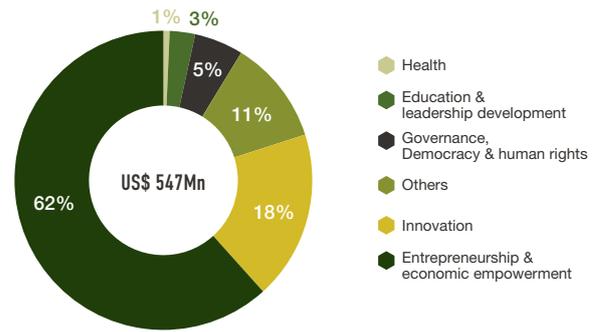
Source: Intellectap Analysis
 NB: Microsoft amount refers to investment in building a tech hub in Kenya and Nigeria

MasterCard Foundation (MCF) is one of the most active international corporate foundations in the region, with a significant focus on agriculture development and youth employment. The foundation is implementing several interventions such as the Young Africa Works Initiative, Next Generation Cocoa Youth Program, 2016-2020, and the Youth-Inclusive Entrepreneurial Development Initiative for Employment (YIEDIE) 2015-2020 and the MasterCard Foundation Fund for Rural Prosperity. Ford Foundation has also been playing a significant role in supporting non-profit organisations in the area of governance and human rights. Between 2015 and 2019, the foundation deployed more than 200 grants worth US\$ 55.9Mn⁴⁴ to organisations such as Africa Centre for Energy Policy, Foundation for Partnership Initiatives in the Niger Delta and Eko-Konnect Research and Education Initiative. In 2020, Google launched a freehub in Nigeria, focused on supporting developers in Africa. Microsoft is also focused on developing the tech-based entrepreneurship in Africa and has committed investing up to US\$ 100Mn in building a tech hub that will have sites in Kenya and Nigeria. Coca Cola Foundation supports organisations working in the health and entrepreneurship sectors. City Foundation has also been supporting the growth of young entrepreneurs in Nigeria through the US\$150,000 grant awarded to FATE foundation.

North America-headquartered corporate social investors are primarily focused on entrepreneurship, innovation, and education.

The skew towards entrepreneurship is due to the high focus on the sector by MasterCard Foundation.

Figure 19: Deployment by North American Corporate Social Investors, By Sector (2015-2019)



Source: Intellectap Analysis

Other corporate social investors active in the region

The research identified seven active European corporate foundations in the region, which include; Siemens Stiftung, Sanofi Espoir Foundation, Swiss Re Foundation, Phillips Foundation, and the Vitol Foundation. These foundations have mainly been active in the healthcare sector, given the dominance by corporates in the pharmaceutical and health products value chain. With a budget of approximately US\$ 25Mn (£21Mn), for the period 2019-2021, Sanofi Espoir Foundation has been implementing projects in the health, education, and gender inclusion space across 50 countries. Some of its projects include improving access to care for Nigerian women in prostitution in Nigeria; fighting care deficits related to maternal and newborn mortality and raising awareness and education for women and young children on nutrition in Senegal and a midwifery training program in Ivory Coast. Besides, the foundation has been running an annual health tech challenge in Africa to identify innovative enterprises, enhancing access and affordability of healthcare. Swiss Re foundation also seeks to promote innovations that strengthen access to health and income opportunities and climate risk management. Through its entrepreneur for resilience awards, it identifies and supports enterprises solving challenges in its focus areas.

More in-depth research is needed to understand the full scope and potential for CSI activity in the region, including corporates headquartered in other regions such as Asia, Latin America and the Middle East.

⁴⁴ Ford Foundation Grantees List

1.1.4 Family Foundations/Trusts/Endowments

SUMMARY OF TRENDS AND OBSERVATIONS ON FAMILY FOUNDATIONS

West African family foundations

- Activities by West African family foundations remain relatively limited, with a few active players identified. A total of US\$ 267Mn was deployed in 14 transactions between 2010-2019.
- These are mainly registered as operating foundations that run various programmatic interventions as well as deploy grants through NGOs, government agencies and academic institutions.
- Education and entrepreneurship has received the largest focus by West Africa family foundations accounting for the largest proportion of transactions. These foundations also continue to contribute towards disaster relief and humanitarian crisis.

North American and European family foundations

- US\$ 796Mn was deployed in form of 733 grants during the period between 2015 and 2019 by North American foundation.
- North American family foundations' activities are dominated by two foundations – Bill and Melinda Gates Foundation (BMGF) and MacArthur Foundation largely deploying grants to NGOs and government agencies.
- Funding from the North American foundations is largely skewed towards health given the high focus of BMGF on the sector. Similarly, European foundations working in the region are highly focused on addressing issues in the health, and education sector.
- More in-depth research is needed to understand the full scope and potential for family-based social investment in West Africa, including foundations headquartered in other regions.

INVESTMENT STRATEGIES

Philanthropy/grant making remains the most common approach adopted by family foundations operating in the region.

Giving by most West African philanthropists remains mostly anonymous, going to dedicated causes at the community level. However, some activities have been recorded for institutionalized philanthropy deployed through operating foundations. Such institutions are backed by philanthropists, with some also raising funds from donors, international foundations, and corporates and implementing critical programs based on the interest of the funders. Local philanthropists have also leveraged governments to give to several causes, particularly for disaster relief.

Similarly, grant making remains the most used approach by most North American and European foundations who deploy capital in the region through intermediaries/NGOs headquartered outside of West Africa. Some of the largest grant providers in the region include Bill and Melinda Gates Foundation (BMFG), John D. and Catherine T. MacArthur Foundation, Conrad N. Hilton Foundation, Rockefeller Foundation, and William and Flora Hewlett Foundation. While some active foundations in the region like MacArthur Foundations are big proponents of

impact investing in the US, they continue to deploy grants across the region, indicating a large untapped opportunity.

“To enhance sustainability of our funds, we decided to deploy funds to social enterprises in the form of debt and equity as opposed to grants. The returns generated are then recycled back in the fund”.

