

Africa Regional Policy Toolkit

Analysis of Policies and
Regulations Fostering Impact
Economies across Africa

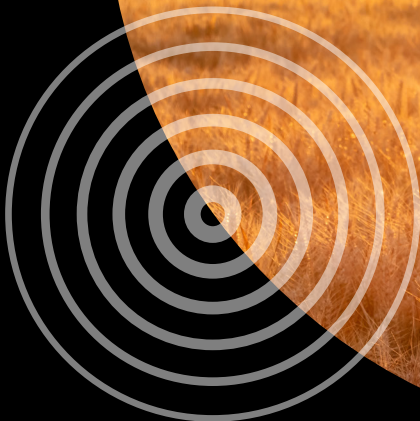


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About GSG Impact

GSG Impact builds impact economies. We do this by working to embed social and environmental impact at the heart of every political, investment, business and consumption decision.

We connect global leaders, governments, investors, regulators and social innovators, so that together we can build the infrastructure and incentives for social and environmental impact to be central to all decision making.

GSG Impact is the cornerstone of the wider GSG Impact Partnership – a global network of 43 National Partners representing

48 countries:

more than half in emerging markets.



If you want to know more about GSG Impact, visit gsgimpact.org

The GSG Impact Partnership is a global community committed to driving **improved social and environmental conditions** for people around the world.

About Krutham

Krutham works with clients across the spectrum of capital, from profit-led investment in emerging markets to philanthropy.

We work with investors, banks, capital market infrastructure providers, corporates, insurers, law firms, development agencies, multilaterals, governments and philanthropies to develop products and systems that help mobilise finance to deliver better social outcomes.

We have offices in Johannesburg, Cape Town and London.

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About this Toolkit

In partnership with Japan's Ministry of Foreign Affairs, GSG Impact is implementing targeted interventions to strengthen impact economies across Africa, with a particular focus on six countries: Côte d' Ivoire, Burkina Faso, Senegal, Ethiopia, Ghana, and Zambia. As part of these efforts, GSG Impact has developed a Regional Policy Toolkit for Africa, a landscape analysis of the existing policies and regulations that foster the development of impact economies across the region. The focus countries for the report include Côte d'Ivoire, Burkina Faso, Senegal, Ethiopia, Ghana, Zambia, South Africa, Nigeria and Kenya.

The methodology for developing this report included a structured research process that combined desk research and literature review; stakeholder engagement that included semi-structured interviews with relevant impact investing ecosystem actors; and stakeholder validation sessions. Refer to the Appendix for details on the limitations of the toolkit.

The development of this report relied heavily on the insights from the interview partners and their generous contributions in both time and insights: Abraham Durosawo (Nigeria Infrastructure Fund), Aicha Zio Savadogo (Nere Capital), Alida Ouedraogo (Nere Capital), Ashenafi Alemu (Zo Scales), Benedict Yiyugsah (Impact Investing Ghana), Chinyerugo Ugoji (Aelex), Djibril Doumbia (Comoé Capital), Etemore Glover (Impact Investors Foundation), Evelyne Diah (WIC Capital), Fatou Ndeye (Tambali), Job Zongo (Nere Capital), Justina Mensah (IIGh), Kirsten Amsterdam (Impact Investing South Africa), Nasreen Adem (ACE Advisor), Navayet Baraki (ACE Advisor), Nigel Beck (RMB), Percival Ofori Ampomah (Venture Capital Trust Fund), Pervenche Aliman (Comman Ya), Peter Chintu (NABII), Rosemary Amondi (Impact Investing Kenya), Simunza Muyangana (Bongohive), Solange Rosa (Impact Investing South Africa), Tayo Aduloju (Nigerian Economic Summit Group (NESG)), Valentine Tenge (Impact Investing Kenya), Yacouba Ouedraogo (Impact Investing Burkina Faso), Yaw Osei-Tutu (Impact Investing Ghana).

In partnership with Japan's Ministry of Foreign Affairs, GSG Impact has developed a Regional Policy Toolkit for Africa to **strengthen impact economies and foster enabling policy environments** across the continent.

Foreword

The funding landscape in Africa is evolving. Historically, the region has relied heavily on official development assistance (ODA) to advance development objectives. However, the aid tide has turned regardless of the still prevalent and indeed extensive economic development needs in the region. Governments have an opportunity to explore alternative avenues and mechanisms to mitigate against dwindling ODA, especially considering chronically constrained fiscal budgets.

The most influential mechanism that governments have at their disposal is policy reform. That is why GSG Impact has developed a Regional Policy Toolkit for African governments. The toolkit is intended to, at the very least, spark curiosity about alternative mechanisms to deploy in pursuit of broader development objectives. Ideally, however, it will act as a practical resource for policymakers to actively engage with and ultimately systematically integrate tools to foster an impact economy. The impact economy is a system where capital, policy and business decision making have social and environmental outcomes built into the design.

The value proposition of engaging with tools intended to foster an impact economy is simple as the tools are almost exclusively intended to achieve a single overarching objective: leverage capital at scale for sustainable development. While the toolkit will not solve every one of the complex policy challenges associated with pursuing positive social and environmental outcomes, it intends to act as a practical tool to demonstrate to policymakers how impact economy principles are already applied in many markets on the continent, albeit that it is not necessarily labelled as such. It highlights examples of what has been done, offering key learnings and investigates what might be possible. This is not only a prudent fiscal strategy but also good politics as it embeds performance measurement into the design of the tools, enhancing transparency and accountability.

Governments have an opportunity to consider ways in which there can be more intentionality in embedding these principles by utilising the various tools when doing policy reform and development.

The global impact investing market is growing rapidly. By applying an impact economy lens in regulatory design and policy reform, governments can unlock new sources of capital for development. Intentional policy design can also create pathways to unlock domestic institutional capital pools, if done right. Ultimately, the objective is to intentionally create an economic ecosystem that optimally utilises both public and private capital to achieve measurable positive social and environmental outcomes at scale.



Mrs. Ibukun Awosika
Vice-Chair, GSG Impact



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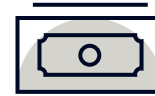


Section 1

Executive Summary

Africa faces an annual SDG financing gap of \$1.3tn – equivalent to 42% of the continent's GDP. Traditional aid and public revenues cannot close this gap. Yet more than \$1.57tn in global impact capital is actively seeking destinations that generate both financial returns and measurable social or environmental outcomes. The primary barriers preventing that capital from reaching African markets relate to the absence of policy and regulatory infrastructure, not investor appetite.

This toolkit analyses how nine African governments, Burkina Faso, Côte d'Ivoire, Ethiopia, Ghana, Kenya, Nigeria, Senegal, South Africa and Zambia, can use 14 policy tools across three government roles to build the infrastructure of an impact economy. The impact economy, as defined by GSG Impact, is an economic system in which measurable social and environmental outcomes sit at the core of every investment, business, and government decision, ultimately creating resilient economic growth in an inclusive and environmentally responsible manner.



For governments, embracing an impact economy agenda offers a concrete pathway to unlock the global impact capital that is actively seeking credible destinations and in doing so, bridge the development funding gap.



\$1.3 tn

Annual SDG financing gap



\$1.57 tn

Global impact AUM



21%

CAGR of impact AUM since 2019



9

Focus countries



14

Policy tools analysed

The findings are grounded in country-level evidence and shaped by one overarching observation: the tools are mostly known, the capital exists and the precedents are established. What varies is the institutional capacity and policy coordination needed to develop an impact economy.

The Toolkit organises policy action into three complementary roles. No country has deployed all 14 tools simultaneously – nor needs to. The framework is a map of what is possible, what has been done and what offers the highest-leverage opportunities.

Table 1: **The different roles of governments in facilitating an impact economy**

The different roles of governments in facilitating an impact economy	
Market participant	Governments use public spending, procurement and investment to directly create demand signals for impact capital. This is the most direct lever available. Outcomes-based contracting, sovereign sustainable bonds, catalytic funding programmes and impact procurement can mobilise private capital without equivalent increases in public expenditure.
Market regulator	Governments define the legal and institutional rules governing how impact capital flows: legal forms for social enterprises, sustainability disclosure requirements, fiduciary guidance for pension funds, fiscal incentives and retail investor frameworks. Regulatory tools often require legislative or guidance changes rather than budget commitments, making them high-leverage and low-cost.
Market facilitator	Governments build the shared infrastructure no single market actor can create alone: sustainable finance taxonomies, coordination platforms, wholesale catalytic funds, national impact strategies and capacity-building programmes. These tools lower transaction costs for every subsequent deal and create the common language that capital needs to flow efficiently.

Key findings

Across the nine focus countries, four structural patterns define the state of play:

1 Impact economies do not emerge from market forces.

Every functioning impact ecosystem examined was deliberately built through coordinated action across government, investors, enterprises and society.

2 Sustainability taxonomies are almost exclusively green.

Not a single country has a taxonomy that meaningfully covers social dimensions alongside environmental criteria, a structural gap for impact investing that targets blended outcomes.

3 Pension capital remains largely locked out despite regulatory reform.

Expanded allocation limits do not move capital without accompanying fiduciary guidance, appropriate investment vehicles and trustee capacity building.

4 National impact investment strategies are largely absent.

Only Kenya has partial strategy-equivalent integration in its national development plan. For eight of nine countries covered, impact investing is not explicitly named as a capital mobilisation mechanism in any national planning document.



The gap is not in policy intention – it is delivery architecture. Most national frameworks do not clearly define how impact capital is to be deployed, measured or governed.



NABII Gap Analysis
Zambia 2026

Priority actions by country cluster

Reform pathways differ by institutional context. The toolkit organises countries into three clusters, reflecting their current state of capital market and ecosystem development:

Table 2: **Countries clusters, reflecting their current state of capital market and ecosystem development**

Cluster	Countries	Priority
Institutionalised	South Africa, Kenya	<ul style="list-style-type: none"> · Move from pilots to national frameworks. · Legislate outcomes contracting. · Extend disclosure regimes to unlisted entities. · Issue formal fiduciary guidance. · As market frontrunners, establish regional knowledge hubs in respective regions (south and east Africa).
Partially institutionalised	Nigeria, Ghana, Zambia, Senegal, Côte d'Ivoire	<ul style="list-style-type: none"> · Restructure one existing enterprise fund as a first-loss blended vehicle. · Integrate impact investing explicitly in the next national development plan cycle. · Pilot one pay-for-results programme in a priority sector.
Least institutionalised	Ethiopia, Burkina Faso	<ul style="list-style-type: none"> · Prioritise regional architecture (WAEMU/BCEAO/BCID-AES) over standalone national instruments. · Integrate impact investing into the 10-year plan (Burkina Faso).

