SIEMENS Stiftung

Social Enterprises as Job Creators in Africa

The Potential of Social Enterprise to Provide Employment Opportunities in 12 African Countries 2020-2030

STUDY – PART II

Country Profiles

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Country Profiles

A Macro Perspective on Social Enterprises' Job Creation Potential in 12 Selected African Countries

About This Study

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Invest for Jobs

African countries increasingly offer attractive prospects for companies and investors: a young population, growing availability of workforce and skilled labor, rising purchasing power, new markets, and integration in global value chains. However, additional support is sometimes required to overcome local challenges and to leverage existing potential. With the Marshall Plan with Africa and the G20 "Compact with Africa" investment partnership as its starting point, BMZ has set itself the goal of supporting German, European, and African companies and investors in investment activities that have a high impact on employment in Africa. Under the brand Invest for Jobs, the Special Initiative offers advice from experts in Germany and Africa, contacts and financial support to overcome investment barriers. The objective in terms of development is to create good jobs and apprenticeships and to improve the working conditions in Côte d'Ivoire, Egypt (in preparation), Ethiopia, Ghana, Morocco, Rwanda, Senegal and Tunisia.
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Content:

I. Introduction

Social entrepreneurship has caught the attention of both African entrepreneurs and (global or local) investors or supporters. With social business models being designed around revenue generation, social enterprises are often hailed as being particularly efficient, scalable, and sustainable in the pursuit of their social mission. They are also expected to create employment opportunities in markets that so far remain neglected by traditional commercial market players for their limited profitability. For many social enterprises creating jobs or income opportunities for particularly vulnerable populations is a central objective of their innovative business models.

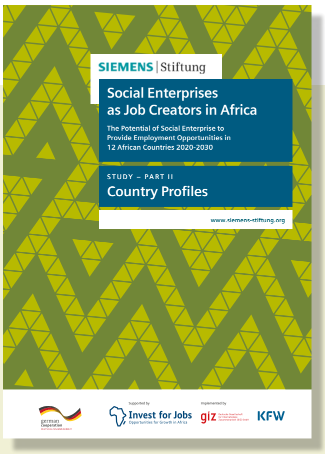
However, knowledge about the actual job creation potential of social enterprises remains fragmented and often anecdotal. Commissioned by the Gesellschaft für Internationale Zusammenarbeit (GIZ), Siemens Stiftung has approached the task of quantifying and better understanding the job creation potential of social enterprises in selected African countries. Overall, the results were used to derive specific recommendations for the development of technical and financial interventions that may significantly increase the number and the quality of jobs created by social enterprises in Africa.

This document features elaborated country profiles for 12 countries: Côte d'Ivoire, Egypt, Ethiopia, Ghana, Kenya, Morocco, Nigeria, Rwanda, Senegal, Tunisia, Uganda, and South Africa. These profiles are a central part of the larger study "Social Enterprises as Job Creators in Africa" that has been published in three parts:

PART I

Main Report

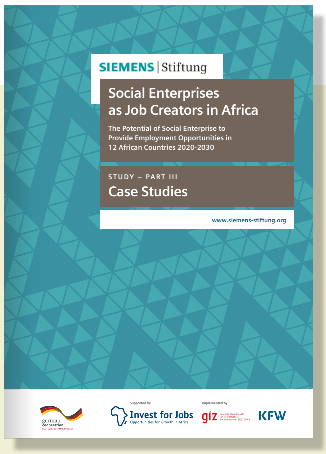
A main comprehensive document that contains the overall findings of the study about the job creation potential of social enterprises in Africa. This also includes the specific recommendations, as well as detailed elaborations about the approach and methodology that has been applied to conduct the study.



PART II

Country Profiles

A first satellite document with detailed country profiles that have been elaborated for the macro-level projections on social enterprises' job creation potential.



PART III

Case Studies

A second satellite document with five detailed case studies that provide a deep understanding of the job creating and job inhibiting factors that influence social enterprises' ability to create significantly more and better jobs.

We hope the country profiles in this second part of the publication series will inform players who seek detailed information about the countries, such as analysts, potential investors and local organizations or other stakeholders whose mission is related to the creation of decent jobs in Africa. For an embedded perspective on the country profiles as part of the larger study, please refer to the main document (Part I).

II. Methodology and Approach

Quantitative estimations about the social enterprise space are challenging. The lack of a widely agreed upon definition for "social enterprise" as well as the lack of robust data are obstacles that hinder the faster development of research-based insights and recommendations. Based on a screening of applied definitions of social enterprise, this study is based on an understanding of social enterprise as defined by the following core elements:

> *1) the generation of revenues through the sale of products or services, 2) a high degree of social innovation, 3) the dominance of the social mission over profit generation, 4) an organizational structure and governance that reflects the superiority of social objectives, e.g. in the form of principles of participation or employee ownership and the reinvestment of the largest share of financial surpluses in the further pursuit of the social mission.*

Regarding the quantification of the job creation potential of social enterprises, the authors developed a theoretical model based on proxy data about the 12 focus countries.

In particular, the number of small- and medium-sized enterprises (SMEs) was identified as an important proxy to estimate the number of social enterprises. A social enterprise prevalence rate for each country was calculated by considering the strength of social enterprise ecosystems as an influential factor regarding the emergence and survival of social enterprises. Furthermore, the expected number of jobs that social enterprises will provide until 2030 have been estimated based on historical data about job growth in the focus countries. It has to be noted that these estimations have been made in a rather conservative way. This means that the numbers provided in this report refer to the minimum job creation potential of social enterprises and may be overperformed depending on the scope and intensity of implemented interventions.

More detailed information about the methodology to develop the country profiles can be found in the main document of the study "Social Enterprises as Job Creators in Africa".

An Overview of Social Enterprise Ecosystems Across 12 African Countries

This section provides a summary of the study's findings on the estimated job creation potential of social enterprises and an analysis of the supporting ecosystem in 12 countries across Africa. As described in Chapter III of the Main Report, a theoretical quantitative model was built to inform the country profiles, which allowed a review of the total numbers across all countries and sectors.

Overall, this study estimates that social enterprises in the target countries could create 1 million additional direct jobs in the next 10 years, resulting in a total of approximately 5.3 million direct jobs in social enterprises by 2030. The following paragraphs will present the total numbers, highlight specific findings by country and by sector and assess each country's ecosystem.

Job Creation Potential

As described earlier, the first step in approximating the job creation potential of social enterprises was to look at the prevalence of SMEs in each country as a proxy for the prevalence of social enterprises. Through research of existing data in all 12 countries, a total of nearly 50 million SMEs was calculated for 2020. It has to be noted that the large majority, namely 37 million, or nearly 75%, of these SMEs are located in Nigeria.[2]

Country demographics, job numbers, and expected increase per country

As a next step, the number of jobs directly created in social enterprises was estimated for 2020. It has to be noted that the average number of jobs per social enterprise varies significantly which might reflect different approaches and/or a variation in the quality of data in general for the 12 target countries (see Appendix for more information).

REGION	COUNTRY	WORKING AGE POPULATION 2020[1]	NUMBER OF SOCIAL ENTERPRISES 2020	DIRECT JOBS IN SE 2020	DIRECT JOBS IN SE 2030	DIRECT JOBS ADDED
WEST AFRICA	Côte d'Ivoire	14.7m	9.1k	33k	42.4k	9.5k
	Ghana	18.5m	97.5k	413.3k	508.8k	95.5k
	Nigeria	110.9m	1,291k	1,452k	1,884k	432.1k
	Senegal	9.1m	16.5k	78.8k	104.9k	26.1k
NORTH AFRICA	Egypt	62.1m	134.6k	1,188k	1,421k	233.3k
	Morocco	24.2m	49.2k	155.3k	170k	14.7k
	Tunisia	7.9m	33k	48.1k	50.9k	2.8k
EAST AFRICA	Ethiopia	64.9m	27.9k	42.7k	55.6k	12.9k
	Kenya	31.7m	85.6k	345.1k	444k	98.8k
	Rwanda	7.4m	4.3k	18.3k	23.3k	5k
	Uganda	23.8m	27.4k	62.3k	86.1k	23.7k
SOUTHERN AFRICA	South Africa	39.0m	141.5k	589.9k	666.6k	76.7k
	TOTAL	781.1m	1.92m	4.43m	5.46m	1.03m

Figure 1:
Estimated country demographics, number of social enterprises, job numbers (2020 and 2030) and the expected increase per country

As Figure 1 shows, this study estimates that social enterprises in the focus countries currently provide 4.43 million direct jobs. Again, Nigeria accounts for the biggest share (35%) with 1,188,000 estimated jobs in 2020.
The final step of this study's theoretical model was to estimate the job creation potential of social enterprises by projecting the number of jobs created based on an analysis of historical job growth in the focus countries. The findings show that three countries stand out in terms of estimated absolute numbers of additional jobs created until 2030 - namely, Nigeria (432,000), Egypt (233,300), and Kenya (98,800).

Sector distribution of job creation potential

This study didn't quantify the number of jobs that could be created in each sector as robust data for such a projection is not available. However, given the GDP distribution within the countries, the sectors that contribute the most to economies (excluding extractives) have been identified. Across the countries, these sectors are agriculture, affordable housing, and manufacturing. It can't be asserted that these will also be the sectors in which social enterprises create the most jobs. However, it can be assumed that they will also include significant social enterprise activity.

Agriculture is the largest sector in most of the target countries, contributing to >15% of the GDP in seven of them and providing employment to 54% of the working population.[3,4] This has led to support from governments and other development organizations towards the sector in the respective countries. For example, in Ethiopia, the government provides funding and technical support through its Growth and Transformation Plan II.[5] In Ghana, the government provides high quality inputs to smallholder farmers through its 'Planting for Food and Jobs' initiative.[6] These measures are **expected to increase smallholder farmer productivity** and **provide the capital required for agricultural social enterprises to scale,** creating more jobs and income opportunities.

Population growth and rapid urbanization have **increased demand for affordable housing,** which governments are trying to solve in collaboration with the private sector. This is likely to drive direct job growth in this sector as more social enterprises engage in the development of affordable housing. Though government programs such as the National Development Plan 2016-2020 in Kenya and the First Home Program in Tunisia are geared towards increasing the availability of low-cost housing, supply is still insufficient.[7] Private developers, such as social enterprises, are expected to supplement this supply through private-public partnerships (PPPs) with governments to develop low-cost housing, as is the case in Kenya through the National Development Plan 2016-2020.[8] Affordable housing businesses receive funding and technical support through these PPPs which enable them to sustain and scale their operation to create jobs.

Manufacturing is also one of the largest sectors, contributing to >10% of GDP in six of the target countries. The sector is also expected to catalyze growth in other sectors including agriculture through demand for raw material (e.g. food and beverage processing and textile subsectors) and affordable housing through increased demand for low-cost housing from factory workers. Due to its importance, the sector has attracted government support as different countries focus on industrialization. Governments have played an enabling role including **facilitating access to finance** (e.g. Morocco) and **infrastructure development** including rural electrification and road construction (e.g. Ghana). These interventions are expected to encourage the creation and scale of small- and medium-sized enterprises (SMEs), including social enterprises in manufacturing which could then employ more people.

SPOTLIGHT BOX:

The Spread of COVID-19 in the Focus Countries

There is clear evidence that the COVID-19 crisis pandemic has far-reaching effects on economic growth and labour markets in Africa, like elsewhere in the world.

As IMF projections on GDP growth show, **Nigeria, Morocco, Tunisia, and South Africa are projected to be most impacted by COVID-19 as their economies are expected to contract.** Nigeria is a major oil exporter and its economic contraction is further driven by plunging oil prices that have hit an 18-year low of less than 20 $US per barrel.[9] Morocco and Tunisia are food and non-oil commodity exporters and the decline in prices of commodities like base metals is expected to drive their economic contraction.[10] Other unique factors such as structural constraints in South Africa, policy adjustment in Ethiopia, and locust invasions in East Africa are expected to compound the impact of COVID-19 on various economies. All these economic effects are expected to reduce the job creation potential of businesses, including social enterprises, at least in the short term. Uganda's economy is expected to be least impacted by the pandemic with a GDP growth change of -2.6%. This is because Uganda is not heavily reliant on commodity exports and worsening global financial conditions leading to higher interest rates will not likely impact the nation severely as it does not have a Eurobond issue.[11] The impact of COVID-19 on overall economic growth rates is discussed further below.

Expected job losses from COVID-19
To further understand the impact of COVID-19 on job creation potential in the target countries, it is important to consider expected job losses from the pandemic. In April 2020, McKinsey projected that 9-18 million jobs would be lost on the continent because of COVID-19, and 30-35 million jobs were at risk of wage reduction.[12] Restriction of movement, business closures, and disruption of supply chains, were cited by analysts as the three primary reasons for increased job losses and job insecurity.

Sector-specific job losses
Organizations such as the African Union have researched the expected impact of the pandemic on expected job losses in various sectors across African countries. Although it is not possible to break down this research at an individual country level, the continental picture highlights sectors that are both particularly vulnerable and estimated to generate social enterprise jobs, including tourism, manufacturing, agriculture and export related industries.

Expected job losses in the informal sector
COVID-19 is also projected to have a significant impact on the informal economy which includes smallholder farmers. **Approximately 100 million informal jobs in Africa are at risk because of the pandemic.**[13] The informal sector accounts for 92.4% of employment in West Africa, 91.6% in East Africa, 67.3% in North Africa, and 40.2% in Southern Africa.[14] On average, 71% of all jobs in the target countries are in the informal sector.[15] The estimated job losses were driven by reduced demand as consumers had lower incomes and lack of access to markets because of restrictions of movement.[16] Given the nature of the informal economy, detailed estimates on the expected job losses, sectoral breakdowns of the same, and the impact on macroeconomic factors such as GDP growth are not widely reported.

Post-COVID-19 recovery scenarios
Deloitte created three possible recovery scenarios to project how countries could return to growth after the initial economic shock from COVID-19. How quickly economies recover depends on the effectiveness of containment measures to curb transmission of the disease and the effectiveness of fiscal and monetary policies to limit the economic impact. 2020 GDP growth rates in Sub-Saharan Africa and North Africa are expected to decline to -1.6% and -2.5% from 3.6% and 4.0% respectively.[17,18] Economies are expected to begin recovery in 2021, with average growth rates of 4.1% and 3.4% in the two regions.[19,20]

REGION	COUNTRY	PRE-COVID-19 GDP GROWTH RATES (2020)[21]	POST-COVID-19 GDP GROWTH RATES (2020)[22,23]	POST-COVID-19 GDP GROWTH RATES (2021)[24,25]
West Africa	Côte d'Ivoire	7.4%	2.7%	8.7%
	Ghana	6.3%	1.5%	5.9%
	Nigeria	1.9%	-3.4%	2.4%
	Senegal	6.0%	3.0%	5.5%
North Africa	Egypt	5.6%	2.0%	2.8%
	Morocco	2.9%	-3.7%	4.8%
	Tunisia	2.0%	-4.3%	4.1%
East Africa	Ethiopia	7.4%	3.2%	4.3%
	Kenya	6.3%	1.0%	6.1%
	Rwanda	8.6%	3.5%	6.7%
	Uganda	6.1%	3.5%	4.3%
Southern Africa	South Africa	0.4%	-5.0%	4.0%
	AVERAGE	5%	0.3%	5%

Figure 2:
Pre- and post-COVID-19 GDP growth projections

Social Enterprise Ecosystems

The study also assessed social enterprise ecosystems in the target countries by analyzing major factors expected to influence job creation by social enterprises. These factors include the state of the financial and technical ecosystem, as well as the enabling environment and their possible impact on job creation (see Chapter III for further details on the assessment criteria).

As the assessment of social enterprise ecosystems shows, countries differ regarding the strengths of the financial and technical support that is provided to social enterprises as well as the conduciveness of the environment in which they operate. This was reflected in the social enterprise maturity factors that were calculated for each country.

In two of the focus countries, the ecosystem is mostly weak, with social enterprises having limited access to capital and the appropriate technical support to enable them to scale and create jobs. Nigeria is one of the countries with an ecosystem of medium strength,but at the same time accounts for the highest number of SMEs. As mentioned earlier, this is mainly due to the fact that the country introduced an improved data collection process and thus reports having nearly 37 million SMEs.[26] Additionally, seven of the 12 countries lack a social enterprise industry body that would lobby for social enterprise-specific policies, e.g. low taxes. The ecosystem in South Africa is the only one that has been assessed as being mostly strong. Here, social enterprises have access to diverse sources of funding and technical support organizations.

The differences in the ecosystems is reflected in their social enterprise factor (see respective country profiles for more information). In Uganda, for instance, where social enterprises have little access to finance, moderate technical support and a weak enabling environment, a comparably low social enterprise factor of 1.9 was calculated, corresponding to roughly 27,400 social enterprises in 2020. On the other end of the spectrum, in South Africa, where social enterprises have access to a range of technical support providers and a well-developed enabling environment, it was estimated that the number of social enterprises amounted to 141,500 in 2020. Figure 3 shows the assessment of all focus countries' social enterprise ecosystems.

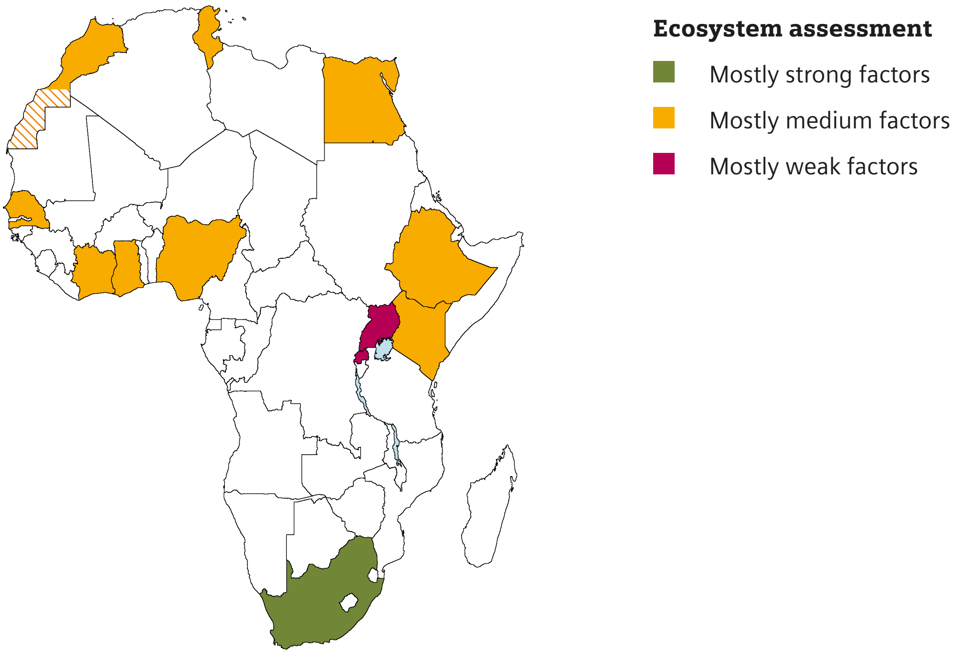


Figure 3:
Overall ecosystem strength in the target countries

Financial ecosystem

While evaluating the financial ecosystem, this study considered the availability and accessibility of capital to social enterprises, including the type of capital available, size of capital deployed, and interest rates. Social enterprises may particularly struggle to access available traditional commercial funding and despite significant amounts of impact capital available, funds are often deployed in large ticket sizes. Often early-stage social enterprises need small amounts of patient or philanthropic capital to start growth and job creation.

Traditional funding e.g. through commercial banks and microfinance institutions (MFIs) is the dominant source of funding in the target countries. However, most social enterprises are not able to access this funding due to stringent terms such as high collateral (more than 200% of the loan) and interest rates required.[27] This leads to limited debt financing options for social enterprises which limits their ability to create jobs.

To supplement available traditional funding, there are **significant volumes of impact capital deployed across the 12 countries** e.g. USD $852 million was deployed in West Africa in 2015.[28]

However, this capital is often deployed in large ticket sizes of USD $500,000 to USD $5 million and also includes impact investments with market rate return expectations.[29] This locks out many social enterprises, whose financing needs typically are smaller (e.g. ~USD $20,000 for social enterprises in Ghana), from accessing impact capital which could be used to scale the businesses, enabling them to create jobs.[30]

Crowdfunding and diaspora remittances are also available and could provide additional options for social enterprises to access capital. In Côte d'Ivoire, crowdfunding platforms such as Seekewa enable the diaspora (USD $379 million remitted in 2017) to invest in local enterprises including social enterprises.[31]

In Egypt, angel investors such as Cairo Angels invested more than USD $2 million in 2017 in businesses, including social enterprises.[32]

Technical ecosystem

In determining the strength of the technical ecosystem, this study examined the number of support organizations, quality of services offered, and accessibility to social enterprises in different geographies and sectors.

There is an **emerging network of technical support organizations** with more than 450 support entities in the target countries, including accelerators, incubators, and hubs. These organizations provide a wide range of services including mentorship, business development, training, workshops, and networking opportunities. However, it is noted that very few support organizations provide investment readiness support (e.g. 11% in Rwanda) hindering the ability of social enterprises to engage investors who could provide the capital required to spur job growth during fundraising rounds.[33]

In addition, **technical support providers are concentrated in urban areas** across the target countries, likely limiting awareness of support services by social enterprises in other areas. These social enterprises struggle to access skills and support that could allow them to scale and create jobs.

Enabling environment

In evaluating the strength of the enabling environment, this study considered the business policy environment, supporting business infrastructure, tax laws, and the presence of an industry body. Most of the countries do not have a social enterprise industry body which is expected to limit their ability to advocate for targeted policies (e.g. low taxes) that could enable social enterprises to create jobs. Furthermore, most of the countries rank poorly in the Ease of Doing Business index.

Small- and medium-sized enterprises (SMEs) and private sector industry bodies exist across the target countries. However, **only five of the countries (Ghana, Ethiopia, South Africa, Tunisia, and Kenya) have social enterprise industry bodies.** The lack of social enterprise industry bodies in seven of the target countries could limit the ability of social enterprises to advocate for enabling policies, including tax exemptions that consider both their social impact and profit-seeking nature.

Of the 12 target countries, seven offer tax exemptions to SMEs including social enterprises e.g. Tunisia offers a tax exemption for the first four years of operation and three offer tax incentives.[34] These tax exemptions promote the growth of social enterprises but there is need for further investor tax incentives that could promote the deployment of capital.

In terms of the business environment, **most countries rank poorly in the Ease of Doing Business index,** with seven countries attaining a score of more than 100 due to the high costs of setting up businesses, including social enterprises (e.g. USD $6,150 to acquire an LLC license in Senegal) and low electrification rates (45% in Nigeria).[35,36] However, measures taken by the government have resulted in improved ranking in 10 countries. Reforms in business registration procedures and increased access to electricity have contributed to ease increased productivity and reduction in costs for businesses, including social enterprises, that could allow them to create jobs. Persistent power outages in some countries such as South Africa and expensive tax laws in others including Ghana have resulted in a decline in ease of doing business. These factors could increase the cost of operations for social enterprises, likely limiting their ability to create jobs.