European-based family foundation

Family foundations in the region, however, are increasingly looking beyond grant making to provide market-based solutions to local social and development challenges.

Shifting into impact investing and venture philanthropy, these foundations aim to reduce risk in markets and sectors often perceived as unviable by commercial investors. Jacobs Foundation, LGT Venture Philanthropy, and Canopus Foundation are some of the active players investing in social enterprises through grants, debt, and equity. The Aga Khan Development Network (AKDN) is also actively working in Ivory Coast through a microfinance model enhancing access to financial services while, in Senegal, it has invested in packaging enterprises.

Some of the approaches adopted by family foundations are outlined below:

Table 1: Summary of Social Investment Approaches Adopted by Selected Family Foundations

#	Foundation Name	Headquarter	Acceleration/ Incubation support	Impact Investing	Venture Philanthropy	Grants/ philanthropy	Description
1	Tony Elumelu Foundation (TEF)	Nigeria					The Tony Elumelu Foundation (TEF) aims to support social entrepreneurship through its TEF entrepreneurship program. The TEF Entrepreneurship program is one of the largest Pan-Africa focused youth entrepreneurship initiative backed by an individual philanthropist. Launched in 2015, this US\$ 100Mn program seeks to empower 10,000 African entrepreneurs over ten years by providing mentorship, training/capacity building, and funding (grants, debt and equity) to enterprises.

#	Foundation Name	Headquarter	Acceleration/ Incubation support	Impact Investing	Venture Philanthropy	Grants/ philanthropy	Description
2	TY Danjuma Foundation	Nigeria					TY Danjuma Foundation is one of the largest grant providers in Nigeria, working with NGOs/CBOs to enhance access to quality education and healthcare
3	Dr.Osei Foundation	Ghana					This is an operating foundation backed by Dr. Osei that provides cash and equipment donations to health facilities, in addition, to running economic empowerment programmes.
4	Bill and Melinda Gates Foundation	United States					BMGF primarily deploys grants to NGOs and government agencies in addition to establishing and implementing massive programmatic interventions. The foundation focuses on the health, agriculture, and financial services sectors. BMGF has been working with other social investors. For example, it collaborated with the Dangote Foundation (West African corporate foundation) and the government to finance a substantial child malnutrition program in Nigeria. BMGF is also one of the main funders of the Catalyst Fund – a TA fund for Fintech operating across six countries in Sub-Saharan Africa and Asia.
5	MacArthur Foundation	United States					Deploys grants to NGOs working to address education, human right, environment challenges and population and reproductive health. The foundation has been a key player in impact investment in the US and recently launched the Catalytic Capital Consortium focused on mobilising catalytic capital to boost impact investment.
6	Jacobs Foundation	Switzerland					It is focused on promoting the education sector in Ivory Coast by supporting the growth of enterprises that can enhance the affordability and accessibility of education. The foundation supports these enterprises through debt and equity. Some of the enterprises supported include Eneza Education and Chalkboard Education. The foundation also supports scholars in the education field through the global Jacobs Foundation Research Fellowship program.
7	LGT Venture Philanthropy	Switzerland					Invests into for-profit and non-profit social enterprises and currently only focuses on Liberia where it has supported two enterprises in health and education with grant funding and capacity-building support.
8	Segal Family Foundation	United States					The foundation supports enterprises working across Sub-Saharan Africa (SSA) through a social impact incubator – an incubation program that aims to equip enterprises with tools and knowledge to grow their business. It also makes impact investments and has supported two enterprises in Liberia.
9	Stone Family Foundation	United Kingdom					The foundation provides grants and risk capital (in the form of debt and equity) as well as non-financial support to innovative enterprises and new ideas significantly solving water and sanitation access challenges. It focuses on 5 countries in SSA and South East Asia with a focus on Ghana in West Africa.
10	Canopus Foundation	Germany					The foundation leverages a venture philanthropy approach to build social enterprises in Nigeria and Senegal.

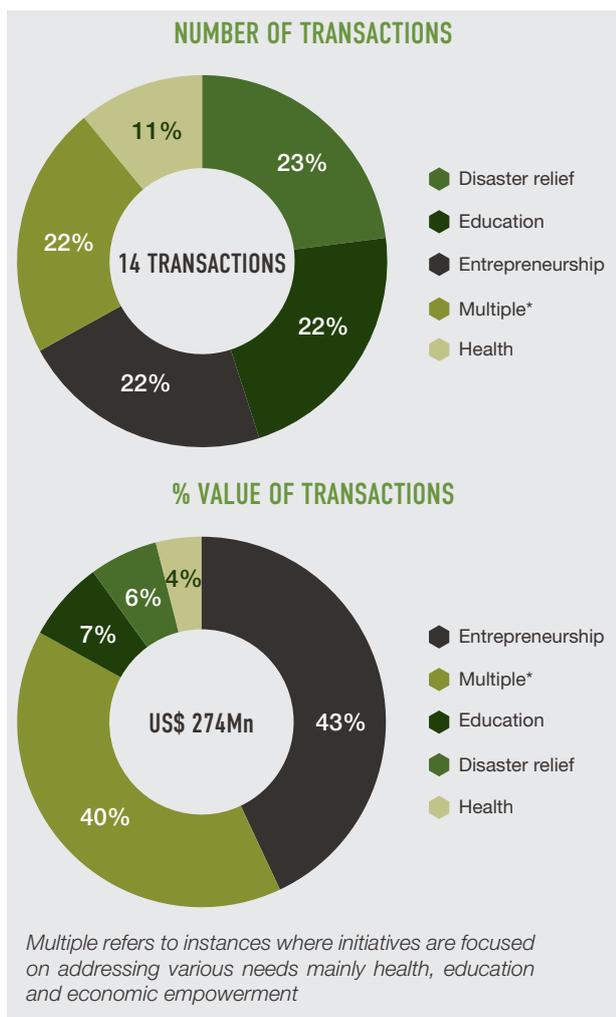
INVESTMENT ACTIVITIES: TRENDS AND FOCUS AREAS

West Africa-based family foundations

Health, education, and economic empowerment are the focus areas for West Africa-based family foundations.

