

2023 INAUGURAL
**AFRICA
IMPACT
SUMMIT**
REPORT:

Unleashing African Potential
through Impact Investing



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INTRODUCTION

The inaugural Africa Impact Summit was a collaboration between impact investing National Advisory Boards across the continent which formed the Africa Impact Investing Group (AIIG), as well as the Bertha Centre for Social Innovation and Entrepreneurship at the University of Cape Town and the Global Steering Group for Impact Investment (GSG). The Summit's headline strategic partners were Sanlam and the Motsepe Foundation.

The Summit, dedicated to 'Unleashing African potential through Impact Investing', presented a platform for leaders and industry experts to share and exchange on the most critical topics in impact investing on the continent. In particular, the Summit explored collaborations between public institutions such as development banks, and private sector actors such as impact investors and impact entrepreneurs, to ensure that more capital can flow towards the achievement of the Sustainable Development Goals (SDGs) and beyond. A multitude of stakeholders were involved in the planning and execution of the Summit, which ensured that the outcomes were both far-reaching and relevant for improving the conditions for impact investing across the entire continent.

The Africa Impact Summit was well attended, attracting 500 delegates from all over Africa and the world. These attendees represented a wide spectrum of professionals from the financial services sector, including asset managers, social-enterprises, institutional investors, impact measurement and management practitioners, and many more. This diversity reflects the growing recognition impact investing offers far-reaching potential solutions to close the financing gap for Africa's sustainable development objectives.

Elias Masilela, Chair of Impact Investing South Africa, kickstarted the Summit by welcoming delegates with an opening address, in which he celebrated the growth of impact investing's market in Africa in both asset size and number of taskforces and national advisory boards established.

The overarching message of the Summit was that, moving forward, the focus must be on translating impact-oriented thinking into action, through the sourcing and deployment of the requisite capital towards suitable projects and opportunities. And as Cliff Prior, CEO of the Global Steering Group for Impact Investment, aptly put it: "We need to create a world where it will be easier to do the right thing and harder to do the wrong thing."

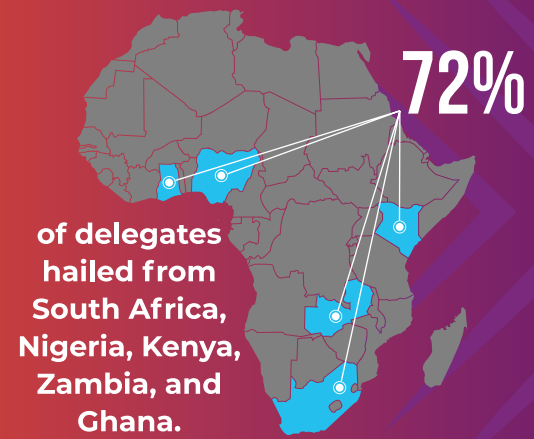
This report contains a rich overview of the eventful two-day Summit. It presents topical discussions about Africa's impact investing ecosystem, as unpacked during the Summit's sessions. Summit speakers celebrated both the traction that impact investing has gained so far and considered the structural and institutional challenges that stand in the way of its greater reach and influence. Finally, the report looks to the future, drawing on the insights shared by leaders and experts in the field on how to strengthen the current foundation for a more impactful future.



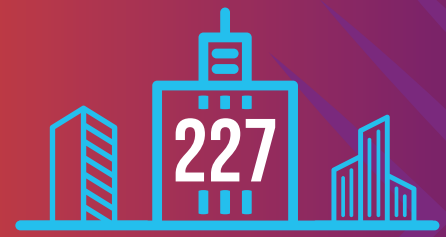
The number of countries delegates represented.



THE USA



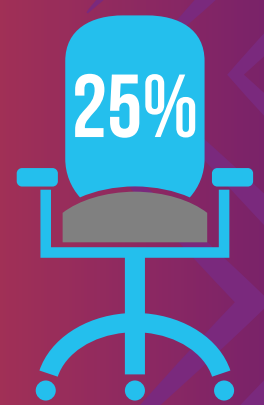
was the most represented non-African country, with 1.1% of attendees.



organisations from around the world were represented at the summit.



of delegates represented non-profit organisations, the largest group. Banking and finance institutions made up 10%.



of delegates described themselves as Senior Managers, with Professionals (17%) and Executives (17%) the next biggest groups.

Strategic Partners



THE AFRICAN IMPACT INVESTING LANDSCAPE

Impact investment strategically fuses together socio-economic impact and financial benefits by employing finance to achieve positive social outcomes. Within this dynamic, there is an explicit intention on the part of both investor and investee to create and measure positive impact. It may also use a clustered approach to tackling societal and environmental issues. This could look like, for example, an investment in education, affordable housing, healthcare, agriculture, and access to early-stage small to medium-sized enterprise (SME) finance amongst others, all of which represent major challenges in Africa and are closely aligned to a South Africa's National Development Plan, the United Nations' Sustainable Development Goals (SDGs) and the 2063 African Union Aspirations. Capital is directed to organisations whose service offerings directly address the SDGs. Therefore, there is a local and international imperative to accelerate the deployment of capital in the context of growing socio-economic injustice and extensive environmental degradation.

Africa is set to outperform the rest of the world in terms of economic growth over the next two years, with its expected real gross domestic product (GDP) averaging approximately 4% for 2023 and 2024. In this context, Africa's impact investing landscape is ripe with significant potential. However, despite the opportunity, Africa still faces a monumental hurdle before it can achieve its SDG targets.² The Brookings Institution estimates an annual funding requirement of US\$256 billion until 2030 for Africa to meet these goals.