Highest-leverage actions immediately available

Across all institutional contexts, four reforms offer the highest potential return for the lowest institutional cost, and can be implemented within existing legal frameworks without new institutions or primary legislation:

- Integrate impact investing explicitly into the next national development plan as a named financing mechanism. This costs nothing and creates a cross-ministry mandate, which in turn provides a more compelling value proposition for international capital allocators that want to enter the market.
- Issue formal fiduciary guidance from pension regulators confirming that ESG and impact-aligned investments at appropriate risk-adjusted returns are consistent with trustees' fiduciary duty. Expanded allocation limits without this guidance will not move capital.
- Adopt a streamlined national sustainable finance taxonomy. These must be simple, locally contextualised and informed by international standards. A taxonomy is the lowest-cost, highest-leverage foundation for the entire impact investing architecture.
- Convert one existing government enterprise fund from a pure grant or loan instrument to a blended first-loss structure designed to crowd in private co-investment. Data shows well-structured blended vehicles mobilise an average of \$4.1 in commercial capital per dollar of concessional capital (Apampa, 2023).

Evidence from the region

The case studies in this toolkit were selected because they mobilised capital at scale, demonstrate measurable outcomes and offer clear replication potential. Key examples include:

- **Ghana Education Outcomes Project (GEOP):** The world's largest education outcomes fund at launch (\$30m), re-enrolling over 52,700 out-of-school children by September 2025 and demonstrating that outcomes-based commissioning is achievable in Sub-Saharan Africa.
- **South Africa's Green Outcomes Fund:** Africa's first green outcomes fund, achieving a 4.3:1 leverage ratio using entirely domestic funding sources, with ~\$5.6m (R92.6m) in public and philanthropic capital catalysing ~\$24m (R395.5m) in private investment.
- **Kenya's Green Finance Taxonomy:** The KGFT exemplifies a deliberately streamlined approach to sustainable finance taxonomies as it has a narrow focus on climate change mitigation and adaptation designed specifically for the banking sector. The intention is to use a phased approach to enhance practical application.
- **South Africa's Jobs Fund:** Launched in 2011 as one of the largest challenge funds in the world (~\$847m), it leveraged over ~\$810m in matched funding and exceeded its employment target, placing over 210,000 people into permanent jobs by 2024.
- **Ghana's Ci-Gaba Fund of Funds:** Achieved first close in January 2026, exceeding its \$30m target with strong pension fund participation – the first Ghana-domiciled private fund of funds and a replication template already inspiring sister vehicles in Nigeria and Zambia.
- **Nigeria's Rural Electrification Agency:** The REA was created under Nigeria's Electric Power Sector Reform Act 2005 and became a central pillar of the country's energy access agenda from 2017, under renewed federal commitment. This model demonstrates how governments are already engaging with impact economy tools in practice, even if these have not been explicitly labelled as such. It also highlights the interoperability of several policy tools and how a dedicated agency can support effective policymaking.

The strategic case for action

The cost of inaction is direct and measurable. African governments currently pay interest rates more than twice as high as peers with comparable economic profiles – in part because the credible policy and investment frameworks that global lenders look for are absent. Building impact economy infrastructure is prudent fiscal management.

Impact economies are not built by governments alone, nor by markets alone. In every market examined, private sector actors were making the case for impact investing before formal frameworks existed to receive that advocacy. The consistent lesson across all nine countries is that first-mover advantage goes to those who learn to act together and are willing to explore and leverage the new opportunities presented by the evolving global development landscape.

The conditions for change are in place. What is missing is not capital, not knowledge and not partners but the institutional will to treat impact investing as a serious instrument of state.



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Section 2

Recommendations

Country Summaries

Country-level recommendations must be considered in the context of the macroeconomic landscape in each of the sample countries. The table below provides a snapshot of some of the key macroeconomic indicators to provide a high-level view of the macroeconomic realities against which recommendations to foster deeper impact economy integration should be considered. A brief overview of the macroeconomic realities for each market provides context for the recommendations made for each of the sample countries.

Table 3: **Macroeconomic realities for each market**

	Gini index (latest available data)	GDP growth (annual %, 2024)	GDP (constant 2015, US\$bn, 2024)	Inflation, consumer prices (annual %, 2024)	GDP per capita (constant 2015, US\$ 2024)	Unemployment ILO estimate (% of total labour force, 2025)	Debt/GDP (annual %, 2024)
Burkina Faso	37.4	4.8%	18.0	4.2%	763.8	3.5%	59%
Cote d'Ivoire	35.3	6.0%	76.5	3.5%	2,395.7	2.3%	60%
Ethiopia	31.1	7.6%	116.7	21.0%	883.5	3.3%	32%
Ghana	43.5	5.6%	74.6	22.8%	2,167.7	3.0%	71%
Kenya	37.7	4.7%	105.0	4.5%	1,860.0	5.4%	66%
Nigeria	33.9	4.1%	540.9	33.2%	2,324.6	3.1%	53%
Senegal	36.2	6.1%	28.0	0.8%	1,511.9	2.7%	100%
South Africa	63.0	0.5%	365.8	4.4%	5,715.5	32.4%	79%
Zambia	51.5	3.8%	28.6	15.0%	1,343.4	5.9%	70%

Source: World Development Indicators, Trading Economics

Macroeconomic snapshot

While South Africa has long boasted sophisticated capital market infrastructure and a world class financial system, underpinned by robust regulatory frameworks, the country arguably has the most complex macroeconomic profile in the sample. It has the highest GDP per capita (\$5,716), which coexists with a Gini coefficient of 63 to make it the most unequal economy here and among the most unequal in the world. Furthermore, the unemployment rate of 32.4% is structurally entrenched and GDP growth of just 0.5% is near-stagnant. These dynamics compound the debt-to-GDP ratio of around 77%, which has nearly doubled since 2014, to demonstrate how high and rising debt service costs are crowding out social and infrastructure expenditure. South Africa represents a mature but deeply challenged impact market.

Impact economy state of play

The most developed ecosystem from a policy perspective, which features IDC and DBSA wholesale architecture, JSE sustainability reporting, active National Advisory Board (NAB), pension reform track record, outcomes partnership models (not institutionalised).

Risk

Complacency and fragmentation without a single coordinating strategy.

Table 4: South African summary of priority actions, rationale and key stakeholders

Priority actions	Rationale	Key stakeholders
1 Formally integrate impact investing into a cross-government strategy	Lack of coordination has resulted in South Africa consistently punching below its weight in terms of actual impact capital mobilisation relative to its institutional sophistication.	Presidency and National Treasury.
2 Extend the JSE disclosure framework to unlock retail impact capital	Given high retail savings participation rates, even a small reallocation of retail savings towards impact instruments can mobilise significant capital.	JSE, FSCA, National Treasury and the Association for Savings and Investment South Africa (ASISA).
3 Update green finance taxonomy and develop broader sustainable finance taxonomy to include social and economic inclusion categories	Existing taxonomy has seen low adoption rates, has not been updated to include ISSB framework and does not consider social inclusion categories.	National Treasury, SARB, FSCA, Presidential Climate Commission, IISA, ASISA, Banking Association
4 Establish a domestic wholesale impact fund of funds, anchored by either DBSA or IDC as first-loss public capital, to aggregate and deploy impact investment at scale across South Africa's priority development sectors.	Strong institutional investor base, regulatory frameworks and DFI capacity already exist in the market. A well-governed vehicle that meets pension fund requirements can unlock impact capital at scale.	DBSA or IDC possible public anchor investors; GEPP as first-mover institutional investor; DTIC and National Treasury for mandate alignment and political endorsement; FSCA as the regulatory counterpart.



Kenya

Macroeconomic snapshot

Kenya generally has a balanced profile of moderate GDP growth (4.7%), low inflation (4.5%) and a GDP per capita of ~\$1,860. That said, official unemployment at 5.4% is the highest among the East African peers and at levels of around 70% of GDP, Kenya's debt levels are problematic. While Kenya has a relatively mature impact investing ecosystem, room for public co-investment is extremely tight and political risk around austerity is real.

Impact economy state of play

Strong taxonomy, active CMA, green bond market, functioning NAB.

Risk

Green-only framing that leaves social impact categories underserved.

Table 5: Kenya summary of priority actions, rationale and key stakeholders

Priority actions	Rationale	Key stakeholders
<p>1 Extend existing taxonomy for social and economic inclusion categories to reflect the country's development priorities.</p>	<p>The KGFT's "live document" status and three-principal test architecture can accommodate social categories without structural redesign. Expanded classification infrastructure can support development of inclusive finance vehicles, as well as their verifiability and tradability.</p>	<p>CMA, CBK, KBA.</p>
<p>2 Issue formal fiduciary guidance to the Retirement Benefits Authority.</p>	<p>Clarification that ESG and impact considerations in investment decision making are consistent with fiduciary duty (refer to South Africa's Regulation 28) and have the potential to unlock a portion of \$30bn in pension assets. Refer to Case Study 10 to demonstrate how tax incentives for specific enterprises can enhance the attractiveness for pension funds and be consistent with fiduciary duty.</p>	<p>RBA (investment and licencing department), National Treasury, Association of Retirement Benefits Schemes.</p>
<p>3 Develop a Kenya-only pilot hub for impact investor matchmaking and data infrastructure, which can later be scaled to broader East African region.</p>	<p>A regional impact investing matchmaking and data platform can resolve East Africa's fragmented deal pipeline and absence of shared digital infrastructure.</p>	<p>Nairobi International Financial Centre Authority (NIFC) is a possible institutional home, with FSD Africa as a possible technical and funding partner.</p>



Nigeria

Macroeconomic snapshot

While Nigeria was Africa's largest economy by GDP (\$541bn) in 2024, it has since forfeited this position due to currency devaluation. Furthermore, the country grapples with stark inequality concerns and a CPI inflation rate of 33.2% in 2025, the highest in the group, which severely undermines household welfare. Although a debt-to-GDP ratio of around 47% seems manageable (especially relative to peers), the economy has some underlying structural fragilities including currency depreciation and deep distributional inequalities. Impact policy reform in the near to medium term will materialise against a backdrop of a government that is under considerable revenue pressure.

Impact economy state of play

First sovereign green bond in Africa, large DFI relationships, active NAB, significant private sector dynamism, exploring sub-national government outcomes partnership programme.

Risk

Policy inconsistency and regulatory fragmentation undermine investor confidence.

Table 6: Nigeria summary of priority actions, rationale and key stakeholders

Priority actions	Rationale	Key stakeholders
1 Strengthen fiduciary guidance from National Pension Commission (PenCom).	Explicit allowance to consider ESG and impact in investment decision making as consistent with fiduciary duty (refer to South Africa's Regulation 28).	Director-general of PenCom, Investment Regulation Department, National Pension Commission Board, PenOp.
2 Develop a streamlined domestic sustainable finance taxonomy (rather than purely green) to deepen what the green bond market can support.	Consider tiered (rather than binary) system anchored to existing frameworks and adapted to local context.	SEC, CBN, Ministry of Finance, NIPC and PenCom.
3 Expand general investment code incentives to impact-linked conditionality. A voluntary impact premium, i.e. an additional financial incentive, can be layered on top of existing incentives, initially for two or three high-priority sectors (such as agriculture or manufacturing).	This should be viewed as an investment attraction tool that will support FDI inflows and competitiveness of the investment environment.	Federal Ministry of Finance, Nigeria Revenue Service and Nigerian Investment Promotion Commission.