III.

12 Selected African Countries

E G Y P T

Northern Africa: Egypt

Overview

Egypt had a GDP of USD $280 billion in 2019 and a population of 102.3 million in 2020.[37,38] It has approximately 2.5 million small- and medium-sized enterprises (SMEs) which provide 27.5 million jobs, 14% being formal employment.[39,40,41]

The International Monetary Fund's (IMF) initial estimates (post-COVID-19) expect Egypt's economy to grow at a rate of 2.8% in 2021, an adjustment of -2.8% from pre-COVID-19 estimates, after 2.0% growth in 2020.[42] This study estimated that around 135,000 social enterprises are active in Egypt in 2020, directly employing approximately 1,187,000 people.[43] The population is expected to grow by 1.9% annually, leading to a working age population (15-64) of 75.6 million people in 2030.[44]

This study estimates there will be approximately 1,420,000 direct jobs in social enterprises in Egypt by 2030, 233,000 more than in 2020. As discussed further below, financial and technical support from the government, increased microfinance lending, and digital and mobile financial products are expected to drive these jobs. Figure 4 shows the total number of direct jobs projected to be in social enterprises in 2020 and 2030.

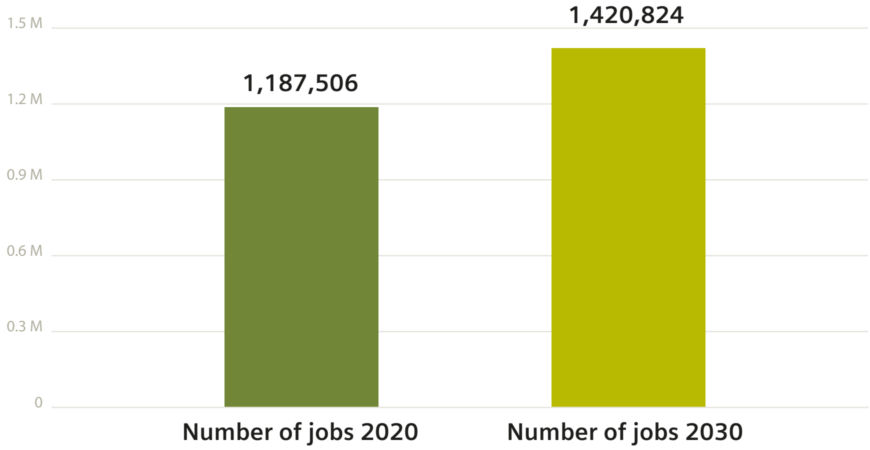


Figure 4:
Estimated direct jobs in social enterprises in Egypt, 2020-30

Financial ecosystem

Medium

Financial ecosystem
Egypt has received a large volume of private equity capital, with USD $960 million deployed between 2010 and 2016.[45] Alternative sources of capital are also available to social enterprises, including crowdfunding platforms, angel investor networks, and Zakat philanthropy.[46] However, there is a persistent USD $46.7 billion funding gap for micro-, small-, and medium-sized enterprises (MSME), in part because impact capital is in limited supply and recent political unrest has made investors nervous to commit capital.[47]

Technical support ecosystem

Strong

Technical support ecosystem
The activities of a large network of more than 55 technical support organizations are coordinated by an umbrella body, Egypreneur, which matches business needs to the offered support and conducts focus groups to share experiences and learnings. However, more than 50% of these organizations are in Cairo, which may limit their ability to support social enterprises elsewhere in the country, particularly in rural areas.[48]

Enabling environment

Medium

Enabling environment
Social enterprises in Egypt benefit from favorable SME lending policies, tax exemptions for Non-Governmental Organizations (NGO), and the presence of an MSME advocacy body, as well as 100% electrification rate. However, financial regulations that prohibit NGOs from raising commercial capital, slow internet, lack of tax exemption policies specifically for social enterprises, and lack of a social enterprise advocacy body could hinder the development and job-creation potential of social enterprises in the country.

EGYPT

Financial ecosystem

Egypt receives a large volume of private equity capital, and alternative sources of funding are available to social enterprises. However, the IMF estimated in 2017 that micro-, small-, and medium-sized enterprises in Egypt, including social enterprises, face a funding gap of USD $46.7 billion.[49] Causes of the disparity between the available and accessed capital may include political unrest, which has increased uncertainty and may have discouraged investment and limited impact investment. Figure 5 below highlights the types of capital which are most accessible to social enterprises in Egypt. The example organizations are non-exhaustive.

Medium Strength of financial ecosystem

Predominant type of support in Egypt

	Philanthropy		Impact investing		Traditional financial services
Investor focus	Impact first			Profit first	
Investor type	Charitable donor	Venture philanthropy	Direct impact	Venture capital or PE equity	Traditional commercial banks
Capital	Grants and donations		Equity and quasi-equity		Debt

Figure 5:
Financial ecosystem assessment

Strengths

Egypt accounted for **40% of private equity capital and 24% of private equity deals in North Africa** between 2010 and 2016 (USD $960 million in capital invested in 33 deals).[50] Investors have focused on deals in education and energy (both conventional and renewable) sectors,[51] and the increased liquidity in the sectors is expected to benefit social enterprises and support their potential.

The **Egyptian government provides capital to social enterprises** through the Bedaya Fund, launched in 2015 in collaboration with private-sector players and donors. The USD $17 million fund targets SMEs, including social enterprises, providing equity investments for enterprises in agriculture, manufacturing, and ICT.[52]

Social enterprises in Egypt also have **access to alternative sources of funding** through crowdfunding platforms, angel investor networks, and Zakat, a major source of philanthropic funding.[53] As of 2015, five crowdfunding platforms in Egypt (such as Shekra) had raised USD $842,000 for SMEs and social enterprises.[54] Growing investor networks also give access to funds from high-net-worth Egyptians. Cairo Angels, for example, is a network of more than 80 angels that has invested USD $2.2 million across 20 deals.[55]

Barriers

Impact investment in Egypt is limited. In general, just 3.7% of impact investment globally is directed to the Middle East and North African region.[56] Social enterprises therefore compete for more readily available commercial private equity capital against purely profit-seeking enterprises.

Organizations **registered as NGOs cannot raise commercial finance.** As discussed further below, financial regulations in Egypt prohibit these social enterprises from raising commercial finance, leaving them reliant on philanthropic funding.

Egypt's political unrest in 2011 increased perceived investment risk by foreign investors looking to deploy capital into the country.[57] The 2011 uprising protested Egypt's leadership with mass demonstrations followed by violence and the takeover of government by the military.[58] The political instability that followed the revolution, coupled with the threat of terrorist attacks, discouraged investors from deploying capital into the country.[59] Returns on capital remain uncertain, since 33.8% of enterprises cite political instability as a major barrier to their operations.[60]

Technical support ecosystem

Egypt has a large network of technical support organizations that are coordinated by an umbrella body, Egypreneur. These organizations, which aim to help SMEs, including social enterprises, grow and create jobs through non-financial interventions, are funded by venture capitalists (e.g., Sawari Ventures), corporations (e.g., Microsoft), and philanthropies (e.g. USAID). Many support organizations in Egypt are in Cairo, the capital city, which may limit their ability to impact social enterprises in rural parts of the country or in other urban areas. Figure 6 shows the features of technical support most accessible to social enterprises in Egypt, with examples of organizations (non-exhaustive).

Strong — Strength of technical support; Predominant type of support in Egypt

	Incubators	Accelerators	Hubs	Co-working
Services	Business development services, mentorship, training and funding			Shared Office
Focus	Innovation	Scalability	Collaboration	Networking
Duration of	3–4 months	12–18 months		Unlimited

Figure 6:
Technical support ecosystem assessment

Strengths

Egypt has a large network of technical support organizations. At least 56 technical support organizations are active in Egypt, and Cairo has the third-largest number of hubs of all African cities.[61] These organizations offer services such as capacity-building training and business development support to businesses, including social enterprises, to equip them with the skills necessary to operate efficiently and scale to create jobs. A focus on innovation and scaling provides strong support for the establishment of diverse social enterprises across various sectors which could help to realize job-creation potential.

An **umbrella body,** Egypreneur, coordinates the technical support ecosystem. Egypreneur is the largest network of entrepreneurs, business owners, and technical support organizations in Egypt. It holds focus groups with entrepreneurs and support entities to match the needs of businesses and social enterprises with available technical support. This ensures that social enterprises receive relevant and impactful technical support.[62]

Barriers

Concentration of technical support organizations in Cairo (approximately 30 of the 56 organizations) limits their ability to impact social enterprises outside the capital city.[63] This could prevent social enterprises outside urban centers from accessing services altogether, or accessing services could require significant additional time and cost. Social enterprises in the agriculture sector could especially struggle to access non-financial services, as they are mainly based in rural areas.

EGYPT

Enabling environment

Egypt has improved its operating environment through policies that are favorable to SME lending. The country offers tax exemptions for Non-Governmental Organizations (NGOs), a 100% electrification rate, and an MSME advocacy body. Indeed, the ease of doing business ranking improved from 120 out of 190 in 2019 to 114 in 2020. However, slow internet, lack of tax exemptions for social enterprises, and lack of a social enterprise advocacy body could limit the development of social enterprises and their potential to create jobs.

Business policy

The Central Bank of Egypt has instituted **policies that are favorable to SME lending,**[64] issuing a directive for banks to lend 20% of their extended credit to MSMEs at interest rates below 5%. This gives MSMEs, including social enterprises, access to capital at lower rates, with the cheaper capital enabling growth to greater scale and therefore more jobs created.

Financial regulations prevent social enterprises registered as NGOs from accessing commercial finance. In Egypt, businesses, including social enterprises, registered as NGOs cannot raise funds from commercial sources, such as banks or private investors.[65] Such enterprises can only accept grants and donations. This keeps more than 45,000 organizations in Egypt registered as NGOs from accessing commercial funding, leaving them solely reliant on philanthropic funding.[66]

Business infrastructure

There is **100% electrification** in Egypt, achieved by the Rural Electrification and Renewable Energy Corporation.[67] Reliable electricity enables social enterprises to work more efficiently and be more productive.

Egypt has **slow internet,** however, ranked 173rd globally.[68] Social enterprises are therefore less able to leverage the internet to reach out to new customers or access useful business knowledge, and tech-enabled business models may not be able to reach scale.

Tax policy

Egypt lacks tax exemption policies targeted specifically towards social enterprises. Only social enterprises registered as NGOs are eligible for an exemption from the corporate tax rate of 22.5%,[69] yet NGO-registered businesses, as discussed above, are prohibited by law from raising commercial finance. This tax treatment reduces the earnings that "for-profit" social enterprises can reinvest to scale their operations, which could limit their job-creation potential.

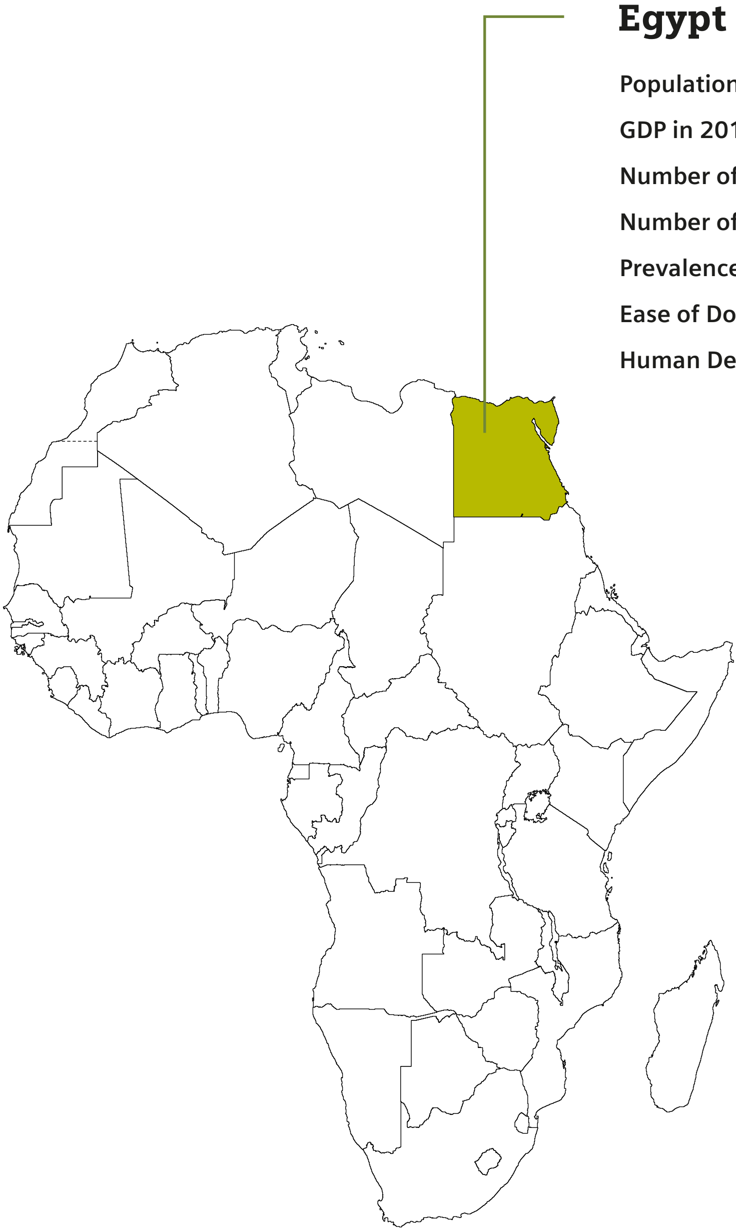
Industry body

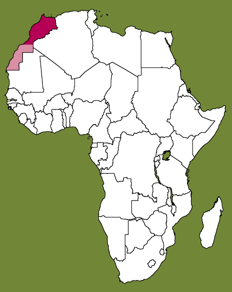
A micro-, **small-, and medium-sized enterprise (MSME) body** in Egypt, the MSME Development Agency, was established in 2017 to coordinate the activities of MSMEs in Egypt, including social enterprises.[70] The agency aims to promote enterprise growth through policy formulation and implementation and by monitoring the MSME sector's performance. Policies and programs developed by this agency could benefit social enterprises and encourage an enabling operating environment.

Egypt does not have a social enterprise body, which means there is no coordinated effort to lobby for policies to support social enterprises in light of both their social impact and profit goals. Policies such as tax exemptions for all social enterprises, not just those registered as NGOs, could promote their job-creation potential.

Egypt

Population in 2020:	102.3 million
GDP in 2019:	USD $280 billion
Number of SMEs 2020:	2,500,000
Number of SEs 2020	135,000
Prevalence rate SE/SME (%):	5.5%
Ease of Doing Business Ranking:	114 of 190 economies
Human Development Index:	0.700 (high)





Northern Africa: Morocco

Overview

Morocco had a GDP of USD $121.3 billion in 2019 and a population of 36.9 million in 2020.[71,72,73] It has approximately 1,410,000 small- and medium-sized enterprises (SMEs) providing 4.58 million jobs, of which 49% are formal employment.[74,75,76]

The International Monetary Fund's initial estimates (post-COVID-19) expect Morocco's economy to grow at a rate of 4.8% in 2021, an adjustment of +1.9% from pre-COVID-19 estimates.[77] The government's fiscal stimulus packages of USD $3.3 billion and monetary measures are expected to not only mitigate the impact of COVID-19 but also propel the country's economy to higher GDP growth.[78] This study has estimated that 49,000 social enterprises are operating in Morocco as of 2020, offering direct employment of 155,000.[79] Morocco's population is expected to grow by 1.1% annually, leading to a working age population (15-64) of 26.7 million people in 2030.

This study projects there will be approximately 170,000 direct jobs in social enterprises in Morocco by 2030, an addition of 14,700 jobs from 2020. This growth will be supported by tax incentives, operational and financial support from the government, and financing from international development organizations, such as the World Bank, as discussed further below. Social enterprises in the financial inclusion sector are expected to provide the most additional income-generating opportunities driven by operational and financial support from the government and the World Bank, among other international development organizations. Figure 7 shows the estimated number of direct jobs in social enterprises in 2020 and 2030.

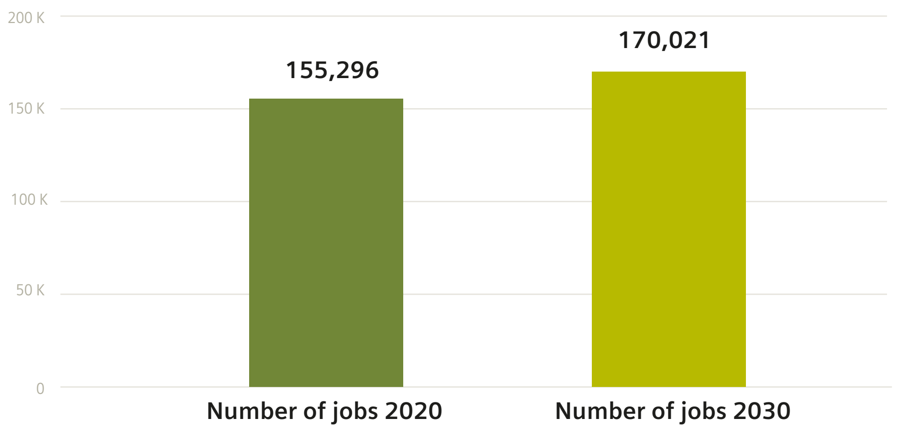


Figure 7:

Estimated direct jobs in social enterprises in Morocco 2020-2030

Financial ecosystem

Weak

Financial ecosystem
Banks and microfinance institutions have lent about USD $3 billion to SMEs, including social enterprises, which can also access the state-run Innov-Invest fund (USD $67 million), and diaspora funding (USD $7.4 billion in remittances in 2018).[80,81,82] However, investment and remittances can only cover 20% of the USD $36.7 billion micro-, small- and medium-sized enterprise (MSME) funding gap, even if all remittances were directed to investments in MSMEs.[83] Other sources of finance are either inaccessible, such as large-ticket Development Finance Institutions (DFIs) capital, or are invested in large companies in export-oriented sectors, such as chemicals and oil.[84]

Technical support ecosystem

Medium

Technical support ecosystem
Morocco has a network of more than 30 technical support organizations that provide mentorship and networking opportunities to SMEs.[85] Additionally, local and international non-profit organizations actively work to develop the ecosystem of support entities that offer linkages to investors and training for early and seed-stage start-ups. This may try and address the relatively ineffective entrepreneurial training currently available. However, support organizations may struggle to access social enterprises outside of Casablanca and major towns.

Enabling environment

Medium

Enabling environment
The country's ease of doing business ranking improved from 60 out of 190 countries in 2019 to 53 in 2020.[86] Two key agencies, The Moroccan Centre for Innovation and Social Entrepreneurship (MCISE) and the National Agency for the Promotion of Small- and Medium-sized Enterprises (Maroc PME), as well as growth-related tax incentives, have helped to create an enabling environment for social enterprises. However, government policy often favors State-Owned Enterprises (SOEs) and large foreign investors which may hold back SMEs and social enterprises.

Financial ecosystem

Social enterprises in Morocco have access to loans from commercial banks and microfinance institutions (MFIs), as well as diaspora funding. Additionally, the government actively provides finance to early-stage businesses through the Innov-Invest fund. However, the IMF estimated in 2017 that micro-, small-, and medium-sized enterprises (MSMEs) in Morocco, including social enterprises, face a USD $36.7 billion funding gap.[87] DFIs deploy capital in ticket sizes which are too large for most social enterprises, which does not help to narrow the gap. Figure 8 below highlights the types of capital which are most accessible to social enterprises in Morocco. The example organizations are non-exhaustive.

Weak Strength of financial ecosystem

Predominant type of support in Morocco

	Philanthropy		Impact investing		Traditional financial
Investor focus	Impact first			Profit first	
Investor type	Charitable donor	Venture philanthropy	Direct impact investor	Venture capital or PE	Traditional commercial banks
Capital	Grants and donations		Equity and quasi-equity		Debt

Figure 8:
Financial ecosystem assessment

Strengths

Morocco has readily-available commercial loans, with more than USD $10.6 billion deployed by commercial banks to SMEs, including social enterprises.[88] Social enterprises also have access to debt financing from microfinance institutions (MFIs) in the country.[89] A key reason why SMEs and social enterprises can access debt in Morocco is that collateral requirements are typically no more than 65% of the loan value.[90]

There are more than 4.5 million Moroccans overseas who remitted USD $7.4 billion in 2018.[91,92] 83.7% of this is invested in the real estate sector, including affordable housing, and 7.5% is invested in agriculture.[93]

The **government actively provides funds to start-ups** through a USD $67 million innovation and seed financing fund called Innov-Invest to provide early-stage companies with finance.[94] Early-stage social enterprises can access these funds to sustain and scale their operations and create jobs.

Barriers

While Development Finance Institutions (DFIs) have deployed more than USD $1.5 billion in Morocco, **DFI ticket sizes are too large for most social enterprises:** between USD $500,000 and USD $2 million.[95]

Foreign investors may find it **challenging to invest in non-export sectors because 90% of enterprises are family-led,** without formal governance structures.[96] These enterprises do not access foreign capital inflows to fund growth.

Technical support ecosystem

Morocco has an emerging network of technical support organizations, with increased involvement of local and international non-profit organizations that help SMEs, including social enterprises, grow and create jobs through non-financial interventions. They are funded by educational institutions (e.g., International University of Rabat) and Development Finance Institutions (e.g., DfID). However, they tend to be concentrated in Casablanca and major towns, which may limit the uptake of their services. Figure 9 shows the features of technical support most accessible to social enterprises in Morocco, with examples of organizations (non-exhaustive).

Medium Strength of technical support

Predominant type of support in Morocco

	Incubators	Accelerators	Hubs	Co-working spaces
Services	Business development services, mentorship, training and funding			Shared office space
Focus	Innovation	Scalability	Collaboration	Networking
Duration of	3-4 months	12-18 months		Unlimited

Figure 9:
Technical support ecosystem assessment

Strengths

Morocco has over 30 **technical support organizations** offering mentorship and networking events. The network focuses on innovation and scalability, supporting social enterprises to develop skills that help grow operations and create jobs. Similarly, a focus on collaboration fosters knowledge exchange among social enterprises and mutual support.

Local and international non-profit organizations are actively engaged in the development of the ecosystem. Non-profit organizations such as Start Up Your Life host networking events to offer linkages to investors and establish programs to provide training to early and seed-stage start-ups and social enterprises to enable them to scale and create more jobs.