This research identified US\$ 267Mn deployed across 14 transactions by West Africa-based family foundations in the region between 2010 and 2019. Most of the identified West African family foundations have deployed funds mostly for essential services provision, particularly in health and education. This finding is supported by a recently conducted study by Bridgespan Group, which reported that 77% of Africa donors give to basic needs causes⁴⁵. Entrepreneurship programs are other vital areas that have received support from family foundations particularly from TEF. TY Danjuma Foundation has focused on health and education and given grants worth US\$ 7.7Mn since 2009 to CBOs and NGOs working in the sectors. Dr. Osei Foundation in Ghana has been providing medical equipment to health facilities and runs economic empowerment programs for rural women in the country.

Figure 20: Giving by West African Family Foundations, by Area of Focus (2010 – 2019)

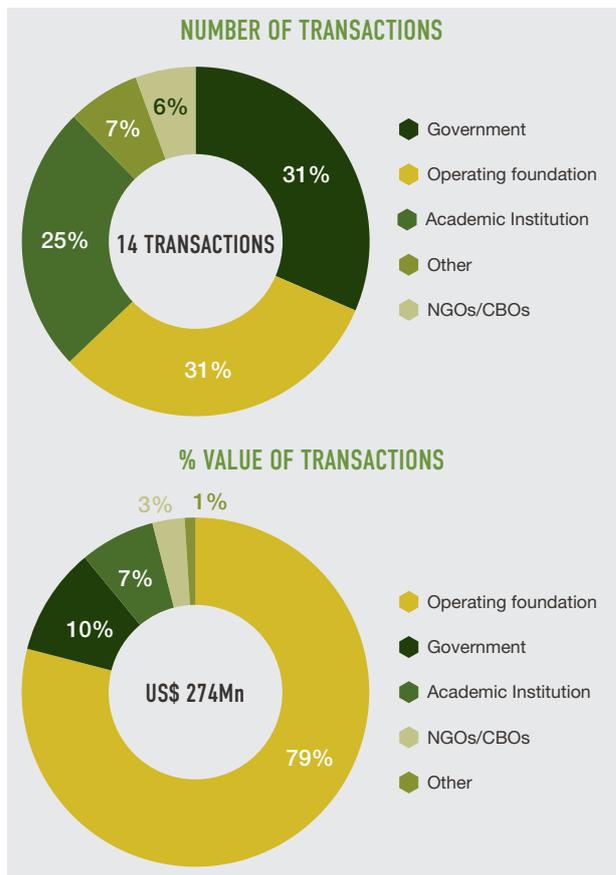


Source: Intellectap Analysis

Giving by West African philanthropists has mainly been through their operating foundations.

These foundations run various programmatic interventions with government agencies mostly engaged in the deployment of funds for disaster relief and humanitarian crisis. The largest proportion of the funding was deployed by the Tony Elumelu Foundation which works to build the capacity and enhance access to finance for enterprises.

Figure 21: Giving by West African Family Foundations, by Recipient Type (2010-2019)



Source: Intellectap Analysis

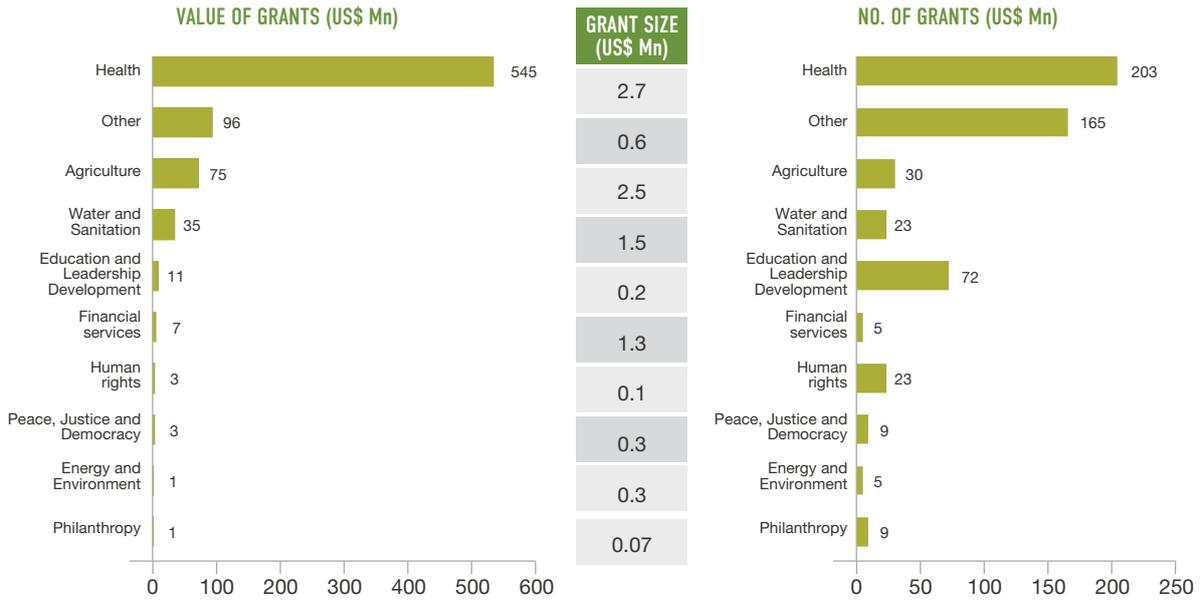
North American family foundations

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

The research mapped 733 grants valued at US\$ 796Mn deployed by family foundations headquartered in North America between 2015 and 2019. Funding by these foundations is highly skewed towards healthcare, given the high focus on the sector by one of the most prominent foundations – the Bill and Melinda Gates Foundation (BMGF). The sector accounted for 69% of the grant value (US\$ 545Mn) and 28% of total grants (203) made by North American family foundations between 2015 and 2019. Funding towards the sector has mainly focused on polio eradication, maternal and child health, strengthening healthcare systems, and addressing malnutrition. Healthcare, agriculture, financial services and water and sanitation (WASH) have attracted bigger ticket sizes compared to other sectors; the average ticket size for these four sectors is five times the average for the other sectors.

