avpa

Unlocking capital for social impact across Africa

Issue 001
November 2023

The Africa Advantage

Where Opportunities Meet Growth & Impact

The Impact Perspective

A personal message from our Editor-in-Chief, sharing insights and setting the stage for this exciting issue

Africa's Impact Investing Landscape

Dive into a comprehensive analysis of the trends, opportunities, challenges, and success stories that are shaping impact investing across the continent

Spotlight on the Featured article

Meet the entrepreneurs, innovators, and investors transforming communities, industries, and lives

Investment Opportunities

Discover unique investment prospects in sectors ranging from renewable energy and healthcare to education and technology

Voices of Impact

Exclusive Interview with Ojoma Ochai

Hear from the thought leaders, policymakers, and practitioners who are driving change and influencing the future of impact investing in Africa

The Africa Advantage.

Where Opportunities Meet Growth & Impact

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CEO, AVPA

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Articles

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About AVPA

AVPA is an ecosystem builder and a network of social investors collaborating to increase the flow of capital mobilised and deployed for impact across Africa. AVPA is both the leading impact investing network and the only network in Africa that brings together social investors across the entire Continuum of Capital, i.e. Grants, Debt, or Equity, as well as deployers of intellectual and human capital.

Our mission is to increase the flow of capital into African social investments and foster its effective deployment for maximum impact.

We envision an African continent where collaborative and effective social investment results in exponential social impact and achievement of the SDGs.

Connect with Us

Are you inspired by the stories, insights, and opportunities presented in The Africa Advantage Magazine? Do you want to become part of our journey to empower the African continent through knowledge, collaboration, and impact? We invite interested contributors and partners to engage with The Africa Advantage team and explore possibilities to support our mission.

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The Impact Perspective

A New Era of African Investment

The African continent, while facing similar socio-environmental challenges as other developing regions, contains a set of unique features which, when fully exploited, hold the potential for exciting sustainable solutions to both regional and global challenges.

Africa's complex and unique social challenges have often been viewed as an embarrassment but instead, we see them as exciting impact investing opportunities for social transformation. While the continent is often perceived as an impact destination, it's also abundantly rich in untapped potential, which holds the promise of driving global innovative and transformative change. Compared to other regions, Africa's unique advantage lies in its population diversity and extremes of social challenges which provide unparalleled opportunities for testing innovative and globally scalable solutions. This not only positions Africa as an ideal impact investment frontier but also as the world's premium sandbox for impactful innovation - testing new markets, products, services, innovative finance structures and impact business models.

Through "The Africa Advantage" magazine, AVPA aims to enhance recognition of these distinct opportunities and the role of impact investment, thought leadership and global partnerships in leveraging them. The magazine will feature a collection of sector, regional or other opportunity specific articles, written by local experts, highlighting the unique opportunities therein not just for Africa but the world at large. We intend to connect a diverse network of social investors, ecosystem enablers, policy makers and knowledge actors, not just within Africa, but also with those from Asia, Europe, North and Latin America.

We have compiled a list of accomplished contributors to the magazine. Some of the leading African Impact Voices featured in this inaugural volume of the magazine include- Ojoma Ochai, Dr. Githinji Gitahi, Kuria Wanjau, Aakif Merchant, Diana Tsitsiwu, and Eddie Sembatya.

The magazine will be published bi-annually, with the digital copies being available for download on the AVPA website.

"The Africa Advantage" is not merely a publication but a multifaceted engagement platform designed to interface with the African and global impact communities. Its scope goes beyond informational dissemination to community building where we plan to catalyze substantive discussions and action while aggregating regional feedback. Our ultimate aim is to showcase Africa's unique impact opportunity, thus attracting incremental impact capital to the continent. In addition to the Pan-African virtual launch of the publication that will feature the contributors, AVPA plans to engage the Pan-African impact community through other touchpoints, including but not limited to:-

Expert-led webinars: Each published article will serve as the foundation for a targeted, author featuring webinar and we'll invite participation from our pan-African and international networks to foster real-time dialogues on the opportunities at hand.

Regional convenings in East, West and Southern Africa: AVPA will organise regional virtual and or in person convenings post the above webinars to delve deeper into the subject matter of each article. These gatherings will aim to further discuss, dissect, and disseminate the insights among our local networks into local nuances, thereby solidifying regional perspectives and integrating global knowledge.

Global investor engagement: A specialized channel for discussion will be established for global investors. This forum aims to translate the insights from the publication and subsequent discussions into actionable intelligence for impact investment in Africa with the ultimate goal of increasing the flow of capital towards African impact opportunities.

Africa is a continent brimming with potential, innovation, human capital and a wealth of untapped opportunities. The "Africa Advantage" is one more addition to the now flowering narrative of an empowered continent grounded in the solid belief in collaboration, innovation and homegrown solutions.

Thank you to all those who have made this inaugural volume possible for being part of this critical initiative. We look forward to joint impact leadership and continued growth towards Africa's sustainable development.

Frank Aswani
Editor-in-Chief, The Africa Advantage
CEO, AVPA

Featured Article

OJOMA OCHAI

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Harnessing Africa's Creative Economy: A New Horizon For Impact Investing

Socially, the creative industries offer immense value

as they serve as channels for positive societal change through their job creation.

In the ever-evolving landscape of impact investing, one sector is emerging with compelling potential—Africa's Creative Economy. The Creative Economy is defined by the United Nations Conference on Trade and Development (UNCTAD), as being those sectors at the nexus of creativity, knowledge, and technology. It comprises diverse sectors including audio-visual media (like film and television), music, creative services (like advertising and architecture), cultural sites, design, new media, performing arts, publishing, traditional cultural expressions, and visual arts. These sectors provide an array of economic, social, and cultural benefits that align seamlessly with the goals of impact investing.

As underscored by the United Nations General Assembly resolution 74/198, the creative economy plays a multifaceted role in advancing the Sustainable Development Goals (SDGs). Activity in the Creative Economy particularly influences Goals 1 (eradicating poverty), 5 (promoting gender equality), 8 (fostering decent work and economic growth), 9 (building resilient industry, innovation, and infrastructure), 10 (reducing inequalities), 11 (creating sustainable cities), 12 (ensuring sustainable consumption and production patterns), 16 (promoting peace and inclusive societies), and 17 (strengthening means of implementation and revitalising global partnerships).

In terms of economic impact, these sectors have proven to be significant engines for inclusive growth and job creation. The Re-shaping Policies for Creativity: Addressing Culture as a Global Public Good Report UNESCO (2022)[1], outlines that the sectors represent 6.2% of global employment, are the highest global employers of young people aged (15–29-year-olds) and create over 50 million jobs worldwide. This growth is not isolated; it has a domino effect on sectors like technology and tourism, fostering an economic environment that nurtures innovation and entrepreneurial spirit.

Socially, the creative industries offer immense value as they serve as channels for positive societal change through their direct job creation role. As an example, Nigeria's film industry creates over 1 million direct jobs.

In addition to direct job creation, practices, content and the messaging by the sector also advance social benefits like promoting inclusivity and diversity, and advocating for social causes like gender equality and environmental sustainability. As an example, the Kenyan fashion industry's growing focus on sustainable, ethical fashion contributes to environmental conservation while promoting local culture and generating employment. Such impacts make these industries ideal candidates for socially conscious investors.

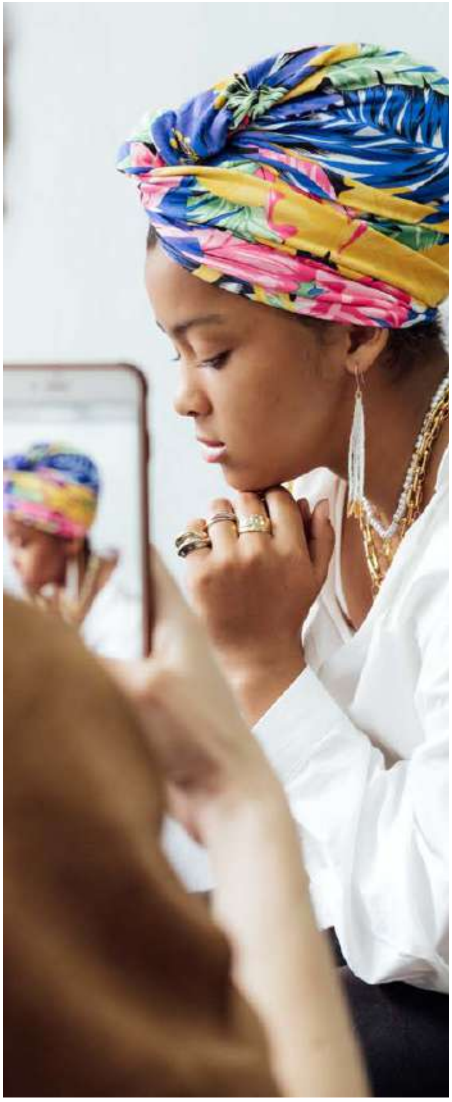
Culturally, these sectors not only preserve and promote traditional expressions but also foster a sense of unity and identity. Festivals like Senegal's Dak'Art Biennale, one of Africa's most significant contemporary art events, offer platforms for African artists to express their world views and cultural narratives. By investing in these sectors, impact investors contribute to cultural preservation and growth while empowering communities to share their stories and perspectives.

Investing across creative economy value chains like education, production infrastructure and facilities like production studios and manufacturing hubs, equipment and technology, marketing and branding of creative projects, research and development and promotion of sustainable practices across creative industries like film, music, fashion and performing arts result in a range of impact investing aligned benefits. These investments yield economic impacts, such as workforce development, social impacts including community empowerment and job creation, and cultural impacts such as preservation and promotion of traditional techniques and heritage. Therefore, Africa's creative economy presents an attractive, untapped opportunity for impact investors.

In addition to the above, the ongoing digital transformation of the sector provides even further opportunities for global impact investing as it amplifies the accessibility and marketability of creative goods and services, not only within Africa but on a global scale.
Digital transformation is revolutionising how the creative industry operates, increasing efficiency and opening up new avenues for growth. For example, digital platforms are enabling artists to showcase their work to a global audience, breaking down geographical barriers that traditionally limited market reach. This has the potential to drastically increase income for artists and other creative professionals, thereby contributing to SDG 1 (no poverty).

Digitalisation is also democratising access to creative tools and resources. With online learning platforms and accessible digital tools, anyone with an internet connection can learn new creative skills, fostering a more inclusive creative economy in line with SDG 10 (reducing inequalities). Additionally, digital transformation is encouraging the growth of innovative business models, which can attract more investment into the sector. For instance, many African musicians are now using streaming platforms to monetise their music directly. This has attracted significant investment into African music supporting an ecosystem of performers, producers, and other professionals.

At the same time, this digital shift is contributing to SDG 9 (industry, innovation, and infrastructure). As demand grows for digital creative services, there will be a corresponding need to expand and upgrade digital infrastructure across the continent. Impact investors can play a key role here, investing in projects that enhance digital connectivity and accessibility.



Ultimately, the digital transformation of Africa's creative economy presents a wealth of new opportunities for impact investors. By investing in the digital growth of this sector, investors can contribute to a wide range of SDGs while supporting the development of an inclusive, innovative, and sustainable creative economy in Africa.

Finally, there are unique opportunities that will be created by the African Creative Economy as the Africa Continental Free Trade Area (AfCFTA) begins to take effect. The AfCFTA will provide additional opportunities for impact investing in the African Creative Economy as the agreement is designed to enhance trade amongst African countries, thus opening up more markets for the creative economy and offering increased opportunities for impact investors.

To start with, AfCFTA eliminates tariffs on a majority of goods and services traded within the continent, effectively creating a single market. This could lead to an increase in intra-Africa trade in creative goods and services. The free trade area essentially broadens the market for African creatives, offering more opportunities for growth and scalability. This becomes particularly attractive for impact investors looking for ventures that offer a mix of financial returns and societal impact.

Secondly, the facilitation of free movement of people across the continent could also lead to an exchange of skills and knowledge. This exchange will ultimately foster growth and innovation within the creative sector, which in turn, presents investors with a larger pool of investable ideas and businesses. Moreover, this also contributes to SDG 8 (decent work and economic growth) and SDG 10 (reducing inequalities).

The implementation of AfCFTA also promises to enhance the digital infrastructure in Africa. The agreement includes provisions to harmonise digital regulations across countries, which can lead to more robust digital infrastructures, benefiting the digitally enabled creative sector. This infrastructure development invites more investment into the sector and aligns with SDG 9 (industry, innovation, and infrastructure).

Lastly, AfCFTA's potential to boost the African economy at large means that more consumers will have disposable income to spend on creative goods and services, thereby increasing demand. This rise in demand will inevitably attract more investors into the creative economy, thereby contributing to the goals of the AfCFTA and the SDGs concurrently.

In conclusion, the African creative economy offers the impact world an unmatched advantage as it presents a confluence of factors ideal for generating both financial returns and positive societal outcomes. As the creative economy continues to evolve and mature, its alignment with several Sustainable Development Goals (SDGs) makes it a prime target for impact investing on the continent.

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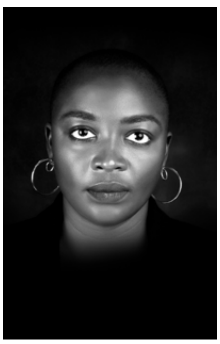
[1] UNESCO (2022). Re-shaping policies for creativity: Addressing culture as a global public good. Available at https:// unesdoc.unesco.org/ark:/48223/pf0000380474



The Author

Ojoma Ochai is a dynamic force in Africa's creative and digital landscape, serving as the Managing Partner of The Creative Economy Practice at CC Hub. In this role, she pioneers initiatives that boost Africa's creative sector through research, advocacy, and ecosystem development. She is also the co-founder of Pixel Ray Studios, a company specialising in global film and audio-visual content in Africa and the Caribbean. Ms. Ochai extends her influence by sitting on the board of Trust, a Jay Z and Jack Dorsey co-founded organisation that promotes Bitcoin development in Africa and serves on UNESCO's global Expert Panel on the 2005 Convention on Cultural Expressions.