Ghana

Macroeconomic snapshot

While Ghana boasts an increasingly vibrant impact ecosystem, it suffers from high inflation (22.8%) and a debt-to-GDP ratio of more than 70%, which reflects recent macro turbulence and debt distress following a sovereign default in 2022. A landmark \$13bn debt restructuring deal was completed in 2024, which is a meaningful step forward, but fiscal space remains severely constrained and high debt servicing costs continue to crowd out social spending. Ghana's relatively mature impact investing community is a genuine asset, yet the government arguably has very limited room to deploy catalytic public capital in the near term. This reinforces the need for unlocking domestic institutional capital for the impact economy.

Impact economy state of play

Mid-tier (but increasingly active) adopter with strong institutional foundations (GIIF, Bank of Ghana, active SME ecosystem), well-functioning NAB, outcomes fund (GEOP) and wholesale vehicle.

Risk

The tools exist but are not fully connected into a coherent impact ecosystem.

Table 7: Ghana summary of priority actions, rationale and key stakeholders

Priority actions	Rationale	Key stakeholders
1 Commission a national market sizing study.	A market sizing will precede the development of a credible national-level impact investing framework.	Ministry of Finance and the Ghana Investment Promotion Centre (GIPC).
2 Insert impact investing into the next Medium-Term Development Policy Framework (MTDPF) for 2026-2029 (which was being developed at time of writing).	Embedding impact investing in the next MTDPF would give it cross-government legitimacy and anchor it to development priorities.	National Development Planning Commission (NDPC).
3 Convert Ghana Infrastructure Investment Fund (GIIF) into a first-loss blended finance vehicle with explicit impact mandate.	Fill the gap for an active market-making institution in Ghana's impact investing ecosystem.	Ministry of Finance, GIIF Board, DFI partners (IFC, AFC and BII).



Zambia

Macroeconomic snapshot

One of only three African countries with a debt-to-GDP ratio above 100%, Zambia completed a long and painful restructuring process in mid-2024 after defaulting in 2020 (Zambia, n.d.). Zambia has moderate GDP growth (3.8%) but a CPI inflation rate of 15% and a Gini of 51.5 point to persistent inequality and cost-of-living pressures. The completion of debt restructuring removes an immediate crisis, but fiscal space remains severely limited. As a GSG National Partner country, Zambia's impact investing infrastructure is developing under incredibly difficult conditions.

Impact economy state of play

The most instructive frontier case: \$1.4bn deployed since 2021, pension reform enacted, GIP launched, NABII operational.

Risk

Momentum concentrated in a few instruments and investors rather than embedded in systemic architecture.

Table 8: Zambia summary of priority actions, rationale and key stakeholders

Priority actions	Rationale	Key stakeholders
1 Secure impact investing integration in the NDP (2027-2031).	Development plan integration is the highest-leverage, lowest-cost policy action available	Ministry of Finance and National Planning.
2 Issue the NABII fiduciary guidance to advance pension fund participation and unlock ZMW-denominated capital for impact.	Process already in place, key is to convert intent into issued guidance	PIA, Ministry of Finance, FSD Africa (possible technical partner)
3 Operationalise the SEC's proposed SME Fund as a blended first-loss vehicle with an explicit impact mandate.	Blended vehicle can improve risk/return profile of SME investment to improve attractiveness for institutional investors.	Ministry of Finance and National Planning, SEC, Zambia Development Agency.

Macroeconomic snapshot

From a macroeconomic perspective, Senegal is a complex case with GDP growth of 6.1% and a CPI inflation rate of just 0.8%, the lowest in the sample by far. While this signals macroeconomic stability, it is undermined by the precarious debt dynamics following a 2024 audit that saw the debt-to-GDP ratio adjusted to above 100% by the end of 2024 from levels around 77% that were previously reported (Senegal Rating Lowered To 'B' On Large Fiscal And | S&P Global Ratings, n.d.). This also resulted in the IMF suspending its credit facility to Senegal. High debt levels and severe fiscal pressures persist and reforms remain a high priority to restore investor confidence and attract patient, long-term impact capital.

Impact economy state of play

WAEMU member with strong DFI relationships; FONSI, the Senegal sovereign investment fund, as a natural wholesale vehicle.

Risk

Reform efforts dispersed across multiple initiatives without a coordinating platform; fragile fiscal environment following series of credit rating downgrades.

Table 9: **Senegal summary of priority actions, rationale and key stakeholders**

Priority actions	Rationale	Key stakeholders
1 Embed existing AMF taxonomy into domestic regulatory requirements and financial institution disclosure frameworks, converting a regional instrument into one that is operationally applied.	The taxonomy, which is one of the few that already includes social and blue categories alongside green, is available at zero development cost (making it feasible in a fiscal consolidation period), yet it is not embedded into domestic regulatory requirements. Closing this adoption gap is the highest-leverage, lowest-cost action available.	BCEAO; CREPMF; Ministry of Finance and Budget; Senegalese commercial banks.
2 Commission an IFC or World Bank-anchored ESG capacity programme.	Low-cost, externally funded action that will help build the ecosystem infrastructure the country will need once fiscal credibility is restored.	Ministry of Finance and Budget; BCEAO; FONSI; impact investing taskforce; IFC / World Bank (programme anchor).
3 Commission a DFI-supported feasibility study to design a first-loss MSME impact vehicle anchored jointly by FONSI and a regional DFI partner (such as BOAD or IFC), with West Africa-wide portfolio scope. FONSI contributes its institutional platform and capital mobilisation track record, while the DFI partner provides first-loss capital and credit credibility.	FONSI has already demonstrated strong capital mobilisation capability. A West Africa-wide vehicle achieves portfolio diversification that a Senegal-only fund cannot, while DFI co-anchoring ensures the vehicle remains viable and credible to commercial investors. No new sovereign budget commitment required.	FONSI board and CEO; Ministry of Finance and Budget; BOAD; IFC West Africa (as potential DFI co-anchor); Côte d'Ivoire and Ghana counterpart institutions as prospective regional participants.



Cote d'Ivoire

Macroeconomic snapshot

From a macroeconomic perspective, Cote d'Ivoire is one of the stronger performers in the sample. The country has solid GDP growth of 6% coupled with low inflation (3.5%) and the second-highest GDP per capita among the lower-income group. While debt levels are elevated around 60% of GDP, the successful \$2.6bn Eurobond issue in early 2024 indicates that investors view it as a credible borrower. Cote d'Ivoire's market seems ripe for impact ecosystem building.

Impact economy state of play

The West African first-mover with various tools already being utilised, including SLF framework, an active impact task force and the Start-Impact programme.

Risk

Institutional momentum has not yet translated into a self-sustaining ecosystem independent of DFI project cycles.

Table 10: Cote d'Ivoire summary of priority actions, rationale and key stakeholders

Priority actions	Rationale	Key stakeholders
1 Champion WAEMU-level social taxonomy and BCEAO fiduciary guidance as a regional reform rather than a national one.	Leading regional reform rather than pursuing standalone national instruments; signals regional leadership and reinforces Abidjan's positioning as regional financial hub.	BCEAO Governor's office and the CREPMF for BRVM disclosure and taxonomy application to capital markets. Within Côte d'Ivoire, the Ministry of Finance is the key champion for advancing these positions in WAEMU council meetings and BCEAO board discussions.
2 Leverage CDC-CI Capital's existing public-private investment structure and World Bank relationship to design a broader impact-oriented MSME vehicle, extending its mandate beyond agricultural value chains to cover the wider missing-middle financing gap.	With 90% of financing requests currently rejected and a proven institutional platform already in place with established DFI relationships, the priority is mandate extension and blended structure design rather than building a new vehicle from scratch.	CDC-CI and CDC-CI Capital as institutional anchors; Ministry of Economy and Finance as supervisory authority and mandate champion; World Bank and IFC as natural DFI partners given the existing PCCET relationship; Ivorian pension funds and institutional investors as prospective senior tranche participants.



Ethiopia

Macroeconomic snapshot

The standout story is of 7.6% annual GDP growth in 2024, but inflation is elevated at 21%. Notably, the debt-to-GDP ratio at ~32% is among the lowest in the sample, partly reflecting austerity measures under the G20 Common Framework restructuring process. With GDP per capita below \$900, the scale of social need is immense, making it a compelling impact investment frontier. Momentum seems to be building on the policy reform front, especially in the SMME space, but macro stabilisation is a prerequisite for sustainable capital flows.

Impact economy state of play

Rapid reform momentum (ESX, taxonomy in development, Startup Proclamation, EIB partnership).

Risk

Reforms are fragmented across institutions without a coordinating strategy.

Table 11: Ethiopia summary of priority actions, rationale and key stakeholders

Priority actions	Rationale	Key stakeholders
1 Map Ethiopia’s existing sectoral data to an emerging national taxonomy as a proxy for impact integration, overcoming fragmentation and enhancing coordinated implementation	This will help systematically align existing sectoral KPIs and development plan indicators, drawn from Ministry of Planning and Development reporting, against the categories of an emerging national sustainable finance taxonomy.	Ministry of Planning and Development, National Bank of Ethiopia, Ministry of Agriculture, Ministry of Health, Ministry of Finance, Ethiopian Investment Commission, and Ministry of Urban Development, UNDP Ethiopia and GIZ.
2 Finalise the taxonomy with social categories included	Ensure that the taxonomy is local-context specific. Consider inclusion of social and economic inclusion categories before it is finalised and ensure that market validation is robust to ensure adoption.	NBE, EIB, Ministry of Finance and UNEP FI.



Burkina Faso

Macroeconomic snapshot

With the smallest GDP in the sample (\$18bn) and GDP per capita under \$800, Burkina Faso's economic base is fragile. Moderate growth of 4.8% and contained inflation offer a thin but workable foundation. However, a debt-to-GDP ratio that has more than doubled since 2014 to nearly 60% in 2024, signals rapidly rising fiscal pressure that is further compounded by the ongoing security crisis. Against this backdrop, impact ecosystem building requires especially catalytic and concessional capital.

Impact economy state of play

The most challenging macroeconomic and political context characterised by security crisis, constrained FDI and 90% informal economy (Innovative Finance for Africa, 2025). However, the country is demonstrating economic resilience and a clear pathway through regional architecture.

Risk

Burkina Faso's capital market is too small and its institutional capacity too constrained to support a standalone national sustainable finance architecture in the near term. The main risk therefore lies in political and economic fragmentation in the region as regional level institutions offer the only pathway to access impact capital in the medium term.