The current landscape shows that there are endless opportunities for investors to make an impact in Africa – from financing infrastructure to strengthening healthcare systems and supporting affordable housing developments. For instance, the African Development Bank (AFDB) estimates the continent's infrastructure financing needs to be around US\$170 billion a year, while solving Africa's housing backlog will require US\$2 trillion over ten years. Moreover, achieving universal, affordable, and good quality broadband internet access in Africa by 2030 will require an investment of US\$100 billion to connect nearly 1.1 billion new users.³ While this may seem daunting, the potential returns are substantial. Consider the African internet economy, for instance. It is poised to contribute US\$180 billion to Africa's GDP by 2025, and up to US\$712 billion by 2050.⁴

The continent is home to the youngest population in the world, with 70% aged 30 or under. By 2030, 42% of the world's global youth will be African, according to the World Economic Forum.⁵ Today, young Africans are increasingly taking an active role in shaping their future. Fully-fledged start-up ecosystems, often spearheaded by young entrepreneurs, are disrupting African agriculture, industry, IT, and sustainability. In fact, 2021 was a record-breaking year for Africa's start-up scene, which secured over US\$2 billion in funding.



Despite the persistent gaps on the continent, the appetite for directing capital to Africa for sustainable development is improving. Over half of the respondents to the Global Impact Investor Network (GIIN) 2020 survey intend to increase their capital allocation to the continent. This is predominantly driven by the investment potential in three key sectors: healthcare, fintech, and renewable energy.⁶

¹ African Development Bank Group (18 January 2023). *Africa's macroeconomic performance and outlook*. African Development Bank. <https://www.afdb.org/en/documents/africas-macroeconomic-performance-and-outlook-january-2023>

² Coulibaly, B. S. (17 January 2020). *Approaches for better resource mobilization to finance Africa's Sustainable Development Goals*. Brookings. <https://www.brookings.edu/articles/approaches-for-better-resource-mobilization-to-finance-africas-sustainable-development-goals/>

³ Faye, I. (14 July 2022). *The Impact that Sovereign Wealth Funds Can Make in Africa*. World Bank Blogs. <https://blogs.worldbank.org/african/impact-sovereign-wealth-funds-can-make-africa>

⁴ Google and International Finance Corporation. (10 November 2020). *E-Economy Africa 2020 - Africa's \$180 Billion Internet Economy Future*. International Finance Corporation. <https://www.ifc.org/en/insights-reports/2020/google-e-economy>

⁵ El Habti, H. (19 September 2022). *Why Africa's youth hold the key to its development potential*. World Economic Forum. <https://www.weforum.org/agenda/2022/09/why-africa-youth-key-development-potential/>

⁶ Global Impact Investing research team. (June 2020) *Annual Impact Investor Survey 2020*. Global Impact Investing Network (GIIN) research team. <https://thegiin.org/assets/GIIN%20Annual%20Impact%20Investor%20Survey%202020.pdf>

Firstly, the healthcare sector has seen substantial development over the last two years and is expected to continue to be a major focus going forward. According to GIIN's 2020 survey, it is the fastest growing sector for impact investing and can fill the funding gap in many areas of the healthcare ecosystem, including drug and vaccine development as well as physical infrastructure or epidemic prevention and response.

Secondly, African fintech's role in promoting financial inclusion has seen significant interest from investors. Democratizing access to finance is not new and is critical to ensuring economic progress in the region. For example, according to Ernst & Young, the GDP of Kenya may grow by 30% solely due to increased penetration of the financial sector in the country.⁷ In Africa, mobile money is one of the most effective drivers for increasing financial inclusion. In addition, crowdfunding facilitated by emerging fintech has the potential to mitigate the challenges faced by small and medium-sized enterprises in accessing traditional financing solutions from banks.

Lastly, renewable energy is one of the fastest-growing sectors in many African nations. Lower prices for renewable energy, especially solar, are driving investments. There is a strong, ongoing need for energy. To bridge Africa's energy gap by 2040, the continent would need four times the current investment level, or US\$120 billion per year, according to the 2019 Africa Energy Outlook.⁸ South Africa is also a critical part of the conversation because of the country's just energy transition.

The Africa Impact Summit identified essential themes that require equal focus, including gender-lens investing, climate change and the green economy, enabling investment environments through policy reforms, and supporting Africa's SME landscape by tackling poverty and youth unemployment. The Summit therefore mirrored the breadth of concerns affecting the African investment landscape and played a significant thought-leadership role within the broader sector.



⁷ Capolaghi, L. (3 August 2022). *What's next for Impact Investing in Africa? EY*. https://www.ey.com/en_lu/private-equity/what-s-next-for-impact-investing-in-africa

⁸ *World Energy Outlook (November 2019). Africa Energy Outlook 2019. International Energy Agency.* <https://www.iea.org/reports/africa-energy-outlook-2019>

SANLAM: MESSAGE FROM HEADLINE STRATEGIC PARTNER



Our purpose is to empower generations of Africans to be financially confident, secure, and prosperous.

We have been enabling our employees, clients, and stakeholders to “live with financial confidence” since 1918. Living with financial confidence as articulated by Olga Miller⁹, means having awareness of how money can be a tool for reaching your goals and dreams, being financially literate and understanding economic factors and having trust, and knowing where to turn for financial advice. Our clients live with confidence knowing their investments with us will grow to meet their expected future financial needs. They have confidence that we will protect their investment by investing in initiatives that contribute to changing people’s lives, making a positive impact and helping communities become more resilient to the challenges of poverty, access to clean water, education, unemployment and climate change. This is the promise we continue to deliver on.