⁴⁵The Bridgespan Group: The Landscape of Large-Scale giving by African Philanthropists

Figure 22: Capital Deployed by North American Family Foundations, by Sector (2015-2019)



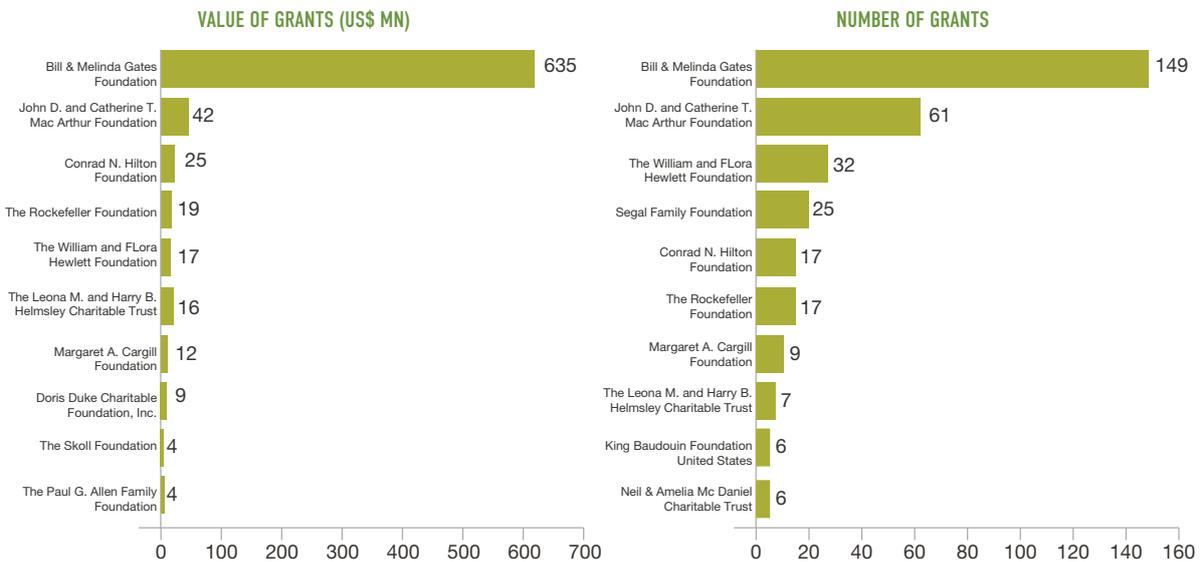
Source: Intelicap Analysis, Foundation Centre

Two foundations – BMGF and MacArthur dominate North American family foundation grant making in the region.

Operating across all the focus countries, BMGF accounts for the largest proportion of North American grants – 79% of grant value and 20% of the number of grants. The

foundation works with local and international partners in the health, agriculture, and financial services sector. MacArthur Foundation provides grants to mission-driven organisations working to address education, human rights, environment challenges, and population and reproductive health

Figure 23: Top North American Family Foundations Active in the Region, by Number and Value of Grants (2015-2019)



Source: Intelicap Analysis, Foundation Centre

Other family foundations active in the region

European foundations working in the region are highly focused on addressing issues in the health, and education sector. Some of the active foundations include the Jacobs Foundation, Channel Foundation, King Baudouin Foundation (KBF), and the Stone Family Foundation (SFF). Healthcare has received the highest focus from European foundations, with 57% of the foundations highlighting it as a focus sector. Jacobs Foundation has a significant focus on education; it has also been supporting innovative enterprises in the sector to enhance affordability and access in Ivory Coast. It currently has a US\$ 6Mn fund through which it invests

debt and convertible notes of up to US\$ 300K. KBF Foundation is known for the annual ‘King Baudouin Prize for Development in Africa’ that recognises outstanding contributions made by individuals or organisations across African countries with winners awarded with approximately US\$ 236,000 (£200,000). SFF is a big advocate of market-based solutions in the WASH sector with close to 75% equivalent to approximately US\$ 4.7Mn (£4Mn)⁴⁶ annually per year of its funding committed to the sector deployed mainly in Ghana, Kenya, Uganda, Rwanda, and Cambodia.

1.1.5 Multilateral and Bilateral Donors

SUMMARY OF TRENDS AND OBSERVATIONS ON DONOR

- Donor funding to the region experienced a slight (2%) decline between 2010 and 2018.
 - United States Agency for International Development (USAID) accounts for a large proportion (24%) of donor funding in the region in 2018. USAID funding to the region experienced a decline between 2018 and 2019
 - Donors are increasingly working towards catalysing more private sector investments into SDGs through challenge funds and TA programs that support innovative businesses.
- with further decline expected due to the political pressure facing the institution.