Barriers

Morocco's technical support organizations are concentrated in the capital city and major towns. Twenty support organizations are in Casablanca, while Marrakesh and Rabat each have three organizations.[97,98,99] Many social enterprises specifically in agriculture are mainly in rural areas, and they and others may not be able to access support in urban centers.

The entrepreneurial training on offer may have room for improvement. Morocco was ranked 48 out of 56 economies assessed by Global Entrepreneurship Monitor in terms of the relevance and impact of training.[100] Entrepreneurial training for youth in Morocco is limited and does not impart the basic skills needed to effectively become an entrepreneur.[101] This may prevent entrepreneurs from starting social enterprises or make those that do start, more likely to have slow growth, and more likely to fail.

MOROCCO

Enabling environment

Maroc PME and MCISE help foster an enabling environment for all SMEs, including social enterprises. The country has achieved 100% electrification and implemented tax holidays to support business growth. The country's ease of doing business ranking improved to 53 in 2020 from 60 out of 200 countries in 2019.[102] However, policies favoring State-Owned Enterprises (SOEs), low coverage of enterprise-quality broadband, tax incentives favoring large foreign investors, and lack of lobbying for enabling policies by MCISE may prevent some social enterprises growth and job creation.

Business policy

The government **established the National Agency for the Promotion of Small- and Medium-sized Enterprises (Maroc PME)** to support the implementation of the SME Contractual Framework of 2015-2020.[103] This framework aims to support SMEs by developing an enabling and competitive environment for them to operate.

Existing policies favor State-Owned Enterprises (SOEs), which mainly operate in sectors, such as manufacturing and real estate, that have large infrastructure and development projects.[104] Some SOEs are not required to pay corporate taxes and have access to tax revenue from the government to sustain their operations.[105] This could discourage entrepreneurs from establishing social enterprises in these sectors, and undermine their job creation potential.

Business infrastructure

Morocco achieved **100% electrification in 2017** through its Global Rural Electrification Programme.[106] Social enterprises in both the urban and rural parts of the country have access to electricity, which can increase productivity, enable scale, and unlock jobs and income opportunities.

Morocco has the **lowest broadband penetration** in North Africa, although, at 70%, it is one of the highest in the countries looked at in this study.[107] This may hamper the growth of high tech-enabled social enterprises.

Tax policy

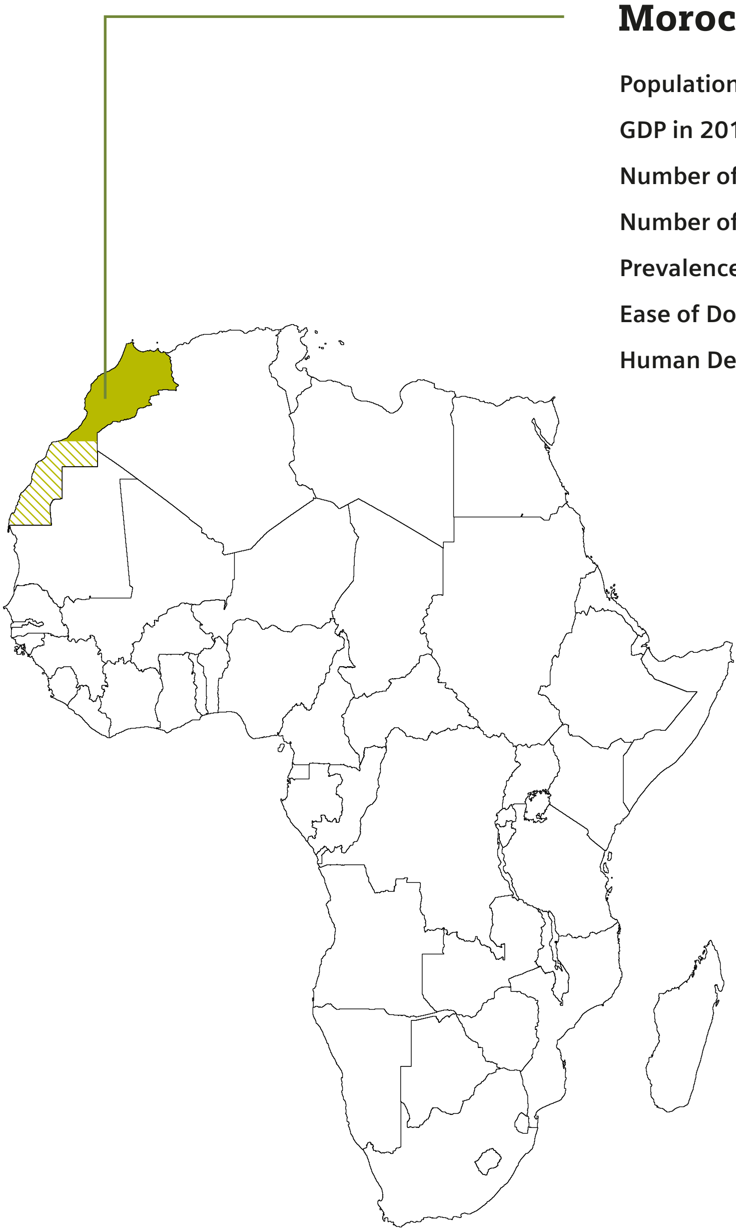
The government offers **tax holidays** to support business growth. For instance, businesses registered after the publication of the 2017 budget are exempt from tax for their first five years of operation.[108] This could promote the establishment of new social enterprises and investment into these enterprises, as a reduced tax burden allows reinvestment of earnings not only to earn more competitive returns for investors but also to create more jobs.

Investor tax incentives, however, focus on large, new foreign investors deploying at least USD $10 million.[109] These incentives exclude existing investors, who are subject to a 31% tax rate. This could discourage the establishment of local investors and the deployment of capital to local businesses and social enterprises.

Industry body

The **MCISE hosts social enterprise events, offers incubation services, and disburses debt and equity funding.**[110] It was founded in 2012 to support social enterprises addressing social challenges in the country. However, MCISE does not lobby the government to adopt enabling policies, such as tax exemptions based on their social impact.

Maroc PME offers technical support and training on cash flow management, business development, and other operational matters.[111]



Morocco

Population in 2020:	36.9 million
GDP in 2019:	USD $121.3 billion
Number of SMEs 2020:	1,410,000
Number of SEs 2020	49,000
Prevalence rate SE/SME (%):	3.5%
Ease of Doing Business Ranking:	53 of 190 economies
Human Development Index:	0.676 (medium)

TUNISIA

Northern Africa: Tunisia

Overview

Tunisia had a GDP of USD $39.9 billion in 2018 and has a population of 11.8 million in 2020.[112,113] It has approximately 600,000 small- and medium-sized enterprises (SMEs) and 7.5 million jobs, of which 23% are formal employment.[114,115,116]

The International Monetary Fund's (IMF) initial estimates (post-COVID-19) expect Tunisia's economy to grow at a rate of 4.1% in 2021, an adjustment of +0.1% from pre-COVID-19 estimates, after a 4.3% contraction in 2020 (down 8.3% from a late-2019 projection of 4.0% growth).[117,118] This study estimates approximately 33,000 social enterprises are active in Tunisia as of 2020, directly employing around 48,130 people.[119] Tunisia's population is expected to grow by 0.9% annually, leading to a working age population (15-64) of 8.4 million people in 2030.[120,121,122]

This study estimates there will be approximately 50,900 direct jobs in social enterprises in Tunisia by 2030, only a very small increase from 2020. 50,949s discussed further below, government policy and increased funding for infrastructure could support an additional potential growth. Figure 10 shows the expected growth in direct jobs in social enterprises between 2020 and 2030.

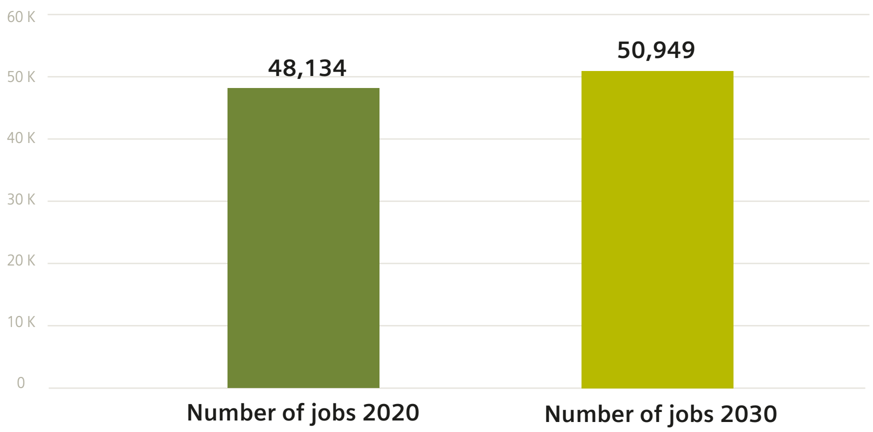


Figure 10:

Estimated direct jobs in social enterprises in Tunisia, 2020-2030

Financial ecosystem

Medium

Financial ecosystem
Though commercial debt financing is available and there are growing numbers of impact investors, social enterprises in Tunisia may struggle to access capital. Nearly 72% of all businesses were formed after the 2011 revolution; and the concept of social enterprise is relatively unfamiliar. This means that targeted financial products are nascent and rare.[123] Commercial lenders looking for returns on debt may be wary of lending to social enterprises pursuing impact at scale before achieving profitability.

Technical support ecosystem

Medium

Technical support ecosystem
Nearly 60 technical support organizations in Tunisia offer high-quality and relevant services to businesses and social enterprises. Their support is skewed, however, towards short-term, grant-funded interventions, potentially limiting the long-term support required to scale and provide jobs.[124] There are, however, government incentives for technical support organizations to target social enterprises in rural areas with the capacity-building they need to grow and provide jobs, which may help mitigate short term grant funding.

Enabling environment

Strong

Enabling environment
Government policies aim to support SMEs, including social enterprises, and Tunisia has strong energy and human resources infrastructure, though slow internet speeds limit productivity. Tunisia's national social enterprise industry body helps social enterprises access technical support and links them with funders. However, the industry body does not actively lobby the government for social enterprise-specific policies, such as tax exemptions, which could further enable growth, nor has the industry body been successful in lobbying the private sector, such as financial institutions, for products targeted and tailored to the needs of social enterprises.[125]

Financial ecosystem

Tunisia's financial ecosystem has a large network of financial institutions offering affordable credit. Despite this, the IMF estimated in 2017 that micro-, small-, and medium-sized enterprises in Tunisia, including social enterprises, faced a USD $6.9 billion funding gap.[126] Much of the available capital may be inaccessible to social enterprises because investors do not prioritize impact alongside financial returns in their investment decisions.[127] Figure 11 below highlights the types of capital which are most accessible to social enterprises in Tunisia. The example organizations are non-exhaustive.

Medium Strength of financial ecosystem

Predominant type of support in Tunisia

	Philanthropy		Impact investing		Traditional financial services
Investor focus	Impact first			Profit first	
Investor type	Charitable donor	Venture philanthropy	Direct impact investor	Venture capital or PE	Traditional commercial banks
Capital	Grants and donations		Equity and quasi-equity		Debt

Figure 11:
Financial ecosystem assessment

Strengths

Tunisia has a **large network of financial institutions,** including 42 registered banks and micro-finance institutions, that offer affordable debt financing (around 7% interest rates) to small- and medium-sized enterprises (SMEs), including social enterprises.[128,129] Additionally, micro-finance institutions in Tunisia have experienced steady growth in loans disbursed (24% increase in lending between 2017 and 2018), signaling an increased appetite for SME lending.[130] This could provide SMEs, including social enterprises, with the capital they need to grow and create jobs.

Tunisia is a **growing market for impact investors,** with USD $22.1 million invested in 47 deals in 2018. This represents 215% growth since 2017.[131] Increased impact investment offers increased funding options for high-growth-potential SMEs, including social enterprises, to scale and create jobs.

Barriers

Despite the large network of financial institutions, **social enterprises struggle to access financing.** Social enterprise is a fairly new concept in Tunisia, and financial institutions do not distinguish them from other SMEs.[132] Due to this lack of understanding, financial products offered are not targeted towards social enterprises, and the focus is placed on profits as opposed to impact. This limits access to financing that would allow social enterprises to grow and create jobs.

Technical support ecosystem

Tunisia has a vibrant network of technical support organizations to help SMEs, including social enterprises, grow and create jobs through non-financial interventions. These organizations are funded by non-governmental organizations (e.g. Hivos), impact investors (e.g. Yunus Social Business), and the government. Many of these technical organizations run as incubators, accelerators, and hubs. In Tunisia, many support organizations, funded primarily by grants, focus on the grant-supported shorter-term interventions, which may limit social enterprises' longer-term growth. Figure 12 shows the features of technical support most accessible to social enterprises in Tunisia, with examples of organizations (non-exhaustive).

Medium Strength of technical support

Predominant type of support in Tunisia

	Incubators	Accelerators	Hubs	Co-working spaces
Services	Business development services, mentorship, training and funding			Shared office space
Focus	Innovation	Scalability	Collaboration	Networking
Support duration	3-4 months	12-18 months		Unlimited

Figure 12:
Technical support ecosystem assessment

Strengths

Tunisia's **vibrant network of support organizations** includes accelerators, incubators, and co-working spaces.[133] They offer mentorship, training, and workshops for social enterprises, as well as opportunities to network with funders. Some (such as Flat 6 Labs Tunis) also provide investment-readiness support and funding to early-stage SMEs, including social enterprises.[134] This support will help social enterprises create jobs as they move from early to growth stage.

With support from the World Bank, the government established the USD $75 million Tunisia Innovative Start-ups and SMEs project, which provides grants to ecosystem actors, particularly incubators and accelerators, that **specifically support women-led and rural-focused enterprises**.[135] This is expected to increase access to ecosystem support services for social enterprises in rural areas, especially in the agriculture sector, which could support growth and job creation. This will help realize the potential for direct jobs in social enterprises and an increase in additional income opportunities to be in agricultural social enterprises by 2030.

Barriers

Technical support providers mostly rely on grants to support their operations. The limited available grant funding skews technical support towards short-term interventions.[136] Most organizations provide training and workshops over less than four months, yet social enterprises may require longer-term support, such as business incubation, to facilitate their growth and job creation.

Enabling environment

Tunisia has a pro-business policy environment, which supports enterprise creation and growth. The Tunisian Center for Social Entrepreneurship promotes social entrepreneurship and provides social enterprises with opportunities to meet funders. The government has a number of policies that aim to help SMEs, including social enterprises, access funding and technical support. Tunisia also has a well-developed business infrastructure, with high rates of electrification and literacy. Tunisia rose two places on the Ease of Doing Business index to 78 out of 190 in 2019 after reducing business registration fees and introducing a risk-based tax audit system.[137]

Business policy

Government policy **aims to support the growth of locally owned SMEs, including social enterprises.** A key piece of legislation was the 2018 Start-up Act, which simplified administrative procedures, improving access to finance and markets. It also granted all employees in the public and private sector a one-year leave to concentrate on creating a new business.[138] These policies provide incentives for Tunisians to establish SMEs, including social enterprises, that could drive job growth.

Business infrastructure

100% electrification, 82% literacy, and high grid reliability facilitates business productivity[139,140,141] These factors drive job growth through increased productivity and efficiency.

However, **less than 20% of the population has access to 3G or 4G** internet.[142] This decreases access to more sophisticated forms of mobile and online banking, which may limit the potential for job creation in sectors like financial inclusion.

Tax policy

The Tax Incentives Law 2017/18 provides tax exemptions on income and profits of early-stage SMEs, including social enterprises, for their first four years of operation (on a sliding scale from 100% exemption in their first year to 25% in their fourth year). Additionally, social enterprises in the agriculture sector benefit from 100% tax exemptions of profits or revenues invested in subscription to initial capital or capital increases.[143] **These taxation policies allow social enterprises to re-invest their profits into growth,** helping them scale and create jobs.

Industry body

Founded in 2011, the **Tunisian Center for Social Entrepreneurship aims to create awareness of social enterprises** among the community, government, and private-sector stakeholders through community outreach and advocacy. The Center works closely with incubators to tailor technical assistance for social enterprises, link them with funders through networking activities, and assist them to market and commercialize their products and services.[144] This financing and technical support provides social enterprises with the skills and resources they need to scale and create jobs.

However, the Center **does not engage in lobbying activities** which could create further specific tax exemptions to reflect the profitability and social impact motives of social enterprises. Furthermore, the industry body has not engaged financial institutions to consider providing targeted financial products designed for social enterprises.

Tunisia

Population in 2020:	11.8 million
GDP in 2019:	USD $39.9 billion
Number of SMEs 2020:	601,416
Number of SEs 2020	33,000
Prevalence rate SE/SME (%):	5.5%
Ease of Doing Business Ranking:	78 of 190 economies
Human Development Index:	0.739 (high)

CÔTE D'IVOIRE

Western Africa: Côte d'Ivoire

Overview

Côte d'Ivoire has a GDP of USD $45 billion and population of 26.4 million in 2020.[145,146] It has approximately 203,000 small- and medium-sized enterprises (SMEs) that provide 735,000 jobs.

The International Monetary Fund's initial estimates (post-COVID-19), expect Côte d'Ivoire's economy to grow at a rate of 8.7% in 2021, an adjustment of +1.3% from pre-COVID-19 estimates.[147] The government's fiscal stimulus packages of USD $2.1 billion should not only mitigate the impact of COVID-19 but also propel the country's economy to higher GDP growth.[148] This study estimated that 9,100 social enterprises are operating in Côte d'Ivoire as of 2020, offering direct employment to 33,000 people.[149] Côte d'Ivoire's population is expected to grow by 2.8% annually,[150] leading to a working age population (15-64) of 19.3 million people in 2030.[151,152]

This study projects there will be approximately 42,400 direct jobs in social enterprises in Côte d'Ivoire by 2030, adding 9,400 jobs from 2020. As discussed further below, local and international programs, government support, and the increased adoption of mobile money services would enable to drive this growth. Figure 13 shows the total number of direct jobs in social enterprises in 2020 and 2030 (projected).

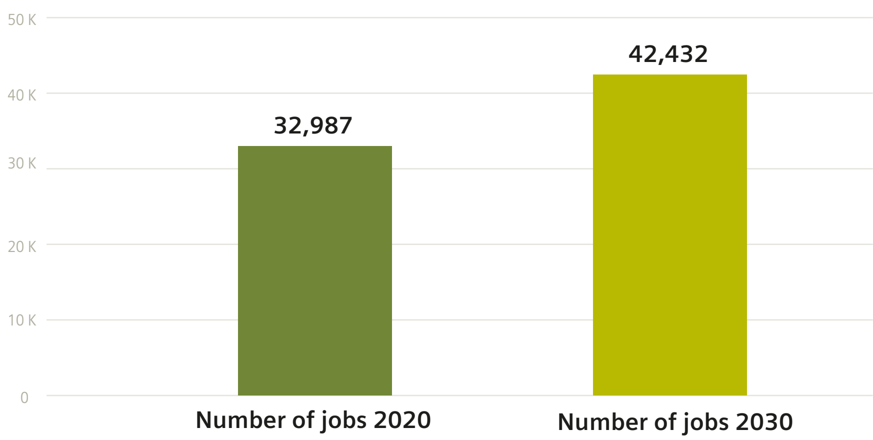


Figure 13:
Estimated direct jobs in social enterprises in Côte d'Ivoire 2020-2030

Financial ecosystem

Medium

Financial ecosystem
While Côte d'Ivoire is the third-largest recipient of impact capital in West Africa, with USD $891 million deployed between 2005 and 2015, most of it was deployed by DFIs in sectors such as energy and infrastructure that contain fewer social enterprises. Social enterprises have access to alternative sources of capital, namely diaspora funding, often aggregated through crowdfunding platforms. However, the limited supply of non-DFI impact capital and the informal structure of many social enterprises makes access to capital challenging.

Technical support ecosystem

Medium

Technical support ecosystem
An emerging network of technical support organizations is increasingly partnering with financiers to offer capacity-building training, advisory services, and networking opportunities. While Côte d'Ivoire has more than 22 support entities, they are concentrated in Abidjan, and limited awareness of these organizations and the benefit of their services has hindered uptake by social enterprises.

Enabling environment

Medium

Enabling environment
The country's Ease of Doing Business ranking improved in 2019 by 17 positions to 122 out of 190,[153] and tax incentives in agriculture and healthcare support these common sectors for social enterprise. However, higher payroll taxes on foreign investors, delayed implementation of several business-enabling policies (such as the Phoenix Program), high levels of corruption, and lack of a body to actively lobby for social enterprise-needs a short dash, not a long oneenabling policies limit the development of social enterprises and obstruct their job-creation potential.

Financial ecosystem

Côte d'Ivoire is the third-largest recipient of impact capital in West Africa and has access to a large pool of diaspora funding. However, the IMF estimated in 2017 that micro-, small-, and medium-sized enterprises in Côte d'Ivoire, including social enterprises, face a USD $12.4 billion funding gap. Causes of the disparity between available and accessed capital include the informality of businesses in the country and limited availability of non-DFI capital. Figure 14 below highlights the types of capital which are most accessible to social enterprises in Côte d'Ivoire.

Medium Strength of financial ecosystem

Predominant type of support in Côte d'Ivoire

	Philanthropy		Impact investing		Traditional financial services
Investor focus	Impact first			Profit first	
Investor type	Charitable donor	Venture philanthropy	Direct impact investor	Venture capital or PE	Traditional commercial banks
Capital	Grants and donations		Equity and quasi-equity		Debt

Figure 14:
Financial ecosystem assessment

Strengths

Côte d'Ivoire's prevailing political stability and rapid economic growth have led to increased investor interest, demonstrated by the **high volume of impact capital** flowing into the country. It is the third-largest recipient of impact capital in West Africa, with USD $891 million deployed between 2005 and 2015.[154] While the majority was deployed by development finance institutions (DFIs), approximately USD $11 million non-DFI impact capital was invested in businesses in agriculture or financial inclusion.[155]

Crowdfunding platforms in Côte d'Ivoire offer alternative sources of capital for social enterprises. These platforms, such as Seekewa, enable Ivorian diaspora to invest in local businesses, including social enterprises. Côte d'Ivoire has a diaspora population of approximately 1.1 million, who remitted USD $379 million in 2017.[156,157] Diaspora Ivorians seeking investment opportunities in Côte d'Ivoire can use crowdfunding platforms to channel investment to suitable businesses, offering social enterprises an alternative source of finance to scale their operations and achieve their job-creation potential.

Barriers

Although Côte d'Ivoire is the third-largest recipient of impact capital in West Africa, nearly all of it comes from DFIs; **non-DFI impact capital is limited** to about USD $11 million, as noted above.[158] The average deal size of capital deployed by DFIs between 2005 and 2015 was USD $17.9 million, an amount often too large for social enterprises in the country, which have an approximate maximum annual turnover of USD $1.7 million.[159,160] Moreover, DFIs active in Côte d'Ivoire primarily focus on businesses in the energy and infrastructure sectors, which only account for 7.5% of social enterprises.