Abel Sakhau,
Chief Sustainability Officer, Sanlam

⁹ Olga Miler is a global innovation expert, specialising in women and finance, sustainability, and gender-smart investing.

BERTHA CENTRE: DIRECTOR'S NOTE



Our inaugural Africa Impact Summit was inspired, above all, by the Bertha Centre's mission to leverage private funding for public good. Its resounding success is proof that this goal is widely shared by key players across sectors, signalling renewed momentum for Africa's impact investing landscape.

The Bertha Centre recognised early on the transformative impact innovative financing programmes can have on individuals, organisations, and communities. As part of our advocacy initiative, we established Impact Investing South Africa (IISA) in 2018 and joined an international network of advocacy initiatives led by the Global Steering Group for Impact Investment. Bertha Centre continues to be the secretariat for IISA, supporting its objective to put impact investing on South Africa's national agenda through research, thought leadership, capacity building, project management, and content creation.

The Africa Impact Summit is a gratifying culmination of IISA and the Bertha Centre's work to date. We took inspiration from international impact investing conferences that connect diverse stakeholders and enable collaborative agenda setting and strategising on a global scale. Our board recognised the value such connections could unlock in the African context, which motivated us to coordinate and partner with the Ghana, Zambia and Nigerian National Advisory Boards for impact investing.

Our strong collaborations proved crucial to the Summit's success. Our team delivered an enriching programme to attendees online and in person. None of this would be possible without the support of our generous funders, and I hope that the positive reception of this inaugural event encourages even stronger support for our future summits elsewhere on the continent.

Endless gratitude as well to our talented speakers, who shared insights on a rich range of subjects, and led generative discussions. Congratulations to the various National Advisory Boards (NABs) for bringing together this brilliant collective from across Africa to speak on shared concerns and interests. The expertise of our speakers was matched by eager engagement from the audience. All those present – organisers, speakers, and attendees – were unified by the purpose of investing for social good.

Prospects for future Africa Impact Summits are bright. IISA is committed to helping other NABs host events that accelerate momentum in their local investment landscape and strengthen intercontinental collaboration towards shared objectives, including the newly launched Africa Impact Investing Group.

As Bertha Centre's Director, my key takeaway from the Summit was the palpable excitement for working towards social good. The event was fully subscribed, showing that there is real appetite from investors to find partnerships that amplify their social impact. Personally, I am most passionate about empowering women and supporting opportunities for our youth; the enthusiasm I felt in the room proves that momentum is building.

There is always more to be done, but our inaugural Summit met its objective to put impact investing on the African map.

Dr Solange Rosa,
Director, Bertha Centre for Social Innovation and
Entrepreneurship, University of Cape Town

IMPACT INVESTING SOUTH AFRICA: CHAIRPERSON'S NOTE

Environmental, Social and Governance (ESG) considerations have gained prominence on corporate agendas in recent years. However, on its own, the consideration of ESG-risk factors does not convey the investment intention. Impact investing refers to investments made with the intention to generate measurable, positive social and environmental impacts, alongside financial returns. It offers the next step in catalysing systemic change, reducing poverty and inequality, as well as generating inclusive economic growth.

In South Africa, we have made considerable strides in securing capital for use by both non-profit and for-profit organisations towards social and environmental impact. However, there is still more work to be done. Convincing relevant sectors of the significance of responsible and long-term approaches to capital allocation, and of the potential for multi-stakeholder collaborations, such as public private partnerships to address socio-economic imbalances, requires attention.

All governments complain of fiscal constraints. Yet, in the private sector, many entities have under-utilised capital. If the regulatory environment allows for it, these entities could deploy capital for both social impact and private gain. Over time, as a proportion of Gross Domestic Product, government spending would decrease as private sector impact grows. If we achieve that, government would be able to focus on policy, legislation, and creating an enabling investment environment, rather than competing with the private sector to deliver economic goods and services.

We already know where these investments would be most beneficial: in schools, healthcare facilities, infrastructure such as roads and road networks, telecommunications and harbours. These areas are key to ensuring we enhance economic and individual productivity.

Our inaugural Africa Impact Summit has played an important role in conscientising South Africans and other Africans about the concept of impact investing. Additionally, the launch of the Africa Impact Investing Group, which will see Africans taking the lead in investing appropriately for the good of the African continent, is an important addition to the impact investing landscape.

It is heartening to see that our event exceeded expectations, energising delegates, and laying the groundwork for a healthy impact investing movement across the continent. As the first of its kind on African soil, our focus was on setting principles for future work. There has been a general impatience with investment delivery to date, from both the private and the public sectors, with an emphasis on compliance and ESG lip service. We hope that at the next summit, we will shift gears and transition into a stage where capital deployment is prioritised in key areas.

Thank you to all our strategic partners, speakers, and delegates for recognising and acting on the potential for change.

Elias Masilela SOB,
Chairperson, Impact Investing South Africa



AFRICA'S FIRST IMPACT INVESTING SUMMIT

The world is facing unprecedented challenges, including climate change, biodiversity loss, an ageing population in many regions, and enormous poverty and inequality in the developing world. Impact investing can play a crucial role in addressing these issues by mobilising money for social and environmental good, as well as financial returns.

Impact investing complements the use of Environmental, Social, and Governance (ESG) risk factors, so that investors consider not only risk and return on their capital, but also the potential impact of their investment allocations.