With a career spanning over 17 years, Ochai has amassed significant international experience. She has previously been the Regional Director for the British Council's Sub-Saharan Africa Arts and Creative Economy Programme and collaborated with esteemed institutions like the Swedish Arts Council and the World Bank. As Board Chair of the African Tech and Creative Group, she focuses on optimising the Africa Continental Free Trade Area to benefit African businesses. Her multifaceted expertise uniquely positions her as a global thought leader in the creative and digital economy.

Impact Investment in Healthcare: The Case for Africa and the Underlying Gains

Diana Tsitsiwu
Analyst, Tafa Business Advisory - Ghana

Big transitions, bold solutions, collective power, systematic change. These themes set the stage for the 2023 Impact Forum, a global impact investing event by the Global Impact Investing Network (GIIN).

Within the African context, however, one must question if we have truly experienced the transformative power of impact investment, especially in crucial sectors like healthcare.

For years, Africa has grappled with significant health challenges, underscoring deficiencies in its health ecosystem. While daunting, these challenges are surmountable. Enter impact investing: a powerful tool poised to bridge the continent's healthcare funding gap.

While Sub-Saharan Africa houses 14% of the global population and shoulders nearly 20% of the world's disease burden, it currently receives less than 2% of health-related investments. There's a critical opportunity to increase this allocation. Africa's rapidly growing population and its urgent need for robust health infrastructure, underscore this urgency. Investors seeking both tangible impact and financial returns will find the African healthcare sector a promising avenue.

The Missing Factor

In Africa, the healthcare system, and especially the pharmaceutical sector, leans heavily on imports, accounting for a staggering trade deficit of 12.6 billion euros according to the International Trade Centre. Beyond financial imbalances, the continent grapples with health infrastructural challenges. There's a dire shortage of facilities, infrastructure, and skilled healthcare professionals. These gaps become even more pronounced in conflict regions like Sudan and the Democratic Republic of Congo.

In the past year, the Democratic Republic of Congo confronted measles and cholera outbreaks, all while grappling with internal violence. Compounding these challenges, the World Health Organization (WHO) has projected a healthcare funding requirement of $74 million for 2023. Yet, as of June 2023, only $23 million, a mere 31% of the total, has been secured. Parallelly, hundreds of thousands of Sudanese refugees face an escalated risk of disease outbreaks. This dire situation places tens of thousands in jeopardy, particularly within refugee settlements in Sudan and neighbouring countries, despite assistance from WHO.

African governments, the World Health Organization, various Foundations, and Development Finance Institutions (DFIs) have undeniably elevated healthcare standards. Yet, there remains vast potential for impact investors to channel funds towards these societal and health challenges, working in tandem with the institutions mentioned. This opportunity aligns with a burgeoning trend: a 2022 GIIN survey revealed that 54% of the 308 impact investors sampled prioritize initiatives centred solely on creating meaningful impact.

Gradually but Certainly Far from Stagnancy

Recent years have witnessed a transformative shift in Africa's healthcare perspective, transitioning from a peripheral concern to a central focus. This evolution is evident in the continent's efforts towards the United Nations Sustainable Development Goals (SDGs) and the Africa Union Agenda 2063, which echo the commitment of African leaders to advance the health and well-being of their people. While the pace of these initiatives might seem slow, any movement away from stagnation is commendable.

According to WHO data from April 2023, notable strides have been made: Africa's maternal mortality rate plummeted by 38% since 2000. Furthermore, healthy life expectancy in the region surged from 47.1 years in 2000 to 56.1 years in 2019. Over the same period, the service coverage index soared by 22 index points, from 24 to 46.

The vision ahead is underpinned by the African Health Strategy (AHS) 2016–2030. This strategic framework aims to further elevate health standards across the continent. Serving as a pivotal tool, the AHS 2016–2030 is poised to catalyse the transformation of the healthcare sector, ameliorating Africa's disease burden by capitalising on past lessons and leveraging present opportunities.

Why Invest in Africa's Healthcare?

When faced with the question of why invest in Africa's healthcare, a counter-query often arises: why not? Sub-Saharan Africa's immense healthcare challenges necessitate fresh, innovative approaches. Recognising the significant role the private sector plays in enhancing healthcare, African Governments, Development Agencies, and Multilateral Institutions have introduced incentives like tax holidays to draw in this segment. Consequently, impact investors now have the avenue to invest in healthcare via private equity and venture capital funds.

A pivotal attraction for impact investors is the African Continental Free Trade Area (AfCFTA). Championed by African leaders, this single market, spanning 54 countries, offers access to a 1.3 billion consumer base—a number projected to surge to 2.5 billion by 2050. This expansion presents robust incentives for both existing investors and newcomers. Furthermore, the International Trade Centre identifies the pharmaceutical value chain as one of AfCFTA's four pilot strategic sectors, spotlighting opportunities for healthcare-focused impact investors.

For 2022, GIIN data highlights Sub-Saharan Africa and the US and Canada as the top regions receiving asset allocations. The presence of investment structures, including managers and foundations that cater to impact investors' needs, underscores Africa's appeal for healthcare impact investments.

The existing demand for healthcare, coupled with success stories like AfricInvest—a beacon of transformative impact with three decades under its belt—magnetizes other impact investors. The recent launch of the $50 million Transform Health Fund post the US-Africa Leaders Summit further illuminates the potential that awaits in Africa's healthcare domain.

Conclusion

While initiatives like the Transform Health Fund mark notable progress in Africa's healthcare sector, they are merely the beginning. Such efforts are pivotal in signalling to stakeholders and policymakers that the journey to sustainable healthcare in Africa demands collective action. This urgency is even more pronounced as the deadline for the Sustainable Development Goals (SDGs)—especially SDG 3, focusing on good health and well-being—approaches. Yet, numerous African nations continue to grapple with meeting these targets.

To truly address the health goals set out by SDG 3 and Agenda 2063, impact investment in healthcare stands out as a viable strategy, offering investors both societal and financial returns. Encouragingly, recent data from GIIN indicates that as new societal and environmental challenges arise, investors are actively responding by channelling more assets into impact investing.

The Author

Diana Tsitsiwu is a staunch advocate for the untapped potential of Africa and its people. Born and raised in Ghana, she brings over a decade of experience in financial institutions, consulting, and NGOs to various sectors, including agriculture, youth empowerment, and education. Tsitsiwu is a versatile professional, serving as a business analyst, researcher, and entrepreneur. Deeply invested in impact investment within Africa, she embodies an unwavering faith in the continent's capabilities and is committed to being a catalyst for meaningful change.

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Africa stands at the precipice of an economic renaissance. Its undeniable growth potential is fueled by diverse factors that place it at the heart of future global economic trends. With a burgeoning population of over 1.4 billion, the continent is not just a vast market but also a reservoir of immense human capital. The headline population figure is more than just a number. It belies the continent's youthful dynamism, demographic dividend and versatile skilled labour force that is ready to drive economic growth both within Africa and globally.

In recent times, Africa has consistently exceeded global average growth rates, showcasing both its resilience and promise for continued development. One major catalyst for sustaining this momentum is access to capital, particularly amidst a landscape of rising interest rates and surging capital costs. While traditional financing methods often fall short of catering to Africa's multifaceted needs, the continent is currently undergoing an entrepreneurial metamorphosis. Through fostering a supportive environment, bolstering start-ups, and facilitating access to capital and mentorship, Africa is poised to unlock unprecedented entrepreneurial opportunities. Enter blended finance – an innovative financial structuring approach that leverages catalytic capital from public and/or philanthropic institutions in order to mobilise private sector investments towards sustainable development. This approach if done right could redefine Africa's financial landscape.

48% of global blended finance deals are rooted in sub-Saharan Africa.

Unlocking Africa's Economic Potential: How Blended Finance Can Shape the Continent's Growth

Addressing the monumental funding gap for achieving the Sustainable Development Goals (SDGs) is of paramount importance. The United Nations Conference on Trade and Development (UNCTAD) has revealed a staggering annual SDG investment gap for developing countries - around USD 4 trillion, which encompasses critical sectors from infrastructure and healthcare to education and clean energy. The stark reality is that even with Official Development Assistance (ODA), which stood at USD 204 Billion in 2022, we're far from bridging this gap. As traditional funding avenues, especially from developed countries, seem increasingly constrained, the emphasis on private sector involvement has never been more critical. This is where blended finance can play a role, presenting an invaluable tool to channel private resources towards the realisation of the SDGs for Africa.

Data from Convergence reveals a notable trend: 48% of global blended finance deals are rooted in sub-Saharan Africa. Countries like Kenya, Nigeria, Ghana, and Uganda are at the forefront in terms of deal volume, particularly in sectors vital for sustainable growth, such as Agriculture, Energy, and Financial services. The Ghana Coco Board (COCOBOD) Project serves as a prime illustration of how blended finance can support development outcome . Central to Ghana's cocoa industry, The Ghana Coco Board's (COCOBOD) blended finance strategy enabled them to secure a notable $600 million facility, with significant contributions from entities like the African Development Bank (AfDB), Development Bank of South Africa (DBSA), and others. A concessionary loan of USD 100 million from the Japan International Cooperation Agency (JICA) altered the risk/return trade-off for more commercially oriented investors drawing in notable commitments from the likes of Credit Suisse.

The COCOBOD project's triumph underscores blended finances comparative advantage in fostering collaboration. Development Finance Institutions (DFIs) played a pivotal role, offering long-term financing and expertise, while the private sector infused the initiative with efficiency, innovation, and market-responsive strategies. Additionally, the Japanese Government's involvement was a game-changer, mitigating risks in order to mobilise private capital. Through the synergy of public and private resources, not only did COCOBOD bridge its financing void but it also championed sustainable advancements in Ghana's cocoa industry.

 

The CrossBoundary Energy Fund (CBEF) exemplifies the role that blended finance can play in Africa's renewable energy landscape. Initiated in 2013 with backing from USAID's Power Africa initiative, CBEF's growth was further propelled by a $2.25 million grant from the Shell Foundation. With an innovative equity structure that comprised a junior layer backed by USAID and a senior tier capitalized by a diverse set of commercial investors, CBEF has adeptly mobilised private capital. Moreover, CrossBoundary Energy's Special Purpose Vehicles (SPV) magnified the available capital pool, leveraging it for strategic investments. Thanks to these collaborative efforts, CBEF has broadened its clean energy footprint throughout Sub-Saharan Africa, proving that blended finance can indeed surmount renewable energy investment challenges by altering the risk-return trade-off for commercial investors.

Africa's investment landscape, while promising, comes with notable risks. Investors grapple with political challenges like instability and corruption, regulatory inconsistencies, and economic uncertainties from fluctuating exchange rates to shifting fiscal policies. This perception of risk is magnified by the absence of investment-grade credit ratings in many African nations. Blended finance can solve for these challenges by dispersing risks across stakeholders, addresses regulatory ambiguities, and championing local capacity -building. By leveraging tools such as guarantees, first loss capital and technical assistance, blended finance can bolsters investor confidence, offering them a more favourable risk-return landscape. Furthermore, these initiatives often partner with governments to refine the investment milieu, fortifying regulatory clarity and ensuring a stable, investor-friendly environment.

While often associated with large-scale ventures, blended finance is pivotal for smaller enterprises in order to amplify their developmental impact. Given that SMEs are the linchpins of many African economies, driving job creation and battling poverty, blended finance's emphasis on them is vital. By pooling smaller investments through fund structure, it leverages economies of scale, slashes transaction costs, and broadens risk diversification. Such efficiency not only optimises resource allocation but also widens the transactions developmental footprint.

Africa's investment landscape, while promising, comes with notable risks. Investors grapple with political challenges like instability and corruption, regulatory inconsistencies, and economic uncertainties from fluctuating exchange rates to shifting fiscal policies

The Author

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While blended finance is a vital cog in the developmental machine, it doesn't operate in a vacuum. Its efficacy is amplified when bolstered by a strong enabling environment marked by clear policies, transparent regulations, steadfast governance, and a steady investment backdrop. By cultivating such an ecosystem, governments and regulators can harness both public and private capital, bolstering investor trust and alleviating associated investment challenges.

Impact investing, by its very nature, seeks not only financial returns but also the generation of a measurable, beneficial social or environmental impact. Africa, with its vast developmental opportunities and challenges, presents a canvas like no other for impactful interventions. From rapidly urbanising cities to vast agrarian landscapes, the continent offers diverse avenues for investments that can drive tangible change. Moreover, the African narrative is one of growth and transformation, presenting a unique blend of emerging markets and untapped sectors, ripe for disruptive innovations and sustainable solutions.

Collaborative interventions, research, and knowledge-sharing are imperative in this space. Africa's burgeoning tech hubs, innovation centres, and research institutes are testament to the continent's thirst for knowledge and solutions tailored to its unique context. As impact investing enablers, these platforms can amplify the effectiveness and reach of investments, ensuring not just financial returns but transformative changes on the ground. Coupled with Africa's youthful energy, these enablers position the continent as not just a destination for investment but a hub for sustainable innovation and global partnerships.