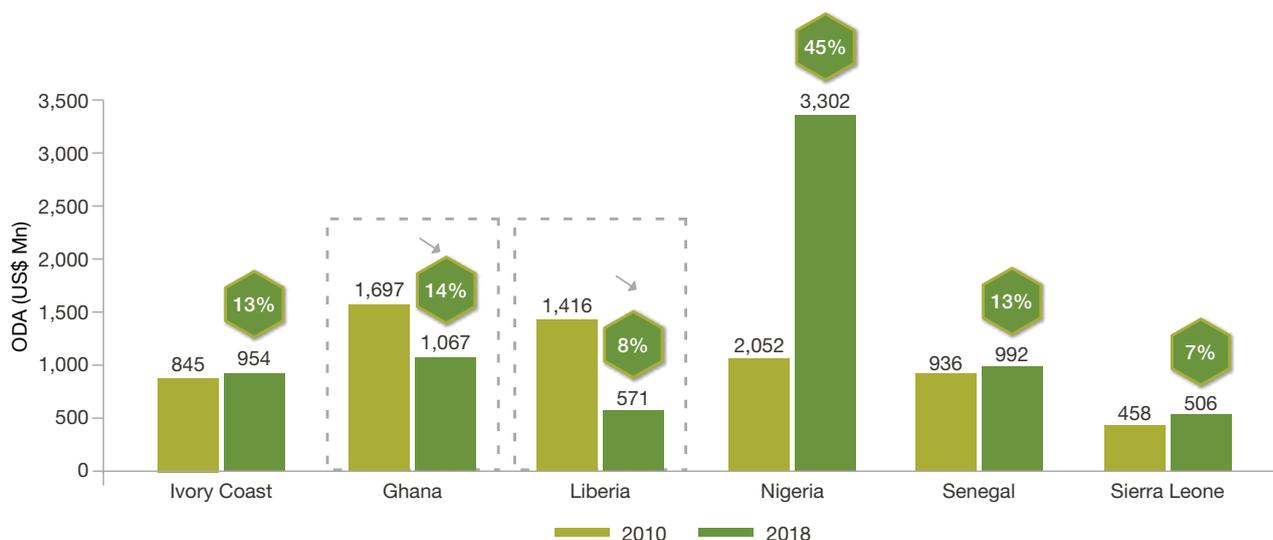
COUNTRY FOCUS

Donors account for a significant proportion of development funding in the region, with mixed performance in donor funding witnessed across the countries over the years.

In 2018, the total net Official Development Assistance (ODA) to the focus countries was US\$ 7.4Bn, 45% of which was deployed in Nigeria⁴⁷; Nigeria is also ranked second highest ODA recipient in Africa. USAID is one of the most active donors in the region, accounting for

approximately 24% of the total ODA⁴⁸. While ODA to most of the countries increased between 2010 and 2018, it decreased in Ghana and Liberia. The Government of Ghana has deliberately been focused on reducing the reliance on donor aid through the implementation of the Beyond Aid in Ghana policy (discussed in the box below), which seeks to mobilise local capital and enhance the partnership between government and international funders.

Figure 24: ODA Trends across the Focus Countries (2010, 2018)



Source: World Bank Development Indicators

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

SPOTLIGHT: THE GHANA'S BEYOND AID POLICY

Since 2017, the Government of Ghana has been putting in place measures towards the implementation of its Beyond Aid policy. In 2019, the Ghanaian president launched the charter and strategy document articulating the strategies to be leveraged to mobilise more national resources to drive the economic and social transformation of the country. As such, the government is implementing several key initiatives aimed at mobilising local and international private capital sources. This includes Ghana Incentive-Base Risk Sharing System for Agricultural Lending, Support Ghana Infrastructure Investment Fund (SGIIF), and 2019 Eurobond Issuance. Government is looking for social investors to collaborate and partner with the government particularly under the SGIIF to enhance development in key identified sectors.

⁴⁷ World Bank Development Indicators, 2018

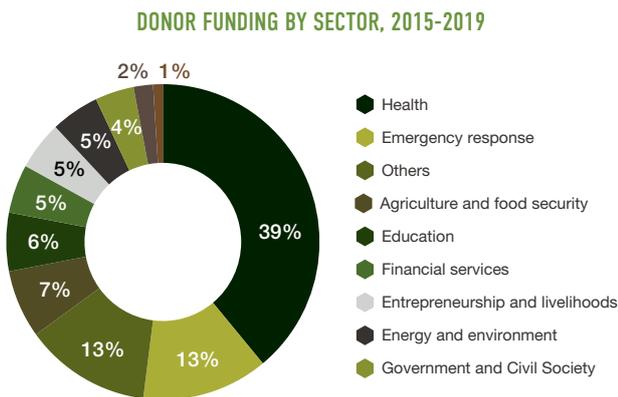
⁴⁸ Intellectap analysis

SECTOR FOCUS

Donors in the region have been mainly deploying programmatic multi-year intervention with a large emphasis on healthcare.

Donors in West Africa have been active particularly in the area of HIV/AIDS and maternal and child care. Agriculture and food security, and education are also sectors of preference for donors. Donors also continue to offer emergency response to natural disasters and humanitarian crisis that continues to face the region. These sector trends are also reflective of the USAID funding (one of the largest donors in the region).

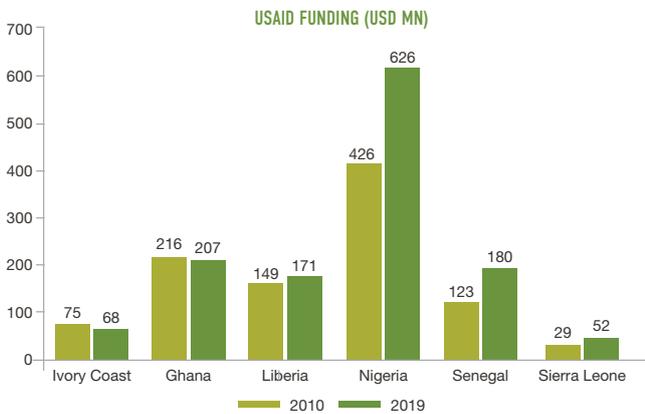
Figure 25: Donor Funding by Sector, 2015-2019