The Rt. Hon. Nick Hurd, chair of the Global Steering Group for Impact Investment (GSG), highlighted the urgency of the current situation. Just seven years away from the deadline envisaged for the 2030 Agenda for Sustainable Development, the world remains wildly off-track, he told delegates. On just one measure, that of clean energy, around three-quarters of a billion people still lack access to electricity, slowing economic growth and business potential and impacting human wellbeing.¹⁰

"The truth is there will never be enough public money to meet the need," said Hurd, underlining the importance of private sector financing.

The question for investors, policy makers, as well as change makers, is to ensure that this money flows to where it is most needed.

Over the past few years, the impact investing sector has grown in visibility. Five years ago, global assets under management by impact investors stood at US\$228 billion. Now, this number exceeds US\$1 trillion. At that stage, no African country had yet recognised impact investing's potential. Since then, however, South Africa, Nigeria, Kenya, Zambia, and Ghana have all instituted a learning process and formalised their own National Advisory Boards (NABs) on impact investing to the GSG. At the same time, a growing number of other African countries have implemented taskforces towards fully-fledged NABs.

In total,

**36
COUNTRIES**

around the world now have NABs, signalling their interest in impact investing, with a further 30 NABs in development, mainly in lower- and lower-middle-income countries.¹¹



¹⁰ Hurd, N. (13 July 2023). *Opening address*. Africa Impact Summit, 2023.

¹¹ Global Steering Group for Impact Investment. (2023) *NAB Countries*. <https://gsgii.org/>

IMPACT INVESTING IN AFRICA: THE JOURNEY SO FAR

Representatives from the National Advisory Boards of Ghana, Nigeria, Zambia, and South Africa summarised progress and concerns in each of their countries.

GHANA



Impact investing has focused on opportunities for small, micro, and medium enterprises (SMMEs), as the country's roadmap for the Sustainable Development Goals indicated financing for this sector as a key lever for job creation. With more people employed, issues around access to education and healthcare can also be easier to solve. Ghanaian pension funds are joining forces through a fund-of-funds to improve SMME financing.

Ghana has a US\$331 billion financing gap for SMMEs – with many other African countries facing similar shortfalls – and yet this sector is responsible for most jobs. By helping SMMEs to thrive, Ghana hopes to support sustainable jobs.

There are two key lessons here. First, governments can unlock innovation by collaborating with the private sector, for instance by offering seed funding to support local financial ecosystems. Second, the right kind of regulatory pressure can help unlock private sector involvement in impact sectors, explained Amma Lartey, Impact Investing Ghana.

Read more about Ghana's NAB here:
<https://impactinvestinggh.org/>

NIGERIA



Nigeria has seen a significant increase in impact investing, which reached almost US\$5 billion in 2019, from less than US\$2 billion in 2014. The country has worked hard to improve its ease of doing business and to offer more support for small, micro and medium enterprises, but a funding gap remains and so there is still a role for impact investing.

Renewable energy and financial inclusion have been particularly successful sectors, but health and education have lagged in attracting private sector investment. However, investors are interested in technology deployment, and this represents a potential tool.

At federal government level, Nigeria has endorsed a new Wholesale Impact Investment Fund, providing 50% of its seed capital, to support small, micro and medium-sized enterprises to access funding, said Etemore Glover, Impact Investors Foundation, Nigeria.

Read more about Nigeria's NAB here:
<https://nigerianabii.org/>

ZAMBIA



Zambia has limited public funds with a concerning debt-to-gross domestic product ratio. It needs an estimated US\$5 billion annual investment in impact sectors to progress towards the Sustainable Development Goals. As a result, Zambia's government has acknowledged impact investing as a key source of alternative financing to support government's goals, said Dr Austin Mwape, of Zambia's NAB for Impact Investment.

Read more about Zambia's NAB here:
<https://www.nabii.org.zm/>

SOUTH AFRICA



In South Africa, energy is a key focus for impact investors, but gaps remain in healthcare and education. South Africa, requires robust data infrastructure for impact measurement and knowledge sharing. There is also still space for innovation, for instance, to meet the needs of its large informal sector, said Motshegwa More, Impact Investing South Africa.

Read more about South Africa's NAB here:
<http://www.impactinvestingsa.co.za/>

THE LAUNCH OF THE AFRICA IMPACT INVESTING GROUP

Regional collaboration, learning and advocacy has been boosted by the launch of the new Africa Impact Investing Group (AIIG), which took place at the Africa Impact Summit. It brings together African NABs for impact investing and task forces who have been working over the years to build a stronger ecosystem for impact investing in their countries across the continent.

Speaking at the launch, Elias Masilela, Chair of DNA Economics and Impact Investing South Africa, said: "The AIIG is an active and vibrant community of actors working on the ground with policy makers, investors, entrepreneurs, and civil society to drive capital to where it can have the most impact, while delivering financial returns. We recognise that traditional philanthropy and aid alone are not enough to address the development challenges facing Africa."

The AIIG will focus on building awareness of impact investing, developing an investment pipeline in key sectors such as agriculture, energy, and education among others, mobilising capital, supporting an enabling policy environment, and supporting the growth of the impact investing ecosystem in Africa.

Read more about the AIIG's establishment here:
<https://disrupt-africa.com/2023/07/27/africa-impact-investing-group-launched-to-drive-capital-for-impact/>



THE CATALYTIC POTENTIAL OF IMPACT INVESTING



The Africa Impact Summit highlighted that the four key infrastructure areas of energy, transportation, communications, and water and sanitation continue to receive the most funding. However, education and healthcare – critical to Africa’s future – receive up to three times less finance.¹² This is where catalytic capital is needed, as this is investment capital that can take additional risk, or accept a lower return, in order to generate impact and enable third party investment.