Africa, with its vast reservoir of untapped potential – from its youthful dynamism to its natural wealth and burgeoning markets – stands on the cusp of an economic renaissance. Blended finance is the key that can unlock financial resources in order to take advantage of this impending boom. By championing inclusive growth and sustainability, blended finance not only taps into Africa's latent potential but also paves the way for a flourishing and prosperous future for the entire continent.

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POWERING UP AFRICA'S YOUTH – AN ARMY OF GLOBAL HEALTH AND WEALTH CREATORS

"Health is often taken for granted until sickness arrives."

The COVID-19 pandemic brought the world to an unprecedented standstill in March 2020. Schools shut their doors, international travel was halted, curfews were imposed, and countless businesses, including hotels and restaurants, closed. Employees faced layoffs, hospitals brimmed to capacity, and everyone, regardless of location, turned to the health sector for answers. Our healthcare workforce faced immense pressure, and solutions like protective equipment and vaccines were scarce. This invisible enemy spared none, leading to a significant shift in global priorities and spending patterns.

It is projected that the global deficit in health workers will escalate from 12 million to 18 million by 2030. Africa's youth dividend offers the best opportunity to close this gap.

Additionally, the WHO's data indicates significant absenteeism due to illness or injury among employees in various regions. For instance, in 2021, the average absenteeism in the European Union and Nordic countries stood at 12.6 and 12.8 days, respectively.

Africa, the second most populous continent globally, accounts for over 16% of the world's population. Boasting the world's most rapidly expanding population, it's characterised by a youthful demographic with a median age of approximately 20 years.

However, with an average unemployment rate hovering at 9.66%, the challenge for governments and policymakers is twofold: to capitalise on the potential of this burgeoning youth and ensure they have ample livelihood opportunities.

The soaring global demand for health workers presents an invaluable opportunity. By investing in Africa's vast youth population, we can create meaningful employment, bridge the workforce gap, and fuel economic development.

The World Health Organization (WHO) describes the health workforce as "all people engaged in actions whose primary intent is to enhance positive health outcomes." However, for the purposes of this article, we are expanding this definition. We are including everyone whose actions, irrespective of their primary intent, result in improved health outcomes.

The challenges facing Africa's healthcare are stark. With 24% of the global disease burden, the continent only houses 3% of the world's health workforce. The current health worker ratio in Africa stands at a worrying 11.2 workers for every 10,000 people. This is significantly below the WHO's recommended ratio of 44.5. Moreover, projections suggest that by 2030, the global health worker deficit will be at 6 million in under a decade.

Tapping into the continent's youthful potential offers a viable solution to these workforce challenges. Meaningful youth engagement can bolster workforce strength and elevate health outcomes for future generations. However, realising this potential demands committed actions from African governments: notably, increased health sector funding and empowering the youth with leadership roles.

Despite being home to such a significant portion of the world's population, African governments allocate only between $8 - $129 per capita towards health. In glaring contrast, more developed countries earmark over $4,000 per capita. The disparity in health expenditure in Africa can be traced back to various factors, such as - the continent's relatively low GDP, limited innovations in health financing, and challenges in interpreting and implementing public financial guidelines. Nevertheless, an increase in Africa's health spending, aligned with the global average, would not only infuse billions into its GDP but is projected to catalyse the creation of an estimated 15 million jobs by 2030.

The aftermath of COVID-19 has ushered in a renewed global resolve to bolster health sectors universally. On the continent, a rejuvenated Africa CDC is pivoting its focus towards honing health systems for pandemic prevention, preparedness, and response.

Additionally, on a global scale, platforms like the United Nations General Assembly (UNGA) are spotlighting health, with an upcoming high-level meeting in September 2023 dedicated to Universal Health Coverage (UHC). Such concerted commitments signal the prioritisation of health by diverse stakeholders, carving out a golden opportunity for investors to seize the moment and invest in a sector ripe for growth and innovation.

The Digital Vanguard: Africa's Gen Zers

At a median age of 20, Africa's burgeoning generation—primarily those born between 1995 and 2010—is a testament to the power of digital nativehood. Immersed in the online realm from their earliest years, they have thrived amidst the internet, social networks, and mobile ecosystems. Their experiences have cultivated four pivotal behaviours rooted in a pursuit for authenticity. More than just digital savants, they epitomize the spirit of global citizenship: fluid identities that shun restrictive labels, technologically-augmented worldviews, and a fervent belief in dialogue as a potent tool for change. This is a generation that rallies for myriad causes, finding strength in the words of Thomas Carlyle: “He who has health has hope, and he who has hope has everything.” Tapping into the potential of this digitally-adept, globally-minded youth to address Africa's healthcare challenges isn't merely an opportunity—it's a high-yield investment with the promise of long-term growth for the continent.

From Aid to Investment: Africa's Rising Opportunity

Africa offers investors a tantalising proposition: the promise of high returns in a largely untapped market. With a burgeoning population exceeding 1.4 billion, the continent boasts two critical assets for business success: a vast, yet underutilised workforce and an eager, unsaturated market. This positions Africa as the world's remaining commercial frontier. By investing in healthcare, not only do investors contribute to a healthier, more productive workforce, but they also facilitate job creation within the health sector, boosting overall purchasing power. This dual impact can transform consumers into avid purchasers of diverse products and services. Furthermore, evidence suggests that every dollar spent on training health workers can yield returns as high as tenfold. With African governments increasingly emphasising ease of doing business and encouraging private-sector involvement, the call to amplify health investments has never been more urgent or promising.

“Tapping into the potential of this digitally adept, globally-minded youth to address Africa's healthcare challenges isn't merely an opportunity—it's a high-yield investment with the promise of long-term growth for the continent.”

Africa: The Evolving Technology Epicentre

Major tech players like Google and Microsoft are increasingly recognising Africa's potential, establishing footholds to tap into its vibrant innovation ecosystem. This surge in technological investment has empowered Africa's youth, especially those in burgeoning innovation hubs, to collaborate and connect with global counterparts. Initiatives like the UNLEASH innovation lab further augment these international collaborative efforts. Unique to Africa is the absence of entrenched legacy systems, providing a fresh landscape for ground-breaking innovations. While there have been notable successes in the fintech domain with several African unicorns, the health sector remains a largely untapped goldmine. By supporting start-ups in this realm, there exists a ripe opportunity to cultivate billion-dollar enterprises tailored to meet the continent's health needs.

Strengthening Global Health Security through Investment

Investments in the health sector, especially in training and job creation for health workers, not only benefit individual nations but fortify global health security. As we grapple with the realities of burgeoning populations, shifting disease patterns, climate change ramifications, and changing economic landscapes, the potential arises for the generation of roughly 40 million health sector jobs by 2030 — predominantly in middle- and high-income nations. The world has already witnessed the far-reaching implications of public health threats like COVID-19, Ebola, Anti-microbial resistance (AMR), and Monkey Pox. Such challenges will persistently test the resilience of human health, global economies, and health security. Now, more than ever, there's a pressing imperative to channel resources into a sector that resonates as a societal linchpin.

Innovations from Africa, for Africa:

Necessity, often deemed the mother of invention, finds validation in the innovative solutions birthed in Africa to tackle pervasive health challenges. A few standout case studies underscore this:

Digital Revolution in Health Education: Since 2005, Amref Health Africa has collaborated with ministries of health, development partners, and other stakeholders to harness digital technology (e- and m-learning) in addressing barriers to health worker education. Originally piloted in Kenya and subsequently expanding to nations including Uganda, Tanzania, and Zambia, this approach has now permeated pre and in-service education for health workers. Initiatives like Jibu and Leap have evolved from grant-based projects to scalable, sustainable social enterprise tools.

Yemaachi: Tailoring cancer care through a deeper understanding of human genetic diversity, Yemaachi stands as Africa's pioneering cancer research company.

Life Bank: Conceived by Nigerian Temie Giwa-Tubosun, this logistical innovation bridges the gap between registered blood banks and patients in dire need at hospitals.

Challenges & Opportunities in the Health Journey:

The client's journey in the health sector can be segmented into three pivotal phases, each marked by its unique challenges and opportunities:

Decision to Seek Services: This phase offers the chance to amplify health education, confront cultural barriers, and nurture healthier behaviours, including improved hygiene and nutrition.
Accessing Services: Here, solutions can address issues such as community-level health workforce density, service affordability, and accessibility.
Availability of Health Services: This stage beckons for investments in apt health workforces, premium services, and a robust supply chain for requisite equipment and commodities.

Investing in the Future:

The looming spectre of global health security warrants collective and urgent action. Now is the moment to channel investments into mobilising and harnessing the power of Africa's burgeoning youth. By crafting demand-driven employment opportunities in the health sector, we will be priming the pump for investments in training platforms, both digital and traditional, growth in start-ups and an expanded enterprise in diagnostics, care and logistics, among other solutions to cultivate a healthy, productive workforce poised to cater to global needs. This not only bolsters economies but also enhances lives, underscoring Africa's unique advantage in the global health landscape.

The Author

Dr. Githinji Gitahi is the Group Chief Executive Officer of Amref Health Africa, a pivotal organisation impacting over 20 million people in at least 35 African countries each year. A passionate advocate for Universal Health Coverage in Africa, Dr. Gitahi has previously held high-profile roles at organisations such as Smile Train International and GlaxoSmithKline. He serves on multiple boards, including the Strategic Advocacy Committee for PMNCH and the African Union Commission on Africa's COVID-19 Response.

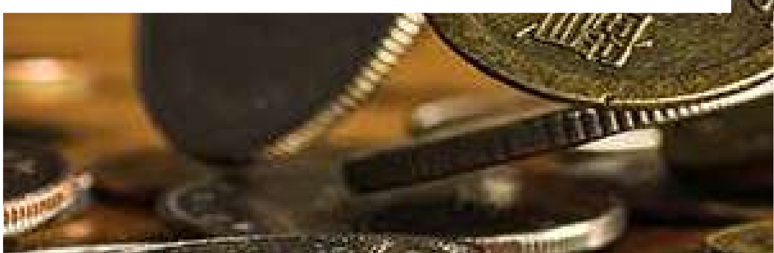
Awarded Kenya's 'Moran of the Order of the Burning Spear' in 2018, Dr. Gitahi's influence extends globally, recently earning him a spot on the Scaling Up Nutrition (SUN) Movement Lead Group by the UN Secretary General. His academic credentials include a medical degree from the University of Nairobi, an MBA from the United States International University, and a certificate from Harvard University. Dr. Gitahi’s unwavering commitment to healthcare innovation continues to shape policy and practice, cementing his status as a global leader in the field.

OPPORTUNITY IN ADVERSITY:
A CASE FOR REFUGEE FINANCIAL INCLUSION

No one dreams of displacement, yet unforeseen events can quickly upend lives. Whether it's the armed conflict in Sudan, the devastating Russia-Ukraine standoff, or the growing incidents of flooding and drought driven by climate change, such crises compel countless people to leave their homes. By 2050, projections suggest that East Africa alone could see as many as 38.5 million individuals forcibly displaced[1]. A 2019 report by CARE International revealed that 33.4 million people globally were displaced, with climate change implicated in 70% of these instances. Alarmingly, the majority of these climate-induced displacements occurred in developing countries — nations responsible for less than 4% of global greenhouse gas emissions.

This dichotomy further deepens global inequalities, with women and girls often bearing the brunt of these adversities[2]. For the displaced, accessing financial services becomes a lifeline in navigating the uncertainties of their situations. Digital financial solutions, in particular, emerge as game-changers. Often, traditional financial institutions become inaccessible during conflicts or climate disasters, leaving digital platforms as the vital bridge to essential monetary resources.

FSD Africa, in collaboration with FSD Uganda and Access to Finance Rwanda, has spearheaded financial inclusion projects tailored for refugees in both Uganda and Rwanda. As per the data from the United Nations High Commission for Refugees (UNHCR), Uganda hosted an astounding 1,547,981 refugees as of May 2023[3]. Meanwhile, Rwanda provided shelter to 132,305 refugees, asylum seekers, and other displaced populations as of March 2023[4]. These projects have engaged prominent financial service providers: Equity Bank and VisionFund, as well as the Rural Finance Initiative in Uganda, and Equity Bank in Rwanda. Collectively termed as 'Financial Inclusion for Refugees' (FI4R), these initiatives resonate deeply with this year's World Refugee Day theme: "Hope Away from Home: A world where refugees are always included."