Source: Intelicap Analysis, Donor Websites

Figure 26: Snapshot of USAID Funding Trends in the Region

USAID FUNDING TO ALL THE FOCUS COUNTRIES INCREASED BETWEEN 2010 AND 2019

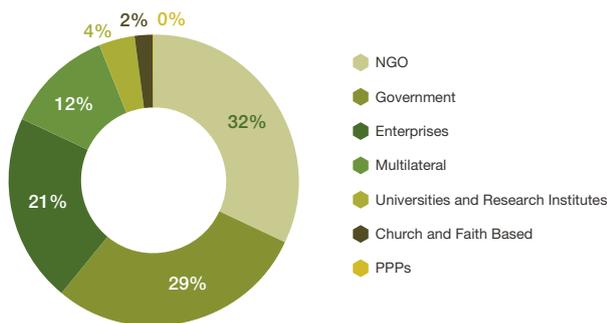


FUNDING TO THE REGION EXPERIENCED A LARGE DECLINE IN 2018, WHICH COULD BE ATTRIBUTED TO POLITICAL PRESSURE THAT USAID IS CURRENTLY FACING



A SIGNIFICANT PROPORTION OF THE FUNDING HAS BEEN DEPLOYED THROUGH GOVERNMENT AGENCIES AND NGOS

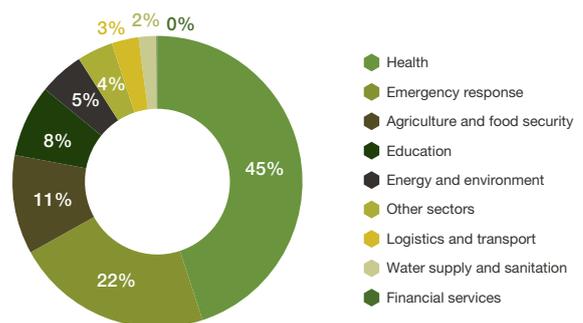
AVERAGE PROPORTION OF USAID FUNDING (2015-2019), BY RECIPIENT



Total Value= US\$ 8,084 Mn

HEALTH HAS RECEIVED THE LARGEST PROPORTION OF FUNDING FOLLOWED BY EMERGENCY RESPONSE/HUMANITARIAN

AVERAGE PROPORTION OF USAID FUNDING (2015-2019), BY SECTOR



Total Value= US\$ 7,077 Mn

More than USD 1Bn was spent on program administration and oversight, capacity building This is excluded from this analysis

Source: USAID Database

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

Donors have traditionally been uniquely placed with strong financial backing from international governments. However, international financing sources have been undergoing significant transitions, which may ultimately lead to a reduction in funding to development countries. Key donor shifts at a global level that are likely to affect funding for West Africa include:

- 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 funding to the region, disrupting the implementation of key development programmes – USAID funding to the focus countries was reduced by 23% between 2015 and 2018.

Given the decreasing funding from their government sources, donors have been exploring innovative and sustainable approaches to deploying their funds to catalyze private sector investments.

Donors in the region, for example, have been funding challenge funds like Catalyst and AECF aimed at strengthening early-stage enterprises through the provision of grant and interest-free loans. Further, donors have focused on implementing market-based programs aimed at catalysing more capital. The West Africa Trade and Investment Hub - a recently completed USAID

program, for example, sought to enhance productivity and trade in the agriculture sector. The program enabled the facilitation of US\$ 57Mn in new sales and US\$ 4.6Mn in regional and international trade through technical assistance and support to African Growth and Opportunity Act (AGOA) trade resource centers in the region. The Fate Foundation is also managing the US\$ 560,000 'Orange Corners Fund' funded by the Embassy of the Kingdom of Netherlands in Nigeria. The fund provides incubation support and funding (grants and debt) to youth businesses in Nigeria.



1.1.6 Angel Investors and Angel Networks

SUMMARY OF TRENDS AND OBSERVATIONS ON ANGEL INVESTING

- Although quite a substantial number of angel investor networks (20 identified) exist across the focus countries, most have been established in the last five years and thus are still in nascent stages of operation with minimal investment activities recorded.
- Only 10% of the identified angel networks operate as pooled investment vehicles (funds) whereas the rest primarily operate as networks and structured groups for sourcing and investment facilitation.
- Financing by angels in the region ranges between US\$ 10,000-250,000 and is mostly financed through equity.
- Angels have mainly focused on non-social focused sectors like e-commerce, consumer goods (clothing, accessories), and information technology.

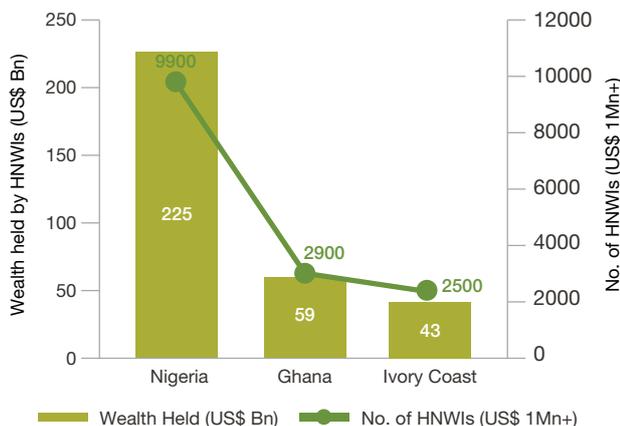
Angel investing in West Africa has been growing in support of the flourishing start-up ecosystem, with more angel networks established in recent years.

West Africa's, particularly Nigeria's (Lagos) start-up ecosystem is considered to be one of the most vibrant in Africa, ranked 56th globally and 3rd in Africa after South Africa and Kenya in the 2019 start-up ecosystem ranking⁴⁹. Angel investors are increasingly supporting start-ups and sustainable businesses through seed and venture capital finance. This growth is driven in large part by increasing individual wealth in the region, with HNWIs and other wealthy business people exploring alternative channels for deploying their personal funds. Nigeria, Ghana, and Ivory Coast ranked top 10 in the wealth held by HNWIs in Africa in 2018⁵⁰.

"I look at businesses that have a focus on creating impact for women and population at the bottom of the pyramid. I support very early stage businesses through grants and equity funding. I give grants to the very early promising entrepreneurs with great ideas and between 5-10% equity stake to already well established businesses. Ticket sizes range between US \$15,000-\$100,000."