Establishing a central database within the development finance community would not only dispel the risk perception, but also accurately portray data, suggested the speakers. The ideal outcome envisioned was for Africans to take ownership by creating data pipelines and infrastructure, thus empowering the continent to drive its development initiatives with greater insight and control.

In the words of Dr Mamphela Ramphele, who together with Rika Preisler spoke powerfully on the need to reimagine our conception of Africa, “The economic theories we continue to use in Africa are inappropriate to our context. Africa is often seen as a dark, poor continent. Africa is rich, but its wealth is trapped in the wrong ways of approaching governance.” Furthermore, “investors and CEOs need to change their mindsets. It is not about investing in a poor continent, but about investing in our own future, with Africa at the centre of global equity for a healthy planet,” she says.

¹² Africa Impact Summit, 2023.

KEY CHALLENGES AND THEMES HIGHLIGHTED AT THE SUMMIT

CLIMATE ACTION



Action against climate change could reap US\$26 trillion in economic benefits and 80 million jobs by 2030 in renewable energy.¹³ At this stage, climate action is still underfunded, and climate finance can be deployed in such a way that it addresses both environmental and social issues.

While renewable energy has received much attention, the construction sector has been neglected and accounts for 28% of emissions globally. The Development Bank of South Africa's efforts to decarbonise the building sector has a dual benefit of stimulating economic growth while supporting climate change mitigation.

Namibia's green hydrogen fund, worth US\$10 billion, offers an example of innovative fund construction for climate mitigation. Green bonds offer another instrument for change, using blended finance from multiple sources, including from private sector, philanthropy money, development funds, and public sector sources. These instruments are becoming more widespread in South Africa, with both Johannesburg and Cape Town having issued green bonds successfully.

The ability to adapt the architecture of a fund to suit the needs of different investors was recognized as a key advantage of blended finance. For example, an innovative "debt-for-nature swap" intervention in Ecuador provided debt refinancing on the condition that climate measures were implemented in the Galápagos Islands.

POVERTY AND UNEMPLOYMENT



Africa is the region which needs the most jobs. It is home to 14.3% of the world's working-age population. By 2100, around 42% of the world's working-age population will live in Africa. However, this population is not equally spread across Africa, with most people concentrated in ten countries, of which the largest is Nigeria.

To tackle jobs, countries should start by increasing the number of waged employees. Africa has more than 14% of the world's labour force, but only 8% of people in wage employment. Only in South Africa are more than 50% of workers receiving wages.¹⁴

Almost a quarter of working age people in Africa are starting businesses, but they need additional financing.¹⁵

Manufacturing can be an engine of growth in Africa, as has happened in Asia. However, in Africa people move from agriculture into urban informal employment as the manufacturing sector is still developing. Investors can think about boosting productivity in different sectors, including product clusters such as cocoa and chocolate manufacturing, for instance – suggested Haroon Bhorat, in his session discussing poverty and employment numbers.

“Economic complexity and product space analytics have the potential to be used as a guide for investors and policymakers” –
Prof. Haroon Bhorat, Development Policy Research Unit, University of Cape Town.

Dr Solange Rosa noted that there is a financing gap in dealing with poverty. Innovative financing mechanisms and public-private collaboration is needed to address complex issues. For instance, a social impact bond for Early Childhood Development can help make quality childcare resources more accessible, with outcomes showing that children do better as a result.¹⁶

¹³ Dhlamini, X. (13 July 2023). *Panel Discussion: Innovative finance for climate action - Harnessing blended finance and other financing vehicles*. Africa Impact Summit, 2023.

¹⁴ Bhorat, H. (14 July 2023). *Presentations: Tackling systemic issues of poverty and unemployment in Africa*. Africa Impact Summit, 2023.

¹⁵ & ¹⁶ Rosa, S. (14 July 2023). *Presentations: Tackling systemic issues of poverty and unemployment in Africa*. Africa Impact Summit, 2023.

WOMEN ENTREPRENEURS



Women entrepreneurs receive only 2% of global capital, and are largely left out of the current venture capital system.¹⁷ Venture capital is driven by strategies of exponential growth, which are often not sustainable – but women entrepreneurs who do not aspire to this model, or who are still at an early stage, are told they are not investment ready, said Aunnie Patton-Power, in a session on women entrepreneurs.¹⁸ Businesses with predictable cashflow, collateral, and a track record are favoured for funding, whereas those excluded are limited to self-financing or informal group networks. Women are also limited by having less access to social capital and networks.

To support these businesses, some mechanisms could include using intermediaries for smaller deal sizes, flexible instruments to access capital, and assess risk differently for early-stage businesses compared to mature businesses.

“Women are part of informal networks discussing issues relevant to women and investors need to be close to these networks”

– Andia Laura Chakava, Afrishela.

Some strategies for investors committed to parity include:

- Seeking out women entrepreneur networks and invest in building relationships.
- Providing smaller amounts of working capital, rather than large amounts of equity.
- Unconscious bias training for investors to uncover their biases and commit to gender parity across the supply chain.

YOUTH



Africa boasts a substantial youth population but also faces an equally high unemployment rate. In this climate, there's an opportunity for impact investors to build communities around young people to support their ideas and businesses. Such support could encompass access to the investors themselves, seasoned entrepreneurs, and essential resources for building a thriving business.