[1]Climate change and forced displacement in Eastern Africa: 28 June 2022|Dee Dungy,
[2]Advocacy Coord. Eastern Africa, Jesuit Refugee Services
[3]Evicted by climate change: Confronting the gendered impacts of climate-induced displacement. CARE Climate Change and Resilience Platform (CCRP)
[4]https://data.unhcr.org/en/country/uga
[5]https://reporting.unhcr.org/operational/operations/rwanda

Author:
Kuria Wanjau

Programme Manager, Fragile Communities and States- FSD Africa

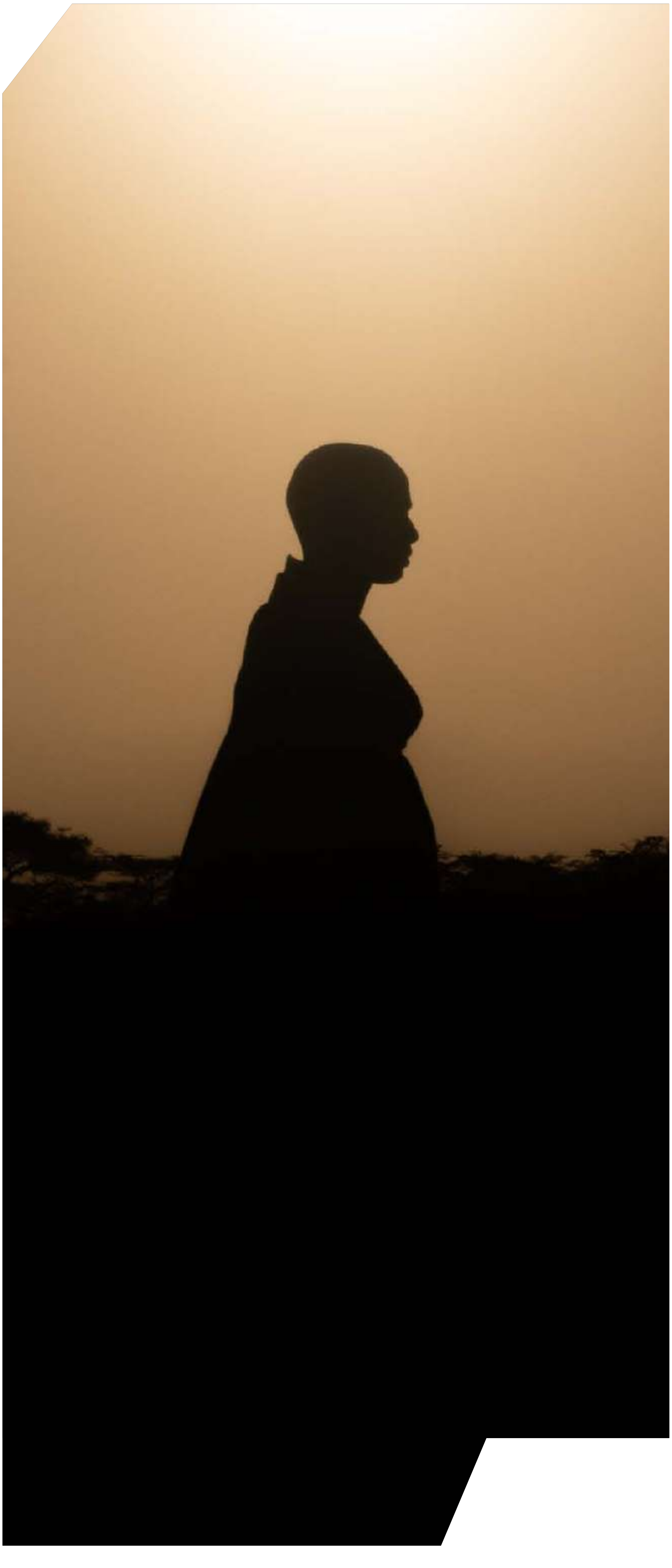
Partners within the FI4R initiative have harnessed the potential of digital solutions to provide financial services to refugees.

Equity Bank Uganda has taken a comprehensive approach by offering fully-fledged bank accounts to refugees, enabling them to access their humanitarian aid payments. Collaborating with a multitude of organisations, including the World Food Programme (WFP), UNHCR, Norwegian Refugee Council (NRC), and others, the bank has facilitated payments through a variety of mediums: debit cards, digital platforms such as mobile money, and bank agents situated in refugee settlements. Beyond humanitarian aid, these accounts are versatile, serving refugees for all their transactional needs. Additionally, Equity Bank offers its agents with loan facilities for working capital and provides point-of-sale (POS) devices to merchants to facilitate digital payments.

Equity Bank Rwanda introduced an Unstructured Supplementary Service Data (USSD) system tailored for refugees in Rwanda. This innovative service allows refugees to not only activate accounts but also manage savings, send and receive remittances through platforms like Western Union and MoneyGram, facilitate payments to vendors, and access mobile money transfer services. The bank is also considering expanding its services to include loans and insurance.

VisionFund Uganda, a microfinance institution, takes a unique approach by offering savings groups linkage loans, advancing up to 50% of a group's previous share-out amount. The institution leverages mobile money for efficient loan disbursements and repayments. Embracing digital technology, VisionFund utilizes open data kits to assess loan applications and deliver financial literacy education.

Rural Finance Initiative focuses on enhancing the capabilities of savings groups. They digitise financial management and records using a mobile application, ensuring easy access and transparency. Additionally, they provide loans to these savings groups and create vital links with Centenary Bank, allowing the groups to deposit excess liquidity securely.



Engaging with financial service providers has been illuminating, proving the feasibility and merits of catering to the refugee demographic, particularly in fostering their entrepreneurial endeavours. While entrepreneurship isn't a fit for everyone, this collaborative effort has been instrumental in broadening the perspective of many financial institutions. It's crucial to understand that refugees, akin to any other group, have pre-existing livelihoods requiring supportive financial services. They possessed vibrant livelihoods before displacement and are entirely capable of leveraging those same skill sets in their new environments. This sentiment is corroborated by an endline survey conducted by BFA Global, which revealed that refugees maintain a diverse array of income sources, utilize a multitude of financial instruments, and have varied needs that can be addressed through comprehensive financial services.

The success of the interventions is evidenced by over 26,300 customers accessing loans worth over £1.9 million ($2.7million), over 262 bank agents recruited in the settlements, over 93,300 households registered on Equity Bank Uganda’s digital platform out of which 65,400 households received digital payments from 8 humanitarian agencies. There was also a strong gender impact with 73% of loan customers and 15% of bank agents being women. This shows Africa as an ever-evolving landscape teeming with opportunities for impact investors and ecosystem enablers, especially in the realm of financial inclusion for refugees. While significant strides have been made in integrating refugees into financial systems, a vast landscape brimming with untapped potential awaits impact-driven investments and interventions.

Case Study: Bernard's Journey of Resilience in Nakivale

At 32 years old, Bernard is a testimony of endurance and adaptability. As a survivor of the Rwandan genocide, he found refuge in the Nakivale settlement in Uganda. There, he built a life with his wife and four children. Agriculture became his primary means of sustenance, with tomatoes, beans, and maize serving dual purposes: nourishing his family and acting as commodities for sale.

However, life in Nakivale wasn't without its challenges. In April 2021, pests attacked his tomato crop, leading to a subpar harvest. Nevertheless, Bernard's tenacity shone through. Selling his affected crop for 1,000,000/= UGX (approximately USD 275[5]), he channelled these funds into diversifying his sources of income. He opened a barbershop that also offers phone charging services and initiated a retail outlet stocking tomatoes, bananas, cooking oil, and other essential foodstuffs.

The retail shop's revenues serve multiple purposes. While he reinvests a portion to replenish the shop's inventory, he also leverages it to secure supplier credit. Offering credit to his customers has proven to be a double-edged sword. While it might earn him loyalty, delayed payments often hamstring his plans to expand his stock.

Outside of his businesses, Bernard benefits from a cash transfer program, an essential non-employment source of income for his household. His primary expenditures encompass rent, mobile airtime, and sending remittances to support his father. Despite the challenges, the income from his diversified businesses supports all these expenses, painting a picture of resilience in the face of adversity.

The successful cases mentioned above position Africa as an ever-evolving landscape teeming with opportunities for impact investors and ecosystem enablers, especially in the realm of financial inclusion for refugees. While significant strides have been made in integrating refugees into financial systems, a vast landscape brimming with untapped potential awaits impact-driven investments and interventions:

Branchless Banking Expansion:
The establishment of more agent networks across diverse locations can dramatically cut down costs and time for refugees accessing financial services. A direct investment here can immediately increase financial access points for displaced populations.

Policy Evolution:
Collaborative efforts between policymakers and financial institutions have the power to revolutionise financial access for refugees. A glimpse into Uganda's success story reveals the transformative potential: a mere policy change skyrocketed mobile money usage from 29% to 61%. Impact investors can work alongside policymakers to replicate such successes.

Information Sensitisation:
There's a tremendous opportunity to fortify refugees' financial and digital literacy. Investments in educational initiatives about products, services, and transaction fees can empower refugees to make informed financial decisions.

Upskilling Initiatives:
Almost half of the refugee population engages in agricultural activities. By channelling resources into capacity-building programs, investors can enhance refugees' agricultural methods, leading to increased productivity and sustainability.

Microinsurance Ventures:
Given the array of challenges and events refugees face, with hospitalisation being notably prevalent, there's a significant gap in tailored insurance services. Impact investors can step in to create or bolster insurance products that address refugees' unique needs.

Digitisation Drive:
The digital revolution offers refugees an avenue to transcend traditional financial barriers. By investing in collaborative processes, digital education, and literacy initiatives, the digital financial landscape becomes more accessible to them.

Sustainable Energy Solutions:
A shift towards clean, affordable, and reliable energy solutions can drastically reduce refugees' dependency on conventional fuels. This transition not only promotes environmental sustainability but also ensures safer living conditions for refugees.

[5] 1 USD = 3,657.28 Ugandan Shilling

Conclusion and Call to Action:

In the heart of Africa lies not just a story of survival, but one of resilience, adaptability, and potential. Each challenge faced by the continent, from displacement to economic hurdles, is simultaneously a window of opportunity waiting to be harnessed. Financial inclusion for refugees is more than a strategic investment; it's an investment in humanity, in stability, and in a future where every individual, irrespective of their circumstances, has a fair shot at success.

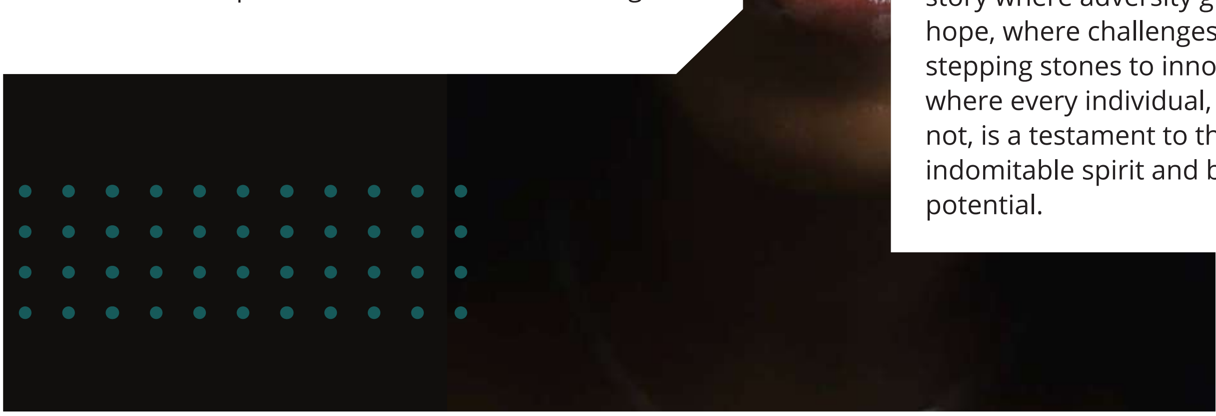
To regional and international impact investing ecosystem enablers and investors: Africa calls upon your expertise, your resources, and your commitment. The successful cases presented illustrate the viability and promise of solutions tailored for the African context. Yet, so much remains to be done.

Investing in Africa's financial inclusion initiatives targeting challenges such as displacement isn't merely about returns—it's about crafting sustainable futures, driving transformative change, and creating lasting impacts. These endeavours go beyond financial metrics; they shape histories, uplift communities, and define legacies.


Small amounts of money can make a difference in how quickly refugees can get on their feet, but minimal cash flow and limited access to even the most basic financial services obstruct their survival in their host-communities.

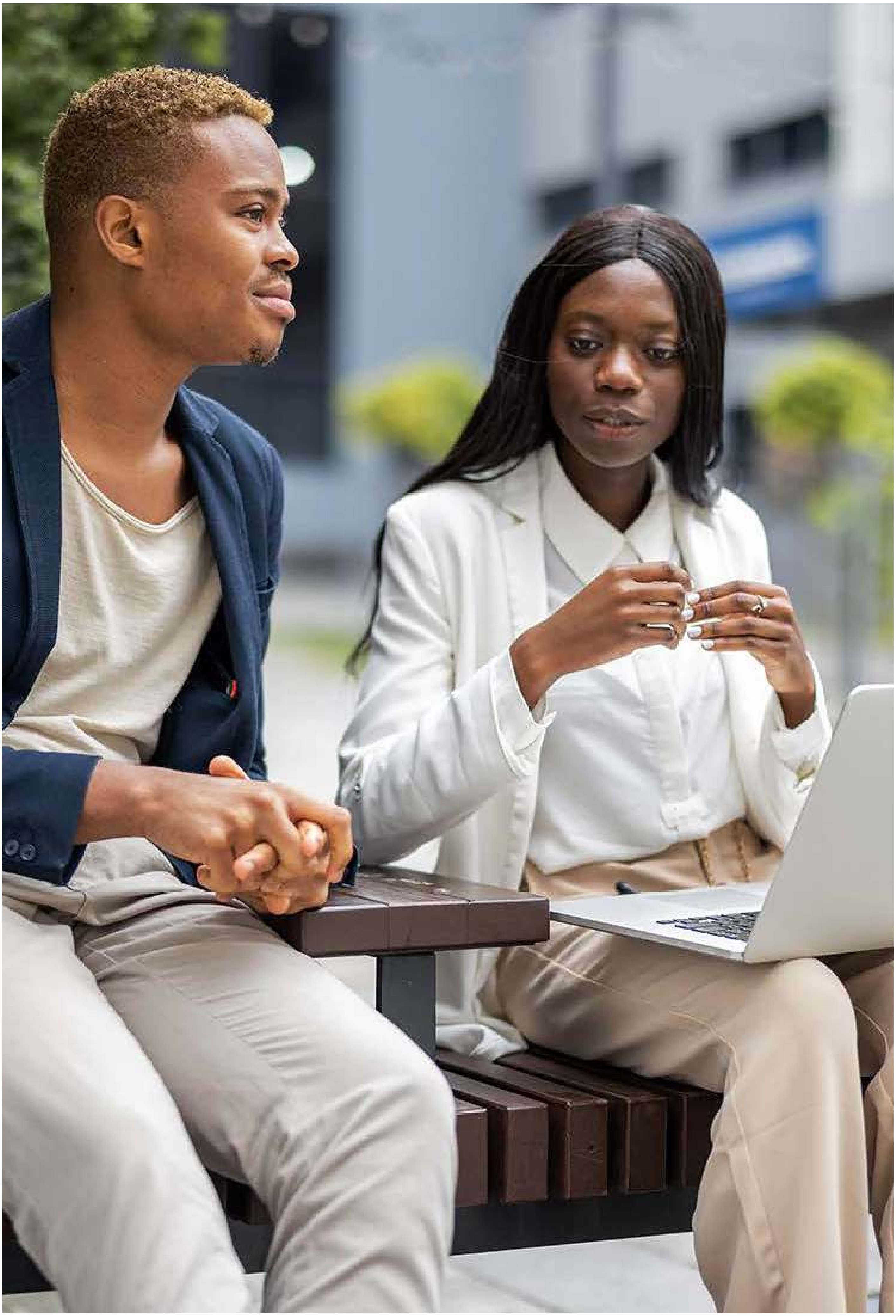

Although the financial and human capital that refugees arrived with have made significant differences in their ability to support themselves and their families, and to grow both their assets and their income sources, access to financial services and a steady source of income are key concerns for displaced populations when they begin to settle in camps.