Angel investor in Nigeria

Figure 27: Number of HNWIs and Wealth Held by HNWIs (2018)



Source: AfrAsia Bank Africa Wealth Report, 2019

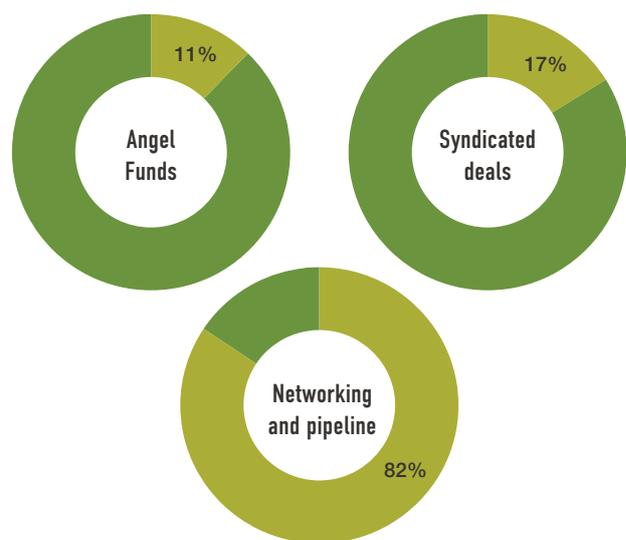
⁴⁹ Startup Blink: Startup Ecosystem Ranking, 2019

⁵⁰ The AfrAsia Bank Africa Wealth Report 2019

The region has witnessed a sprout of angel investor networks in the last five years.

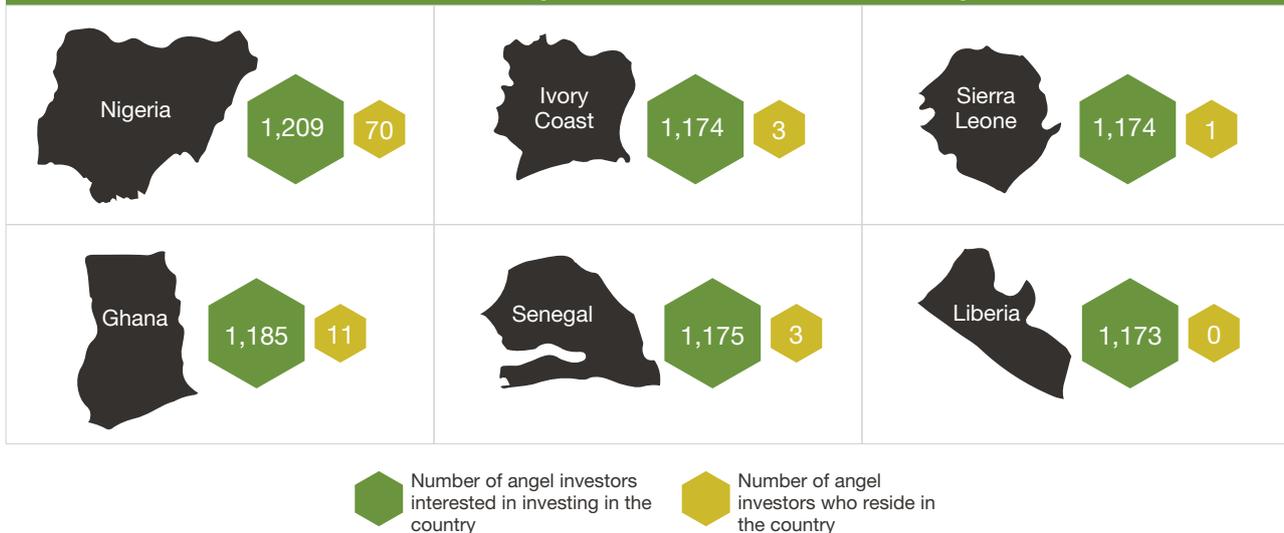
Some of the active angel networks include the Lagos Angel Network (LAN), Ghana Angel Investors Network (GAIN), Rising Tide Africa (all-female angels network) Ivoire Business Angels, and Dakar Network Angels. Angel networks focus on providing mentorship, business networking, capacity building of both investors and enterprises, and early-stage investments. Despite the high number of networks mushrooming in the region, minimal investment activities have been recorded given the nascent nature of the networks and the difficulties in closing a deal. According to African Business Angel Network (ABAN), once an angel group is active, it takes an average of 3.8 months to close a deal⁵¹. The angel networks identified in the region are also primarily focused on networking and pipeline development. Nigeria's Tomi Davies, the founder of ABAN is one of the top angels in Africa and has been at the forefront in developing the ecosystem for angel investing.

Figure 28: Business Models Adopted by Angel Networks



Source: Intellectap Analysis

There is a substantial number of international angel investors who are interested in investing across the focus countries



Source: List of angels registered on Angel List

Angels have mainly focused on financing non-social/SDG focused sectors, as they have a commercial focus with impact often being secondary to their investment strategies.

Of the 36 angel investor deals identified in the focus countries, 60% were in non-SDG aligned sectors such as consumer goods (clothing, accessories), information technology, and media. The SDG sectors of preference for angels were financial services and education. More than 90% of these deals were recorded in Nigeria, which could be attributed to the relatively mature market as well as a high number of HNWIs.

The angel investor deals identified total US\$ 3.2Mn⁵² – a significantly low amount compared to the total wealth held by HNWIs, although the figure is likely underreported, with many angel deals remaining undisclosed in the region. Angel investing presents a high opportunity for HNWI philanthropists seeking to shift to more sustainable strategies.