Supporting Africa's youth requires both transforming the education sector, from end to end, including Early Childhood Development (ECD) through to vocational training and preparation for the job market. ECD is a long-term investment in African potential, with many organisations working in this space despite a lack of funding. There is an opportunity to offer technology and entrepreneurial skills at school level as well as in higher education, so that young people are better equipped for the job market.

Impact investors can act as catalysts for change, nurturing an ecosystem that provides targeted cashflow, business development training, as well as mentoring and coaching for mental, physical, and financial wellbeing. Similarly, investments can leverage technology as an enabler of opportunity, funding infrastructure for skills training such as coding and software engineering.

SUPPORTING START-UPS AND SMMEs



Start-ups and SMMEs have massive potential to innovate and create impact. However, 65 million or about 40% of global SMMEs lack sufficient access to funding, according to the International Finance Corporation. Investors need to invest in SMMEs and start-ups to enable growth and scaling of highly impactful solutions.

Only a third of start-ups currently qualify for debt finance, with limited funding going into early-stage businesses. Early-stage start-ups often do not have the information needed for investors to do due diligence for their funding. Additionally, funders and investors frequently look for high-impact businesses with high growth – but start-ups are unlikely to achieve impact in their first three to five years.

Additional research into SMME development is desperately needed. For instance, South Africa has supported entrepreneurs for over two decades as part of its legislative approach, but there is a lack of insight into its achievements and failures.

Bridging the mismatch between what investors can provide and what SMMEs need is critical. This could include designing special-purpose vehicles that are less risk averse and more tolerant of SMME failure. Having funding that is forgiving will help develop businesses better so that SMMEs have a better track record. Policy interventions that encourage asset owners such as pension funds to invest in small businesses can bring additional funding online. Lenders can also support entrepreneurs by reducing the reporting burden.

¹⁷ Apampa, K. (14 July 2023). *Panel discussion: Strategies for investing in women entrepreneurs*. Africa Impact Summit, 2023.

¹⁸ Patton-Power, A. (14 July 2023). *Panel discussion: Strategies for investing in women entrepreneurs*. Africa Impact Summit, 2023.

SPEAKERS



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Abel Sakhau
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Dr Austin Mwape
Zambia National Advisory Board



Motshegwa More
Impact Investing SA



Cliff Prior
Global Steering Group for
Impact Investment



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Industrial Development Corporation



Kevin Anderson
Sanlam



Kanyisa Mzilikazi
Sanlam



Pawan Singh
Sanlam



Chris Ahlfeldt
Blue Horizon Energy Consulting Services



Xolisa Dhlamini
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Vukile Themba-Mketo
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Mirabelle Moreaux
Injaro Investments and
Impact Investing Ghana



Bridgit Evans
SAB Foundation



Kate Munuka
Zambia National Advisory Board



Dr Ayodele Odusola
United Nations Development
Programme (UNDP)



Sylvain Merlen
UNDP Egypt



Alasdair Charnock
African Development Bank



Dr Amit Achameesing
National Advisory Board Taskforce
Mauritius



Vuyiswa Ncontsa
African Venture Philanthropy Association



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Richard Perez
Hasso Plattner d-school Afrika at the
University of Cape Town



Sewu-Steve Tawia
Jaza Rift Ventures / Asime Ventures



Hema Vallabh
Five35 Ventures and WomHub



Naadiya Moosajee
WomHub



Neptal Khoza
Sanlam



Dr Moses Khangale
Sanlam



Shaun Minnie
Cape Winelands District Municipality



Sandy Lowitt
TIPS

SPEAKERS



Dr Catherine Duggan
University of Cape Town
Graduate School of Business



Professor Rika Preiser
Stellenbosch University and UNESCO



Dr Mamphele Ramphele
The Club of Rome and Reimagine SA



Andrew Canter
Futuregrowth Asset Management



Langa Madonko
Summit Africa



Sharon Sakuwaha
Moira Mukuka Legal Practitioners



Amabelle Nwakanma
LEAP Africa



Afolabi Oladele
Nigeria National Advisory Board



Dr Jason van Staden
Bertha Centre for Social Innovation &
Entrepreneurship



Janice Sambaza
Aisiki Capital



Dolika Banda
Global Steering Group Ambassador



Mokgadi Maunatlala
Adenia



Monica Rossi
Impact Investing South Africa



Professor Haroon Bhorat
University of Cape Town
Development Policy Research Unit



Dr Solange Rosa
Bertha Centre for Social Innovation &
Entrepreneurship



Aunnie Patton Power
ImPact and University of Oxford



Andia Laura Chakava
Afrishela



Namya-Morero Mbikusita-Lewanika
Zambia National Advisory Board



Kunle Apampa
Capricorn Investment Group



Ntombini Marrengane
Bertha Centre for Social Innovation &
Entrepreneurship



Gladwyn Leeuw
E-Squared Investments



Ben Botes
Brunel Hive Business School



Senzo Masumpa
Zito



Tshilidzi Matlala
E-Squared Investments



Cheryl Jacob
E Squared Investments



Muma Ng'ambi
Prospero Limited



Teboho Makhabane
Sanlam



Dr Frank Aswani
African Venture Philanthropy Alliance



Francois Petousis
Lumkani



Prince Nwadeyi
iSpani and Setana Capita



Asgar Bhikoo
E-Squared Investments



Reana Rossouw
Investment Impact Index



David Richmond
Global Impact Investing Network



Diane Damskey
Operating Principles for
Impact Management

DEAL ROOMS



DAY 1 OVERVIEW

Elias Masilela, chairperson of Impact Investing South Africa, welcomed delegates to the conference. The Summit also heard from the Rt. Hon. Nick Hurd, chairperson of the GSG and Abel Sakhau of Sanlam, headline strategic partner. Presentations included a case study of South Africa's Social Employment Fund, for tackling unemployment and social ills, and a reflection on preconditions for the just transition to a low-carbon economy.