Table 12: Burkina Faso summary of priority actions, rationale and key stakeholders

Priority actions	Rationale	Key stakeholders
1 Consolidate fragmented national development funds (across agri, youth employment, SME finance etc) into a single wholesale vehicle with an impact mandate.	A single consolidated vehicle will streamline organisational structure, help achieve the critical mass needed for DFI co-investment, reduce administrative duplication, and create a single credible vehicle for international impact capital. Wholesale model is context-appropriate because it does not require the consolidated vehicle to originate deals directly.	Ministry of Finance.
2 Map the diaspora remittance corridor as an underutilised domestic capital source.	Diaspora remittances to Burkina Faso are estimated to exceed official development assistance inflows in volume and are significantly more stable across economic cycles. This potential funding pool is already on the government's radar, with the first diaspora bond announced in early 2026 (see Box 8: The rise of diaspora bonds)	Ministry of Foreign Affairs and Regional Cooperation, BCEAO, IFAD's Financing Facility for Remittances, World Bank's Remittances and Diaspora Finance programme.
3 Prioritise regional-level reform advocacy over standalone national instruments.	Regional-level channels (though institutions such as WAEMU or the newly established Confederal Bank for Investment and Development) offer a realistic medium-term path to accessing credible sustainable finance infrastructure for Burkina Faso.	BCEAO (Banque Centrale des États de l'Afrique de l'Ouest) Financial Stability and Markets Department, BRVM board and its regulator, Ministry of Finance and Ministère du Développement Industriel, BCID-AES founding governance structures.

Regional Opportunities

While the research focused primarily on policy developments at country level, as discussed in the recommendations in the previous section, there is a potential opportunity to channel policy efforts towards prioritising initiatives that can support more robust regional impact economy infrastructure. While localised efforts remain a priority, regional engagement with existing initiatives should be done where strategically relevant as this can achieve greater economies of scale.

The objective is to leverage efforts from regional multilateral organisations, such as the African Development Bank (AfDB) and FSD Africa, as well as networks such as the Africa Impact Investment Group (AIIG), Southern African Venture Capital and Private Equity Association (SAVCA), African Private Equity and Venture Capital Association (AVCA), East Africa Venture Capital Association (EAVCA), African Venture Philanthropy Alliance (AVPA) and the UNDP Regional Programme for Africa, to accelerate the adoption of impact economy tools in the region. This includes collaborative efforts to develop enabling regulatory frameworks and financial architecture, achieve greater regional IMM harmonisation and strengthen the regional ecosystem. Furthermore, policymakers (and indeed all relevant stakeholders in the impact ecosystem) are encouraged to utilise existing resources, tools and training programmes to help hone their skills to foster greater impact economy integration. Some of the initiatives that are worth taking note of are briefly outlined below.

Table 13: **Regional initiatives**

Initiative	Lead Institutions	Description	Policy tool	Opportunity
New African Financial Architecture (NAFA)	AfDB, AU RECs, AfCFTA	NAFA, launched in early 2026, is intended to act as a system-level framework that supports capital coordination, risk transformation and mobilise investment at scale across Africa (AfDB, 2026). It was launched on the premise that the cost of capital can be lowered through risk transformation, which would address the highly fragmented and, by extension, expensive sustainable finance transaction landscape at present.	Market Regulator/ Facilitator: Hybrid for blended finance and sustainable finance taxonomies	This initiative is intended to unlock capital, align major capital flows and help build transparency in the region, all of which will foster greater impact economies.
African Development Fund: ADF-17	AfDB Group	The ADF, which was established in 1972 and has been operational since 1974, is the AfDB group's concessional funding window that provides financing to 37 low-income countries. ADF-17, which covers the 2026-2028 cycle, saw a record \$11bn pledged from 43 partners, including pledges from 23 African countries (AfDB, 2025b). The ADF itself is considering reforms such as the Market Borrowing Option, which would open access to capital markets and help unlock an additional \$4-5bn per replenishment. Longer-term ambitions include the establishment of the African Central Bank, African Monetary Fund, and African Investment Bank.	Market Participant: Funding programmes	ADF is evolving amid the shift in ODA trends. This well-established financing vehicle can channel impact capital to markets that are otherwise excluded from such financing.
Africa Infrastructure Financing Facility (AIFF)	AUDA-NEPAD and the Alliance of African Multilateral Financial Institutions (AAMFI)	Launched in 2026 at the 36th Africa Union Summit, the AIFF intends to unlock \$2.5tn in domestic institutional capital to help bridge the infrastructure financing gap in Africa (AfDB, 2026). The platform is aligned with Agenda 2063 and is intended to fast-track preparation and facilitation of financing cross-border infrastructure projects. This mechanism forms part of a broader agenda to overcome the Agenda 2063 financing constraints resulting from capital market fragmentation, high cost of capital, high reliance on external financing and a lack of long-term funding.	Market Participant: Funding programmes	Institutional home for large-scale infrastructure projects and potential investment opportunity for national treasury policymakers seeking to deploy long-term domestic capital.

Initiative	Lead Institutions	Description	Policy tool	Opportunity
Africa Sustainable Finance Taxonomy	AfDB, African Financial Alliance on Climate Change (AFAC)	The Africa Sustainable Finance Taxonomy is a continent-wide initiative that was validated in July 2025 by >60 institutions and provides standardised definitions for climate and social activities (AfDB, 2025a). It is intended to help direct capital flows to these activities while aligning African markets with global ESG standards. This region-wide taxonomy can help develop consistency regarding sustainable finance standards and promote transparency, both of which will help build trust in Africa's capital markets. It can act as a key building block when developing regional financing vehicles.	Market Participant: Sustainable finance taxonomy	The taxonomy's voluntary status provides an opportunity for smaller markets that are unable to develop their own taxonomies to adopt an existing framework that was developed for the regional context.
LoCAL+ (Local Climate Adaptive Living Facility)	UNCDF	The LoCAL Facility forms part of the UN Capital Development Fund and aims to channel finance for climate change adaptation through local governments, while simultaneously encouraging private sector investment to help build climate resilience. The model combines performance-based climate resilience grants (PBCRGs) with technical assistance to ensure funding is channelled through national treasuries to where the local need is (LoCAL Objectives and Approach, n.d.). For the sample countries considered for this toolkit, LoCAL+ has active projects in Burkina Faso, Senegal, Cote d'Ivoire and Ghana.	Market Participant: Outcome partnerships, funding programmes	Opportunity to engage with outcomes funding model without having to design and implement own model. Unique climate finance model that uses fiscal decentralisation principles and place-based planning.
Climate Resilient Infrastructure Development Facility (CRIDF)	FCDO (UK Aid), Tetra Tech International Development, COWI	CRIDF is an FCDO supported programme that is seeking to mobilise ~\$74m (£55m) new investment from both the private sector and governments in Southern Africa for long-term water solutions, which will catalyse an additional \$614m (£465m) in financing (CRIDF, 2017). The ultimate objective of the infrastructure development facility is to ensure that shared water resources are efficiently managed. This will be achieved through a combination of investment and capacity building in the climate adaptation and resilience infrastructure planning spaces.	Market Participant: Funding programmes	Leverage an existing initiative to help address urgent climate resilience needs in Southern Africa. Elsewhere in the region, this model can be interrogated to test for replicability.
AVPA fellowship programmes	AVPA	The African Venture Philanthropy Alliance, which is Africa's largest impact network, offers a range of fellowship programmes intended to cultivate the skills and expertise required to mobilise more impact capital at scale in the region. These programmes include: <ul style="list-style-type: none"> · Africa Impact Investing Fellowship (AIIF) · Catalytic Capital Fellowship (CCF) · Impact Measurement and Management Fellowship (IMMF) · Systems Thinking for Impact Measurement & Management Fellowship (ST-IMM) · Africa Health Financing Fellowship (AHFF) · Investor Readiness Fellowship (IRF) · Africa Climate Investing Fellowship (ACIF) 	Market Facilitator: Capacity building	A major and consistent gap across the region is a skills deficit related to impact economy expertise. Leveraging existing programmes tailored to the African context can support capacity building in the impact economy ecosystem.

The Case for Impact Economies



The problem

Financing gap that cannot be closed by fiscal budgets alone

Africa needs an estimated \$1.3tn annually to meet its SDG commitments (Mo Ibrahim Foundation, 2024), equivalent to 42% of the continent's entire GDP. On climate alone, the continent requires \$277bn per year, but receives just \$50bn (CPI, 2024). Public revenues and international aid cover a fraction of the total need and Africa is currently on track to meet fewer than three of 32 SDG targets by 2030 (ECA et al., 2024). The gap will not close through traditional finance alone. A fundamentally different approach to mobilising capital is needed.



The opportunity

\$1.57 trillion in impact capital is looking for destinations

A large and rapidly growing pool of global capital is actively seeking investments that generate both financial returns and measurable social or environmental outcomes. This is not niche or philanthropic money; it includes pension funds, sovereign wealth funds, development finance institutions and mainstream institutional investors. The GIIN estimates that more than 3,900 organisations now manage \$1.57tn in impact investing assets globally, growing at 21% a year since 2019 (Hand et al., 2024).

Africa is dramatically underrepresented relative to its need and potential. To repeat: the reason is not a lack of investor appetite, but rather the gaps in the policy and regulatory infrastructure. Filling these gaps would make African markets credible destinations for this capital. That is precisely what impact economy frameworks provide.

The impact economy is about creating more inclusive, equitable and environmentally responsible systems. This can be achieved by aligning risk, return and impact to ultimately create economies that generate growth in a resilient, competitive, and inclusive manner (Cohen, 2020). Such a system is characterised by governments, investors, businesses, and consumers that are intentional about integrating social and environmental considerations into their decision-making processes.

Bridging the gap between the problem and the opportunity

The GSG Impact Policy Toolkit is intended to help bridge the gap between the problem and the opportunity. However, before the bridge can be built, the foundations need to be set and this includes a common nomenclature for what the impact economy entails. Given the varying stages of development in countries across the continent, many policy tools that exist are intended to foster an impact economy, while not explicitly labelling it as such. The nuances in both the political and policy dynamics in each of the individual markets investigated for this report clearly highlight the need for local solutions for local challenges. At the same time, there are several opportunities to explore in terms of leveraging regional capital market and policy infrastructure, especially for the less institutionalised markets.

While best practice can be adopted from international examples, the reality is that each market will move at its own pace and National Partners will play a critical role in walking the journey alongside local policymakers to guide the trajectory towards the implementation of policy tools that foster an impact economy.



The impact economy, refers to an economic system in which measurable and positive social and environmental impact sits at the core of every investment, business, consumption and government decision.