While Côte d'Ivoire has the largest financial sector in the West African Economic Monetary Union (WAEMU) in terms of the number of financial institutions, the **informal structure of many smaller businesses,** including many social enterprises, limits the ability of commercial banks and microfinance institutions to provide them with capital.[161] There are approximately 26 commercial banks, 15 microfinance institutions, and 47 Savings and Credit Cooperatives (SACCOs) which could provide funding to social enterprises in Côte d'Ivoire.[162] However, 70% of businesses in the country are informal and, therefore, lack the documentation and financial structures needed to access this funding.[163]

Technical support ecosystem

Côte d'Ivoire has an emerging network of technical support organizations that are increasingly partnering with financiers to help SMEs, including social enterprises, grow and create jobs through non-financial interventions. They are funded by investment funds (e.g. Injaro), philanthropists (e.g. Edmond de Rothschild Foundation), and corporates (e.g. Orange). Their concentration in Abidjan and limited awareness of the benefit of their services could limit their impact on social enterprises. Figure 15 shows the features of technical support most accessible to social enterprises in Côte d'Ivoire.

Medium Strength of technical support

Predominant type of support in Côte d'Ivoire

	Incubators	Accelerators	Hubs	Co-working spaces
Services	Business development services, mentorship, training and funding			Shared office space
Focus	Innovation	Scalability	Collaboration	Networking
Support duration	3-4 months	12-18 months		Unlimited

Figure 15:
Technical support ecosystem assessment

Strengths

Côte d'Ivoire has an **emerging technical support ecosystem;** the number of support organizations has grown fivefold from four in 2015 to more than 22 in 2017.[164] Some organizations are locally sponsored, while others are founded or funded by international organizations. The organizations offer a wide range of services from capacity-building training and advisory services to networking opportunities. By partnering with these organizations, social enterprises can build skills and develop a network of key partners that could enable them to create jobs.

A **growing number of partnerships between support entities and financiers** provide technical support.[165] For example, Injaro Investment Fund, ESPartners, and the Edmond de Rothschild Foundation collaborated to set up the Archimédiens & Entrepreneurs incubator. Such partnerships lead to the development of support programs that provide services, such as investment-readiness support, with a view to what financiers expect. These tailored services could help social enterprises more easily access finance to scale their operations and create jobs.

CÔTE D'IVOIRE

Barriers

Awareness and uptake of technical support services is limited. SMEs in Côte d'Ivoire, including social enterprises, are often unaware of the benefits of technical support services or may not know which organizations provide these services. Only about 25% of enterprises in Côte d'Ivoire are aware of available services; 19% are interested in these services but are unaware of the benefits.[166] Lack of awareness of support organizations and the benefits of their services could hinder social enterprises' ability to access finance, scale, and create jobs in Côte d'Ivoire.

Technical support organizations are **concentrated in the economic capital.** Approximately 15 of the 22 support organizations in Côte d'Ivoire (nearly three-quarters) are in Abidjan.[167] This could limit access for social enterprises operating in rural areas or in other cities outside Abidjan, such as the 37% of social enterprises in agriculture.

Enabling environment

Côte d'Ivoire has improved its operating environment, establishing agencies such as the Investment Promotion Centre in Côte d'Ivoire (CEPICI) and offering income tax exemptions to businesses and investors in agriculture and healthcare. The active engagement of the **General Confederation of Enterprises of Côte d'Ivoire (CGECI)** with the government facilitates private sector development. The country's Ease of Doing Business ranking improved to 122 in 2020 from 139 out of 200 countries in 2019.[168] However, lack of implementation of some policies, high levels of corruption, disparate payroll tax policies, and lack of a social enterprise body threaten to hinder social enterprises from growth and job creation.

Business policy

The government has **established agencies to enforce enabling policies** for social enterprises and other businesses. The Investment Code, introduced in 2012, contains incentives for investors to promote the deployment of capital to businesses.[169] The Investment Promotion Centre in Côte d'Ivoire was also established in 2012 to facilitate the registration of businesses and the implementation of these policies. The agency shortened the business registration period to 24 hours, encouraging the formation of new businesses, including social enterprises.

Delayed implementation of these business policies limits their potential impact, however. The SME Development Policy (Phoenix Program) was adopted in 2015 but implementation was delayed.[170] The program was to include the launch of a guarantee fund to offer financial support to SMEs, including social enterprises. As a result of this delay, social enterprises have not been able to access an additional source of capital that could enable them to scale operations and create more jobs. Implementation has been delayed primarily due to a lack of coordination with the private sector.

Business infrastructure

The National Rural Electrification Program **improved the electrification rate to 65.6% in 2017** and aims to increase this to 80% by the end of 2020.[171] Access to good-quality internet connections in urban centers and strong mobile internet penetration in rural areas offers social enterprises access to tech-based solutions to operate more efficiently (e.g., accounting software).

The **high level of corruption in Côte d'Ivoire** limits social enterprises' operations. Côte d'Ivoire was ranked 106 out of 180 countries in Transparency International's 2019 Corruption Perceptions Index.[172] Enterprises often must offer bribes, increasing their costs and decreasing efficiency. The reduction in retained earnings naturally limits scale and further job creation.

Tax policy

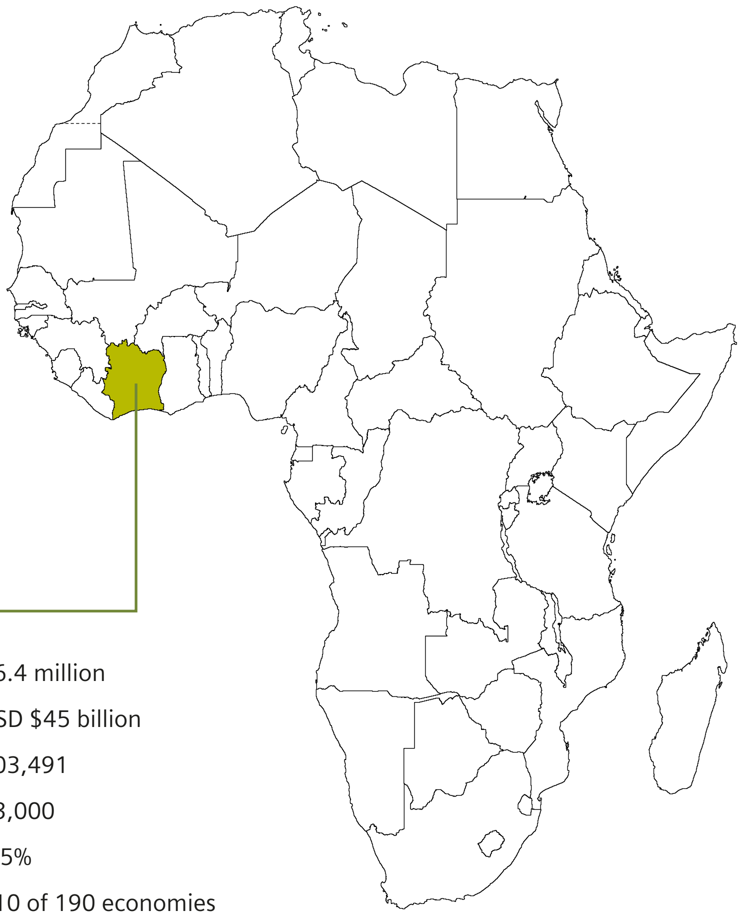
The government provides **income tax exemptions between 50% and 75%** to businesses and investors in agriculture and healthcare.[173] This could give the 41% of social enterprises operating in these sectors more retained earnings to scale their operations. Tax exemptions for investors in these sectors encourages the deployment of capital, giving social enterprises further access to funding to reach scale.

On the other hand, Côte d'Ivoire imposes **higher payroll taxes on foreign investment companies** than on Ivorian-owned enterprises. Foreign investment firms are subject to 12% payroll tax, as opposed to the 2.8% charged to local firms.[174] This discourages investors from setting up a local presence; the higher payroll taxes raise monitoring costs.

Industry body

The **General Confederation of Enterprises of Côte d'Ivoire (CGECI) is a national private-sector body** in Côte d'Ivoire. Established in 2005, it coordinates the activities of its member companies and liaises with government to facilitate private-sector development. It promotes a conducive operating environment for businesses, including social enterprises.

Côte d'Ivoire lacks a dedicated social enterprise body. While CGECI facilitates the development of the private sector overall, social enterprises require a body that will lobby for enabling policies (such as tax relief) that take into consideration their social-impact and profit-seeking dual mandate.



Côte d'Ivoire

Population in 2020:	26.4 million
GDP in 2019:	USD $45 billion
Number of SMEs 2020:	203,491
Number of SEs 2020	33,000
Prevalence rate SE/SME (%):	4.5%
Ease of Doing Business Ranking:	110 of 190 economies
Human Development Index:	0.516 (low)

GHANA

Western Africa: Ghana

Overview

Ghana had a GDP of USD $65.6 billion in 2018 and has a population of 31.1 million in 2020.[175,176] It has approximately 1.78 million small- and medium-sized enterprises (SMEs) and 7.5 million jobs.

The International Monetary Fund's (IMF) initial estimates (post-COVID-19) expect Ghana's economy to grow at a rate of 5.9% in 2021, an adjustment of -0.4% from pre-COVID-19 estimates, after growth is expected to slow to 1.5% in 2020 (from a previous projection of 5.8% growth in December 2019).[177,178] This study estimates that approximately 97,500 social enterprises are active in Ghana, directly employing around 413,300 people.[179] The population is expected to grow by 2.2% annually,[180] leading to a working age population (15-64) of 23.3 million people in 2030.

This study estimates there will be approximately 508,800 direct jobs in social enterprises in Ghana by 2030, adding more than 95,500 from 2020. As discussed further below, government support and increased mobile money penetration are expected to drive this growth in jobs. In addition, social enterprises in the agricultural sector are projected to provide the most income-generated opportunities, driven by the government's delivery of technical and operational support to smallholder farmers. Figure 16 shows the expected growth in direct jobs in social enterprises between 2020 and 2030.

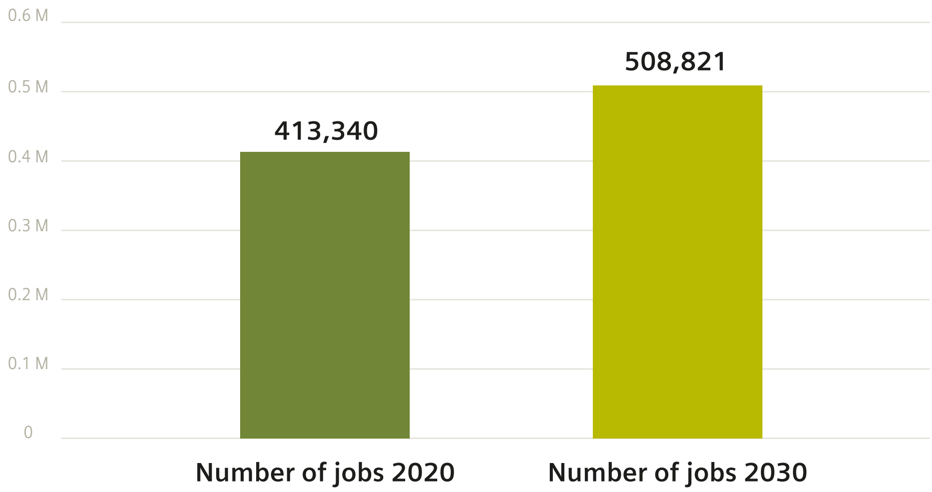


Figure 16:
Estimated direct jobs in social enterprises in Ghana 2020-2030

Financial ecosystem

Medium

Financial ecosystem
Though impact investment and debt financing are both available, social enterprises may struggle to access capital, except for relatively prevalent grant funding. Impact investment is targeted towards larger ticket sizes of USD $500,000 or more, locking out early-stage, high-growth social enterprises with financing needs starting from USD $20,000.[181] Commercial debt terms, meanwhile, include high collateral requirements (100% of loan value) and interest rates (about 30%), stifling any lending to SMEs, as well as to social enterprises.[182]

Technical support ecosystem

Medium

Technical support ecosystem
Ghana's vibrant network of technical support organizations offers high-quality and relevant services to businesses and social enterprises. There are more than 153 such organizations, but many services are skewed towards early-stage businesses, potentially limiting their benefit and accessibility for more mature social enterprises.[183]

Enabling environment

Strong

Enabling environment
Government policies aim to support SMEs, and Ghana has a well-developed power and communications infrastructure, though poor rural roads. Ghana also has a national social enterprise industry body that helps social enterprises to raise growth capital (through the Social Enterprise Ghana Fund) and provides technical support, including investment-readiness support. However, this industry body does not actively lobby the government for social enterprise-specific policies, such as tax exemptions, which could further enable growth.[184] While many tax policies favor social enterprises, some policies discourage foreign investment, and onerous tax administration requirements divert resources from enterprise growth that could lead to the creation of more direct jobs.

Financial ecosystem

Ghana's financial ecosystem is not especially well developed, with impact capital and debt financing inaccessible to most social enterprises. The IMF estimated in 2017 that micro-, small-, and medium-sized enterprises in Ghana, including social enterprises, face a funding gap of more than USD $5 billion. Causes of the inaccessibility of capital include strict debt financing terms and impact investors' preference for mature-stage businesses.[185] Figure 17 below highlights the types of capital which are most accessible to social enterprises in Ghana. The example organizations are non-exhaustive.

Medium Strength of financial ecosystem

Predominant type of support in Ghana

	Philanthropy		Impact investing		Traditional financial services
Investor focus	Impact first			Profit first	
Investor type	Charitable donor	Venture philanthropy	Direct impact investor	Venture capital or PE	Traditional commercial banks
Capital	Grants and donations		Equity and quasi-equity		Debt

Figure 17:
Financial ecosystem assessment

Strengths

The government provides financing to venture capital funds that support SMEs, including social enterprises, through the Venture Capital Trust Fund (VCTF). Through funds it has financed, the VCTF has invested more than USD $40 million in 48 SMEs, some of which are social enterprises, in sectors including agriculture, manufacturing, and ICT. The VCTF estimates that more than 2,000 direct jobs have been created through these investments.[186] In addition, tax relief on private equity management fees incentivizes investors to provide financing.[187] These initiatives should lead to increased financing options for social enterprises to grow and create jobs.

Social enterprises in Ghana have access to donor funding, with **more than 44% of organizations having received grants.**[188] This provides access to financing for early-stage, high-growth social enterprises that are unable to access other sources of funding due to large required ticket sizes and stringent debt terms.

Barriers

The high unit cost of managing funds at low ticket sizes discourages investment in early-stage social enterprises, whose financing needs typically start at USD $20,000. **Most of these social enterprises struggle to access impact capital,** as impact investment is targeted at larger ticket sizes (USD $500,000 and above).[189] The inability of these social enterprises to access capital limits their ability to improve operations and provide additional jobs.

Financial institutions in Ghana are risk-averse and usually unwilling to invest in start-up or early-stage social enterprises. Financial institutions willing to lend, offer stringent terms, including high collateral requirements (100% of loan value) and interest rates (30%). This makes **commercial debt too expensive for most social enterprises** to use to fund growth and job creation.[190]

Technical support ecosystem

Ghana has a vibrant network of technical support organizations to help SMEs, including social enterprises, grow and create jobs through non-financial interventions. These organizations are funded by development aid organizations, revenue-generating activities, and the government. In Ghana, many support organizations focus on early-stage social enterprises, which may limit their impact on more mature enterprises. Figure 18 shows the features of technical support most accessible to social enterprises in Ghana, with examples of organizations (non-exhaustive).

Medium Strength of technical support

Predominant type of support in Ghana

	Incubators	Accelerators	Hubs	Co-working spaces
Services	Business development services, mentorship, training and funding			Shared office space
Focus	Innovation	Scalability	Collaboration	Networking
Support duration	3-4 months	12-18 months		Unlimited

Figure 18:
Technical support ecosystem assessment

Strengths

Ghana's **vibrant network of support organizations** includes more than 150 non-financial support providers.[191] Some are locally sponsored, while others are founded and funded by international organizations. All offer a range of assistance, including networking (76%), leadership development (67%), and business strategy and planning (64%). Most (>75%) provide technical support to early-stage social enterprises, allowing them to gain the skills they require to scale and increase the direct jobs they create.[192]

Technical support organizations in Ghana **target sectors that have the highest potential for job creation;** 70% of organizations target agriculture and manufacturing, which could provide most direct jobs in social enterprises by 2030. Additionally, another 31% of organizations are sector-agnostic, allowing social enterprises in all sectors to benefit from their support that could help them grow.[193]

GHANA

Barriers

Most support organizations in Ghana **target early-stage social enterprises; very few address the needs of more mature social enterprises.** Of the 153 support organizations present, only 15% provide support to mature enterprises, greatly limiting the ability of these businesses to grow and provide additional jobs.[194]

Moreover, **most support organizations are located predominantly in the major urban areas** of Accra and Kumasi.[195] However, small and medium-sized enterprises (SMEs), including social enterprises, provide more than 80% of direct jobs in seven of the 10 administrative regions and more than 76% of jobs in the western region. Thus, lack of non-financial support impedes SMEs in rural areas from creating more direct jobs.[196]

Enabling environment

Ghana has a pro-business policy environment, which also serves to enable the creation and growth of social enterprises. The industry body, Social Enterprise Ghana, provides grants, debt, and equity financing to social enterprises that are unable to obtain financing from other sources. The government has also adopted policies that facilitate access by SMEs, including social enterprises, to funding and technical support. Ghana also has a well-developed business infrastructure, with high rates of electrification and mobile penetration. However, the country's Ease of Doing Business ranking fell from 114 in 2019 to 118 out of 190 in 2020 after the introduction of tax laws that raised costs for businesses, including social enterprises.[197]

Business policy

Government policy **aims to support the growth of locally owned SMEs, including social enterprises,** by facilitating access to funding and technical support. In 2018, the Ministry of Business Development introduced the National Entrepreneurship and Innovation Plan (NEIP), which provides up to USD $10 million in business development services, start-up incubation, and funding for early-stage businesses, as well as tax incentives, and preferential government procurement. Through this initiative, the government plans to create 500,000 direct jobs and income opportunities, some of which could be created by social enterprises.[198]

The government has enacted policies that could limit foreign investment in Ghana and discourage foreign investors from establishing social enterprises that could otherwise create additional jobs for Ghana's citizens. These policies include a minimum capital requirement of USD 1 million for foreign equity investors.[199]

Business infrastructure

An **electrification rate of 83% and internet connectivity rate of 67% raise business productivity.**[200,201] Access to high-quality, robust internet connectivity and high mobile phone penetration (55%), the highest in West Africa (average of 44.8%), provides incentives for tech-enabled solutions, such as digital lending.[202] These factors should drive job growth, particularly in the financial inclusion and ICT sectors.

Conversely, Ghana has a **poor road network** in rural areas, with 98% of feeder roads not tarmacked. This constrains the economic activities of social enterprises operating in these areas by, for example, increasing time spent transporting goods to markets.[203] By raising the cost of reaching the market, the poor road network could discourage the establishment of social enterprises in key sectors that are dominant in rural areas, such as agriculture, limiting job growth.

Tax policy

In 2019, the government abolished the application of VAT to management fees for private equity, venture capital, and mutual funds.[204] The expected reduction in cost should encourage funds to enter the Ghanaian market. **These taxation policies facilitate increased access to funding by SMEs, including social enterprises,** allowing them to scale and create jobs.

Tax filing procedures in Ghana are very time-consuming (on average tax filing takes each business about 226 hours to complete annually), diverting resources that could otherwise be used for production or growth.[205]

Industry body

With around 200 members, **Social Enterprise Ghana aims to provide funding and technical support to social enterprises,** including investment readiness support. Through its Social Enterprise Fund, supported by donors and investors, the organization provides grants, debt, and equity financing to social enterprises that require between USD $20,000 and USD $250,000.[206] This financing and technical support provides social enterprises with the skills and resources they need to scale and create jobs.

However, this industry body **does not actively lobby the government** to develop social enterprise-specific policies, such as tax exemptions, that would take into consideration both the profitability and social impact aspects of social enterprises.

Ghana

Population in 2020:	31.1 million
GDP in 2019:	USD $65.6 billion
Number of SMEs 2020:	1,777,209
Number of SEs 2020	413,300
Prevalence rate SE/SME (%):	5.5%
Ease of Doing Business Ranking:	118 of 190 economies
Human Development Index:	0.596 (medium)

Western Africa: Nigeria

Overview

Nigeria had a GDP of USD $397 billion in 2019 and a population of 206 million in 2020.[207,208] It has approximately 37 million small- and medium-sized enterprises (SMEs) and 41.6 million jobs.

The International Monetary Fund's (IMF) initial estimates (post-COVID-19) expect Nigeria's economy to grow 2.4% in 2021, after contracting anywhere between 3.4% to 9% in 2020. This is 6 to 11 or more percentage points below Nigeria's expected pre-pandemic growth in 2020, and expected to be half a percentage slower than previous estimates in 2021.[209,210] This study estimates that 1.29 million social enterprises are operating in Nigeria in 2020, offering 1.45 million direct jobs.[211] This figure is particularly high compared to all other target countries, due to the high number of SMEs in Nigeria. The population is still expected to grow by 2.7% annually, leading to a working age population (15-64) of 147.7 million people in 2030.[212]

This study projects that approximately 1.88 million direct jobs will be in social enterprises in Nigeria by 2030, an increase of approximately 432,000 since 2020. As discussed further below, government support, growing internet penetration and an increasingly sophisticated ICT sector, and SME-led industrialization are expected to drive this growth in jobs. Social enterprises in the agricultural sector are projected to provide significant additional income opportunities in 2030, driven by technical and operational support offered by the government. Figure 19 shows the total number of direct jobs that could be in social enterprises in 2020 and 2030.