The Social Employment Fund calls for solutions and innovation to be driven from the ground up - Bhavanesh Parbhoo, Industrial Development Corporation.

Several panel discussions took place, examining what's needed to build an enabling environment for impact investing, how innovative finance can be used for climate action, and the financing support required for vibrant SMME sectors. Development finance institutions can accelerate impact by directing funding into initiatives that are ready to deploy at scale. However, speakers also highlighted the need to support smaller, early-phase projects in reaching a point where they are bankable. And although SMMEs offer massive potential for innovation, there is not enough funding available, and there is a mismatch between investor interests and entrepreneur needs.

Breakaway sessions included systems and design thinking for finance practitioners, the role of frontier technologies such as artificial intelligence, blockchain and more, the potential for resilient partnerships, and progress towards the United Nations' Sustainable Development Goals. Speakers called for capacity building opportunities to drive innovation around existing technologies and accelerate investment and development for entrepreneurs. Hema Vallabh and Naadiya Moosajee from WomHub drew attention to gender inequity in the technology space, and the need to direct investments towards women-owned and women-led ventures.



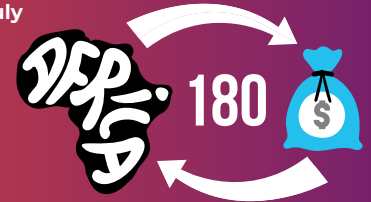
Equitable tech doesn't happen if we do not move capital into the hands of women - Naadiya Moosajee, WomHub.

The Deal Rooms, which are part of the Deal Source Africa programme, offered a curated space for connection between businesses that are fundraising and investors. Over the course of four sessions, founders were matched with appropriate investors according to their investment criteria. Businesses were taken through a general investment readiness session and selected businesses were matched with experienced transaction advisors ahead of the Deal Room. The goal was to start conversations that eventually lead to investments.

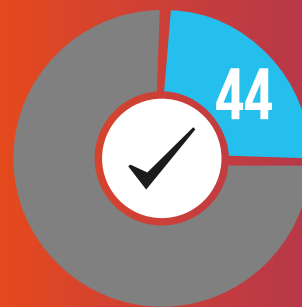
Watch Day 1 sessions here:
<https://youtu.be/V9dAZnr8Lkk>



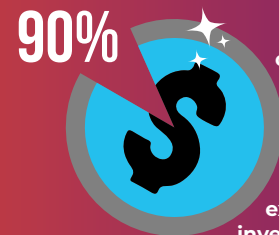
18 investors took part in the hybrid AIS Deal Rooms on 6 and 7 July 2023.



180 businesses registered for the Deal Rooms, which were aimed at connecting African businesses with investors.



44 of the 180 applicants were selected by investors to join the Deal Rooms.

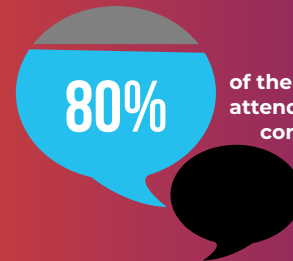


90% of the investor funds said they met with businesses they were interested in exploring for investment.

GHANA



GHANA was the most-represented country among businesses attending (with 18), followed by Nigeria (16), South Africa (8), and Tanzania (1).



80% of the businesses attending started a conversation they believe could lead to an investment.

Strategic Partners





DAY 2 OVERVIEW



Dr Catherine Duggan, director of the Graduate School of Business at the University of Cape Town, welcomed delegates to the Summit's second and final day, which was characterised by a robust series of panel discussions and breakaway sessions. Prof. Rika Preiser and Dr Mamphela Ramphela called for a reimagining of Africa to centre empowerment and progress – while other speakers considered how impact investors can be part of this new story of African progress. Panels also examined the future of impact investing in Africa, the opportunity for catalytic capital to be deployed in priority sectors, and strategies for investing in women entrepreneurs.

To change the mindsets about Africa, we need to change the narrative about Africa"

– Dr Mamphela Ramphela, Reimagine SA and The Club of Rome.



Prof. Haroon Borhat and Dr Solange Rosa, of the University of Cape Town, gave presentations on tackling systemic issues of poverty and unemployment. With millions of people in Africa still living below the poverty line, poverty has remained a systemic issue which requires innovative thinking. Even though the rate of extreme poverty will decrease, it is projected that poverty will continue to increase.

What is needed is a comprehensive approach, through private-public partnership, which addresses challenges in healthcare, education, family planning, social protection, and entrepreneurship support. Women need access to the right networks and a conducive ecosystem to foster their economic empowerment.

Thinking of the human capital challenge and the gender challenge, we need to push for women's empowerment as well as the need to support entrepreneurship through supporting local ecosystems"

– Dr Solange Rosa, Bertha Centre for Social Innovation and Entrepreneurship.



The second half of the day featured breakaway sessions on youth unemployment and the role of research in development for catalysing private investment. Investment knowledge generated through research can serve as a powerful tool in bridging the gap between investors and researchers. Research for development can help mitigate risks and foster innovation that's attractive to private investors. Currently, the dearth of research in significant areas such as capital markets due to the lack of infrastructure and funding impedes better investment opportunities and outcomes.