GSG Impact

Table 14: **What is in it for governments?**

Benefit	Description
<p>New capital without new conditionality</p>	<p>A sustainable finance taxonomy or impact-aligned procurement framework signals to global investors that a country's markets are credible and its assets are classifiable. While such frameworks demonstrate intentionality, they need to be fit for purpose for the local context.</p> <p>Such frameworks have the potential to unlock access to the \$40tn by 2030 ESG capital market (Bloomberg, 2024), without the political conditions attached to IMF programmes or World Bank lending. IMF research suggests that sovereign green bond issuance directly catalyses corporate bond market growth and lowers borrowing costs (Cheng et al., 2024).</p>
<p>Better outcomes from existing spending</p>	<p>Impact public procurement and alternative contracting such as outcomes-based funding models mean buying verified outcomes, for example, improved health, education or infrastructure, rather than allocating spending on inputs and activities only. This is a fiscal efficiency argument, not just a development one.</p> <p>When payment is tied to results, governments get more from every dollar spent and the scope for procurement-related corruption narrows significantly. These models are designed to incentivise implementation partners to deliver the intended outcomes.</p>
<p>First-mover competitive advantage</p>	<p>The frameworks governing the global impact economy are taking shape now, with the EU in Brussels (European Union, 2020), the UK's Financial Conduct Authority (Financial Conduct Authority, 2023) and multilateral bodies including the ISSB setting disclosure standards and taxonomies (IFRS, 2023) that others are beginning to follow. While that standard-setting landscape remains in flux, the EU is consolidating its own reporting rules. The direction of travel is clear and African voices remain largely absent from these conversations.</p> <p>African governments that build enabling frameworks early and stand to become preferred destinations for impact capital. Then, by building institutional track records, they can attract further investment.</p> <p>Kenya, South Africa and Rwanda have demonstrated this dynamic. Kenya now leads the continent with the largest concentration of impact capital vehicles (Osei-Kissi, 2025), while Rwanda's regulatory environment and South Africa's financial depth have made both consistent top destinations for impact-oriented investors.</p> <p>It is worth highlighting that least institutionalised markets have an opportunity to embed principles of an impact economy from the outset and develop institutional frameworks that are inherently designed to support achieving their national development plans, leapfrogging some of their more institutionalised regional peers.</p>
<p>A credible path to meeting development goals</p>	<p>Africa is on track to meet fewer than three of 32 SDG targets by 2030 (ECA et al., 2024). With official development assistance (ODA) budgets shrinking and the financing gap far beyond what public revenues alone can close, mobilising private capital is essential – however, it is not straightforward.</p> <p>The tools this Toolkit describe – blended finance, outcome-based contracting, sustainable taxonomies – are promising. However, evidence on blended finance makes it clear that structure matters enormously: poorly designed concessional capital generates little private mobilisation. The evidence base on outcomes-based financing remains thinner than its advocates often acknowledge. These instruments work under the right conditions, not universally.</p> <p>None of that diminishes the case for pursuing them. The financing gap is real, private capital will not flow without enabling structures and the cost of continued dependence on declining aid is compounding. Bear in mind though that impact finance is but one instrument in a larger toolkit, alongside industrialisation, domestic resource mobilisation and regional integration, and is not a substitute for these.</p>

Why now?

The external environment has shifted. Development aid is being cut in an unprecedented manner and multilateral funding is under pressure, while African governments face acute fiscal constraints, rising debt costs, revenue shortfalls and growing public demands on shrinking budgets. Scarce financial resources must work harder.

In this context, policymakers who can mobilise private capital and demonstrate measurable outcomes to citizens combines good development policy with smart fiscal management. By stretching limited budgets, reducing dependence on aid and showing citizens tangible returns on public investment, governments will be in a materially stronger position to maintain fiscal credibility, retain investor confidence and deliver on development commitments.

The cost of delaying these reforms is real and measurable. When African governments borrow money on international markets, they pay interest rates more than twice as high as other countries with similar economic profiles. Part of that extra cost reflects the absence of the credible policies and investment frameworks that global lenders look for. This has a direct consequence and by not building impact economy market infrastructure, governments are at risk of paying a premium to finance their own development.

The impact economy marks the next stage of global development and it is being built now by governments that recognise the opportunity. Africa still has extensive development needs and the evidence from the countries examined in this research suggests that by employing impact economy tools, markets are better positioned to take advantage of shifting investor interest and mobilise alternative sources of capital to accelerate economic development.

Section 4

Conceptual Framework

This research report was developed based on GSG Impact's policy toolkit. The framework draws on GSG Impact's Towards Impact Economies report (GSG Impact, 2024), adapted here to reflect African policy and regulatory realities.

Three government roles, 14 policy tools

An impact economy doesn't emerge from market forces alone. It is built through deliberate policy choices about what governments buy, how they regulate and what infrastructure they put in place for others to use. GSG Impact's framework organises these choices into three distinct but complementary government roles, each carrying a specific set of policy tools. Together, these 14 tools represent the full policy toolkit available to any government serious about developing an impact economy.

The framework isn't a check list. No country has deployed all 14 at once and none needs to. It's better understood as a map showing where action is possible, where it has already been taken and where the most significant opportunities remain.

Table 15: **GSG Impact's framework**

Government's role	Policy area	Definition
 Market Participant	1 Outcome partnerships	Outcomes-based contracts and partnerships, including social outcomes funding
	2 Public procurement for impact	Using procurement to drive social or environmental outcomes
	3 Funding programmes	Grants, concessional finance or guarantees supporting impact activity
	4 Sustainable bonds	Green, social, sustainability and sustainability-linked bonds
 Market Regulator	5 Specific legal forms for impact businesses	Legal structures that support purpose-led enterprises
	6 Sustainability disclosure requirements	Mandatory or voluntary ESG or sustainability reporting
	7 Clarifying investors' fiduciary duties	Guidance on fiduciary duty and consideration of impact
	8 Fiscal incentives	Tax incentives, exemptions or subsidies that encourage impact activity
	9 Facilitating retail investor participation	Mechanisms that enable retail capital to participate in impact investing
 Market Facilitator	10 Sustainable finance taxonomies	Definitions and classifications that guide what counts as sustainable or impact activity
	11 Dedicated government agencies and offices	Institutional leadership for impact policy
	12 Government-enabled wholesale funds	Public or blended vehicles that crowd in private capital
	13 National impact investing strategies	Formal strategies or roadmaps to mobilise impact capital
	14 Capacity-building programmes	Support for policymakers, regulators and market actors

Source: GSG Impact

The three roles are separate in theory but connected in practice. Get one wrong and the others struggle. A government that sets incentives (regulator) without building coordination infrastructure (facilitator) will find those incentives sit on paper, unenforced and unfamiliar to the market. Create a wholesale fund (participant) without a taxonomy (facilitator) and there's no agreed definition of what the fund is actually supposed to finance, in this case, capital moves, but not necessarily toward the right outcomes. Skip the market participation role (participant) entirely and private investors have no public anchor on which to build confidence.

The countries making the most progress, South Africa and Kenya, are not ahead because they have more resources but because they have been more deliberate about combining all three roles in a way that each one reinforces the next.

Regional context



Government as market participant

In this role, government uses its own spending, procurement and investment power to directly shape markets. By acting as buyer, anchor investor or outcomes commissioner, government can de-risk early-stage markets, provide demand signals to private investors and mobilise blended capital into sectors where commercial incentives alone are insufficient. This is the most direct and immediate lever available to policymakers and the one where the least progress has been made across the nine focus countries. Public procurement rules across Africa continue to prioritise lowest-cost bids over social and environmental value. Outcomes-based contracting, where government pays for results rather than inputs, remains at pilot or conceptual stage in all nine countries. Sovereign sustainable bonds, where government does act, remain concentrated in environmental rather than broader social impact categories.



Government as market regulator

As regulator, government defines the legal, financial and institutional rules governing how impact capital flows. This includes creating legal forms that give social enterprises a recognised identity, setting sustainability reporting standards that make impact legible to investors, clarifying fiduciary duties so that pension funds and insurers can allocate to impact-aligned assets without legal risk and introducing fiscal incentives that alter the risk-return calculus for impact investments. The regulatory landscape across the nine countries varies sharply. In a small number of more institutionalised markets, there is meaningful progress on specific instruments. The majority, however, have regulatory environments that remain largely undeveloped for impact purposes, with few or no dedicated frameworks in place. The consistent gap across both groups is implementation: where frameworks exist, they are rarely operationalised; where they do not yet exist, the capacity to build them is itself constrained.



Government as market facilitator

Here, government builds the enabling ecosystem: the shared infrastructure that no single market actor can create alone. This includes a sustainable finance taxonomy (defining what counts as investment that supports the impact economy), a dedicated coordination agency or national platform, a national impact investment strategy, capacity building programmes for enterprises and investors and data and impact measurement infrastructure. These facilitation tools are the least glamorous but often the highest-leverage: a taxonomy, once adopted, lowers transaction costs for every deal that follows. A national strategy, once embedded in a development plan, creates policy coherence across ministries. The Central Bank of West African States, Banque Centrale des États de l'Afrique de l'Ouest (BCEAO's), provides a regional sustainable finance framework and is among the most significant facilitation instruments currently operating in the region, giving member states a common architecture that national-level frameworks alone cannot replicate.

BOX 1

The infrastructure deficit

Most markets in the region, both within the scope of this toolkit and beyond, continue grappling with infrastructure deficits. This infrastructure deficit spans both hard infrastructure, such as power, transport and telecoms, as well as soft infrastructure – institutions




and regulatory frameworks that support economic activity. In the context of the impact economy, soft infrastructure includes a conducive policy environment (which is ultimately what the toolkit aims to foster). However, there is also a need to prioritise developing

physical infrastructure, as this is the backbone of a flourishing impact economy. As one interviewee notes: “No businesses, no enterprises would thrive without proper energy, transport and telecommunication network”.

Adoption patterns

The table below maps the current adoption of key policy tools across the nine focus countries based on the research conducted for this study. It is necessarily a snapshot: the field is moving fast and several countries have tools in development. This mapping forms the evidence base for the opportunity analysis that concludes each chapter.

Table 16: The level of adoption of key policy tools across the nine focus countries

Government's role	Policy area	Burkina Faso	Zambia	Ethiopia	Côte d'Ivoire	Senegal	Ghana	Nigeria	Kenya	South Africa
 Market Participant	Outcome partnerships									
	Public procurement for impact									
	Funding programmes									
	Sustainable bonds									
 Market Regulator	Specific legal forms for impact businesses									
	Sustainability disclosure requirements									
	Clarifying investors' fiduciary duties									
	Fiscal incentives									
	Facilitating retail investor participation									
 Market Facilitator	Sustainable finance taxonomies									
	Dedicated government agencies and offices									
	Government-enabled wholesale funds									
	National impact investing strategies									
	Capacity-building programmes									

Partial/ emerging/ pilot Exists/ operational

Several patterns stand out from the heatmap. South Africa and Kenya have the broadest and most operationalised toolkits, reflecting deeper financial markets and longer institutional track records. Kenya has published a full Green Finance Taxonomy (Central Bank of Kenya, 2025a), approved a sovereign green bond framework (National Treasury and Planning, 2021) and is rolling out mandatory International Financial Reporting Standards (IFRS) S1 and S2 adoption for public interest entities from 2027 (IFRS, 2023). South Africa has the most developed sustainability disclosure regime on the continent, anchored in JSE listing requirements incorporating the King IV governance codes and supplemented by the JSE's Sustainability Disclosure Guidance (Johannesburg Stock Exchange, 2022) and backed by Regulation 28 of the Pension Funds Act, (National Treasury, 2022), one of the earliest regulations globally to explicitly link fiduciary duty with ESG consideration in pension fund investment.