As you chart your impact investing journey, remember that in Africa, every challenge faced is an opportunity unlocked. And in the realm of financial inclusion for refugees, the continent offers a fertile ground to sow seeds of change, reap tangible benefits, and most importantly, make a difference. Embrace Africa's call. Engage in its transformation. Let's co-author a story where adversity gives birth to hope, where challenges are but stepping stones to innovation, and where every individual, displaced or not, is a testament to the continent's indomitable spirit and boundless potential.



The Author

Mr. Kuria Wanjau is a multi-faceted Certified Public Accountant with a degree in Economics from the University of Nairobi. Currently serving as FSD Africa's Fragile Communities and States Programme Manager within the Digital Innovations team, he leads initiatives that leverage digital technologies to create sustainable value for communities impacted by climate change and forced displacement in Uganda, Rwanda, and the DRC.



UNPACKING AFRICA'S POTENTIAL

AS THE WORLD'S FOOD BASKET THROUGH IMPACT INVESTMENT

Author
Eddie Sembatya
Founder & CEO, Finding XY

Over 122 million more people are facing hunger in the world since 2019, exacerbated by the pandemic, repeated weather shocks, and conflicts, including the war in Ukraine. With a global population of 7.9 billion, this means that one in every 65 people is facing hunger, posing a significant threat to achieving SDG 2 by 2030. This urgent situation highlights the necessity—and opportunity—for impact investments in Africa's agricultural sector as a strategic way to combat global hunger and contribute to achieving the SDGs.

Africa has the untapped potential to become the world's food basket. Accounting for approximately 18% of the continent's Gross Domestic Product, the agricultural sector is a cornerstone of economic development. Furthermore, it is projected to grow at an impressive rate of 4.1% in 2023-24. Bolstering this prospect is the continent's abundant natural capital, valued at an estimated USD 6.2 trillion in 2018. Yet, despite these promising figures, the sector remains underfunded and underdeveloped, presenting a significant opportunity for impact investors to not only realise excellent financial returns but also make meaningful strides toward achieving global SDGs.

Agriculture in sub-Saharan Africa faces a daunting funding gap of approximately USD 180 billion annually. Key elements of the sector, including technologies, production methods, value addition, and distribution channels, remain largely underdeveloped due to insufficient financing from both public and private sectors. Consequently, Agricultural Small and Medium Size Enterprises (SMEs) often operate well below their potential capacity, even when abundant natural resources are available. This landscape presents a fertile ground for impact investors. Tailored investment in technological innovation, Business development Services and Technical Assistance for SMEs, and development of sustainable value chains could not only fill this funding gap but also catalyse systemic change in the agricultural sector, providing both social and financial returns.

Climate change poses a severe risk to agriculture, making the need for clean technologies urgent to maintain competitiveness in the global food market. While public funding has filled some gaps, with estimates from the African Development Bank indicating a requirement of as much as $2.8 trillion between 2020 and 2030, or $250 billion annually, these resources often miss Small and Medium-Sized Enterprises (SMEs). Many of these SMEs, notably those led by women and youths, fall below the typical funding ticket size of USD 0.5M to USD 2M, with most requiring financing between USD 10,000 and USD 0.25M. This scenario provides a unique opportunity for impact investors to step in. Specifically, targeted investments in clean technology adoption, capacity building for women and youth-led SMEs, and innovative financing approaches can close this funding gap. By doing so, investors not only stand to realise significant financial returns but also contribute to the social and environmental resilience of Africa’s agricultural sector.

The financial landscape in East Africa's agricultural sector is diverse, with popular tools including debt, equity, and grants. Innovations like SAFEs, convertible notes, asset-backed financing, and debentures are increasingly gaining traction. Various investor categories such as commercial banks, microfinance institutions, development financial institutions, angel investors, and impact funds have partnered with initiatives like the WAII facility. Of note, only one of the nine investments supported by Finding XY over the past six months was a straightforward equity investment, while debt and convertible notes have remained most popular, featuring an average interest range of 5% to 10% in USD terms. While this diversity of funding sources is promising, it also reveals a misalignment in the types of agricultural operations being financed, affecting the ecosystem both positively and negatively. Herein lies an opportunity for impact investing to bridge these gaps. By strategically channelling funds toward underrepresented areas in agricultural production, value addition, and value chains, impact investors can foster a more equitable and sustainable agricultural ecosystem.

Innovations like SAFEs, convertible notes, asset-backed financing, and debentures are increasingly gaining traction.

The dual-edged nature of the current financing environment is apparent. On the positive side, the variety of investment tools and players fosters specialisation, predictability, and growth within the agricultural sector. However, this focus can inadvertently lead to the exclusion of certain agricultural value chains and impede the adoption of mixed agricultural methods vital for climate resilience. Local Funds like the WAII facility are making strides in mitigating these challenges by offering attractive leverage ratios—specifically, $1 of de-risking capital mobilises $10 in investment. Similar first-loss incentives are now increasingly being offered by both public and private institutions, usually at the portfolio or transaction level. This is where impact investing can play a transformative role. By targeting their investments towards these underfunded and vulnerable areas, impact investors can facilitate inclusion, promote climate-resilient farming practices, and drive systemic change in the agricultural sector.

The Women in Agriculture Impact Investment Facility (WAII) stands as an innovative model in the realm of impact investing, particularly in addressing gender and social disparities in agricultural financing managed by Finding XY with support from partners USAID's Feed the Future Inclusive Agricultural Markets , and collaborating investors like Igravity, and Nordic Impact Funds, the WAII facility is explicitly designed to dismantle barriers that female-led Agri-SMEs face. Since its inception in June 2022, WAII has built a pipeline of 220 promising Agri-SMEs in Uganda and Kenya, demonstrating a scalable approach to fostering entrepreneurship and resilience in these markets. The facility is structured around three core components: business advisory and investment services, an Agricultural Apprentice Incubator that enriches value chains in refugee communities, and a trade promotion arm. These elements work in synergy to de-risk investments, thereby unlocking smaller deal sizes that are often overlooked by traditional financial institutions and investors. By focusing on these underserved areas, WAII is not just providing capital but also enabling an ecosystem where impact investment thrives, thereby accelerating economic development and social inclusion.

The challenges in agricultural financing encompass a multitude of factors, ranging from real and perceived risks to social, economic, and trade-related hurdles.

Lack of Collateral: Most Agri-SMEs lack tangible assets for collateral, making traditional loans difficult. This opens the door for innovative financing mechanisms, such as asset-backed lending or data-driven underwriting, especially as investors accumulate valuable data on high-potential Agri-SMEs.

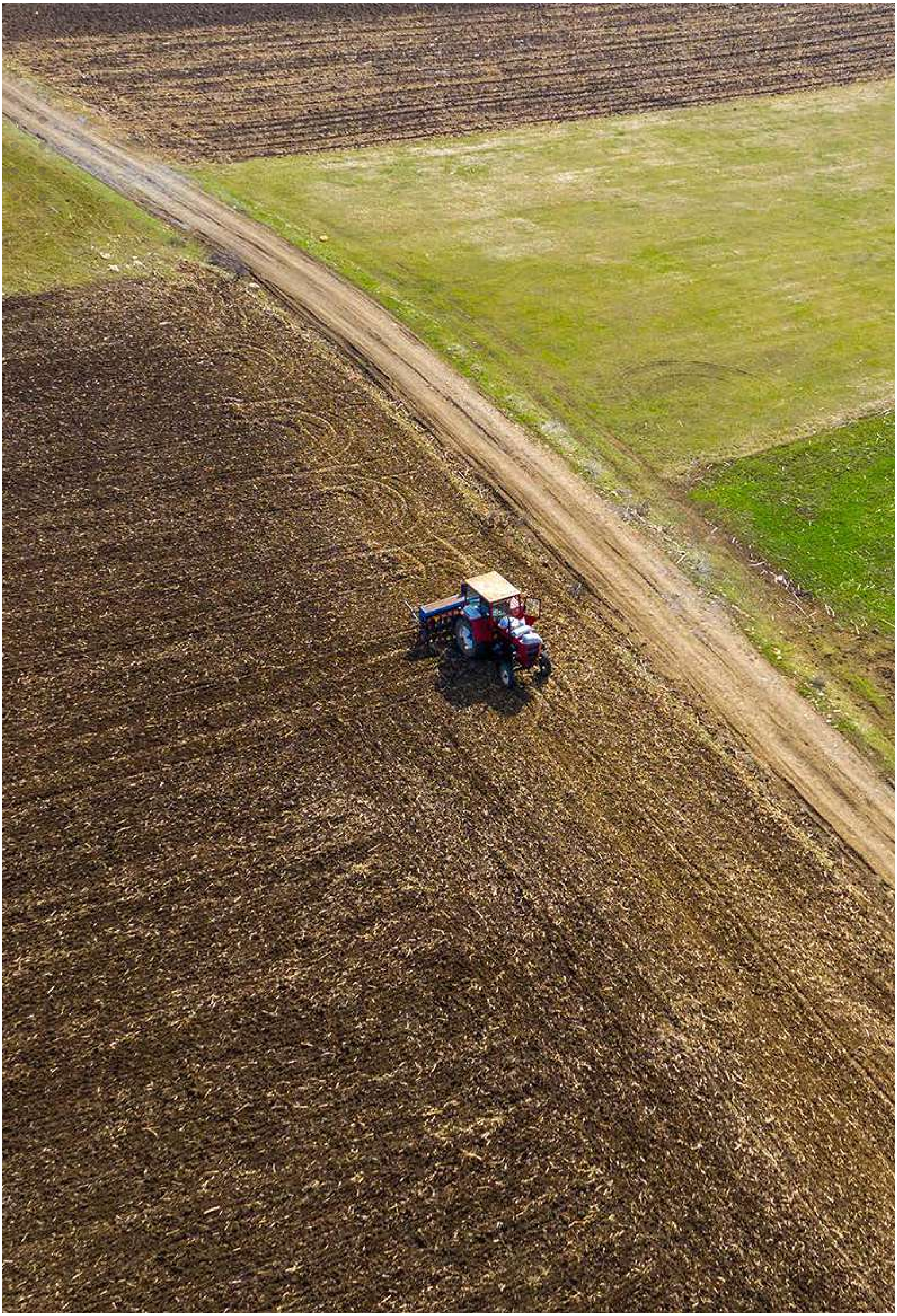
Trade Development and Promotion:
Many Agri-SMEs have limited access to quality trade development services and focus on markets in Europe and the United States. The recent adoption of the Africa Free Trade Continental Area offers a fresh opportunity for investors to facilitate intra-continental trade, thereby reducing the cost and complexity of doing business.

Gender and Youth Gap:
Female and youth-led businesses are frequently overlooked due to current financing criteria. Institutions can follow the model of the WAII facility, employing a gender equity lens in financing to yield both financial and social returns.

Africa boasts an array of experienced business development advisors, funds, and financial institutions that possess both the expertise and significant assets under management (AUM) that can be mobilised to lower the cost of financing. Investors stand to benefit by funnelling their investments through these market-facing intermediaries. This strategy allows investors to maintain the flexibility of domiciling their funds in preferred locations, while gaining in-depth insights into local market dynamics that can enhance both impact and investment returns. Moreover, African governments are increasingly focused on supporting foreign investments that contribute to institutional and labour capacity-building. Complemented by Africa's youthful demographic—ensuring an agile workforce and a burgeoning market—the continent presents a compelling value proposition for both producers and investors. By leveraging local intermediaries and aligning investment strategies with governmental initiatives, investors can achieve meaningful impact alongside favourable returns, thereby driving economic development in a synergistic manner.

The Author

Eddie Sembatya is a seasoned expert with over 16 years in impact investment, economic development, and business development, specialising in social and climate-smart MSMEs. He is the founder of Finding XY, a non-profit innovation center registered in Uganda and Kenya that empowers entrepreneurs through investment and business support. Eddie has managed various initiatives, including green finance and gender lens impact investment in agriculture, as well as the promotion of green technologies. An Oxford University alumnus, he serves on the Private Financing Advisory Network (PFAN) and is a Program Consultant with the Mastercard Foundation. He also sits on the board of the Uganda Solar Energy Association, further cementing his role as a leading voice in sustainable development and investment in Africa.