Research is imperative to help institutional investors make informed investment decisions"

- Xolisa Dhlamini, Sanlam.



Watch Day 2 sessions here:
<https://youtu.be/JtIC1egVU7w>

MEDIA COVERAGE OF THE 2023 AFRICA IMPACT SUMMIT

The Summit received widespread coverage, as evidenced by the plethora of media coverage of the event.

Online launch

View the Summit's online launch:

<https://youtu.be/M2siyUWrkaE>

Podcast episode

Listen to Bertha Centre's Just for a Change podcast episode 'By Africa for Africa: How can Africa invest in itself?'

<https://bit.ly/3QILPAa>

Opinion pieces

- Op-ed published in Business Day:
Etemore Glover: Africa is the go-to destination for impact investment.
- Op-ed published in Daily Maverick:
Elias Masilela, Impact investment can change South Africa – if South Africa invests in change.
- Op-ed published in Business Day:
Ndumiso Hadebe: AI may dramatically improve matching investment returns with values and goals.
- Op-ed published in Inc Africa:
Justina Mensah, Entrepreneurs, ensure your business is first in line for investment.

Press releases

- Read Bizcommunity's publication of the Summit's press release here:
bizcommunity.com/Article/196/516/237476.html
- Read Disrupt Africa's publication on the launch of the Africa Impact Investing Group launch here:
disrupt-africa.com/2023/07/27/africa-impact-investing-group-launched-to-drive-capital-for-impact/



MORE ABOUT AIIG AND THE 2024 AFRICA IMPACT SUMMIT



Africa is owning the narrative for impact investing on the continent with the launch of the Africa Impact Investing Group (AIIG). The AIIG includes all Africa-based National Advisory Boards (NABs) and task forces on impact investing, and the Global Steering Group for Impact Investment, working collaboratively to build a stronger ecosystem for impact investing across the continent.

The NABs have accomplished much individually and collectively under the aegis of the AIIG, by hosting the first and highly successful Africa Impact Summit (AIS) in Cape Town, South Africa. This will be an annual event bringing together local and global industry leaders, investors, government, policy makers, and civil society to hold discourse and commit to driving capital where it can have the most impact, while continuing to deliver financial returns. The AIS will be an annual event and the next one will be held in Kenya in 2024.

Please **join us** to build a stronger continent where massive capital can be deployed for more impact. Find out more about the AIIG and the work that the NABs are doing in their countries by visiting <https://africaimpactinvest.org/>

Etemore Glover,
Chief Executive Officer,
Impact Investors Foundation (Nigeria NAB)

WHERE TO FROM HERE?

Africa is a continent rich with promise and potential, despite the enduring challenges it faces including poverty, inequality, and environmental degradation. Within this landscape, impact investing has emerged as an effective instrument for addressing these issues. By directing funds towards investments that yield positive social and environmental impact outcomes, alongside financial returns, impact investing has the potential to reshape Africa's future in a profoundly positive way. To further encourage impact investing, we see four next steps: awareness, an enabling regulatory framework, impact measurement, and appropriate investment vehicles.

The first step is to **elevate awareness**. Across the financial services spectrum, everyone from seasoned investors to burgeoning entrepreneurs must comprehend the foundational principles and advantages of impact investing. Comprehensive educational campaigns featuring workshops, seminars, and accessible online resources, can help spread the word. Simultaneously, investment in cultivating the requisite skills and knowledge base is essential. Establishing dedicated training programmes and institutions specialising in impact investing can foster an expertise reservoir that will prove invaluable in the years ahead.

Developing an **enabling regulatory framework** is pivotal. Collaborative efforts with African governments to devise policies that promote impact investing, such as offering tax incentives and creating conducive legal structures, can attract a greater influx of capital into this sphere. Africa is a mosaic of interconnected nations, rather than isolated entities. Encouraging collaboration among impact investing organisations and networks across regions allows us to harness collective resources and more effectively address shared challenges. Facilitating cross-border investments can help tackle regional issues and seize emerging opportunities.



Developing **impact measurement and management tools** to gauge social and environmental outcomes is equally important. These metrics ensure transparency and empower investors to make informed decisions. Whilst standardised metrics provide a solid starting point for assessing investment impact, acknowledging the heterogeneous realities and values found in the Global South, including indigenous perspectives, is critical. Flexibility, community engagement, and adherence to ethical and culturally sensitive practices will ensure that impact investing genuinely aligns with the aspirations and values of the regions and communities it seeks to serve.

To truly effect change, the **appropriate investment vehicles** must be in place. Establishing dedicated impact investment funds and providing catalytic capital, technical funds and mentorship programmes to support social enterprises and startups can stimulate innovation and growth within this sector.

Finally, as we progress, our focus will naturally shift towards **amplifying successful strategies**. Identifying impactful investment models and replicating these across diverse regions and countries will allow us to magnify our influence. Concurrently, it is important to measure the lasting effects of our investments, ensuring that the positive changes we initiate will continue.

Impact investing is not a one-time undertaking but an enduring commitment. The future holds immense promise for impact investing in Africa. Through unwavering dedication, collaborative effort and our guiding principle of

“for Africa, by Africa, with Africa,”

we possess the capability to cultivate a thriving ecosystem that not only generates financial returns but also uplifts communities, safeguards the environment, and fosters positive transformation. Together, we can transform Africa's challenges into opportunities, charting a brighter future for all its people.

Secretariat,
Impact Investing South Africa

THANK YOU TO OUR STRATEGIC PARTNERS



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