On the social side, both countries have active national advisory platforms and established enterprise support ecosystems, but neither has legislated a dedicated social enterprise legal form, a structure that would allow enterprises to formally combine social purpose with commercial activity in a single, legally recognised and protected form.

On outcomes-based contracting, the picture is more differentiated. South Africa has moved further than any other country in the cohort: the Western Cape provincial government launched the first social impact bonds in the developing world in 2016, and at national level the Jobs Boost Outcomes Fund, a ~\$18mn (R300m) pay-for-performance model anchored in the Presidential Youth Employment Intervention and coordinated by Krutham, has placed over 6,000 young people into employment across 192 employers (SA Good News, 2025) and has been selected by the global Outcomes Accelerator from over 500 applications as one of the most innovative outcomes-based financing initiatives in the world. These and a few other outcomes transactions, however, remain isolated examples rather than the product of a systematic national framework for outcomes commissioning. Kenya has yet to move beyond conceptual interest in the instrument. The gap between the sophistication of both countries' financial market infrastructure and the relative underdevelopment of their social investment instruments remains the defining tension in both markets.

Nigeria and Ghana occupy a meaningful middle tier and have both accelerated their reform programmes in the past two years. Nigeria's enactment of the Investments and Securities Act in March 2025, replacing legislation that had been in place since 2007, represents the most significant overhaul of the country's capital markets framework in nearly two decades (Blackwoodstone, 2025), alongside PenCom's (National Pension Commission of Nigeria) revised pension fund investment regulations raising allocation limits for private equity from 10% to 15% of Fund I and from 5% to 10% of Fund II (Bailey, 2025). These mark a substantive restructuring of Nigeria's investment regulatory architecture. In sustainable bonds, Nigeria dominates the public issuance of green bonds across the nine-country cohort, instruments whose proceeds are designated exclusively for green-eligible projects. It has done so three times between 2017 and 2025, with a fourth issuance of N250bn planned for late 2025. Notably, Nigeria was Africa's first sovereign green bond issuer when it debuted in December 2017 (Chapel Hill Denham, 2025).

Sustainable bond issuance elsewhere in the cohort has been at the corporate or sub-sovereign level, with the important exception of Côte d'Ivoire, which in January 2024 issued a \$1.1bn sovereign sustainability bond, a broader instrument covering both eligible green and social expenditures under its 2023 Sustainable Framework.

BOX 2

The market development paradox

One of the complexities in well institutionalised markets is that deep, well developed and institutionally embedded capital market infrastructure is often harder to change. This contrasts with less developed markets where the infrastructure has yet to be built. More institutionalised markets should leverage deep technical skills and find innovative mechanisms for introducing policy tools geared towards the impact economy, while the less institutionalised markets should see use to opportunity to embed the impact economy tools from the start.

On the social side, Nigeria's Wholesale Impact Investment Fund represents the most significant public commitment to social enterprise financing in the cohort. It is anchored by \$50m in government capital, one half of the total first close of \$100m, (Oni, 2025) and targeting MSMEs across key sectors. Ghana meanwhile launched West Africa's first green finance taxonomy in 2024 alongside new Green Bond Guidelines and a Climate-Related Financial Risk Directive (Osei et al., 2024). Both countries, however, still lack blended finance infrastructure at scale, have no outcomes contracting frameworks and have not yet legislated dedicated social enterprise legal forms.

As WAEMU members, Senegal, Côte d'Ivoire, Burkina Faso share access to the AMF's (Autorité des Marchés Financiers) regional taxonomy published in 2024 (AMF-UMOA, 2024). One of the few frameworks in the cohort that explicitly includes social and blue categories alongside green. In practice, however, none of the three have embedded this taxonomy into domestic regulatory requirements or issued bonds under it at the national level. Côte d'Ivoire's 2024 sovereign sustainability issuance was structured under a separate bilateral framework rather than the regional AMF taxonomy (Cleary Gottlieb Steen & Hamilton LLP, 2024), illustrating the gap between the existence of a regional instrument and its practical adoption.

BOX 3

The Alliance of Sahel States (AES) and the BCID-AES

The Alliance of Sahel States (AES) is a confederation formed by Burkina Faso, Mali and Niger, originating as a mutual defence compact in September 2023 and formally constituted as a confederation in July 2024. All three member states withdrew from ECOWAS in January 2024, representing one of the most significant breaks in West Africa's regional integration architecture in decades.

For the purposes of this toolkit, the most relevant development is the financial institution the AES established in parallel with its political consolidation. On 23 December 2025, the leaders of Mali, Burkina Faso and Niger formally activated the Confederal Investment and Development Bank of the Alliance of Sahel States (BCID-AES), with an initial capital of 500 billion CFA francs (~\$820m), subscribed by the three member states (Ecofin Agency, 2025). The

bank is mandated to finance infrastructure, energy, agriculture and food security, and private-sector initiatives aligned with national development priorities.

The institution is designed to finance strategic infrastructure while signalling a systemic break from Western-backed financial channels. While it operates outside the BCEAO's jurisdiction, the member states continue to use the CFA franc for trade and public finance a structural paradox the bank has not yet resolved.

What this means for Burkina Faso's impact economy context:

The BCID-AES creates a new, though entirely untested, capital channel for Burkina Faso operating outside traditional WAEMU and ECOWAS frameworks. Its relevance for impact investing is prospective rather than current — governance structures, external capitalisation strategy and operational credibility

are all unresolved. That said, the bank's stated mandate overlaps with impact economy objectives in energy access, food systems and infrastructure. Whether it evolves into a vehicle that impact investors or DFIs can engage with will depend on its ability to attract co-financing, establish independent governance and build a transparent lending track record.

A note of caution for practitioners:

The AES's withdrawal from ECOWAS and its growing alignment with non-Western partners complicates conventional impact investing engagement for Burkina Faso. Policymakers and practitioners should treat the BCID-AES as an emerging and politically complex variable in the country's financing landscape — neither dismissing it nor overstating its current capacity. The bank is a signal of intent; it is not yet a functional capital market instrument.

Ethiopia and Zambia are the most instructive frontier cases. Both have made genuine policy progress in the past three years. Zambia's corporate green bond market was pioneered by CEC Renewables' \$200m programme issued in two tranches between 2023 and 2024 and subsequently underpinned by the Zambia Green Finance Taxonomy launched in December 2025 (UNDP, 2025). Ethiopia's capital markets reforms, led by the Ethiopian Capital Markets Authority, National Bank of Ethiopia and the Ethiopian Securities Exchange and newly enacted Startup Proclamation, represent credible first-mover commitments. But both face the same structural challenge documented in the ZIPAR/NABII analysis: frameworks exist, delivery architecture does not. Neither has a domestically anchored social investment vehicle at scale, a functioning outcomes contracting programme, nor a dedicated government coordination body with a cross-cutting impact economy mandate. The reforms that have been passed sit in individual ministries with no single institution accountable for translating them into transactions. Zambia's Green Finance Taxonomy, for instance, has not been embedded in lending criteria, procurement rules or fiscal incentives in any verified form. Ethiopia's capital markets reforms remain at an early operational stage.

What neither country has yet built is the operational layer that turns policy into transactions: the institutions that originate deals, the intermediaries that prepare enterprises, the disclosure infrastructure on which investors can rely and the coordination mechanisms that stop reforms from sitting in separate ministries with no one accountable for the whole.

Missed opportunities?

Three policy tools are either embryonic or conspicuously absent across the nine countries, despite having the highest potential leverage for mobilising private capital at scale. They are:

Outcomes-based contracting, social impact bonds, development impact bonds and payment-by-results frameworks

These arguably represent the most powerful available tool for aligning government spending with measurable outcomes and crowding in private capital, particularly relevant on a continent where fiscal resources are constrained and the development case for outcomes-focused commissioning is strongest. While large-scale national payment-by-results frameworks remain absent across the nine countries, the picture is more active than that suggests. Ghana stands out with the Ghana Accountability for Learning Outcomes Project (GALOP), a \$174m World Bank-supported initiative targeting the country's 10,000 lowest-performing basic schools. It embeds results-based financing at the system level, with a dedicated Education Outcomes Fund sub-component operating as one of the largest education impact bonds in the world. South Africa has gone furthest on formal outcomes contracting, with the Western Cape government having launched the first social impact bonds in the developing world in 2016 and the national Jobs Boost Outcomes Fund. Other outcomes vehicles in South Africa include the Impact Bond Innovation Fund that targeted early childhood development and the South African Medical Research Council's Invest4Health SIB. Kenya has seen isolated pilots. Across the remaining countries, the concept remains largely at the level of policy interest rather than executed transactions. No country in the nine has an operational national outcomes commissioning framework, the distinction being between individual programmes and a replicable, government-owned system with a dedicated budget and accountability structure.

Social enterprise legal forms

A recognised legal identity for organisations with dual financial and social/environmental missions does not exist in any developed form across the nine countries. Most social enterprises register as standard limited liability companies



When assessing outcomes partnerships, Ghana stands out with the Ghana Accountability for Learning Outcomes Project (GALOP), a

\$ 174 mn

World Bank-supported initiative targeting the country's 10,000 lowest-performing basic schools.

or NGOs, forcing a binary choice between commercial and charitable structures that sits awkwardly with the hybrid reality of impact-oriented businesses. South Africa and Kenya have the most flexible existing frameworks, but neither has legislated a dedicated legal form. Note, however, that in many markets, special provisions are made for SMEs, with specific regulations to support these businesses. Given the region's heavy reliance on SMEs for economic development and job creation, incentives that are specifically targeted at stimulating the SME ecosystem should be considered either as an alternative to social enterprise legal forms or a complementary policy tool that is specifically appropriate for the region. The risk with limiting legal forms to social enterprises exclusively is that it may discourage prospective businesses owners from starting businesses purely as a result of the restrictions and the added layer of regulatory compliance associated with the dual mandate of both financial and social/environmental returns.

Wholesale catalytic funds

These publicly anchored vehicles that use concessional capital to de-risk and crowd in private investment are most developed in South Africa, where the Industrial Development Corporation of South Africa (IDC) and Development Bank of South Africa (DBSA) provide long-standing institutional infrastructure. Ghana's Ci-Gaba Fund of Funds, meanwhile, has set a new precedent for the region in terms of designing an investment vehicle that can unlock institutional capital, while Nigeria committed \$50m in government anchor capital in 2025 to launch a \$100m Wholesale Impact Investment Fund. Zambia has two emerging vehicles in GIP Zambia and the Small Business Growth Initiative. Ethiopia has the Development Bank of Ethiopia providing concessional finance and has developed the Enterprise Financing Facility via the Innovative Finance Lab. Burkina Faso, Senegal and Côte d'Ivoire have no impact-specific wholesale vehicle. The markets where no such vehicles exist represent the most immediate opportunity and the largest gap.