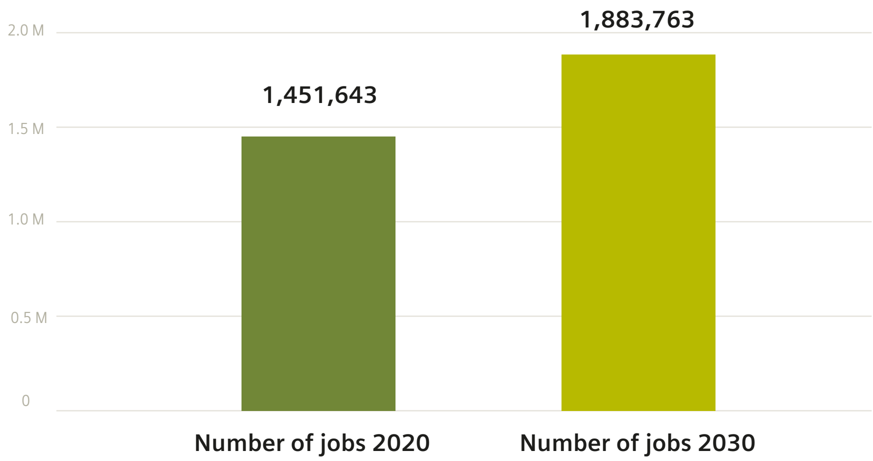


Figure 19:
Estimated direct jobs in social enterprises in Nigeria, 2020-2030

Financial ecosystem

Medium

Financial ecosystem
Nigeria accounts for more than a third of all remittances into Sub-Saharan Africa and the total is seven times more than net official development assistance.[213] However, remittances, foreign aid, and government support only cover 14% of the USD $158.1 billion funding gap for SMEs.[214] Only a handful of impact funds have a local presence, and most DFIs and impact investors active in Nigeria are headquartered outside of the country. This may make it challenging for many social enterprises to access this network.

Technical support ecosystem

Medium

Technical support ecosystem
Nigeria has the strongest technical support network in West Africa, with more than 90 organizations offering support.[215] Support organizations focus on early-stage enterprises, with only 14% offering support to mature stage social enterprises. Additionally, most of the support is skewed towards tech-enabled social enterprises, limiting support to those in other key sectors such as agriculture which could provide 42% of direct jobs by 2030.

Enabling environment

Weak

Enabling environment
Restrictive taxes on investor returns make investment in Nigeria unattractive. Besides the country's low ranking (131 of 190 globally) in terms of ease of doing business, stringent currency controls limit the use of foreign currency and discourages capital inflows.[216] Additionally, there is no social enterprise industry body to advocate for social enterprise positive government policies.

Financial ecosystem

Nigeria has a well-developed banking sector and a large supply of diaspora remittances (~USD $23.63 million) with government funding supplementing the sector. Despite the available capital, a MSME funding gap of USD $158.1 million reported by the IMF in 2017 persists.[217] There are several reasons why social enterprises in particular struggle to access available capital whether commercial, private, or philanthropic. Commercial debt comes with high collateral requirements (~200% of the value of the loan). The government banned equity crowdfunding (a popular destination for remittances in other West African countries, such as Côte d'Ivoire). Philanthropy is often only available in grants of more than USD $5 million, considerably more than most social enterprises can absorb. Figure 20 below highlights the types of capital which most accessible to social enterprises in Nigeria. The example organizations are non-exhaustive.

Medium Strength of financial ecosystem

Predominant type of support in Nigeria

<table>
<tr><th></th><th colspan="2">Philanthropy</th><th colspan="2">Impact investing</th><th>Traditional financial services</th></tr>
<tr><td>Investor focus</td><td colspan="3">Impact first</td><td colspan="2">Profit first</td></tr>
<tr><td>Investor type</td><td>Charitable donor</td><td>Venture philanthropy</td><td>Direct impact investor</td><td>Venture capital or PE</td><td>Traditional commercial banks</td></tr>
<tr><td>Capital</td><td colspan="2">Grants and donations</td><td colspan="2">Equity and quasi-equity</td><td>Debt</td></tr>
</table>

Figure 20:
Financial ecosystem assessment

Strengths

Government funds have provided funding for some enterprises. For example, the government launched a loan program, the Lagos State Employment Trust Fund (LSETF), that offers affordable funding to small businesses, offering loans at 5% interest per year to businesses registered in Lagos State.[218] Such programs could help social enterprises access financing to grow and create more direct jobs.

Nigeria has the largest **diaspora network** in the region – an estimated 5 to 15 million people – who send more than a third of all remittances flowing to Sub-Saharan Africa, USD $23.63 million per year. This is often accessible to SMEs and social enterprises through friends and family funding.[219] Remittances are expected to keep growing as a result of large intra-regional migration from the SSA region. For this reason, the government launched a commission Nigerians in Diaspora Commission (NiDCOM),[220] in 2017 to help engage and utilize diaspora capital and material resources in the economic development of Nigeria.

Barriers

Most social enterprises find it hard to access debt funding from MFIs and commercial banks because of expensive offered terms. Banks may require **more than 200% of the value of the loan** as collateral, limiting access to institutional debt for social enterprises.

In 2016, the government, through the Nigerian Security and Exchange Commission, **banned equity crowdfunding,** despite this mechanism having raised close to USD $8 million the previous year.[222] This represents a step back on efforts to cover the existing funding gap for SMEs, including social enterprises. Meanwhile, philanthropic institutions in Nigeria have been **inaccessible to social enterprises,** since most offer ticket sizes greater than USD $5 million, which may be too much for some of the small social enterprises.

Some **social enterprises are not investable** with investors struggling to find a good pipeline of business that have robust operational systems, proper financial management, and good governance. Impact investors struggle sourcing viable investments that meet both financial and social objectives with most of the business created out of a need to find employment and not really solving any problems in society.

Technical support ecosystem

Nigeria has more than 90 technical support organizations, funded by grants, corporate institutions (e.g. Facebook), and local educational institutions, i.e. Covenant University and the University of Nigeria launched Start-Up Labs in 2017. Many of these technical organizations run as incubators and accelerators working with early-stage businesses and are skewed more towards tech-based start-ups. Figure 21 shows the features of technical support most accessible to social enterprises in Nigeria, with examples of organizations (non-exhaustive).

Medium Strength of technical support

Predominant type of support in Nigeria

	Incubators	Accelerators	Hubs	Co-working spaces
Services	Business development services, mentorship, training and funding			Shared office space
Focus	Innovation	Scalability	Collaboration	Networking
Support duration	3-4 months	12-18 months		Unlimited

Figure 21:
Technical support ecosystem

Strengths

Nigeria has a **large and diverse network of support organizations,** with more than 90 organizations offering a range of support, including mentoring and coaching, incubation and acceleration, co-working spaces, and even medium-term consulting. Many of them focus on the information and communications technology, access to finance, and education sectors.

Early-stage enterprises that receive support from these organizations are **23% more likely to receive investment** and therefore also more likely to generate new jobs.[221] This track record also encourages social enterprises to work with these organizations offering technical support.

NIGERIA

Barriers

Only **20% of the supporting organizations offer support in finance or accounting,** which is a substantial element of investment readiness.[223] This can hinder social enterprises from building robust financial management systems that can attract investors. Meanwhile, only **14% of support organizations focus on mature social enterprises,** which still need support with expansion and strategy.[224]

Enabling environment

Nigeria's government has tried to stimulate SME growth through several different programs but still lacks specific policies to support the growth of social enterprises. In the past, the government has played a reactionary role in the private sector, addressing challenges as they arise. Indeed, the country's Ease of Doing Business ranking improved from 146 out of 190 in 2019 to 131 in 2020.[225] A strong SME body, the Small and Medium Enterprises Development Agency of Nigeria, coordinates activities and policy between the government and the private sector.

Business policy

The government established the **Export Promotion Council** to catalyze development of enterprise in non-oil sectors by offering consulting and advisory services and investment to non-oil firms to enable them to scale up.[226] This will support any social enterprises that export or import goods, for example by matching businesses that export agricultural produce with potential buyers.

Currency controls by the Central Bank of Nigeria discourage foreign investment and capital inflows.[227] These currency controls limit the use of foreign currency. As investments into the country are typically denominated in dollars, this greatly discourages investors from deploying capital into the country, limiting the amount of capital available to social enterprises.

Business infrastructure

To encourage formal business formation, the government's **Presidential Enabling Business Environment Council (PEBEC)** automated business registration and reduced tax payment time to eight hours.[228] In terms of physical infrastructure, however, Nigeria has a **low electrification rate (45%) and very slow internet (176th globally);** internet penetration is 39%.[229,230,231] Lack of access to high-quality, robust internet and electricity prevents social enterprises from accessing technology-based solutions to business problems, hindering productivity.

Tax policy

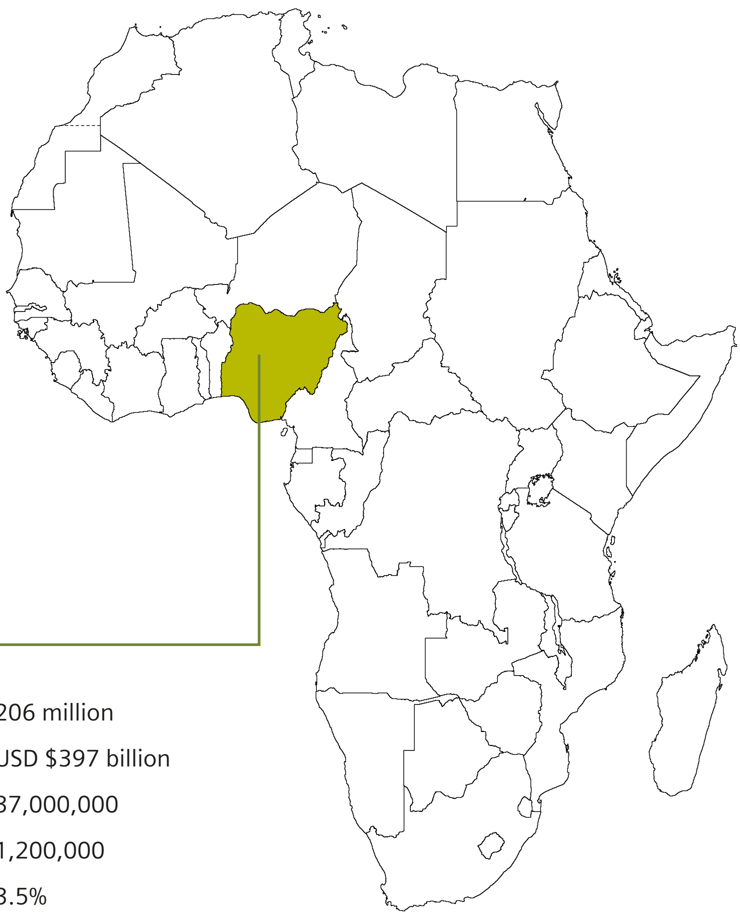
The government of Nigeria has **reduced the tax burden on SMEs.** The new finance bill, when signed into law, will offer preferential tax rates for SMEs, including social enterprises. Businesses with annual turnover greater than USD $261,000 will be subject to 30% tax, while those with annual turnover between USD $65,000 and USD $261,000 will be charged 20%.[232] Those below this bracket will be exempt from tax altogether. This will allow social enterprises to retain more earnings to reinvest in their operations to scale and create jobs.

Restrictive tax policies for investors discourage the deployment of capital into Nigerian businesses. The Tertiary Education Trust Fund and National Information Technology Development Fund Acts impose 1% and 2% taxes, respectively, on foreign investor profits, on top of the corporate tax charged.

Industry body

The Nigerian government established the **Small and Medium-sized Enterprise Development Agency of Nigeria (SMEDAN),** which develops and facilitates development programs (e.g.,the National Enterprise Development Porgram) and hosts sessions to provide training to SMEs.[233] Additionally, it advocates for SMEs, lobbying for supportive policies, and creating networking opportunities to share knowledge among SMEs, including social enterprises.

Nigeria **lacks a social enterprise advocacy body** to raise awareness of social enterprises and promote social enterprise-specific policies, such as tax exemptions, that would take into consideration both the profitability and social impact aspects of social enterprises.



Nigeria

Population in 2020:	206 million
GDP in 2019:	USD $397 billion
Number of SMEs 2020:	37,000,000
Number of SEs 2020	1,200,000
Prevalence rate SE/SME (%):	3.5%
Ease of Doing Business Ranking:	131 of 190 economies
Human Development Index:	0.534 (low)

Western Africa: Senegal

Overview

Senegal had a GDP of USD $24.1 billion in 2019, and its population in 2020 is 16.7 million.[234,235] It has 300,000 small- and medium-sized enterprises (SMEs) and approximately 4 million jobs, of which 4.6% are formal employment.[236]

The International Monetary Fund's (IMF) initial estimates (post-COVID-19) expect Senegal's economy to grow at 3% in 2020 and 5.5% in 2021.[237] Lloyds Bank predicts that Senegal's recovery will be driven by public investment under the pre-existing development strategy, 'Plan Sénégal Emergent' (PSE), as well as global economic recovery and private consumption.[238] This study has estimated that approximately 16,500 social enterprises are operating in Senegal, employing 78,800 people directly.[239] The population is expected to grow at 2.8% annually, leading to a working age population (15-64) of 12.5 million people in 2030.[240]

This study projects there will be approximately 104,900 direct jobs in social enterprises in Senegal by 2030, approximately 26,100 more than in 2020. The government is supporting industrialization of agriculture and increased value-added processing. They have also improved the legal and regulatory framework for ICT companies, including social enterprises. Social enterprises in the agricultural sector are expected to provide significant additional income-generating opportunities, driven by the government's technical and operational support, including subsidies for capital equipment. Figure 22 shows the estimated total number of direct jobs in social enterprises in 2020 and 2030 (projected).

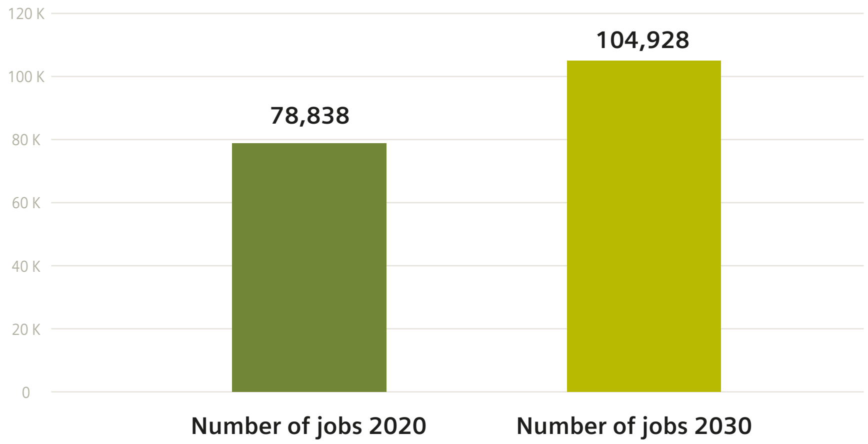


Figure 22:
Estimated direct jobs in social enterprises in Senegal, 2020–2030

Financial ecosystem

Strong

Financial ecosystem
More than 20 Development Finance Institutions (DFIs) and impact investors are active in Senegal, and they offer capital in small ticket sizes, which is often crucial for social enterprises' growth.[241] However, commercial debt terms which often include high collateral requirements (>250% of loan value) make it inaccessible to all SMEs, including social enterprises.[242]

Technical support ecosystem

Medium

Technical support ecosystem
An emerging ecosystem of technical support providers offers a wide variety of services, including training, office space, and tax and accounting services. Most support providers, concentrate on tech-focused businesses, making it hard for social enterprises operating in other sectors to access support. Moreover, the number of support organizations is small compared to the number of businesses that need support, compared to other countries.

Enabling environment

Medium

Enabling environment
The government supports SMEs through funding and policies to encourage SME growth. High urban electrification rates and the introduction of online tax filing systems have fostered business productivity. However, small- and early-stage businesses lack any specific tax relief and 80% of SMEs remain informal. UNACOIS (Union Nationale des Commerçants et Industriels du Sénégal) supports the development of business-enabling policies, but there is no social enterprise-specific body to advocate for policies to support social enterprises specifically.

Financial ecosystem

Development Finance Institutions (DFIs) and private impact investors invested more than USD $536 million and USD $16 million in Senegal respectively between 2005 and 2015.[243] However, by 2017 the IMF estimated that micro-, small-, and medium-sized enterprises (MSMEs), including social enterprises, still faced a USD $915 million funding gap.[244] This is particularly acute for small and informal enterprises who are unable to meet the strict requirements to access commercial debt, although it is available.[245] Figure 23 below highlights the types of capital which are most accessible to social enterprises in Senegal. The example organizations are non-exhaustive.

Strong Strength of financial ecosystem — Predominant type of support in Senegal

	Philanthropy		Impact investing		Traditional financial services
Investor focus	Impact first			Profit first	
Investor type	Charitable donor	Venture philanthropy	Direct impact investor	Venture capital or PE	Traditional commercial banks
Capital	Grants and donations		Equity and quasi-equity		Debt

Figure 23:
Financial ecosystem assessment

Strengths

Impact investors focus on sectors with high job creation potential like manufacturing and agriculture, which are projected to account for 55% of social enterprise jobs in 2030. Up to 2015, 87.5% of funds committed, more than USD $14 million were spent in these two sectors.[246] DFIs invested more than USD $132 million, although this was a lower proportion, 25% of all funds committed.

Impact investors and DFIs make capital accessible for social enterprises. More than half of DFI deals and all non-DFI deals completed between 2005 and 2015 were smaller than USD $5 million. Furthermore, 67% of non-DFI deals were in ticket sizes of less than USD $1 million.[247] This matches the capital needs of many social enterprises.

Barriers

Social enterprises are likely to struggle to access commercial loans, as banks can require collateral of more than 250% of the loan size.[248] This is often to mitigate risks inherent in lending to informal organizations, as more than 80% of SMEs, including social enterprises, are informal in Senegal. This can often also mean they do not have up to date financial reports.[249]

Technical support ecosystem

Senegal has a growing network of technical support organizations to help SMEs, including social enterprises, grow and create jobs through non-financial interventions. These organizations are funded by non-government organizations (e.g., Ker-Thiossane), financial institutions (e.g., Grofin, through a technical assistance facility), and banks (e.g., Société General). Most of these organizations focus on tech-enabled social enterprises and SMEs, which may exclude organizations in sectors with the greatest potential to create jobs. Figure 24 shows the types of technical support most accessible to social enterprises in Senegal, with examples of organizations (non-exhaustive).

Medium Strength of technical support

Predominant type of support in Senegal

	Incubators	Accelerators	Hubs	Co-working spaces
Services	Business development services, mentorship, training and funding			Shared office space
Focus	Innovation	Scalability	Collaboration	Networking
Support duration	3-4 months	12-18 months		Unlimited

Figure 24:
Technical support ecosystem assessment

Strengths

Most support focusses on tech-enabled SMEs which will help realize the potential jobs in Senegal's growing ICT sector**.** They encourage innovation and growth in the ICT sector by promoting digital literacy to drive demand and usage and helping enterprises to develop technical expertise.[250,251]

Support organizations provide a variety of services, including networking and collaboration, training, entrepreneur coaching, tax and accounting services, links to capital sources, and co-working space. Often these services are provided under one roof, which theoretically should decrease the time and effort for social enterprises to access them.[252]

Barriers

Despite growing ecosystem support, **the network of 28 support organizations is relatively small given the considerable number of SMEs** in Senegal: an estimated 300,000 SMEs and 13,500 social enterprises in 2020. This limits access to capacity-building services and hinders social enterprises' ability to scale.

Technical support organizations are **not always organized around sectors that are expected to create the most jobs.** For example, agriculture is expected to account for 41% of jobs in social enterprises, only four hubs focus on agri-tech, and even fewer focus on agriculture.[253]

SENEGAL

Enabling environment

The Senegalese government has tried to support SME growth through various policies and improved bureaucracy such as creating online systems for filing and paying taxes, were introduced in 2018.[254,255,256] The country's Ease of Doing Business ranking improved from 141 out of 190 in 2019 to 123 in 2020. However, social enterprises may not be able to benefit from these improvements as there is no specific body to facilitate policy collaboration between the government and the private sector to encourage social enterprise.

Business policy

The government **actively supports SMEs by developing policies that support their growth.** Through the Economic Modernization Act, it has established bodies that provide development support and funding to SMEs. Additionally, it has simplified the process of starting a business, reducing the minimum capital requirement to start a business to USD $2,000, introducing a new company structure that is cheaper and faster to incorporate, and reducing notary fees for company incorporation.[257]

Despite government support, **limited collaboration among different policy initiatives** makes SME adoption slow and ineffective.[258] For example, while current policies accelerate the business set-up process to support formalization, lack of tax relief discourages small businesses from registering due to fear of additional tax-related costs that could impede business growth and long-term sustainability.[259]

Business infrastructure

Senegal has a **high urban electrification rate (88%),** greater than the Sub-Saharan African urban average of 78%.[260,261] This facilitates access to support services such as information and telecommunications systems that boost operational efficiency and improve businesses' productivity.

While the government has intensified efforts to reduce business startup costs, **it still costs USD $6,150 to register a new business.**[262] This both discourages new business registration, but it is also a barrier to informal businesses registering formally, which means they cannot access financing commercial and/or formal impact capital.

Tax policy

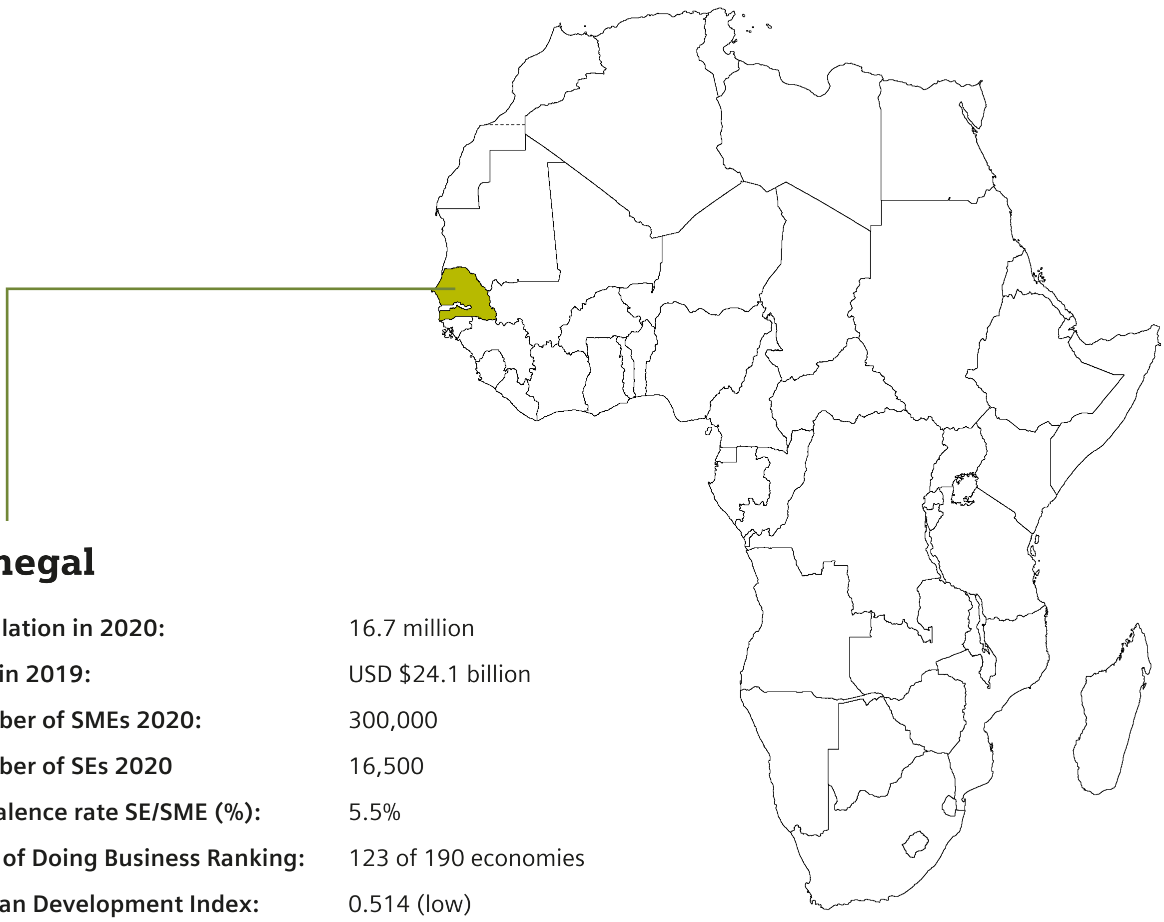
In 2018, the government introduced **online systems for filing and paying taxes** that reduced the time and cost businesses spend on tax compliance processes from 441 to 416 hours per year between 2019 and 2020.[263]

Nonetheless, **there is no dedicated tax relief for small- and early-stage businesses,** which is an added incentive for new and informal SMEs, including social enterprises, to avoid formal business registration. As discussed, they are locked out from growth capital as a result.