Voices of Impact:

Exclusive Interview with Ojoma Ochai

In our latest segment of Voices of Impact, we are thrilled to bring you an exclusive interview with Ojoma Ochai, a pioneering force in Africa's creative and digital economy. As the Managing Partner of The Creative Economy Practice at CC Hub and the co-founder of Pixel Ray Studios, Ojoma is a multifaceted leader who champions innovation, technology, and cultural heritage to shape the future of Africa's creative landscape. She has more than 17 years of international experience, and her influence extends from boardrooms to global forums. In this candid conversation, Ojoma delves into her personal journey, the untapped opportunities in Africa's burgeoning creative sector, and her insights on how impact investing can shape the continent's cultural and economic narratives. Don't miss her compelling vision for the future of Africa's creative economy.

What inspired you to advocate for Africa's Creative Economy, and why do you think it's important now?

Growing up in Northern Nigeria in the eighties, I was lucky to be exposed to our rich cultural landscape through literature, theatre, and historical narratives, quite early on, all thanks to my parents. This early introduction to my identity helped shape my worldview. However, over time, I observed many of my peers undervaluing our rich heritage and identity due to external influences and lack of awareness and education. This realisation, combined with the challenges I faced my professional life as a young, black Nigerian woman, ignited my passion to advocate for Africa's Creative Economy as I saw it increasingly over time as a way to challenge stereotypes about us, boost our narratives and worldview while creating massive economic value. Today, as the world becomes increasingly globalised and digital, it's vital for Africa to reclaim and amplify its voice, showcasing our unique stories, music, and art to the world.

What are the unique opportunities that most people miss in Africa's creative sector?

In Africa's burgeoning creative sector, the emphasis is frequently narrowly fixed on the final products, whether they be music, film, art, or design. However, the creative ecosystem as a whole is extensive and includes numerous opportunities that are frequently overlooked.
Education is a fundamental aspect. The continent is teeming with raw talent, but there is an urgent need for institutions and platforms that can hone these skills, guiding the next generation of creatives in not only conquering their craft but also comprehending the business side of the creative world. Investing in educational initiatives can result in a workforce that is more competent, knowledgeable, and adaptable.
Infrastructure for production and distribution is another area with enormous potential. While global streaming platforms are making inroads in Africa, there is a lack of localised distribution channels that can appeal to African audiences while respecting the cultural nuances. Likewise, the market for production infrastructure, including film apparatus rental services and high-quality recording studios, remains untapped.
Additionally, auxiliary services play a crucial function. This includes intellectual property attorneys specialising in African creative rights, managers with knowledge of local and global markets, and marketing professionals who can deftly bridge the divide between traditional and modern promotion techniques tailored to African content.
Collaborations are a goldmine, to conclude. With a vast variety of cultures, languages, and traditions, Africa's inter-regional collaborations can produce a content that is both domestically and internationally appealing.
In essence, while creative products are the tip of the iceberg, the ecosystem that supports them is extensive and full of potential. Investors and stakeholders who recognise this and act accordingly can not only increase the sector's economic output, but also help shape Africa's cultural narrative on the international stage.

Can you provide an example of a real-world initiative that exemplifies the potential of impact investing in the creative sector?

One example (of many that I am inspired by!) is DTRT Apparel (Do The Right Thing). The company was founded in 2013 and is currently the largest apparel manufacturer in West Africa, pioneering sustainable and ethical practises in the Greater Accra region of Ghana. With a distinctive global supply chain spanning three continents, DTRT has established itself as a prominent supplier for leading U.S. and European clothing brands. Their dedication extends beyond quality and on-time delivery; they are champions of waterless fabric applications, social responsibility, and the improvement of the lives of local employees.
The evolution of DTRT, which began in 2014 with only 25 employees, is noteworthy: the company now employs over 5,000 people, about 70% of them women and generates over $40 million in annual export revenue. Of the women employed by DTRT, many of them are women in transition – women saving up to go to school or improve their family circumstances etc. – so the multiplier effect is huge.
As a result of initiatives such as AGOA, and investments from investors like Verod Capital (with funding from British Investment) and IFC they have established two factories in Ghana and intend to enter other West African markets. Notably, DTRT is known for paying well above the minimum wage, providing free healthcare, meal allowances, and ongoing educational opportunities to their employees. Their investments in cutting-edge technologies, such as Coats Digital's production planning tool, demonstrate their dedication to ethical development, efficiency, and environmental responsibility.

How do you see the creative economy contributing to broader sustainable development goals (SDGs) in Africa?

The creative economy, with its inherent versatility, can drive multiple SDGs. It can create jobs, thus addressing poverty (SDG 1) and bolstering economic growth (SDG 8). By promoting diverse voices, especially women's, it empowers all, pushing gender equality (SDG 5). And by emphasising sustainable practices as you saw in the DTRT example, it can promote responsible consumption and production (SDG 12). Beyond these, the act of preserving and promoting our cultural heritage contributes to peace, justice, and building strong institutions (SDG 16).

What would be your advice to impact investors looking to explore opportunities in Africa's creative economy?

Impact investors require a well-structured strategy for identifying opportunities within Africa's creative economy. First, it is essential to delve deeply into the nuances of Africa's diverse markets. Every nation and even regions within nations have their own cultural, economic, and social complexities. Understanding these nuances, coupled with knowledge gained from past successes and failures, can provide invaluable context. Such a research-based strategy provides a multitude of information regarding what resonates and what may fail in these dynamic environments.
It is impossible to overstate the importance of forming robust partnerships with local stakeholders. Teaming up with on-the-ground experts and industry veterans ensures not only a firm grasp of the market's dynamics, but also a gauge on their evolution. Such collaborations frequently result in the discovery of dormant opportunities, thereby opening doors that would otherwise remain closed to outsiders.

Finally, perseverance and commitment are indispensable. Despite the allure of fast profits, the creative economy frequently requires a long-term perspective. The returns may be substantial, but they may take time. In addition, impact investors must look beyond the immediate creative output or product. Consideration of the entire ecosystem, including education, infrastructure, and ancillary services, offers a more comprehensive perspective on the sector's potential. This broader perspective can aid in identifying investments that not only generate economic returns but also contribute to the continent's social and cultural fibre.

Finally, what is your vision for the future of Africa's creative economy?

I envision an Africa that's not just a passive consumer but a major influencer in the global creative sector. An Africa where our stories, arts, music, and innovations resonate globally. Through strategic investments, technology integration, and nurturing our vast talent pool, I see Africa's creative economy not only propelling our continent onto the world stage but redefining global creative narratives.

The Africa Impact Investing Landscape

RECENT DEVELOPMENTS

Impact investing in Africa is at a critical juncture, where promise meets possibility and where challenges fuel innovation. As a dynamic and emerging field, it offers a unique blend of financial return and social impact, aligning investment strategies with the continent's development goals. In this section, we explore the current state, opportunities, challenges, trends, and prospects of Africa's impact investing landscape.

The Africa Impact Investing Landscape represents both an exciting opportunity and a complex challenge. It calls for a nuanced understanding, strategic alignment, and a collective commitment to fostering sustainable growth. By delving into recent developments, this section offers a comprehensive view of where we stand and where we are headed.

Explore this dynamic field, uncover insights, and shape a future where investment means more than profit. It means progress, potential, and a positive impact on the lives of millions across Africa.

Blended Finance

Blended finance, as delineated by the OECD and USAID, refers to the strategic utilisation and alignment of public, philanthropic, and private resources to foster the mobilisation of additional finance directed towards achieving sustainable development objectives, particularly in developing countries. This innovative financial approach aims to attract substantial commercial capital towards projects that are aligned with the principles of sustainable development and simultaneously offer financial returns to private investors, thus amplifying the total pool of resources available to developing nations.

In this framework, private capital encompasses investments from various entities not reliant on public funding or philanthropy and expected to yield market returns. These entities include, but are not limited to, pension funds, insurance companies, commercial banks, and investment banks. The approach leverages financial contributions from a diversified range of stakeholders, including donors, development finance institutions (DFIs), philanthropic organisations, and private sector entities, often complemented by guarantees and technical assistance, both in the preparatory and ongoing stages of a project.

Through this convergence of resources, blended finance emerges as a pivotal mechanism in Africa's stride to bridge the SDG financing gap, fostering resilience and catalysing the journey towards self-sufficiency for many African nations. In line with the objectives of the Paris Agreement, it serves as a dynamic avenue to mobilise substantial capital inflows that complement the existing investments and Official Development Assistance (ODA) aimed at nurturing sustainable development in the region. By leveraging this innovative approach, Africa can amplify its efforts in harnessing commercial capital for projects that not only offer financial returns to investors but also have a transformative impact on the continent, accelerating its path to achieving the Sustainable Development Goals (SDGs) and fostering a green and inclusive growth trajectory.

Types and examples of Blended Finance in Africa

In Africa, blended finance serves as a vital catalyst in fostering sustainable development and economic progression. This approach, merging concessional funds with private capital, is instrumental in galvanising impactful investments aligned with the Sustainable Development Goals (SDGs). Here, we spotlight noteworthy examples of blended finance in action at different levels, showcasing its transformative potential in the African context.

1. Fund-Level

These entities primarily facilitate blended finance through fund management, mobilising private and public investments to spur growth in various sectors.

The African Agriculture Fund (AAF):
Utilizes private and concessional funds to enhance investments in agribusinesses across Africa, aiming to augment food security and create sustainable employment.

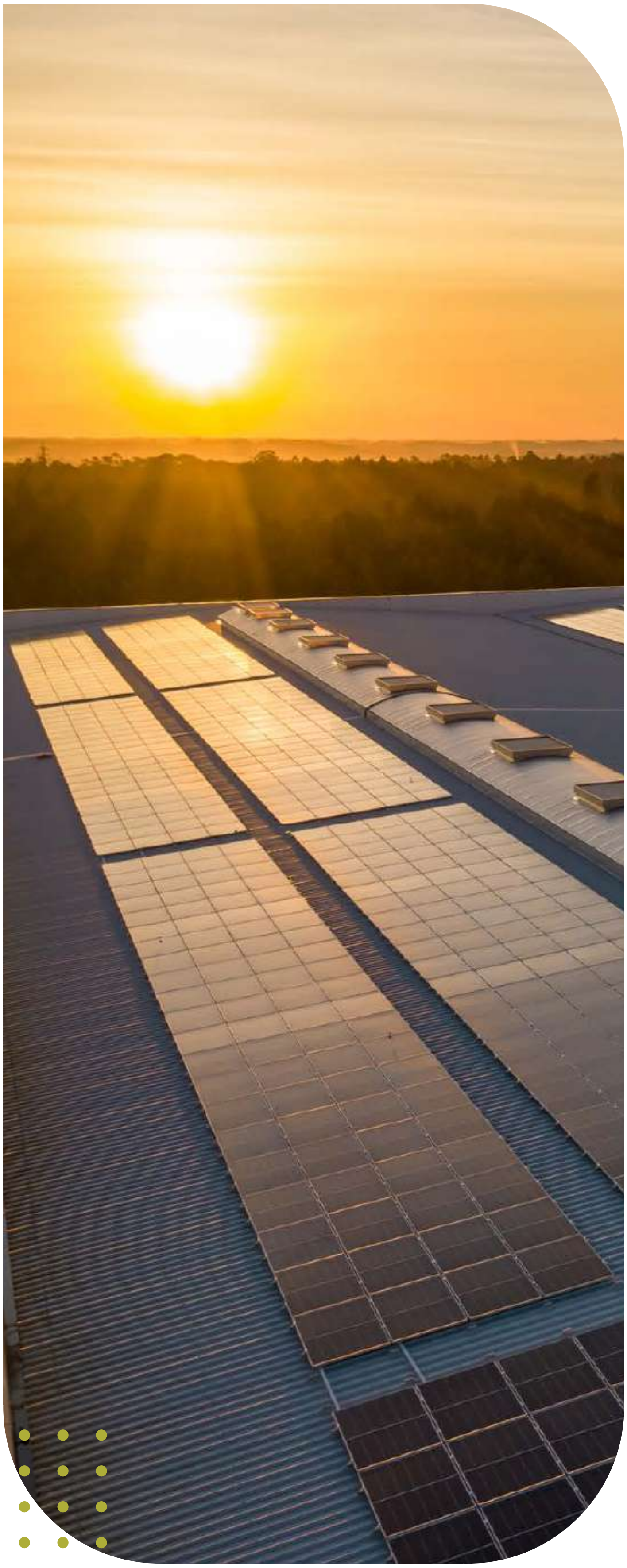
The Facility for Energy Inclusion (FEI):
Backed by the African Development Bank, it targets bridging the financing gap for small-scale renewables in Africa, using a blend of concessional and private capital investments.

World Bank Group (MIGA):
Focuses on promoting cross-border investments in developing nations, offering guarantees and risk reduction avenues that benefit governments and private firms.

IDA18 IFC-MIGA Private Sector Window:
A venture by the World Bank, it deploys concessional funds from the IDA to complement IFC investments and MIGA guarantees, facilitating private investments in various capacities.

2. Company-Level

These are individual companies that have leveraged blended finance, incorporating contributions from public and philanthropic avenues to scale operations and widen their impact scope.



M-KOPA:
Based in Kenya, it utilises blended finance, including capital from public and philanthropic sectors, to escalate its solar home system, thus expanding clean energy access in East Africa.