Outcomes-based contracting and impact bonds are demanding, requiring outcome metrics, independent verification, willing private capital and procurement systems built to pay for results. The cohort evidence bears this out: South Africa, Kenya and Ghana have each executed domestically anchored transactions, but each required substantial technical assistance and multi-year design periods. Nigeria's experience is instructive in a different way, the ICRC's 2017 Humanitarian Impact Bond operated on Nigerian soil but was structured and funded internationally, representing exposure to the mechanism rather than domestic commissioning capacity.

Wholesale catalytic funds are structurally complex at the design stage but the operational barrier drops significantly once a vehicle is capitalised and a manager appointed. Ghana's Ci-Gaba, which reached first close with two-thirds anchored by local pension funds, illustrates what is achievable when the structuring design work is done.

Social enterprise legal forms are a different problem. The drafting challenge is modest and most jurisdictions have enacted dedicated forms by amending existing company law rather than building new regulatory infrastructure. The binding constraints are political prioritisation and market readiness: passing the law is the easier part.

The chapters that follow draw out these opportunities in detail for each government role.



In 2025, the Nigerian government committed

\$ 50 mn

in anchor funding to the Nigeria Wholesale Impact Investment Fund.

Success stories and emerging best practices

While the region has potential for deeper integration of policy tools to foster impact economies, many examples exist of how early adopters have utilised various standalone tools. Some examples seem small from a global scale perspective, yet in the regional context, the size of the projects or initiatives is not insignificant. Some policy tools are still new and therefore in the early stages of implementation, while others demonstrate the importance of playing the long game and withstand often volatile political cycles and administrative changes.

The case studies discussed as part of the chapters that follow have been selected based on five criteria:



they mobilised capital at scale



demonstrated effectiveness through impact evaluations or transparent reporting



were landmarks or first movers in their context



introduced innovative approaches adapted to local realities



showed clear replication potential for other countries

BOX 4

A note on additionality

The five criteria used to select case studies do not constitute a formal additionality test, but they point in the same direction. A project that raised capital in a market where no commercial investor had gone before, that was explicitly the first of its kind,

and that others are now copying, is one where it is reasonable to conclude that the outcomes would not have happened without that intervention.

The case studies were not chosen because their additionality was

formally verified, and in most cases, no such verification exists. They were chosen because the combination of criteria applied makes it difficult to argue that conventional finance alone would have produced the same results.

Section 5

Current State of Development

This chapter presents a comparative analysis of the state of play across the nine focus countries: Burkina Faso, Côte d'Ivoire, Ethiopia, Ghana, Nigeria, Kenya, Senegal, South Africa and Zambia. It examines trends in impact capital, the policy landscape, institutional drivers, demand-side constraints and where targeted intervention could unlock significantly greater flows.

The countries in this toolkit have been grouped into three clusters, including institutionalised (South Africa and Kenya), partially institutionalised (Ghana, Nigeria, Zambia, Senegal, Côte d'Ivoire) and least institutionalised (Ethiopia, Burkina Faso). This categorisation reflects the varying depth of their capital market infrastructure.

A recurring theme across all three country clusters is the challenge of market informality. Between 73% and 90% of economic activity in several of the focus countries occurs outside the formal economy and most impact investing instruments, where they exist, including equity, structured debt and outcomes contracts, are simply not designed to reach these informal markets. This is not a problem that taxonomies or fiduciary guidance will solve and a limitation that should be considered throughout the toolkit. The country clustering matters here, because the informality challenge is most acute precisely where the enabling infrastructure is thinnest. For the least institutionalised markets, the gap between where impact capital is designed to go and where the most acute development need actually exists remains largely unresolved and deserves more dedicated attention than the current toolkit is able to give.

Trends in impact capital

The global impact investing market has grown dramatically, with GIIN estimating \$1.57tn in assets under management across more than 3,900 organisations, growing at 21% CAGR since 2019 (Hand et al., 2024). Africa's position within this market reflects persistent underrepresentation but also massive potential.

Table 17: **Africa's position within the global impact investing market**

Metric	Figure
Global impact AUM	\$1.57tn
Market growth (CAGR 2019-2024)	21%
Africa-based managers' share of global AUM (stock)	~2%
SSA share of annual global flows	12%

Sub-Saharan Africa (SSA) attracts 12% of global impact flows, well above its 3% share of global FDI, a gap that reflects impact capital's stated purpose of reaching markets that commercial finance largely ignores (Léon, & Rabary, 2024). However, receiving that capital and distributing it are different things. Impact finance is reaching Africa in isolated pockets, but the problem of distributing capital [to where it can be most effectively deployed] remains largely unsolved.

Policy and regional trends

The past five years have seen a marked acceleration in sustainable finance policy development across Africa. The most significant regional development is the West African Economic and Monetary Union (WAEMU) sustainable finance taxonomy, covering eight West African economies sharing a common central bank, directly applying to Côte d'Ivoire, Senegal and Burkina Faso among the nine focus countries. This regional architecture reduces fragmentation, enables cross-border capital flows and signals credibility to international investors at a scale no individual country could achieve alone. At the same time, however, it creates limitations for individual countries to implement regulatory changes that address local, market-specific challenges.

At the national level, policy momentum is real but uneven. Côte d'Ivoire launched a pioneering Sustainability-Linked Financing Framework in July 2025, tying sovereign borrowing costs to renewable energy and forest targets, a first in Africa. Zambia enacted the Green Economy and Climate Change Act in December 2024, establishing a legal framework for carbon markets, climate adaptation and mitigation and a national climate fund, though the act is still awaiting the Statutory Instrument required to bring it fully into operation.

In December 2025, Zambia followed this with the launch of its Green Finance Taxonomy, developed with UNDP's BIOFIN initiative, making it one of the few African countries to have established such a framework. Kenya and South Africa are established green bond issuers at corporate level. South Africa led the continent's early development, establishing JSE green bond listing rules in 2017 that enabled successive municipal and corporate issuances and publishing its Green Finance Taxonomy in 2022.

Kenya followed, developing a Capital Markets Authority green bonds framework that has attracted both sovereign and corporate issuers. Zambia's Green Finance Taxonomy, launched in December 2025, was explicitly benchmarked against the EU, South African and Kenyan frameworks, (BIOFIN, 2025). Ethiopia's 10-Year Development Plan explicitly targets private sector-led growth, sustainable development financing, resilient green economy and sustainable and inclusive financial sector development. (Federal Democratic Republic of Ethiopia & Planning and Development Commission, 2021).

There have also been developments on pension reform in several markets, intended to unlock more institutional capital to flow to impact investments, including increases in allocation provisions for alternative investments in markets like Ghana and Nigeria. While well-intentioned, the challenge is often that policy changes do not guarantee an automatic flow of capital to the desired asset class (see detailed section on Government as market regulator for more information).

BOX 5

Environmental finance crowding out social finance?

When analysing the policy landscape, specifically related to government as market facilitator, policy tools are often skewed towards environmental rather than social outcomes.

This is at least partially a function of climate mandates and development objectives at bilateral development finance institutions, which appear to be crowding out social objectives. This highlights the tension between impact objectives for development finance lenders and sovereign borrowers, and the growing need to unlock domestic institutional capital for domestic development.

BOX 6

WAEMU's primary objectives

The West African Economic and Monetary Union's core purpose is to create a unified economic space across its eight member states in West Africa. It works to dismantle barriers to the movement of people, capital, goods and services. It also aligns legal and regulatory frameworks so that businesses and investors operate under consistent rules across the region and pushes to strengthen the competitiveness of member economies within an open regional market. The idea is that, together, the eight member states are a more compelling investment destination than on their own.

Yet a consistent pattern across all nine countries is what was identified in the 2026 (ZIPAR / NABII, 2026) gap analysis for Zambia as the core structural challenge: Impact investing is broadly aligned with national development objectives but is not formally positioned as an explicit delivery mechanism. Policy intent exists; delivery architecture does not.

The gap is in the delivery architecture. Most national frameworks do not clearly define how impact capital is to be deployed, measured or governed, creating uncertainty for investors on implementation pathways, performance metrics (both impact and financial returns) and oversight.

Demand-side constraints

Across all nine countries, the evidence points to a structural mismatch, not primarily on the capital supply side, but on the demand side. In Côte d'Ivoire, 80% of companies requested financing in 2025, yet only 10% of requests were approved (COTE D'IVOIRE Landscape Mapping Team, 2025), a critical gap between needs expressed and capital that can be mobilised. The barrier lies in absence of a robust intermediary ecosystem and hence investable pipeline.

The "missing middle" is also a defining feature. The financing gap between microfinance-scale tickets and the large minimums preferred by development finance institutions (DFIs) and international private equity funds are typically \$2m to \$10m. Most SMEs across the nine countries need tickets below \$500,000. The instruments that exist were built for a different type of borrower.

In Zambia, 97% of MSME start-up capital comes from own funds or family, with only 3% from formal institutions (Bank of Zambia, 2022). Ethiopia's missing middle between the microfinance ceiling and large FDI targets remains structurally unserved by any instrument currently at scale. These reflect a continental pattern.

The demand side compounds the supply problem. Investment readiness, governance, financial reporting and impact measurement capacity are chronically underdeveloped, not because enterprises lack ambition but because the ecosystem that should build those capabilities is itself fragile. Business development service providers in Zambia are approximately 73% donor-dependent (Muyangana et al., 2025). Elsewhere the picture is similar. The institutions designed to prepare enterprises for capital are one funding cycle away from closure, which means the pipeline problem is, at its root, an infrastructure problem.

Institutional drivers

DFIs remain the anchor of impact capital flows in most markets. The International Finance Corporation (IFC) and Africa Development Bank (AfDB), as well as bilateral institutions like Proparco, the Dutch entrepreneurial development bank (FMO) and British International Investments (BII) collectively account for the majority of impact-aligned capital deployed. Their role extends beyond financing. They set ESG standards, catalyse co-investment by de-risking transactions and build ecosystem capacity. However, DFI dominance also signals the gap that impact economy frameworks are designed to close, namely the absence of a self-sustaining commercial impact ecosystem.

National Advisory Boards affiliated with GSG Impact are providing critical coordination infrastructure across most of the nine countries: NABII in Zambia (formally established 2019), active platforms in South Africa, Nigeria, Ghana and Burkina Faso and task forces in Kenya, Senegal and Côte d'Ivoire. Ethiopia's task force is the most advanced of the emerging platforms, having completed a national landscape mapping study and with formal GSG accession expected in May 2026. The Côte d'Ivoire task force is among the more active in the WAEMU sub-region, though it remains at task force level rather than full NAB status. Burkina Faso obtained GSG Impact National Partner status in May 2025, the first Francophone country in Africa to be accredited by GSG Impact, they are a



Impact investing is broadly aligned with national development objectives but is not formally positioned as an explicit delivery mechanism. Policy intent exists; delivery architecture does not.

member of the Africa Impact Investment Group (AIIG) along with South Africa, Zambia, Ghana, Nigeria and Kenya.