Industry body

Union Nationale des Commercants et Industriels du Sénégal (UNACOIS) supports the **development of business-enabling policies** by empowering members to engage with government in **direct dialogue** and submitting proposals for potential policy reforms.[264]

However, there is **no social enterprise-specific body to lobby the government** for enabling policies (such as tax exemptions) that would take into consideration both the profitability and social impact aspects of social enterprise.



Senegal

Population in 2020:	16.7 million
GDP in 2019:	USD $24.1 billion
Number of SMEs 2020:	300,000
Number of SEs 2020	16,500
Prevalence rate SE/SME (%):	5.5%
Ease of Doing Business Ranking:	123 of 190 economies
Human Development Index:	0.514 (low)

Eastern Africa: Ethiopia

Overview

Ethiopia has a GDP of USD $94 billion and a population of 109 million in 2020.[265,266] It has approximately 800,000 small and medium-sized enterprises (SMEs) and 1.2 million jobs.[267,268,269,270]

The International Monetary Fund's (IMF) initial estimates (post-COVID-19), expect Ethiopia's economy to grow at a rate of 4.3% in 2021, an adjustment of -3.1% from pre-COVID-19 estimates.[271] This study estimates that in 2020 there are 27,900 social enterprises in Ethiopia, employing possibly 42,700 people directly.[272] The population is expected to grow by 2.6% annually, leading to a working age population (15-64) of 86.8 million people in 2030.

There are expected to be approximately 55,600 direct jobs in social enterprises in Ethiopia by 2030, and it is projected that approximately 12,900 could be added between 2020 and 2030. As discussed further below, government and private support, increased demand for housing, and expansion of the financial sector are expected to drive these jobs. In addition, social enterprises in the agricultural sector are also expected to provide significant additional income opportunities by 2030, driven by technical support offered by the government. Figure 25 shows the total number of direct jobs that could be in social enterprises in 2020 and 2030.

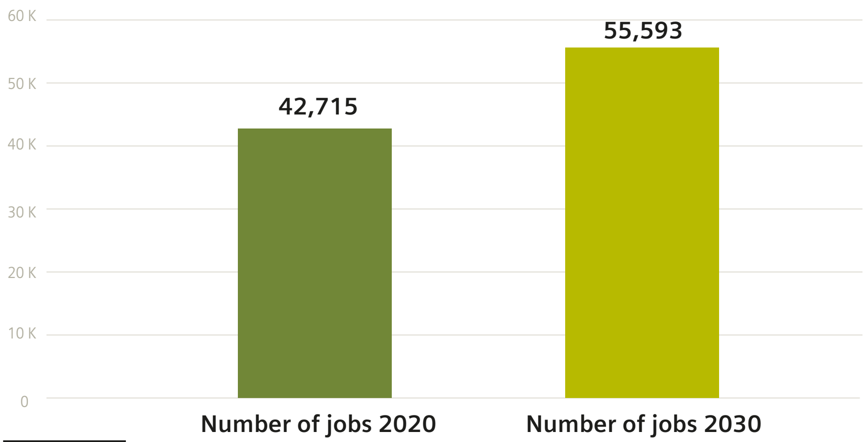


Figure 25:
Estimated direct jobs in social enterprises in Ethiopia, 2020-2030

Financial ecosystem

Medium

Financial ecosystem
Impact capital is available from investors, such as those involved in Renew LLC's Impact Angel Network.[273] However, the available capital is not sufficient to address the financing needs of MSMEs, including social enterprises. This has resulted in a persistent funding gap of ~USD $4.3 million as of 2017.[274]

Technical support ecosystem

Weak

Technical support ecosystem
Ethiopia has a network of 62 support organizations, concentrated in Addis Ababa. However, only 18% of social enterprises are in the capital, which may restrict accessibility.[275] Additionally, 50% of support organizations are focused on agriculture, signaling that social enterprises in other sectors may struggle to access specialized support for their sector's needs.

Enabling environment

Medium

Enabling environment
Ethiopia has an active social enterprise body, Social Enterprise Ethiopia, which was established in 2018. According to the Aspen Network of Development Entrepreneurs, the industry body has so far focused on facilitating member networking rather than taking on an advocacy role to lobby and collaborate with government which could result in favorable policies towards social enterprises.[276]

Financial ecosystem

The current supply of capital for social enterprises includes debt financing from microfinance institutions (MFIs) and impact capital from local angel networks, mainly supported by international non-governmental organizations (NGOs) and donors. Despite the capital availability, the IMF estimated in 2017 that micro-, small- and medium size enterprises faced a >USD $4.3 billion funding gap in Ethiopia and social enterprises are expected to share this challenge. According to Intellecap, this disparity is likely caused by government restriction on direct foreign investments and mismatch of funding needs between investors and entrepreneurs, in terms of type of capital provided.[277] Figure 26 shows the type of capital available to social enterprises in Ethiopia.

Medium Strength of financial ecosystem

Predominant type of support in Ethiopia

	Philanthropy		Impact investing		Traditional financial services
Investor focus	Impact first			Profit first	
Investor type	Charitable donor	Venture philanthropy	Direct impact investor	Venture capital or PE	Traditional commercial banks
Capital	Grants and donations		Equity and quasi-equity		Debt

Figure 26:
Financial ecosystem analysis

Strengths

Given the low inflow of impact capital (only 7% of total foreign impact capital in East Africa), more than 45 micro-finance institutions (MFIs) in Ethiopia play a significant role in filling this gap between the demand and supply of impact capital. MFIs have a client base of more than 3 million and have issued ~USD $394 million in loans as of 2017.[278] In addition to no or low collateral terms, MFIs also leverage informal financial models, such as 'iqub' and 'iddir', to tailor their financial products and widen their client base.[279]

Additionally, international non-governmental organizations (NGOs) and donors are shifting from charitable giving to long-term development**.** A portion of the 62% of **NGOs** piloting new impact investing approaches in East Africa, **have channeled their funds to local angel investor networks (e.g. RENEW). As a result, the availability of impact capital to social enterprises has increased** and enabled through equity investments of USD $200,000 – $3 million provided by the networks.[280]

Barriers

Despite the high volume of foreign impact capital, flowing into East Africa from private impact investors, **only 7% (~USD $90 million)** is received in Ethiopia and available to social enterprises. Low inflows of impact capital are a result of government restriction on foreign investments through heavy regulations limiting direct investment, requiring majority local ownership and capping the amount of funds repatriated outside the country.[281] These measures are instituted to protect against majority foreign control in key sectors but have further discouraged investors even from minority stake investments.

In addition, there is a **mismatch between the funding needs of social enterprises and the type of capital available.** While 86% of investors provide equity, only 5% of social enterprises require this type of financing as most businesses tend to be family owned and may be hesitant to share ownership rights.[282]

Technical support ecosystem

Ethiopia has a strong network of support entities which aim to help SMEs, including social enterprises, grow and create jobs through non-financial interventions. They are mainly funded by foundations (e.g. Ford Foundation) and bilateral organizations including USAID. The Aspen Network of Development Entrepreneurs reports however, that ~75% of them are concentrated in the capital, Addis Ababa, which is likely to limit their ability to support social enterprises in other regions.[283] Figure 27 shows the types of technical support most accessible to social enterprises and examples of organizations (non-exhaustive).

Weak Strength of technical support

Predominant type of support in Ethiopia

	Incubators	Accelerators	Hubs	Co-working spaces
Services	Business development services, mentorship, training and funding Profit first			Shared office space
Focus	Innovation	Scalability	Collaboration	Networking
Support duration	3-4 months	12-18 months		Unlimited

Figure 27:
Technical support ecosystem Assessment

Strengths

Ethiopia has a **network of more than 62 technical support organizations,** including 36 business development providers and 27 accelerators and hubs (e.g., Growth Africa and Seedstars). These organizations offer a wide range of services, with 40% offering business strategy and planning, 32% providing networking opportunities, 32% offering value chain development, 25% offering financial management, 22% providing technology development and 18% offering marketing research and support.[284] These services provide social enterprises with the skills and networks they require to grow and create jobs.

Many support organizations **bundle social enterprise services,** including co-working spaces, training, and entrepreneur coaching.[285] This makes it easier for social enterprises to access a wide range of services and should be more cost efficient for support organizations which are fully using their resources, e.g. providing training from a co-working space.

Barriers

Accelerators and hubs **are concentrated in Addis Ababa.** This could likely limit the attention to innovative social enterprises in other regions including Somali, which is a high renewable energy zone.[286] Social enterprises in these regions therefore may be unable to acquire skills needed to scale and create jobs.

There is limited amount of support available to non-agriculture social enterprises with 50% of support organizations focused on agriculture.[287] This could limit the ability of social enterprises in other sectors to scale and create jobs, for example, with add space before 'with' only 3% of organizations specializing in affordable housing, although the sector is expected to generate the 2nd highest number of direct jobs in social enterprises.

ETHIOPIA

Enabling environment

Ethiopia has a state-controlled policy environment, which in the main also serves as a restrictive environment for social enterprise creation and growth in government priority sectors including renewable energy and ICT. The ease of doing business ranking has improved from 161 in 2018 to 159 in 2019 and 2020, on the back of policies to support local SMEs and favorable business registration policies. The industry body, Social Enterprise Ethiopia, aims to support social enterprise policy, but has had limited market influence, as it is still young, and social enterprises are still subject to commercial tax rates.

Business policy

The government created a **MSME development agency,** the Federal Micro and Small Enterprises Development Agency (FeMSDA), in 2011 to promote the MSE sector in the country. Through the technical support provided, the agency has led to the elevation of 3,141 enterprises from small enterprise level to middle enterprise level and facilitated ~5 million SMEs to access finance.[288] This support has benefitted social enterprises which operate in the MSME sector by enabling the enterprises to scale and create jobs.

Investment policies are aimed at limiting foreign investment in priority government sectors. Some of the key sectors include renewable energy and ICT which are expected to account for approximately 5% of direct social enterprise jobs. Restrictive policies include a requirement for foreign investors interested in investing in these sectors to provide goods and services to domestic firms. This discourages foreign investments that could drive job growth in these sectors, including financial inclusion which has the 3rd highest number of direct jobs.[289]

Business infrastructure

The government **eliminated the minimum capital requirement** in 2018 to promote the registration of new businesses. Prior to this, the paid-in capital amounted to 184% of a business owner's income. The elimination of the minimum capital requirement incentivized entrepreneurs, including social entrepreneurs to formally register new businesses, which gave employees the statutory protections of formal employment.[290]

Ethiopia has **only 12% internet penetration and 43% mobile penetration,** significantly behind East African neighbors such as Kenya with 24% internet penetration and 112% mobile penetration.[291] This threatens the ability of internet and mobile-based social enterprise models to scale successfully, as many have done using Kenya's mPesa, for example. In financial inclusion, low mobile penetration will prevent increased income opportunities through mobile banking. In all sectors, social enterprises will struggle to make data-informed decisions which could help them to realize their scale potential and connect and communicate with potential investors and technical support organizations.

Tax policy

The government provides **tax incentives to businesses in high priority sectors** such as agriculture, manufacturing, and sustainable tourism to drive expansion. For example, manufacturing firms with more than 50 employees can make capital investments without attracting any tax.[292] The provision of the tax incentives could enable social enterprises to achieve this potential as they are motivated to create employment.

Industry body

Ethiopia has an industry body, Social Enterprise Ethiopia, which was established in 2018 to bring together social enterprises and champion their needs. The industry body provides networking opportunities among its members and with ecosystem actors such as funders, coordinates peer learning and mentorship programs e.g., talent programs and provides co-working spaces to members at subsidized rates.[293] In 2018, Social Enterprise Ethiopia partnered with the British Council to organize the Social Enterprise World Forum (SEWF) which brought together more than 1,200 delegates. Such initiatives provide social enterprises with the opportunity to network with peers globally and learn from experts through trainings, allowing them to gain the skills needed to scale their businesses and create jobs.

However, the industry body is still **nascent and has not actively engaged in advocacy** as it has mainly focused on providing networking opportunities for members, office space and training.[294] Social Enterprise Ethiopia was founded in 2017 in a collaboration between British Council Ethiopia and Reach for Change.[295] The organization's key focus to date has been to raise awareness on social enterprises. To further support social enterprises in the country, the body needs to lobby the government for policy recognition that will acknowledge the social enterprise structure. The organization is yet to engage the government in policy discussions as it is currently focused on establishing itself.

Ethopia

Population in 2020:	109 million
GDP in 2019:	USD $94 billion
Number of SMEs 2020:	800
Number of SEs 2020	27,900
Prevalence rate SE/SME (%):	3.5%
Ease of Doing Business Ranking:	159 of 190 economies
Human Development Index:	0.470 (low)

KENYA

Eastern Africa: Kenya

Overview

Kenya has a GDP of USD $91.2 billion and a population of 53.8 million in 2020.[296,297] It has approximately 1.56 million small- and medium-sized enterprises (SMEs) and 6.29 million jobs. [298,299,300,301]

The International Monetary Fund's (IMF) initial estimates (post-COVID-19), expect Kenya's economy to grow at a rate of 6.1% in 2021, an adjustment of -0.2% from pre-COVID-19 estimates, after a slowdown to between 1% and 3% growth in 2020.[302,303] This study has found that there could be approximately 85,600 social enterprises in Kenya in 2020, employing possibly 345,000 people directly.[304] The population is expected to grow by 2.4% annually, leading to a working age population (15-64) of 41.8 million people in 2030.

There are expected to be approximately 444,000 direct jobs in social enterprises in Kenya by 2030, and it is projected that approximately 98,800 will be added between 2020 and 2030. As discussed further below, government and private support, increased demand for housing, and adoption of mobile money are expected to drive these jobs. Additionally, social enterprises in the agricultural sector are also expected to provide significant additional income opportunities in the future, driven by technical and operational support offered by the government. Figure 28 shows the total number of direct jobs that could be in social enterprises in 2020 and 2030.

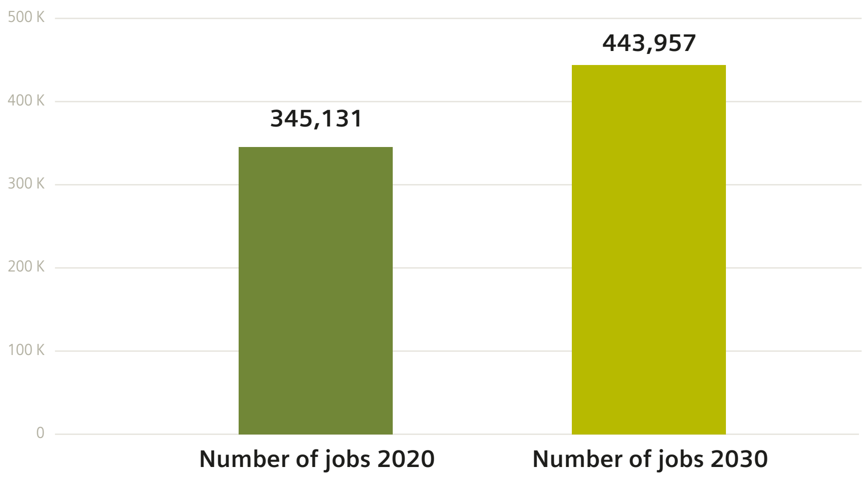


Figure 28:
Estimated direct jobs in social enterprises in Kenya 2020-2030

Financial ecosystem

Medium

Financial ecosystem
Impact investment and debt financing are available in Kenya, but social enterprises may struggle to access this capital. Kenya attracts 46% of impact investments in East Africa, but investors are mainly in major cities and rural social enterprises may not be able to access those networks.[305] Additionally, commercial debt terms include high collateral requirements (252.7% of loan value), which can stifle any lending to SMEs, or social enterprises.[306]

Technical support ecosystem

Strong

Technical support ecosystem
Kenya has a robust network of technical support organizations that offer high quality and relevant services to businesses and social enterprises. There are more than 120 such organizations, but many services are skewed towards tech-enabled business models which may limit the benefits and accessibility for social enterprises that are not tech-enabled.[307]

Enabling environment

Medium

Enabling environment
Government policies aim to support SMEs, and Kenya has both a national social enterprise industry body and hosts the regional social enterprise body. However, neither actively lobbies the government for social enterprise specific policies (e.g. tax exemptions), which could further enable growth.

KENYA

Financial ecosystem

Kenya is a regional impact investment hub with a well-developed banking sector that could provide a variety of types of capital to social enterprises. However, the IMF estimated in 2017 that micro-, small- and medium size enterprises faced a > USD $19.3 billion funding gap in Kenya, and social enterprises are expected to share this challenge. Research indicates that causes of the disparity between available and accessed capital may include strict debt financing terms and investors struggling to find pipeline outside of major cities.[308] Figure 29 below highlights the types of capital which is most accessible to social enterprises in Kenya.

Medium Strength of financial ecosystem

Predominant type of support in Kenya

	Philanthropy		Impact investing		Traditional financial services
Investor focus	Impact first			Profit first	
Investor type	Charitable donor	Venture philanthropy	Direct impact investor	Venture capital or PE	Traditional commercial banks
Capital	Grants and donations		Equity and quasi-equity		Debt

Figure 29:
Financial ecosystem assessment

Strengths

Kenya is a **vibrant hub for impact investors** and impact investment in the country accounts for 46% of all impact investment deals in East Africa.[309] Approximately 95 impact investors are active through more than 135 impact investment vehicles.[310] Of more than 220 deals closed between 2005-15, approximately 40 deals were in either agriculture or financial inclusion. This represents strong financial support for two sectors which are expected to contribute the most to the total number of jobs in social enterprises in Kenya.[311]

The dominance of mobile money in the country has led to the development of **mobile lending services** (e.g. Branch International and TALA) that provide capital to small businesses including social enterprises.

The **banking sector is highly developed** and social enterprises can expect to find debt capital at various ticket sizes and terms from over 40 commercial banks, 55 microfinance institutions (MFIs), and 5,000 Savings and Credit Cooperatives (SACCOs).[312] Although there can be challenges in accessibility (see 'Barriers'), at the smaller ticket size, MFIs have a total exposure of about USD $44 million to SMEs (which includes social enterprises) and at the larger ticket size, commercial banks do offer SME financial products.[313]

Barriers

Many social enterprises may find themselves unable to access debt capital, because they are either too big for MFIs or cannot afford the terms offered by commercial banks.[314] Bank interest rates were capped until 2020 at 14% (average rates in the period were 12.4%) but commercial banks required **more than 250% of loan value in collateral**, on average, to compensate.[315,316] Surveys of commercial banks find that lack of quality financial information prevents lending to SMEs, and by extension social enterprises, which explains extremely high collateral requirements to mitigate the risk of the unknown.

There is **limited availability of angel investment** in Kenya. Angel investing is nascent in Kenya with USD $10 million deployed between 2008 and 2015.[317] Despite an increasing network of high-net-worth individuals (HNWIs) willing to invest in early-stage businesses, including social enterprises, angel investment provides funding to approximately 2% of businesses in Kenya.[318] This could be attributed to limited awareness of available opportunities by HNWIs and limited awareness of angel investors among businesses.

An estimated 48% of social enterprises in Kenya are in the agricultural sector which **mainly operate in rural and peri-urban areas of Kenya. By contrast, funders are mainly based in Nairobi, Mombasa and Kisumu**.[319] This may result in underperformance, in job creation terms, by agriculture social enterprises, if they are unable to connect with funder networks.

Technical support ecosystem

Kenya has a large network of technical support organizations which aim to help SMEs, including social enterprises, grow and create jobs through non-financial interventions. They are funded by grants, revenue generating activities, local educational institutions (e.g. Strathmore University) and corporations (e.g. Microsoft). In Kenya, many support organizations focus on tech-enabled start-ups, which may limit their impact on social enterprises that are not tech-enabled. Figure 30 shows the features of technical support most accessible to social enterprises in Kenya, with examples of organizations (non-exhaustive).

Strong	Strength of technical support	Predominant type of support in Kenya

	Incubators	Accelerators	Hubs	Co-working spaces
Services	Business development services, mentorship, training and funding			Shared office space
Focus	Innovation	Scalability	Collaboration	Networking
Support duration	3-4 months	12-18 months		Unlimited

Figure 30:
Technical support ecosystem assessment

Strengths

Kenya has a **large and diverse network of support organizations** including more than 50 hubs and over 70 incubators.[320] These range from locally-sponsored organizations to those founded by international organizations. They all offer a range of types of assistance from mentoring and coaching sessions to networking opportunities. There is also a wide spectrum of foci from investor readiness support to innovation.

Kenya has a strongly entrepreneurial culture, which encourages experimentation and new ventures, in 2018 alone there were 44,000 new business registrations.[321] This can make for a competitive environment which has already generated a significant number of well-known social enterprises such as M-KOPA, Twiga Foods, etc.

KENYA

Barriers

More than 45 existing technical support organizations focus on tech-enabled businesses. This helps boost Kenya's reputation as a regional tech hub, but may limit support accessible to non-tech-enabled start-ups in sectors such as affordable housing and financial inclusion (where there are traditional cooperative social enterprise business models which are well established and successful) would be excluded.[322]

Enabling environment

Kenya has a pro-business policy environment, which also serves as an enabling environment for social enterprise creation and growth. The Ease of Doing Business ranking improved from 61 in 2019 to 56 out of 190 in 2020, coupled with policies to support SMEs and favorable foreign investment policies.[323] The industry body, Social Enterprise Society of Kenya, aims to support social enterprise policy, but government has not focused on social enterprises specifically and they are still subject to commercial tax rates.