JUMO:
A fintech entity from South Africa that embraced blended finance to expand its operations, leveraging investments from public and private venture capital firms to widen financial services accessibility in several African nations.

Grassroots Business Fund (GBF):
An arm of the International Finance Corporation (IFC), it invests in and offers advisory services to high-impact enterprises in Africa and beyond, combining for-profit and non-profit financial strategies.

Agribusiness Capital Fund (ABC Fund):
Spearheaded by IFAD, it enhances engagement with the private sector, offering loans to local intermediaries and direct investments in small and medium-sized agribusinesses, primarily in the African, Caribbean and Pacific (ACP) nations.

3. Project-Level

These represent specific projects that have attracted a blend of financial resources, including grants, equity, and concessional loans to foster sustainable development.

Lake Turkana Wind Power Project:
A Kenyan project that garnered a mixture of financial resources, including equity, concessional loans, and grants from various entities, to establish Africa's largest wind power venture.

Noor Ouarzazate Solar Complex:
Situated in Morocco, this initiative successfully attracted private sector investments through a combination of grants, concessional loans, and guarantees, aiming to reduce the country's oil dependence and minimize CO2 emissions.

Climate Investor One (CIO):
Developed by the Netherlands Development Finance Company (FMO), this facility uses a novel approach to blended finance, addressing diverse phases of renewable energy project cycles across continents including Africa.

Scaling Enterprise:
Initiated by OPIC, the Ford Foundation, and Citi Inclusive Finance, it provides early-stage financing in local currencies to firms enhancing access to products and services for low-income communities in emerging markets.

Other notable players:

DFID (UK): 13 financial commitments to blended finance initiatives.

Dutch Good Growth Fund: 19 financial commitments to blended finance initiatives.

World Bank: 21 financial commitments to blended finance initiatives.

Sida (Sweden): 12 financial commitments to blended finance initiatives.

Sustainable Agriculture

Sustainable agriculture, as defined by the African Development Bank (AfDB), emphasises a holistic methodology for the production of food, feed, and fibre. It aims to preserve soil quality, ecosystems, and human well-being. In Sub-Saharan Africa, smallholder farmers dominate the agriculture sector, making up 80% of all farms. These farmers are responsible for nearly 90% of agricultural output, excluding South Africa, and significantly contribute to employment and GDP growth.

The untapped potential

Estimations suggest that Africa will have up to 600 million hectares of uncultivated arable land by 2026. This will account for about 65% of the world's available arable land. Yet, despite agriculture's central role in African economies, commercial systems often sideline rural communities, which then remain vulnerable to climate variations, food insecurity, and malnutrition.

Investment dynamics

A 2022 study by Agyekumhene C. et al. found that Development Finance Institutions (DFIs) are the primary actors in agricultural impact investment in Africa. These DFIs invest in both established and emerging companies, including new entrants like Mali-Shi, founded in 2019.

Investment trends in value chains

Investments in the agriculture sector vary across sub-sectors and value chains. Crops, particularly barley in Ethiopia, attract the most funding, often targeting the brewing industry. Livestock, especially poultry, also receives considerable attention, while the mango value chain in Mali is emerging as a lucrative investment focus. Interestingly, most investments occur at the processing level, reflecting a preference for value addition (Agyekumhene, 2022).

Financial instruments used

Impact investors generally rely on two key financial instruments: debt and equity. A significant majority (75%) prefer debt instruments, while the remaining opt for equity. Equity investments are notably more prevalent in Ethiopia.

Spotlight on Kenya

In Kenya, Twiga Foods, a B2B platform established in 2013, aims to solve post-harvest and marketing challenges for smallholder farmers.

Twiga Foods

Solving challenges post-harvest and market access challenges to smallholder farmers

Sector:
Agriculture

Enterprise:
Twiga Foods

Model:
B2B platform for agriculture produce

Year of establishment: 2013

Total capital raised: US$ 30.4 Million over 8 rounds

Investment/Funding rounds:

- 2018: US$ 10 million from IFC, TLcom, DOB equity, Adolph H. Lundinm Wamda Capital, 1776 ventures
- 2018: US$ 7 million from IFC & TLcom
- 2017: US$ 10.3 million from Wamda Capital, 1776 Seed investors, Alpha Mundi, Blue Haven Initiative, DOB equity, Omidyar network, Uqalo
- 2017: US$ 50,000 from Google Launchpad accelerator
- 2017: US$ 2 million from USAID
- 2016: US4 1 million from 1776 ventures

Challenge:
Small scale farming accounts for over 75% of total agricultural output in Kenya. However, adequate price realization from smallholder farmers has been a key challenge in the country because of the lack of an efficient supply chain, warehousing facilities, assured markets for farmers. These challenges also result in high post-harvest losses and create food insecurity in the country.

Solution:
Twiga Foods aims to solve these challenges bycreating linkages between farmers and vendors of agricultural produce. To farmers, it provides a guaranteed market, fair pricing, technical advice and access to credit and to vendors, it provides better quality produce, better prices, guaranteed product supply and safety products. Twiga has created a mobile-based business-to-business (B2B) supply platform where farmers and vendors can register and access its services.

Impact:
Twiga Foods currently operates through 25 collection centers and employs 240 staff. It has become the largest seller of bananas in Kenya having sourced more than 245 tonnes of bananas each week from over 3,000 farmers. It is currently connecting over 8,000 farmers with 5,000 plus vendors, who mkae orders via its platform on a weekly or bi-weekly basis.

Creative Sector

In the context of Africa's burgeoning economic landscape, creativity encompasses a broad range of activities and sectors. These include design (from fashion to product design), architecture, and advertising, among others. As defined by UNCTAD, the creative sector also covers arts and crafts, audio-visual media, new media, performing arts, publishing, and visual arts.

The status quo and global context

Africa's creative sector has been growing steadily, gaining both regional and global attention. The African Development Bank's 2022 report highlights how African music, film, and fashion are increasingly resonating on the world stage. According to UNCTAD data, the global creative market grew from $419 billion in 2010 to $524 billion in 2020, with creative services experiencing even more significant growth.

Technological intersection

Innovation in technology, such as Africarare, a South African metaverse or Nigeria's Mobihealth, has been providing new platforms for the creative industry.

These technologies offer promising growth avenues, particularly with advancements in 3D, AI, and virtual and augmented reality.

Barriers to maximal growth

Despite its potential, Africa's creative sector is undercapitalized due to a combination of weak regulatory environments and inadequate digital infrastructure. The African Development Bank approximates a need for $9 billion in annual investment through 2030 to address these issues.

Investment opportunities and forums

The Africa Investment Forum, spearheaded by the African Development Bank, has identified the creative sector as a priority for investment, especially in the context of post-COVID-19 economic recovery and resilience against global challenges. The forum also aims to facilitate private-sector investments through regulatory reforms and institution-building.

Financial support mechanisms

There are already substantial investment funds targeting Africa's creative sector. For instance, Afreximbank has a $500-million Creative Industry Support Fund, and the African Development Bank has lent $170 million to Nigerian creative enterprises. These initiatives underline the sector's investment potential and its ability to yield significant economic and social impacts.

Recent milestones

The Africa Investment Forum's Market Days 2022, held in Abidjan, featured a wide array of investment opportunities. Since its inception in 2018, the forum has mobilised investment interests exceeding $100 billion, demonstrating the vast potential for impact investing in Africa, including its creative sector.

Case studies

Boomplay, a streaming service launched in Nigeria in 2015 today boasts 60 million users. According to the company, roughly 70 percent of its streams are African content.

It's estimated that revenue from digital music streaming in Africa to reach $500 million by 2025, up from only $100 million in 2017, according to statistics cited in a 2021 World Bank study of Africa's music industry.

A Ghanaian businesswoman, Roberta Annan, launched a €100m Impact Fund for African Creatives. According to Business Insider Africa, grants and funding will be made available to selected fashion entrepreneurs' businesses.

HEVA, which bills itself as Africa's first dedicated finance, business support and knowledge facility for creative industries, has also been actively investing in creative businesses in Africa's fashion, digital content, TV, music, and gaming value chains

Healthcare

The World Health Organization (WHO) estimates that nearly 47% of Africa's population lacks basic healthcare, posing an urgent need for investment in this sector. This shortfall has far-reaching implications, affecting not just health outcomes but also educational achievement, labour productivity, and overall quality of life.

Noteworthy Initiatives:

East Africa Living Goods:
Employs over 1,000 community health promoters in Uganda and Kenya, providing essential healthcare products at affordable prices.

Tele-medicine in Tunisia:
Allows remote patient consultations with specialists, bridging the urban - rural healthcare gap.

GoodLife Pharmacy in Kenya:
Addresses the issue of counterfeit drugs by providing quality and affordable medications, supported by impact investors like Catalyst Principal Partners and IFC.

Institutional Efforts:

NABII-Kenya:
Coordinates and promotes impact investing, working closely with Development Financial Institutions (DFIs) and UN agencies.

USAID's First Loss Capital:
Supports healthcare SMEs, enabling them to scale and improve the quality of healthcare delivery.

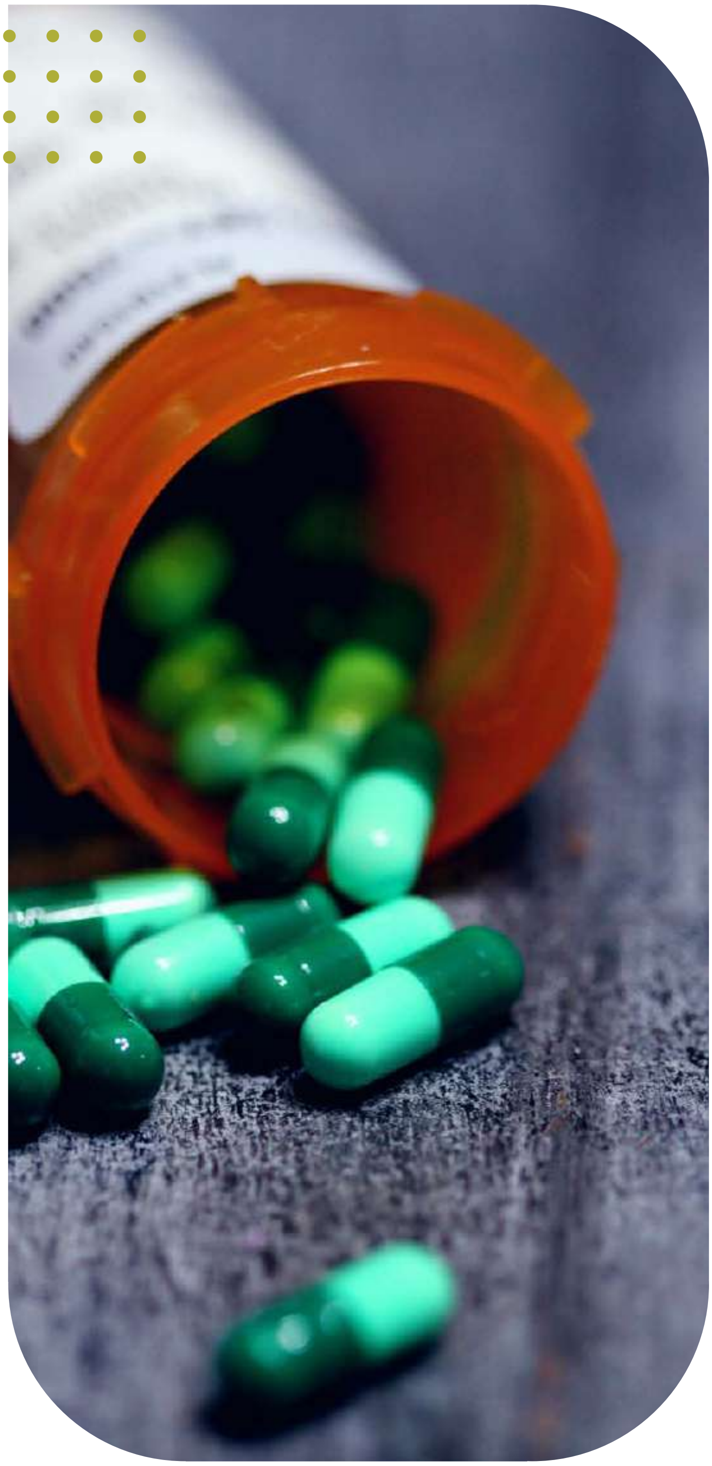
Challenges:
- Lack of reliable data for investment assessment
- Evolving regulatory environment
- Capacity constraints in managing impact investments
- Risk-reward imbalance and information gaps for investors

Investment Funds and Support Programs:

Global Innovation Fund:
Provides grants and risk capital for socially impactful enterprises.

Investisseurs & Partenaires (I&P):
Offers capital and support for startups and SMEs in various sectors, including healthcare.

Insightful Reports:
Christian Kingombe's 2023 report underscores the rising need for healthcare investment in Kenya, citing high maternal and child mortality rates. Another report from Intellecap highlights the unique features of East Africa's impact investing landscape.



Barriers to Overcome:

- A mismatch between the demand and supply of funding
- Tedious due-diligence processes
- Skills gap and cost of talent
- Local currency instability

Case studies

Memorandum of Understanding (MOU) Between AAIC Investment and OurCrowd

On 18th July 2023, AAIC Investment, specialising in African healthcare startups, and Israel's OurCrowd signed an MOU to foster healthcare innovation in low-middle -income communities in Africa.

The MOU aims to expedite the growth of startups and address health inequities across the African continent through the Global Health Equity Fund (GHEF).