Only 40% of angel investor deals mapped as part of this research were in SDG-aligned sectors

SPOTLIGHT: CATALYST – AN INITIATIVE OF AFRICAN BUSINESS ANGEL NETWORK (ABAN) AND AFRILABS

In late 2019, ABAN—the largest network of angel investors in Africa—and AfriLabs, the largest network of technology and innovation hubs, partnered to launch Catalyst. Catalyst is a collaborative stakeholder initiative with the objective to increase the pool of capital available to promising African growth-stage entrepreneurs. Catalyst will operate as co-investment fund that will match investments from qualifying angel investors into African growth-stage companies. Start-ups will be required to register on the Catalyst Platform through hubs that are members of the AfriLab network and receive investments from angel investors who are members of a network registered with ABAN. The initiative aims to raise funds from various institutional partners to add to a pool. Investments are yet to be made through the platform.

Table 2: Funding Activities by Top Angel Networks across the Countries (Disclosed) (2014-2019)

#	Name	Year of establishment	Amount (US\$)	Country	Sectors of focus	Example of investees
1	Lagos Angel Network	2015	1.5Mn (by 2018)	Nigeria	Media, E-commerce	Big Cabal Media, Café Neo
2	Rising Tide Africa	2016	100,000 (2018)	Nigeria	Tech or tech-enabled	Migo
3	Ghana Angel Investors Network	2011	100,000 (2014)	Ghana	Education	Revo Technology Solutions
4	Dakar Network Angels	2019	25,000 (2019)	Senegal	Tech or tech-enabled	Coliba

⁵² Refers to data for only 19 deals

1.1.7 Faith-Based Giving

Faith-based philanthropy has a long history in the region, given the profoundly religious fabric across the countries.

Christianity and Islam are two dominant religions accounting for an average of 43.6% and 50.1% of the total population across the six countries, respectively⁵³. Giving by churches, their relief agencies, and NGOs like Adventist Relief Agency (ADRA) and the Catholic Relief Agency has existed in the region for many years. Most churches tend to adhere to the biblical principle of tithing, which enforces a 10% mandatory contribution from an individual's gross income. The tithes are used to advance the activities of the churches e.g., church infrastructure development, besides supporting the communities e.g. through education bursaries and scholarships, the building of health facilities, donations to homes for orphans, and the elderly. Various Islamic institutions also promote and practice philanthropy. Muslim NGOs/FBOs such as the Iranian Agriculture and Rural Development (ARD), Islamic Council for Development and Humanitarian, Services, Muslim Family Council Services, Islamic Aid & Relief Foundation of Nigeria, Federation of Muslim Women's Associations in Nigeria (FOMWAN) advocate for various social causes including economic empowerment, health, and education.

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

During the 2020 Sankalp Africa Summit, key stakeholders from various religious affiliations were brought together to discuss the role that the church was playing 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 is, for example, advocating for an impact investment strategy for the Catholic Church; Jewish Law instructs followers to provide loans to those in need rather than to give gifts; and the Zakat Fund, an Islamic form of philanthropy, obligates eligible Muslims to donate at least 2.5 percent of their accumulated wealth to charitable causes). Faith-based institutions were showcased to be playing a role in the achievement of the 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, who run agricultural centers, would give 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.

More structured faith-based giving has been witnessed mainly in the health and education sectors.

Churches in the region have been at the forefront of providing access to quality and affordable healthcare through their network of faith-based health facilities. The Christian Health Association in Nigeria is the umbrella body of 4,400 church-based health centers and hospitals, which account for close to 40% of primary and secondary health facilities⁵⁴. 290 health facilities are registered under the Christian Health Association of Ghana (CHAG). Churches have also sought to establish operational foundations/NGOs as implementation arms of their philanthropic activities. The International Central Gospel Church (ICGC) in Ghana, for example, established Central Aid, aimed at implementing key social projects like relief services, career guidance, and counselling, scholarships, etc. on behalf of the church. The church has been awarding close to 200 scholarships annually since 2011.

The Aga Khan Development Network (AKDN) is also one of the large religious-backed organisations working in the impact investing and social entrepreneurship space. In West Africa, AKDN works in Cote d'Ivoire, Senegal, Mali, and Burkina Faso. In Cote d'Ivoire, AKDN is active in microfinance and social development activities where it enhances access to education, medical support, and clean water.

Close to 40% of primary and secondary health facilities in Nigeria are registered under the Christian Health Association

1.2 SOCIAL INVESTOR ROLES IN THE CONTINUUM OF SOCIAL IMPACT CAPITAL

Different social investors play distinct roles across the continuum of capital and present significant potential to scale impact. Donors, international foundations, and governments have 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. However, innovative finance has currently not been fully leveraged amongst the investor categories, particularly the locally based social investors.

⁵³ Central Intelligence Agency: The World Fact Book

⁵⁴ Christian Health Association Nigeria Website

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 (Nigeria, Ghana, Ivory Coast, Senegal)	 	Large capital base can be used to catalyse more innovative finance structures. Longer term financing to cover short term financing by private investors
Sustainability Aligned Fund Managers (SFM)		Equity Debt				Moderately Concentrated (Nigeria, Ghana, Ivory Coast)	 	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 DIB
Family Foundations (West Africa HQ)		Grant Debt				Concentrated (Nigeria)	 	Limited capital but there is an opportunity to lead local venture philanthropy practice
Corporate Social Investors (North America and Europe HQ)		Grants Debt				Moderately concentrated (Nigeria, Ghana, Senegal, Ivory Coast)	 	Potential to mainstream impact through corporate sustainability and shared value approaches
Corporate Social Investors (West Africa HQ)		Grants Debt Equity				Moderately concentrated (Nigeria, Ghana)	 	Potential to mainstream impact through corporate sustainability and shared value approaches
Faith-Based Giving		Grants				Deep into rural areas across most of the countries	 	Large capital base and geographic reach, enormous catalytic capital potential
Angel Investors		Equity Debt				Moderately Concentrated (Nigeria, Ghana)	 	Supporting early stage commercial social enterprises
Government Schemes		Debt Guarantees				Moderately Concentrated (Nigeria, Ghana, Senegal)	 	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 the form of DIB
Diaspora Remittances		Bonds				Across all countries	 	Large capital base, already looking at innovative structured finance especially in high intensive sectors



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