Business policy

The **Micro and Small-sized Enterprise Authority (MSEA) was established in 2012 to undertake policy reforms and implement programs** to develop the MSME sector in Kenya.[324] Some supportive SME policies in Kenya include increasing the SME procurement from 10% to 30% in 2013.[325]

There is **weak government involvement in Public Private Partnerships (PPPs)** that could support social enterprises. The effectiveness of these PPPs often requires strong private sector initiative as the government provides limited funding and engagement.[326]

Business infrastructure

An **electrification rate of 64.5% contributes to social enterprise productivity.**[327] Access to high quality, robust internet in urban centers, and strong mobile internet penetration in rural areas gives social enterprises access to tech-based solutions to operate efficiently (e.g. accounting software).

There is a **long duration to receive a patent** (~3 years) with Kenya Industry Property Institute (KIPI). This limits the incentive for fast-changing ICT and tech-enabled social enterprises to invest in IP.[328]

Tax policy

The **Foreign Investment Protection Act encourages foreign investment** into local SMEs, including social enterprises, and guarantees foreign earnings may be repatriated without additional tax.[329] This encourages foreign investors to deploy capital in Kenya giving social enterprises access to larger pools of capital to sustain and scale operations to create jobs. Additionally, the **Presumptive Tax** came into effect in January 2019 and imposes a tax of 15% of the business permit for businesses with a turnover lower than approximately USD $47,000, payable once a year.[330] This replaced the Turnover Tax which imposed a tax of 3% on gross sales of a business, payable monthly.[331]

On average, Kenya Revenue Authority imposes a total tax rate of 44% on businesses' profit. This tax burden may be a disincentive for social enterprises to grow revenues and create more jobs and it caps the profit available to funnel back into the social enterprise.

Industry body

The **Social Enterprise Society of Kenya (SESOK) was established in 2017** and aims to provide support to and raise awareness about social enterprises by offering technical support and networking opportunities.[332] Additionally, East African Social Enterprise Network (EASEN) is a regional social enterprise body that offers advisory services and aims to advocate for social enterprises in Kenya, Uganda, Tanzania, Rwanda, South Sudan, and Burundi.

However, these industry bodies **do not actively lobby the government** to develop social enterprise specific policies. There is a lack of collaboration between the industry bodies and social enterprises to lobby the government for social enterprise enabling policies that would take into consideration both the profitability and social impact aspect of social enterprises (e.g. tax exemptions).

Kenya

Population in 2020:	53.8 million
GDP in 2019:	$91.2 billion
Number of SMEs 2020:	1,560,500
Number of SEs 2020	85,600
Prevalence rate SE/SME (%):	5.5%
Ease of Doing Business Ranking:	56 of 190 economies
Human Development Index:	0.579 (medium)

Eastern Africa: Rwanda

Overview

Rwanda had a GDP of USD $9.5 billion as of 2019 and a population in 2020 of 13.0 million.[333,334] This study estimates that Rwanda has approximately 123,496 small and medium-sized enterprises (SMEs) and 2.6 million jobs, of which 19% are formal employment.

The IMF's initial estimates (post-COVID-19) expect Rwanda's economy to grow at a rate of 6.7% in 2021, an adjustment of -0.2% from pre-COVID-19 estimates, after a slowdown to 3.5% growth in 2020.[335,336] The population is expected to grow 2.5% annually.[337] This annual growth will lead to a working age population (15-64) of 9.7 million people by 2030.[338] This study has estimated that there are 4,300 social enterprises in Rwanda, employing 18,300 people directly.

There are expected to be approximately 23,300 direct jobs in social enterprises in Rwanda by 2030, a projected increase of 5,000 from 2020. As discussed further below, government and private support for the agricultural sector, increased demand for affordable housing, and growing adoption of mobile banking are expected to drive job creation in these sectors. Additionally, social enterprises in the agricultural sector are expected to provide a significant amount of additional income opportunities, driven by technical and operational support offered by the government. Figure 31 shows the total number of direct jobs in social enterprises in 2020 and 2030 (projected).

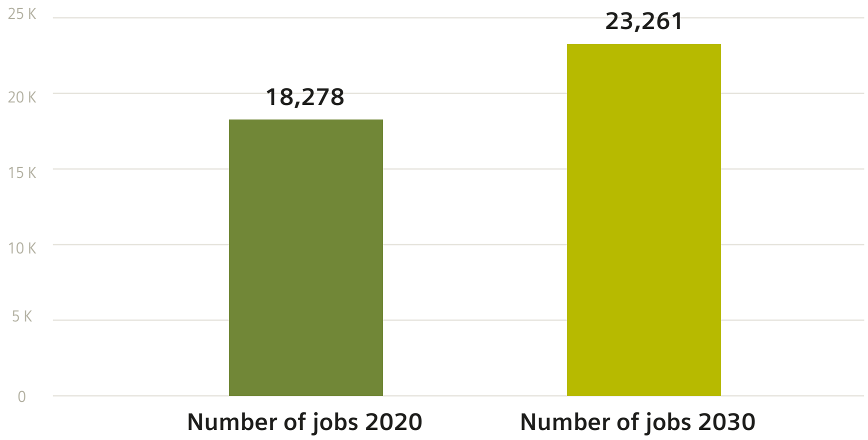


Figure 31:
Estimated direct jobs in social enterprises in Rwanda 2020-2030

Financial ecosystem

Weak

Technical support ecosystem

Weak

Enabling environment

Strong

Financial ecosystem
Rwanda receives less impact investment than its neighbors (representing 7% of deals in East Africa); 89% of such funding comes from Development Finance Institutions, which prefer deals larger than USD $ 1 million. Commercial debt financing is available, but social enterprises may find the terms unaffordable, with high interest rates (~26% by MFIs and ~18% by banks) and collateral demands by some MFIs of up to three times the value of the loan. These strict terms for debt have led to a heavy reliance on grants among social enterprises.[339]

Technical support ecosystem
While they offer a diverse range of services, Rwanda has a small network of technical support organizations (~12 entities). Moreover, 59% focus primarily on the agriculture sector; other critical sectors may have more limited or less tailored technical support.

Enabling environment
The government of Rwanda has been at the forefront regionally in terms of setting up a pro-business environment; the country ranks among the top 30 (29/190) globally in ease of doing business, compared to an average 111 rank in the region.[340] Besides reducing regulatory complexity and making it easy to start a business, the government offers preferential taxation for new SMEs and investors in the energy and ICT sectors.

Financial ecosystem

While Rwanda is becoming a regional impact investment hub, the IMF estimated in 2017 that micro-, small- and medium-size enterprises in Rwanda faced a > USD $ 1.3 billion funding gap; social enterprises share this challenge.[341] Commercial funding is expensive (~26% interest rates and stringent demands for collateral), leaving most SMEs and social enterprises to meet their total funding requirements using their own capital. Additionally, impact investment volume is historically low, with USD $44 million deployed between 2004 and 2014 (~7% of funding in East Africa), limiting social enterprises' access to finance. Figure 32 below highlights the types of capital which are most accessible to social enterprises in Rwanda. The example organizations are non-exhaustive.

Weak	Strength of financial ecosystem	Predominant type of support in Rwanda

	Philanthropy		Impact investing		Traditional financial services
Investor focus	Impact first			Profit first	
Investor type	Charitable donor	Venture philanthropy	Direct impact investor	Venture capital or PE	Traditional commercial banks
Capital	Grants and donations		Equity and quasi-equity		Debt

Figure 32:
Financial ecosystem assessment

Strengths

Social enterprises have access to a **large pool of donor funding,** with USD $1.2 billion coming from Official Development Assistance countries to support businesses that promote economic development and welfare, including social enterprises. In 2017, USD $157 million of such funding was donated to support production sectors, which includes agriculture, a sector which could provide a majority of direct social enterprise jobs by 2030.[342]

Impact investors support high-priority sectors and early-stage social enterprises in Rwanda. Half of the deals have low ticket sizes (less than USD $250,000). Sectors with high potential for job creation, such as agriculture and financial inclusion (which together could provide 56% of direct jobs in social enterprises by 2030), attract more than 65% of all deals. Investment in these sectors could provide the capital social enterprises need to grow, including at the early stage.[343]

Barriers

Most social enterprises in Rwanda have **trouble accessing local credit** because of stringent terms set by MFIs or local banks, such as interest rates as high as 26% or demand for collateral up to three times the value of the loan.[344] More than 99% of loans issued by MFIs and banks in Rwanda depend solely on collateral to underwrite loan issuance rather than cash flow or credit history. This has created a credit gap that prevents social enterprises from accessing commercial credit that could enable them to scale.[345]

With Rwanda accounting for only 7% of deals in East Africa, impact investors have directed a **low volume of investment to social enterprises** in the country. Development finance institutions (DFIs) account for 89% (about USD $371 million) of the funding available from investors and primarily focus on deals larger than USD $1 million; only USD $44 million was deployed by private impact investors in Rwanda between 2004 and 2014.[346] This limits access to funding for early-stage social enterprises, which typically require small ticket sizes (less than USD $250,000).

Technical support ecosystem

While Rwanda's network of technical support organizations aiming to help SMEs with their business operations is growing, existing organizations cannot meet the increasing need for supportive services. In Rwanda, most support organizations focus on agriculture, leaving out other critical sectors. Figure 33 shows the features of technical support most accessible to social enterprises in Rwanda.

Weak Strength of technical support

Predominant type of support in Rwanda

	Incubators	Accelerators	Hubs	Co-working spaces
Services	Business development services, mentorship, training and funding			Shared office space
Focus	Innovation	Scalability	Collaboration	Networking
Support duration	3-4 months	12-18 months		Unlimited

Figure 33:
Technical support ecosystem assessment

Strengths

A diverse range of supportive services are offered to social enterprises in Rwanda. More than half are targeted towards the agriculture sector, which could provide 50% of direct jobs by 2030. Such services include business strategy and planning (75% of support organizations), networking opportunities (67%), financial management (56%), and marketing research and support (47%).[347]

Networking events are very common in Rwanda and these increase collaboration among social enterprises in the country. 67% of technical support organizations have facilitated such events, which allow social enterprises to share knowledge and experience amongst themselves.

Barriers

Despite the growing need for support, the **network of technical support organizations remains small,** comprising of just 12 hubs and accelerators. This limits the number of social enterprises that can access supportive services. Additionally, more organizations could offer business advisory services, especially for those social enterprises outside of Kigali, which is most of them.[348]

There is **less support provided to non-agriculture social enterprises,** as most organizations (59%) provide technical support primarily to companies in the agriculture sector.

RWANDA

Enabling environment

Rwanda is ranked 29th globally in terms of ease of doing business, with government measures helping to create a pro-business policy environment. The government has proactively implemented policies that favor businesses, drive public investment, and encourage foreign investment. Social enterprises can register as NGOs or private limited companies, each governed by different funding and taxation laws. The government has encouraged entrepreneurship through tax exemptions for new SMEs, as well as reductions in the timeline required to open a business.

Business policy

The government has reduced regulatory complexity, making it **easy for businesses to acquire legal operating requirements,** such as licenses. For example, it takes just four days to start a business, with only five procedures required. This encourages the establishment of SMEs, including social enterprises.

There is an **investment law (2015)** which encourages private investments by protecting investor and intellectual property rights. However, the law does not apply to social enterprises registered as NGOs, which may face barriers to their operations as a result.[349]

Business infrastructure

Rwanda has **high internet penetration (52%), as well as high mobile penetration (82%).**[350] These factors enable social enterprises to easily access tech-based solutions and enable efficient operations. This in turn catalyzes increased income-generating opportunities; for example, digital lending increases access to the capital required to establish revenue-generating activities.

Electrification rates remain low in Rwanda at about 30% of the population.[351] This increases the cost of maintaining reliable business operations and reduces productivity. For example, social enterprises without reliable access to electricity need to purchase diesel to power generators to support their operations. This also constrains their ability to expand. Supporting renewable energy social enterprises provides the opportunity to strengthen the business environment as they could provide electricity to other social enterprises and promote the job creation potential of social enterprises focused on renewable energy.

Tax policy

New SMEs in Rwanda are exempt from trade license tax for their first two years of business operations.[352] This gives a grace period for businesses to create a foundation without needing to pay taxes to the government. The government also offers a preferential 15% corporate tax rate for investors in the energy and ICT sectors.

Social enterprises may register as NGOs with the government. Those that are registered as limited companies are subject to Rwanda's **high standard corporate tax of 30%.**

Industry body

There is currently **no industry body** that represents social enterprises and lobbies for policies that support the operation of social enterprises, such as tax exemptions. However, social enterprises in Rwanda are represented by the East African Social Enterprise Network (EASEN), which provides social enterprises in East Africa with technical support and access to business networks. The Rwanda Private Sector Federation also lobbies the government to enact favorable laws to support activity in the private sector, including SMEs.

Rwanda

Population in 2020:	13.0 million
GDP in 2019:	USD $ 9.5 billion
Number of SMEs 2020:	123,496
Number of SEs 2020	4,300
Prevalence rate SE/SME (%):	3.5%
Ease of Doing Business Ranking:	38 of 190 economies
Human Development Index:	0.536 (low)

UGANDA

Eastern Africa: Uganda

Overview

Uganda had a GDP of USD $34 billion in 2019, and a population of 45.7 million in 2020.[353,354] It has 1.1 million small- and medium-sized enterprises (SMEs) and 2.5 million jobs in SMEs.[355]

The International Monetary Fund's (IMF) initial estimates (post-COVID-19) expect Uganda's economy to grow at a rate of 4.3% in 2021, an adjustment of -0.6% from pre-COVID-19 estimates, after a 2% to 2.5% slowdown in projected growth in GDP in 2020.[356,357] The population is still expected to grow at 3.7% annually.[358] This study has estimated that approximately 27,400 social enterprises are operating in Uganda, employing 62,300 people directly. In 2030, based on the above estimate for population growth, Uganda's working age population (15-64) will reach 33.9 million people.[359]

This study projects there will be approximately 86,000 direct jobs in social enterprises in Uganda by 2030, corresponding to an addition of approximately 23,700 between 2020 and 2030. As discussed further below, support by the Ugandan government and development partners, adoption of mobile money and telecommunications, eased government regulations of ICT, and tax incentives are expected to drive job growth in these sectors. Social enterprises in the agricultural sector are also expected to provide considerable income-generating opportunities in the future, driven by technical and operational support offered by the government. Figure 34 shows the estimated total number of direct jobs in social enterprises in 2020 and 2030 (projected).

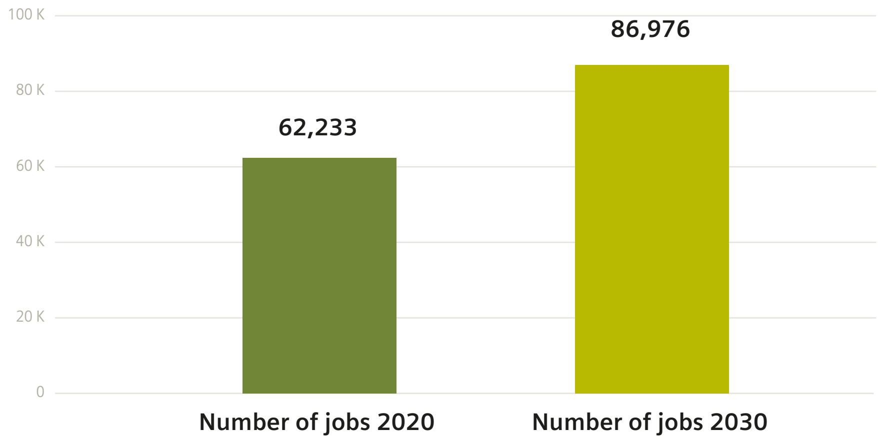


Figure 34:

Estimated direct jobs in social enterprises in Uganda 2020-2030

Financial ecosystem

Weak

Financial ecosystem
While impact investment is available, there is a mismatch between preferred investor ticket sizes and social enterprise needs.[360] Impact investors have long supported SMEs and social enterprises in agriculture and financial inclusion.[361] Commercial debt terms are prohibitive for social enterprises, with high interest rates (19%) and collateral requirements (162% of loan value) stifling lending to all SMEs, as well as to social enterprises.[362 363]

Technical support ecosystem

Medium

Technical support ecosystem
Entrepreneurs in Uganda value collaboration and networking to support their businesses' growth; 68% of entrepreneurs in Kampala belong to peer networks. An emerging ecosystem of technical support providers offers, for example, training, office space, and seed investment, but their concentration in Kampala makes it hard for the many social enterprises operating outside ofKampala to access support. Moreover, limited availability of pre-investment support hinders access to growth capital.

Enabling environment

Weak

Enabling environment
While the government supports SMEs through state-led funding and tax incentives, many social enterprises cannot benefit because the incentives have large capital requirements. Government power concessions have dramatically improved the reliability and cost of electricity, a key operational input, but electrification rates countrywide are low (23% urban, 19% rural). Additionally, lack of a social enterprise body hinders the development of enabling policies.

Financial ecosystem

Impact investors and Development Finance Institutions (DFIs) invested more than USD $300 million and USD $879 million respectively in Uganda between 2004 and 2014.[364] However, the IMF estimated in 2017 that micro-, small-, and medium-sized enterprises (MSMEs) in Uganda, including social enterprises, face a funding gap in excess of USD $4.9 billion.[365] Causes of the disparity between available and accessed capital include strict terms for debt financing and mismatched preferences between investors and enterprises.[366,367] Figure 35 below highlights the types of capital which are most accessible to social enterprises in Uganda. The example organizations are non-exhaustive.

Weak Strength of financial ecosystem

Predominant type of support in Uganda

	Philanthropy		Impact investing		Traditional financial services
Investor focus	Impact first			Profit first	
Investor type	Charitable donor	Venture philanthropy	Direct impact investor	Venture capital or PE	Traditional commercial banks
Capital	Grants and donations		Equity and quasi-equity		Debt

Figure 35:
Financial ecosystem assessment

Strengths

According to the GIIN's landscape report, **Uganda is the second-largest impact investing market in East Africa.**[368] Approximately 82 impact investors are active through more than 119 vehicles for impact capital. Between 2004 and 2014, impact investors and DFIs provided more than USD $300 million and USD $879 million respectively in investment.[369]

Funders' key priority sectors include agriculture and financial inclusion, which each account for 40% of all impact investor deals in Uganda. Half of DFI deals, meanwhile, were in financial inclusion.[370] This represents strong financial support for two sectors which are accordingly expected to contribute the most to the total number of jobs in social enterprises in Uganda.

Barriers

Social enterprises **have trouble accessing commercial loans** due to prohibitive financing terms required by commercial banks, which demand high interest rates (19%) and collateral-to-loan requirements of 162%.[371,372] Most SMEs, and by extension social enterprises, lack high-quality financial reports. As a result, banks demand extremely high collateral requirements to manage their credit risk.[373]

In terms of ticket sizes, a **mismatch between investor preferences and social enterprise needs** limits access to finance.[374] Most SMEs require less than USD $300,000, while investors prefer larger ticket sizes to amortize high risk and the costs of transaction, selection, and capacity-building.[375] This limits SMEs' access to finance, as investors may be unwilling to undertake the risk and cost involved in disbursing the small amounts the businesses require.

Technical support ecosystem

Uganda has a strong and diverse network of technical support organizations to help SMEs, including social enterprises, grow and create jobs through non-financial interventions. These organizations are funded by grants, revenue-generating activities, local educational institutions (e.g., Makerere University), and the government (e.g., UIRI). Most of these organizations, however, are stationed in the capital, Kampala, which may limit their ability to help social enterprises in rural areas. Figure 36 shows the features of technical support most accessible to social enterprises in Uganda, with examples of organizations (non-exhaustive).

Medium Strength of technical support

Predominant type of support in Uganda

	Incubators	Accelerators	Hubs	Co-working spaces
Services	Business development services, mentorship, training and funding			Shared office space
Focus	Innovation	Scalability	Collaboration	Networking
Support duration	3-4 months	12-18 months		Unlimited

Figure 36:
Technical support ecosystem assessment

Strengths

Uganda has a **strong network of support organizations** offering a range of types of assistance, including mentoring and coaching, networking opportunities, training, office space, and seed investments to develop teams and capacity.[376] Some organizations are locally sponsored, while others are founded or funded by international organizations.

Most entrepreneurs in Uganda **value collaboration and networking to support their growth.** In Kampala, 68% of entrepreneurs use co-working spaces, which enables them to network, share learnings, and access new opportunities to facilitate their growth.[377]

Barriers

Most **business support organizations are stationed in Kampala.** By contrast, social enterprises are distributed across the country to maintain close relationships with their customers and serve them efficiently. Social enterprises operating outside of Kampala have difficulty accessing support in the capital, incurring high costs in transport and time to access the needed services.[378]

Supporting organizations typically **do not adequately prepare social enterprises for investment.** This inhibits the ability of social enterprises to access funding and scale. Consequently, 70% of Ugandan entrepreneurs have unfulfilled capital needs; 40% of MSMEs close annually from lack of credit.[379]

UGANDA

Enabling environment

While government policies aim to support SME growth, many of these policies' large capital requirements lead them to have minimal impact on social enterprises. Compounding this, Uganda lacks a specific body to facilitate policy collaboration between the government and private sector to encourage social enterprise. Some efforts have advanced, however, as the country's Ease of Doing Business ranking improved from 127 in 2019 to 116 out of 190 in 2020 and SME-focused tax incentives were introduced in the 2019/2020 budget.[380]

Business policy

The government **aims to support the growth of SMEs through state-led funding.** Various government-led initiatives include a Micro-finance Support Center American English unless this is the proper name under the Ministry of Finance that provides funding and management training to SMEs and a SACCO credit facility that provides affordable credit and management training to SACCOs.[381,382]

The Bank of Uganda, the country's central bank, charges **a high base interest rate (8-10%).**[383] The high cost of borrowing from the central bank, combined with other risk factors, such as the inadequate financial information that typically define local SMEs, leads commercial banks to charge high interest rates (as high as 20%). This expense inhibits commercial funding of social enterprises.

Business infrastructure

Power concessions have **improved the reliability of power and lowered its cost.** Before 2013, Ugandan businesses experienced long hours of load shedding, causing service firms to lose up to 25% of their sales.[384] Since then, government concessions have enabled it to extend electricity to more people and reduce incidents of load shedding to almost zero.[385] Tariffs have dropped to USD $0.07 for bulk supply and USD $0.14 for end users per kilowatt-hour. More reliable and cheaper power lowers costs of operation, enabling social enterprises to operate more efficiently.[386]

While Uganda's measures to increase access to electricity drove its rising ranking on the World Bank's Ease of Doing Business scale, **low electrification rates persist:** 23% in urban areas and 19% in rural areas.[387] In addition, the country has the highest cost of internet in East Africa with an average of USD $4.69 for 1 gigabyte (compared to USD $0.56 in Rwanda), making it inaccessible to most businesses.[388] This limits businesses' access to supportive services such as information and telecommunications systems, hindering operational efficiency and service delivery.