Africa Healthcare Fund (AHF1)
Founded by AAIC Investment and primarily focuses on Kenya, Nigeria, South Africa, and Egypt.

Launched in 2017, the fund has Assets under Management (AuM) worth USD 47 million and has invested in 30 companies in the healthcare sector.

Africa Innovation & Healthcare Fund (AHF2)

Targeting a diverse range of countries in Africa and adjacent regions.

Specialises in technology companies that contribute to social infrastructure, primarily healthcare.

The fund has been pivotal in fostering digital transformations like telemedicine and AI diagnostics. Its investment range is between USD 200,000 to USD 20 million.

Health in Africa Fund

A joint venture among IFC, African Development Bank, Bill & Melinda Gates Foundation, and DEG, aiming to improve healthcare access for low-income Africans.

The fund measures its success based on fiscal performance and its impact on underserved communities.

Priority countries include Côte d'Ivoire, Ghana, Kenya, Nigeria, Senegal, Tanzania, and Uganda. The fund plans to invest between $250,000 to $5 million in about 30 different healthcare projects.

Investment Fund for Health in Africa (IFHA)

IFHA focuses on accelerating the development and commercial potential of investee companies, offering growth opportunities in Africa's healthcare market.

Notable investors include Pfizer, the African Development Bank, the European Investment Bank, and others.

Portfolio highlights include Hospital Holdings Investments in Kenya and Uganda, Labotec Limited in South Africa and Kenya, and Carepay International focusing on Health Insurance in Kenya and Nigeria.

Financial Inclusion

Financial inclusion refers to the delivery of financial services at affordable costs to sections of disadvantaged and low-income segments of society. In the African context, it embodies the efforts towards making financial products and services accessible, affordable, and inclusive, ensuring that individuals and businesses have access to useful and affordable financial products and services that meet their needs (AFI).

Opportunities in Financial Inclusion

Banking for the Unbanked:
Investment in this sector can help in creating more accessible banking services and establishing microfinance institutions that focus on grassroots development.

Digital Financial Services:
This involves investing in fintech solutions that facilitate mobile banking and innovative digital payment solutions, making financial services more accessible and efficient.

Financial Literacy and Education:
Initiatives in this field would focus on building programs that educate and empower individuals and small businesses to better manage their finances, promoting a culture of financial awareness and planning.

Insurance and Risk Management:
This encompasses creating insurance products tailored to the needs of underserved communities, providing them with safety nets and financial security.

Trends

Leveraging data to drive inclusion

The redefined financial landscape in Africa is being sculpted with a meticulous approach towards data categorisation. Data, sourced both from service providers and users, has become a linchpin in understanding and fulfilling the complex, evolving financial needs of the continent. Such robust data collection drives national strategies, fostering financial growth at a grassroots level.

Technological advances and regional insights

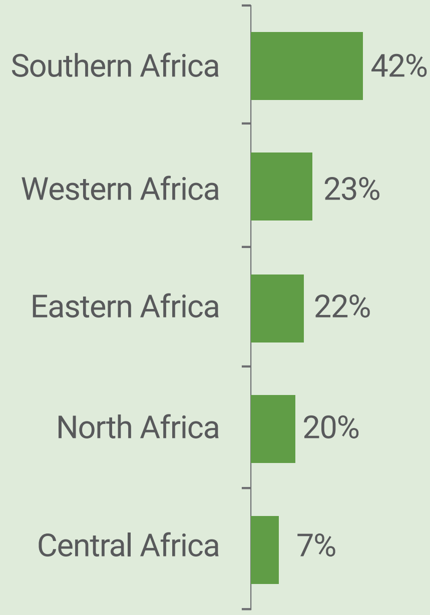
In recent years, Africa has witnessed an exponential rise in financial product availability. From credits now being within the grasp of common people to mobile money revolutionising savings and payment protocols, Africa is at the cusp of a financial revolution. Moreover, the development of new databases like the Global Findex 2012 has facilitated critical insights into financial inclusion trends across 42 African nations, providing a blueprint for strategic policy formulation and targeted interventions.

Diving Deep: A glimpse into account penetration

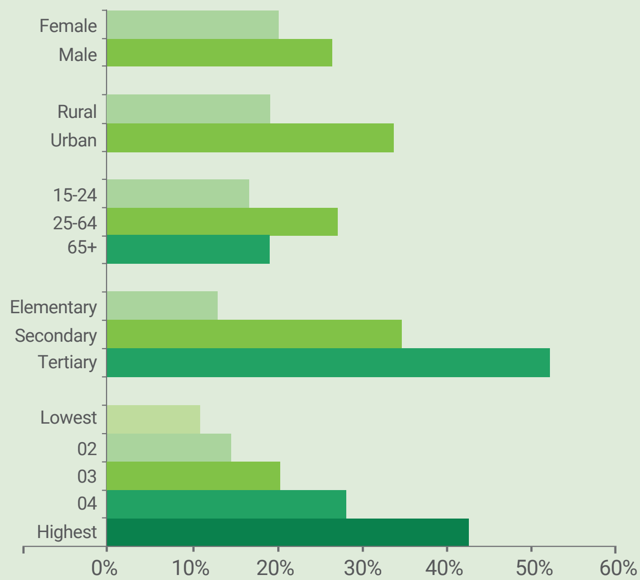
Despite varying degrees of financial inclusion across regions, the overall trajectory indicates a promising upward trend. Southern Africa leads in account ownership, followed closely by other regions. Although challenges persist, these disparities present fertile ground for strategic investments to foster financial growth and equality, setting the stage for a more inclusive financial future in Africa.

Gender dynamics and financial literacy

Although a gender gap persists in account ownership, it is less pronounced in Africa compared to other regions. Emphasizing financial literacy can not only bridge this gap but also foster equitable distribution of financial services, creating a ripple effect of economic empowerment and progress.



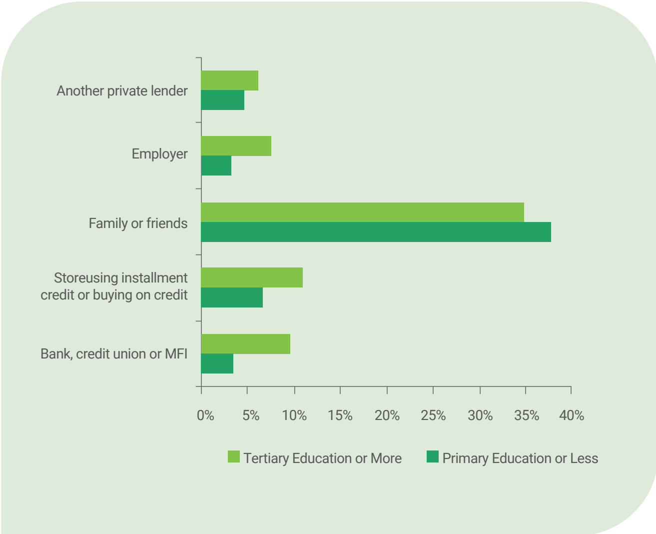
Account penetration across Africa
Source: Demirgüç-Kunt and Klapper (2012)

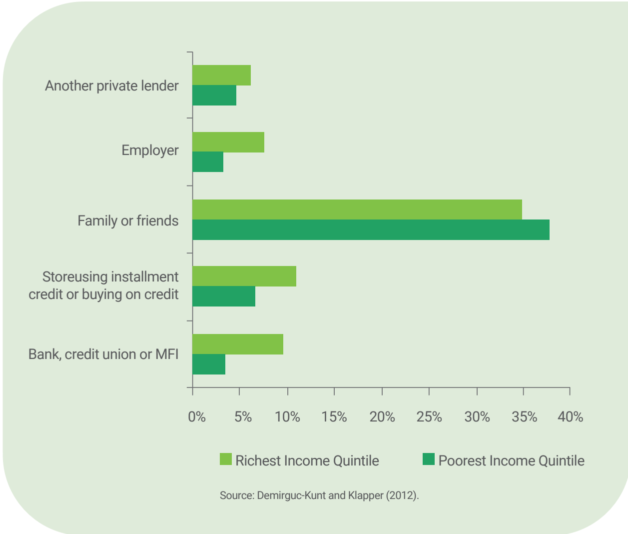


Account Penetration in Africa by Individual Characteristics (% Adults)
Source: Demirgüç-Kunt and Klapper (2012)

Credit, insurance, and borrowing trends

A substantial segment of the African population has embraced borrowing, with East Africa witnessing the highest rates of borrowing activities. While informal borrowing sources remain popular, this showcases a significant potential for the development and uptake of formal credit facilities, presenting a vibrant investment landscape for prospective stakeholders.



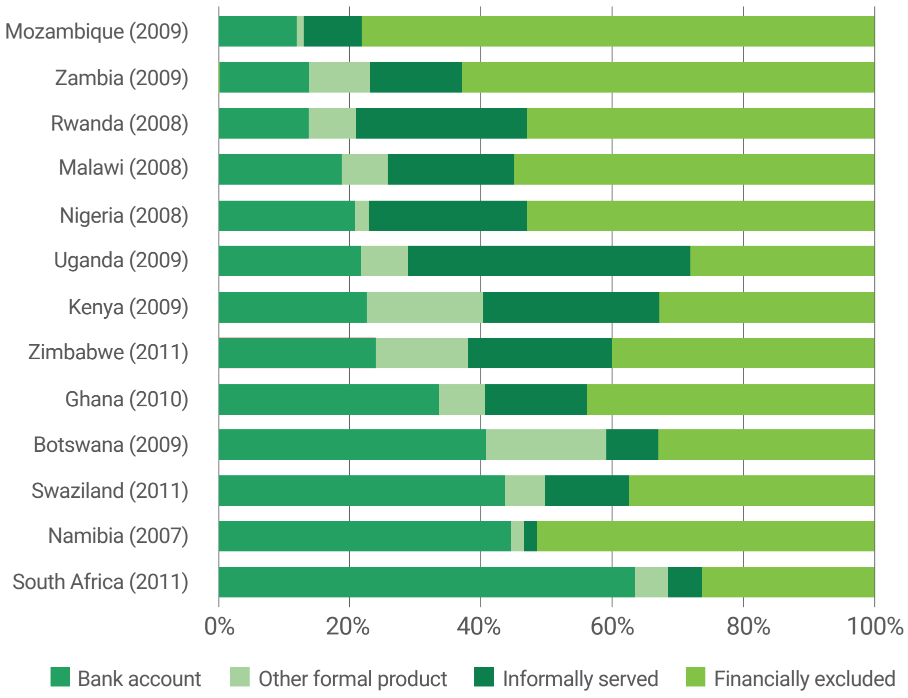


Credit, insurance and borrowing trends (%) **Source:** Demirgüç-Kunt and Klapper (2012)

Table 1: Examples of Available Supply-side Data on Financial Inclusion

Survey name	Data providers	Africa coverage	Focus
CGAP Financial Access Report	Regulators and financial institutions, compiles other World Bank data	Most African countries	Savings and credit, regulation, physical outreach, SMEs
World Bank Development Indicators - Financial Sector	Regulators and financial institutions, compiles other World Bank data	Most African countries	Health of financial sector and macroeconomic indicators
African Development Bank / Making Finance Work for Africa partnership	Regulators and financial institutions	Most African countries	Regulatory frameworks and financial system structure
World Bank Financial Development and Structure Database	Regulators and financial institutions	Most African countries	Size, efficiency, and stability of banks, non banks, capital markets
IMF Financial Access Survey	Regulators and financial institutions	Most African countries	Availability of banking services and distribution of physical outlets
IMF International Financial Statistics	Deposit taking institutions, microfinance instituions, insurance providers, and other financial service providers	Most African countries	Macroeconomic indicators, consumer prices, exports and imports, GDP, reserves and more
IMF Financial Stability Indicators	Regulators and commercial banks	Most African countries	Market development and stability of financial systems
World Bank Payment Systems Survey	Regulators	18 African countries (as of 2010)	Legal and regulatory frameworks, supervision payment systems development, remittances and transfers
MIX Market	Microfinance organizations	14 African countries (as of 2011)	Number of microfinance borrowers, loan balances, and deposits
GSMA Mobile Development Intelligence	Mobile network providers	53 African countries	Mobile connections and coverage, mobile money, mobile health data

Source: Thouraya T. & Issa F., 2013



Source: author's compilation from latest FinScope findings available at http://www.finscope.co.za

Case Study-Kenya

branch

Branch International

reducing the cost of financial services and providing access to microcredit

Sector:
Financial Services

Enterprise:
Branch International

Model:
Online lending platform

Total capital raised: US$ 84.7 Million over 5 rounds

Investment/Funding rounds:

- 2018: US$ 3.5 Million in debt funding from Barium Capital
- 2018: US$ 70 Milion from IFC, Trinity Ventures, Victory Park Capital, Andreessen Horowitz
- 2017: US$ 2 Million from Nabo Capital
- 2016: US$ 9.2 Million from Andreeessen Horowitz, Formation 8 and Khosla Impact

Challenge:
Access to credit for micro and small businesses has always been a challenge in the country. Traditional lenders such as banks and MFI's have long tedious application processes and have high collateral requirements which are not always possible for many small traders and micro businesses.

Enterprise solution:
Branch International offers loans ranging from USD 2.5 TO USD 700 at monthly interest rates of 1-14%. Customers are able to request for loans through the branch mobile application and receive funds through M-Pesa, with no late or rollover fees, and without any collateral requirements.

Impact:
As of 2017, the company has disbursed over USD 35 million worth of microloans starting from USD 2.5, has a customer base of over 350,000 customers and has made over 1..5 mrillion transactions in Kenya.

avpa

Unlocking capital for social impact across Africa