Tax policy

In the 2019/2020 budget, the **Ugandan government offered tax incentives to support SME growth,** including a 10-year income tax exemption. For Ugandan citizens, this applies to investments worth more than USD $1 million or, if renting or leasing facilities in an industrial park or free zone, to investments worth more than USD $10 million. For foreigners, the exemption applies to investments worth more than USD $50 million for a person renting or leasing facilities in an industrial park or free zone.[389]

These **tax incentives are often not available to social enterprises,** however, as they are tied to investment in industrial parks and larger capital investments that are more common to manufacturing businesses than to social enterprises.

Industry body

The **Federation of Small- and Medium-sized Enterprises (FSME) was established in 2017** to create a robust and conducive business environment for small- and medium-sized businesses in Uganda. It lobbies for SME-enabling policies and provides advisory services to SMEs, such as business registration.[390] Additionally, the **East African Social Enterprise Network (EASEN)** is a regional social enterprise body that offers advisory services and aims to advocate for social enterprises in Kenya, Uganda, Tanzania, Rwanda, South Sudan, and Burundi.

However, these industry bodies **do not actively lobby the Ugandan government** to develop social enterprise-specific policies. There is a lack of collaboration between the industry bodies and social enterprises to lobby the government for enabling policies (such as tax exemptions) that would take into consideration both the profitability and social impact aspects of social enterprise.

Uganda

Population in 2020:	45.7 million
GDP in 2019:	USD $34 billion
Number of SMEs 2020:	1,100,000
Number of SEs 2020	27,400
Prevalence rate SE/SME (%):	2.5%
Ease of Doing Business Ranking:	116 of 190 economies
Human Development Index:	0.528 (low)

Southern Africa: South Africa

Overview

South Africa had a GDP of USD $356.1 billion in 2019 and a population of 59.3 million in 2020.[391,392] It has approximately 2.2 million small- and medium-sized enterprises (SMEs) and 9.1 million jobs.[393 394 395]

The International Monetary Fund's initial estimates (post-COVID-19) expect South Africa's economy to grow at a rate of 4.0% in 2021, an adjustment of -1.4% from pre-COVID-19 estimates, after shrinking by 5.8% in 2020 and historically poor 0.15% growth in 2019.[396] This study estimated that 141,500 social enterprises are operating in South Africa as of 2020, offering direct employment to 589,900 people.[397] South Africa's population is expected to grow by 1.6% annually, leading to a working age population (15-64) of 44.6 million people in 2030.[398,399,400]

This study projects there will be approximately 666,600 direct jobs in social enterprises in South Africa by 2030, 76,700 more jobs than in 2020. Figure 37 shows the total number of direct jobs in social enterprises in 2020 and 2030 (projected).

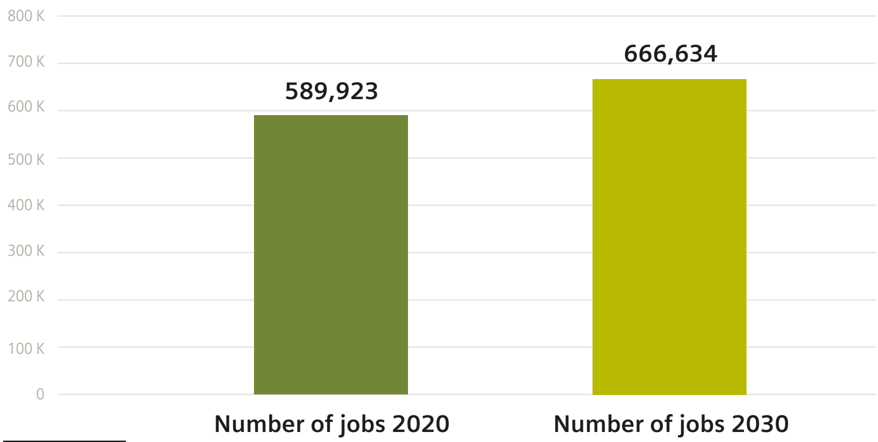


Figure 37:
Estimated direct jobs in social enterprises in South Africa 2020-2030

Financial ecosystem

Medium

Financial ecosystem
South Africa has a well-developed financial sector and nearly three-quarters of impact capital disbursed in Southern Africa between 2005 and 2015 was invested in South Africa.[401] Despite the substantial amount of available funding, it is not always accessible to small social enterprises, as most banks and investors prefer larger ticket sizes than social enterprises are ready to raise.

Technical support ecosystem

Strong

Technical support ecosystem
South Africa has a strong network of organizations that support SMEs, including social enterprises.[402] Technical support organizations work in partnership with investors to offer capacity-building, advisory services, and networking opportunities to businesses. There is also good geographical coverage which makes the support more readily accessible to social enterprises than in other target countries in this study.

Enabling environment

Strong

Enabling environment
The policy environment is designed to support SMEs and social enterprises. Social enterprises registered as public benefit organizations receive tax exemptions on grants and donations. Procurement regulations favor SMEs, and there are incentives for foreign and domestic investors across sectors including manufacturing, agriculture, and tourism. The country's Ease of Doing Business ranking stood at 84 out of 190 as of 2020, making it the easiest place to do business in Southern Africa.[403] However, frequent power shortages, strict labor laws, and poor economic performance in recent years may limit the development and job-creation potential of social enterprises in South Africa.

Financial ecosystem

South Africa is the largest recipient of impact capital in Southern Africa and has a large diaspora who send remittances. However, the IMF estimated in 2017 that micro-, small-, and medium-sized enterprises, including social enterprises, faced a USD $5 billion funding gap. Much of the available capital is out of reach of social enterprises because it is deployed in large ticket sizes, or they do not have the technical expertise to raise commercial capital. Figure 38 below highlights the types of capital which are most accessible to social enterprises in South Africa. The example organizations are non-exhaustive.

Medium Strength of financial ecosystem

Predominant type of support in South Africa

	Philanthropy		Impact investing		Traditional financial services
Investor focus	Impact first			Profit first	
Investor type	Charitable donor	Venture philanthropy	Direct impact investor	Venture capital or PE	Traditional commercial banks
Capital	Grants and donations		Equity and quasi-equity		Debt

Figure 38:
Financial ecosystem assessment

Strengths

Social enterprises have **access to more diverse funding options** than social enterprises in other countries in the Southern Africa region. Enterprises in the country received nearly USD $29 billion in impact capital between 2005 and 2015 with USD $2.5 billion of this deployed by non-DFIs to businesses in financial inclusion and manufacturing.[404] This came from venture capital, grants, and impact capital.

Barriers

Social enterprises in South Africa struggle to access **commercial loans, which are larger than they need.** Banks typically offer loans larger than USD $35,000 and early-stage SMEs, including social enterprises, typically need less than USD $15,000.[405] Therefore, social enterprises have to approach a wider range of sources of capital to fund their initial growth, which adds time and expense.

Some social enterprises in South Africa **lack the skills and experience needed** to properly package their funding requests. A study by Finfind noted that most entrepreneurs lack knowledge of funders, types of ideal investment structures for their business, or criteria required to qualify for funding.[406] Together with a lack of proper documentation and financial structures, social enterprises' growth has been inhibited by the lack of funding.

Technical support ecosystem

South Africa has a large network of technical support organizations that are increasingly partnering with investors to help SMEs, including social enterprises, grow and create jobs through non-financial interventions. These key support services are accessible to more than 80% of social enterprises. These organizations include accelerators (whether locally sponsored or funded by international organizations), hubs, co-working spaces, and incubators funded by corporations (e.g., Old Mutual, Eskom's Enterprise Development program, and Sappi's Project Grow) and government. Figure 39 shows the features of technical support that are most accessible to social enterprises in South Africa, with examples of organizations (non-exhaustive).

Strong — Strength of technical support

Predominant type of support in South Africa

	Incubators	Accelerators	Hubs	Co-working spaces
Services	Business development services, mentorship, training and funding			Shared office space
Focus	Innovation	Scalability	Collaboration	Networking
Support duration	3-4 months	12-18 months		Unlimited

Figure 39:
Technical support ecosystem assessment

Strengths

South Africa has an **active network of more than 70 support organizations,** more than 75% of which are located in Gauteng and Western Cape, where more than 80% of social enterprises are located.[407] The organizations offer a wide range of services, from capacity-building training and advisory services to networking opportunities. By partnering with these organizations, social enterprises can build skills and develop a network of key partners that can enable them to create jobs.

In South Africa, **most support organizations are sector-agnostic.**[408] They support a wide variety of sectors including financial services, manufacturing, agriculture, and ICT with funding, training, consulting, and networking opportunities[409] Since social enterprises from any sector are likely to require similar support at an early stage, this enables more growth by social enterprises and therefore more jobs and income-generating opportunities.

Barriers

Despite the huge number of technical organizations providing support to businesses, **many social enterprises are still not ready for investors.** The Global Entrepreneurship Monitor noted that SMEs, including social enterprises, often lack updated financial records, a key requirement for any sort of investment.[410] This points to a gap in available support that could hinder social enterprises' ability to access finance, scale, and create jobs in South Africa.

Since most support organizations are sector-agnostic, there may be a **lack of specialized support** for social enterprises in more technically specialized sectors, such as renewable energy and ICT. This could hinder the growth of social enterprises in these sectors.

SOUTH AFRICA

Enabling environment

South Africa has a relatively friendly business operating environment for SMEs. Existing policies that support social enterprises include tax exemptions on grants and donations for social enterprises registered as public benefit organizations. There are incentives for domestic and foreign investors and a social enterprise industry body. South Africa was 84 out of 190 in the Ease of Doing Business index in 2020, making it the easiest place to do business in Southern Africa.[411] However, frequent power shortages and lack of a body that lobbies on behalf of social enterprises threaten social enterprise growth and job creation.

Business policy

The government of South Africa revised its procurement regulations in 2019 to **increase the share of procurement** awarded to micro-, small-, and medium-sized enterprises, including social enterprises. Specifically, tenders over USD $1.8 million are awarded to businesses that subcontract at least 30% to SMEs.[412] This will allow social enterprises to sell to the government, thereby allowing them to grow and create more jobs.

South Africa has **strict labor laws,** which are designed to protect workers' rights, but which can restrict businesses' growth. The laws make it hard to lay off workers if a business can no longer afford to keep them or if they are found to be unproductive.[413] Labor-intensive social enterprises, such as those in the manufacturing sector, may face high labor costs as a result, which hinders their growth and ability to create more direct jobs. The Skills Development Act (SDA) added a levy to fund the national skills development initiative, further increasing labor costs.[414]

Business infrastructure

South Africa has **no minimum capital requirements** or prescribed minimum investment to form a company in South Africa.[415] This encourages entrepreneurs to register new businesses and supports formal employment by social enterprises.

Frequent power shortages in South Africa can disrupt operations.[416] Eskom, the state-owned power company, generates almost all of the country's electricity and faces large financial losses. Its inability to meet demand is expected to continue, keeping South Africa's economy below its potential. This will especially limit social enterprises that rely heavily on electricity, such as those in the manufacturing sector and hospitality.

Tax policy

The South African government has supportive tax policies for social enterprises. Social enterprises registered as public benefit organizations enjoy **tax exemptions** on grants and donations for as long as they are in operation.[417] This can increases retained earnings, allowing social enterprises to scale their operations.

Despite these policies to support social enterprise, **businesses still spend around 200 hours** on average filing taxes each year. This reduces the resources available for social enterprises to focus on their operations.

Industry body

The **African Social Entrepreneurs Networks (ASEN)** is a network of more than 3,800 social entrepreneurs.[418] The networking body, rare among Sub-Saharan African countries, provides social enterprises with business training and networking opportunities. It also provides a platform for social enterprises to find mentors, other social innovators, new business partners, and potential investors.

However, **ASEN does not lobby the government** on behalf of social enterprises or advocate for social enterprise-enabling policies.[419] Social enterprises would still benefit from a wider range of enabling policies that take into consideration their social-impact and profit-seeking dual mandate.

South Africa

Population in 2020:	59.3 million
GDP in 2019:	USD $356.1 billion
Number of SMEs 2020:	2,182,283
Number of SEs 2020	141,500
Prevalence rate SE/SME (%):	6.5%
Ease of Doing Business Ranking:	69 of 190 economies
Human Development Index:	0.705 (high)

IV.

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these workers often remain trapped in poverty. Link

36 The large number of SMEs in Nigeria is related to the large size of the population & economy in Nigeria but also to the fact that collection of data about SMEs has been improved in Nigeria, thus yielding higher reported numbers of SMEs. As also reported by World Bank, Nigeria accounts for 84% of all MSMEs in Sub-Saharan Africa. For more information, see: World Bank (2017): MSME Finance Gap: Assessment of the Shortfalls and Opportunities in Financing Micro, Small, and Medium Enterprises in Emerging Markets.

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V. Appendix

EUROPE

	Austria	Belgium	Bulgaria	Croatia	Cyprus	Czech Republic	Den-mark	Estonia	Finland	France	Germa-ny	Greece
No. of SMEs	321,358	601,550[A]	325,892[A]	146,197[A]	48,280[A]	999,045[A]	210,093[A]	67,919[A]	228,408[A]	2,960,000[B]	2,600,000[C]	789,975[A]
No. of Social Enterpri-ses	1,535[D]	3,170[E]	3,674[F]	526[G]	190[H]	3,773[I]	411[J]	121[K]	1,181[L]	96,603[M]	300,000[N]	1,148[O]
SE/SME (%)	0.48%	0.53%	1.13%	0.36%	0.39%	0.38%	0.20%	0.18%	0.52%	3.26%	11.54%	0.15%

	Hungary	Ireland	Italy	Latvia	Lithua-nia	Luxem-bourg	Malta	Nether-lands	Poland	Portugal	Norway	Romania
No. of SMEs	535,536[A]	968,881	3,746,109	109,642[A]	186,095[A]	31,766[A]	26,006[A]	1,091,150[A]	1,603,345[A]	868,639	292,816[A]	456,289[A]
No. of Social Enter-prises	15,855[O]	3,376[O]	102,461	200[O]	3,475[O]	928[O]	45[O]	5,500[O]	29,535[O]	7,938	250[O]	6,317[O]
SE/SME (%)	2.96%	0.35%	2.74%	0.18%	1.87%	2.92%	0.17%	0.50%	1.84%	0.91%	0.09%	1.38%

	Slovakia	Slovenia	Spain	Sweden	United Kingdom
No. of SMEs	429,094[A]	134,457[A]	2,463,074[A]	685,746[A]	5,894,100[U]
No. of Social Enterprises	3,737[O]	1,393[O]	9,680[V]	3,000[O]	471,000[W]
SE/SME (%)	0.87%	1.04%	0.39%	0.44%	7.99%

ASIA

	Georgia	India	Indonesia	Malaysia	Turkey	Vietnam
No. of SMEs	66,810[X]	63,388,000[Y]	57,895,721[Z]	907,065[AA]	2,672,458[BB]	508,060[CC]
No. of Social enterprises	70[DD]	2,000,000[EE]	342,000[FF]	7,257[GG]	9,000[HH]	19,000[II]
SE/SME (%)	0.10%	3.16%	0.59%	0.80%	0.34%	3.74%

AFRICA

	Egypt	Ethiopia	Ghana	Kenya	Tunisia
No. of SMEs	2,500,000[JJ]	800,000[KK]	721,958[LL]	1,560,000[MM]	600,000[NN]
No. of Social enterprises	55,000[OO]	55,000[PP]	26,275[QQ]	40,000[RR]	30,000[SS]
SE/SME (%)	2.20%	6.88%	3.64%	2.56%	5.00%

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AA SMEinfo (2016): Here is Why SME Matters in Malaysia.
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CC Asean-CSR-Network (2015): Overview Report: Challenges of small and medium enterprises in Vietnam in meeting the requirements of the Trans-Pacific Partnership Agreement (TPP) on Environment and Corporate Social Responsibility.
DD European Commission (2018): Social Economy in Eastern Neighbourhood and in the Western Balkans. Country report - Georgia.
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MM Kenya Association of Manufacturers (2020): The Focus on SMEs is a welcome Intervention.
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QQ British Council (2016): The state of social enterprise in Ghana.
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SS World Bank Group (2017): Social Entrepreneurship in Tunisia.

Number of SMEs in Focus Countries

	Total number of SMEs	Total number of jobs in SMEs	Job creation per SME	Source Total Number of SMEs	Source Total number of jobs in SMEs	Source Job creation per SME
Cote d'Ivoire	203,491	735,000	3.61	World Bank (2017): MSME Finance Gap: Assessment of the Shortfalls and Opportunities in Financing Micro, Small, and Medium Enterprises in Emerging Markets.	Dutch Good Growth Fund (DGGF): Ivory Coast. Key Challenges for the "Missing Middle".	Total number of jobs in SMEs/Total number of SMEs
Egypt	2,453,567	21,648,750	8.82	World Bank (2017): MSME Finance Gap: Assessment of the Shortfalls and Opportunities in Financing Micro, Small, and Medium Enterprises in Emerging Markets.	Amount of SMEs: Oxford Business Group (2020): SMEs key to sustainable growth of Egypt's industry. Workforce: Ahram Online(2019): Egypt's labor force reached 28.9 million in 2018, 90% employment rate: CAPMAS.	Total number of jobs in SMEs/Total number of SMEs
Ethiopia	800,000	1,223,700	8.96	ADA asbl & First Consult PLC (2017) Ada Micro-finance Pg 4	Ethiopian Economic Association (2015): Small and Micro Enterprises (SMEs) Development in Ethiopia. Policies, Performances, Constraints and Prospects	Total number of jobs in SMEs/Total number of SMEs
Ghana	1,777,209	7,535,365	4.24	Total number of jobs in SMEs/ Job creation per SME	Korea Development Institute(2003): Building the foundation for the development of SMEs in Ghana. Working age population (2019) & employment rate (2019): World Bank Open Data.	Average of Job Creation per SME
Kenya	1,560,500	6,291,887	4.03	World Bank (2017): MSME Finance Gap: Assessment of the Shortfalls and Opportunities in Financing Micro, Small, and Medium Enterprises in Emerging Markets.	Viffa Consult (2018): Kenyan SME Finance Survey. Working age population (2017) & employment rate (2017): World Bank Open Data.	Total number of jobs in SMEs/Total number of SMEs
Morocco	1,410,000	4,448,902	3.16	World Bank (2017): MSME Finance Gap: Assessment of the Shortfalls and Opportunities in Financing Micro, Small, and Medium Enterprises in Emerging Markets.	African Development Bank Group(2013): Catalyzing Job Creation and Growth Through MSME Development in the Deauville Partnership Countries. Working age population (2017) & employment rate (2017): World Bank Open Data.	Total number of jobs in SMEs/Total number of SMEs
Nigeria	36,994,578	41,586,410	1.12	World Bank (2017): MSME Finance Gap: Assessment of the Shortfalls and Opportunities in Financing Micro, Small, and Medium Enterprises in Emerging Markets.	Premium Times (2020): Small, medium enterprises account for 84 per cent of jobs in Nigeria. Working age population (2017) & employment rate (2017): World Bank Open Data.	Total number of jobs in SMEs/Total number of SMEs

	Total number of SMEs	Total number of jobs in SMEs	Job creation per SME	Source Total Number of SMEs	Source Total number of jobs in SMEs	Source Job creation per SME
Rwanda	123,496	523,623	4.24	World Bank (2017): MSME Finance Gap: Assessment of the Shortfalls and Opportunities in Financing Micro, Small, and Medium Enterprises in Emerging Markets.	Total number of SMEs * Job creation per SME	Average of Job Creation per SME
Senegal	300,000	1,437,255	4.79	GIZ (2016): Promoting the competitiveness and growth of small and medium-sized enterprises and capacity development in the microfinance sector.	GIZ (2016): Promoting the competitiveness and growth of small and medium-sized enterprises and capacity development in the microfinance sector. Working age population (2016) & employment rate (2016): World Bank Open Data.	Total number of jobs in SMEs/Total number of SMEs
South Africa	2,182,283	9,100,000	4.17	Bureau for economic research (2016): The small, medium and micro enterprise sector of South Africa.	ClockWork (2020): An Overview of the SME Landscape in South Africa.	Total number of jobs in SMEs/Total number of SMEs
Tunisia	601,416	877,500	1.46	World Bank (2017): MSME Finance Gap: Assessment of the Shortfalls and Opportunities in Financing Micro, Small, and Medium Enterprises in Emerging Markets.	African Development Bank Group(2013): Catalyzing Job Creation and Growth Through MSME Development in the Deauville Partnership Countries.	Total number of jobs in SMEs/Total number of SMEs
Uganda	1,100,000	2,500,000	2.27	Fortune of Africa (2020): https://fortuneofafrica.com/ug/micro-small-and-medium-enterprises-msmes-in-uganda/.	Uganda Investment Authority (2016): SMEs Driving the Economy.	Total number of jobs in SMEs/Total number of SMEs
Total	**48.843.173**	**97.908.392**	**Average: 4,24**			

Country	Annual Growth of Employment Rate
Côte d'Ivoire	2.55%
Egypt	1.81%
Ethiopia	2.67%
Ghana	2.10%
Kenya	2.55%
Morocco	0.91%
Nigeria	2.64%
Rwanda	2.44%
Senegal	2.90%
South Africa	1.23%
Tunisia	0.57%
Uganda	3.28%

Imprint

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Open Capital Advisors (OCA) is a management consulting and financial advisory firm that drives growth, enables investment, and builds markets across Africa. We help businesses, investors, development partners, and the public sector identify opportunities and deliver unique, impactful solutions. Since 2010, we have completed more than 600 engagements across 20 countries in Sub-Saharan Africa and for global clients focused on Africa. Our locally based team of over 120 offers experience from the world's top consultancies, private equity firms, investment banks, and development organizations including Boston Consulting Group, Citigroup, Credit Suisse, IFC, McKinsey, and The World Bank.

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As a non-profit foundation, Siemens Stiftung promotes sustainable social development, which is crucially dependent on access to basic services, high-quality education, and an understanding of culture. To this effect, the foundation's project work supports people in taking the initiative to responsibly address current challenges. Together with partners, Siemens Stiftung develops and implements solutions and programs to support this effort, with technological and social innovation playing a central role. The actions of Siemens Stiftung are impact-oriented and conducted in a transparent manner. The foundation's empowering people. Network connects inventors and entrepreneurs who have developed simple technical solutions, and helps to expand their social impact in developing regions. By initiating new forms of collaboration and technology transfer, it supports its members on their way to scale, replicate and expand.
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