Where they function well, NABs perform a role that single institutions simply cannot replicate, including convening government, investors, enterprises and civil society around a common agenda, translating policy signals into coordinated market action and generating the market intelligence that makes the case for continued reform. The consistent weakness is one of institutional fragility rather than ambition as NAB secretariats across the continent are typically small, under-resourced and dependent on external funding cycles that do not align with the long-term nature of market-building work. The coordination infrastructure exists in most of the nine markets. The question is whether it can be sustainably resourced.

The most consistently identified ecosystem gap across all nine countries is the absence of high-quality local intermediaries, fund managers, transaction advisors and deal origination networks capable of connecting capital supply with enterprise demand. Where this intermediation layer is thin, capital cannot flow efficiently even when it exists.



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Gaps and policy opportunities

The analysis reveals a consistent set of structural gaps across most focus countries where targeted policy intervention could materially accelerate progress outlined in the table below:

Table 18: **Structural gaps and targeted policy opportunities**

Gap	Policy Opportunity
Unusable sustainable finance taxonomies	<p>While sustainable finance taxonomies are emerging, adoption of these frameworks is constrained by the appropriateness for the local context. South Africa's JSE Sustainability Segment is the continent's most developed exchange-based framework but practitioner opinion is divided on its impact. Where some point to oversubscribed green bond issuances as evidence of demand, others argue that the segment's compliance requirements, external review, ring-fencing of proceeds and post-issuance reporting, create costs that deter smaller and mid-market issuers, with the result that listed sustainable bonds remain a small and concentrated part of the market.</p> <p>The legitimate question is whether these standards are appropriate for the market depth that currently exists.</p> <p>The policy opportunity for countries developing national frameworks is to move from taxonomy as a classification exercise to taxonomy as an operational instrument: embedded in regulatory requirements, linked to fiscal incentives and supported by technical assistance for issuers navigating compliance. Regional interoperability with national frameworks, while theoretically desirable, is a second-order priority until the first-order problem of domestic implementation is solved.</p>
Domestic institutional capital locked out	<p>Several countries have already made progress on the regulatory side: Kenya, Ghana and Nigeria have each raised capital allocation limits for alternative assets, creating the legal headroom for pension funds to invest beyond traditional asset classes. But expanded limits do not automatically translate into capital deployment. Two further conditions must be met.</p> <ul style="list-style-type: none"> • Vehicle availability: Pension funds cannot invest in an asset class for which no appropriately structured vehicles exist. Ghana's Ci-Gaba Fund-of-Funds is a direct response to this gap. It is a blended vehicle designed specifically to create an investable structure for pension capital, using philanthropic funding to absorb first-loss risk and bring the overall risk profile within institutional parameters. It is one of the few examples on the continent of a vehicle designed from the outset around what pension funds can actually do, rather than what impact investors wish they would do. • Risk/return integrity: Even where vehicles exist, pension fund trustees operate under fiduciary obligations that require investments to meet defined risk/return parameters, obligations that cannot be waived by policy intent or development mandate. Blended finance structures, guarantees and subordinated tranches are the instruments that make this workable in practice: they do not ask pension funds to accept concessional returns, they restructure the capital stack so that institutional investors can participate at market rates while catalytic capital absorbs the risk premium. <p>The policy implication is that regulatory reform on allocation limits is a starting condition, not a solution. The harder work is building the vehicle infrastructure and ensuring it is designed around institutional investor constraints rather than around the preferences of the impact sector.</p>

Gap	Policy Opportunity
Insufficient blended finance vehicles	While a handful of examples exist, there is significant opportunity still for governments to establish national first-loss facilities, guarantee facilities or sovereign co-investment development programmes to crowd in private capital in priority sectors.
Incoherent or non-existent national policy integration of impact objective	At the moment, impact is not explicitly embedded in national plans, nor do cohesive impact policy plans exist. For the impact economy to become inherently embedded in policymaking, governments should consider mainstream impact investing as an explicit delivery mechanism in the next national development plan cycle. It has potential as a low cost, high leverage tool to advance domestic economic development.
Underfunded investment readiness	Co-fund business development service providers and intermediaries; create public-private foundations to sustain this infrastructure independently of aid cycles.
Voluntary-only impact disclosure	Mandate impact reporting for public-funded investments; adopt ISSB-aligned disclosure standards and IRIS+ impact measurement frameworks; build data infrastructure.
Tax incentives not operationalised	Activate existing investment code provisions with specific, time-limited tax incentives tied to national or regional sustainable finance taxonomy eligibility criteria.
Cross-border capital friction	There is an opportunity to explore using AfCFTA, WAEMU and bilateral frameworks to reduce friction for impact capital flows and enable regional fund structures.

Key takeaways

Africa's nine focus countries collectively represent a continent where the capital exists, the development need is unambiguous and the policy tools are known, if underdeveloped. What varies is the degree to which enabling infrastructure, taxonomies, intermediaries, investment readiness support and institutional capital frameworks have been built. Common nomenclature for the impact economy and what it entails also featured prominently as a barrier for greater adoption.

South Africa and Kenya demonstrate that a functioning impact ecosystem is achievable at scale – if not in name, then in execution. Zambia shows that even a post-default frontier economy can attract \$1.4bn in impact transactions when reforms signal credibility (ZIPAR / NABII, 2026). Ghana's Ci Gaba Fund of Funds illustrates the need for collaboration in fund design for successful market integration. Nigeria's strong private sector involvement highlights the need for patience and strategic partnership with policymakers. Côte d'Ivoire shows how a fast-growing economy with a clear national vision can rapidly institutionalise impact frameworks. Burkina Faso, operating under a severe security crisis and with a \$5.1bn annual financing gap and 90% informal economy (Institute for Economics and Peace, 2024), shows that the WAEMU regional architecture can provide an impact economy pathway even where national policy capacity is constrained. And Ethiopia demonstrates how small markets can be pioneers in creating legal frameworks with its start-up proclamation policy.

Impact economies are not built by governments alone, nor by markets alone. In every market examined for this toolkit, private sector actors were making the case for impact investing to policymakers before the formal frameworks existed to receive that advocacy. The impact economy requires close collaboration between the private sector and policymakers for maximum efficiency.



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Section 6

Government as Market Participant

When governments act as market participants – as buyers, investors and outcomes commissioners – they do something no regulation or taxonomy can: they put public resources directly behind impact, creating demand signals that private capital can follow. This is the most direct lever governments hold. It is also the most underutilised across the nine focus countries. This chapter maps the five tools of the market participant role, assesses adoption patterns across all nine countries and draws out the concrete opportunities available to policymakers.

Market participant tools

In the market participant role, government uses its own balance sheet and institutional authority to shape impact markets directly. Five tools are available, each operating at a different level of the capital stack:

Table 19: How the tools operate at different levels within government

Tool	How it works	Relevance for the region
Outcomes partnerships (SIBs / DIBs / PbR)	Government pays for verified social/ environmental outcomes; private investors fund upfront and bear performance risk.	Aligns public spending with results, driving value for money; help to unlock private capital for social sectors.
Impact public procurement	Government uses purchasing power to buy from impact-oriented suppliers, social enterprises, green businesses, women-led firms.	Governments are the largest buyers in every economy; redirecting even a small share of procurement spend creates immediate market demand.
Government funding programmes	Grants, equity or loans to impact enterprises and funds; first-loss or matching structures that attract private co-investment through dedicated funds.	Fills the missing middle where commercial capital will not go; evidence from (Apampa, 2023) shows that each dollar of concessional capital mobilises an average of \$4.1 in commercial capital in well-structured blended finance transactions (Blended Finance Leverage Ratio - Blog - Convergence News Convergence, n.d.).
Sovereign sustainable bonds	Government issues green, social, or sustainability-linked bonds earmarked for impact projects.	Sets sovereign price signals; establishes credibility with international ESG markets; (Cheng et al., 2024) confirms that sovereign issuance catalyses corporate green bond market development and improves yield spreads.

Adoption patterns

The table below maps current adoption of each market participant tool across the nine focus countries, based on evidence as of 2025-2026.

Table 20: Adoption patterns

Policy area	Burkina Faso	Zambia	Ethiopia	Côte d'Ivoire	Senegal	Ghana	Nigeria	Kenya	South Africa
Outcome partnerships									
Public procurement for impact									
Funding programmes									
Sustainable bonds									

Partial/ emerging/ pilot Exists/ operational

The Market Participant section is the most significant gap across all nine countries. Governments are present as regulators and increasingly as facilitators, but their role as active market participants – commissioning outcomes, directing procurement spend and anchoring catalytic capital – remains the weakest and most unevenly evidenced policy area.

Outcomes partnerships: Highest leverage, still heavily underutilised

Outcomes-based contracting, social impact bonds, development impact bonds and payment by results frameworks, arguably represent the most powerful yet most underutilised tool available. In principle, the mechanism is simple: government defines outcomes it wants, sets (or establishes) a price for verified delivery and allows private investors to fund service providers upfront. If outcomes are achieved, government pays. If not, investors bear the loss. This shifts risk, aligns incentives around results rather than inputs and unlocks private capital for social sectors. Note, however, that this will likely still require upfront budget commitment. While the principle is simple, it differs vastly from traditional government procurement and funding mechanisms and therefore development of these vehicles has been expensive and time consuming for the first movers on the continent. Markets can and will reach economies of scale only if these are more widely adopted and embedded in the budget planning process, and procurement frameworks are redesigned around outcomes and not inputs and activities.

That said, in the nine-country context, the conditions for outcomes contracting are more developed than commonly assumed. South Africa's Employment Tax Incentive provides a partial pay by results precedent at scale.

Actionable opportunities

In theory, a payment by results structure can be built inside a standard procurement contract. In practice, however, it often conflicts with standard operating procedures within government-owned enterprises and departments and hence the change can be difficult. As a starting point, the government can target one sector, one programme, one question: what outcome is government already paying for that it could instead pay for achieving? Workforce development, school enrolment, health and clean energy access all have measurable endpoints, existing budget lines and established delivery partners.

Redesigning one programme on a results basis does three things at once. It builds the institutional muscle, the contract structures, verification systems and government capacity, that makes every subsequent iteration faster and cheaper. It also generates a domestic evidence base that carries more weight with local policymakers than any international case study. And it sends a clear signal to private investors that government is prepared to put skin in the game.

Regional examples include programmes such as Ghana's Education Outcomes Project (GEOP), South Africa's youth employment programme (Jobs Boost), as well as the Green Outcomes Fund in South Africa, which marries both green and social outcomes. Other examples in the region worth monitoring include the work under way by the Education Outcomes Fund (EOF) in South Africa in the early childhood development space, as well as early talks of an EOF initiative in Nigeria.

Other areas where the principles of outcomes funding can possibly be applied include Nigeria's social investment programmes, which have already achieved scale, while Zambia's Citizens Economic Empowerment Commission (CEEC) pipeline has the enterprise base. Policymakers should consider existing initiatives as low hanging fruit for testing impact economy tools to develop the evidence base for broader integration.

National Partners, meanwhile, have an opportunity to work with policymakers to promote the use of what in many cases are still considered "alternative" procurement mechanisms.

BOX 7

Nigeria's Lagos Education and Access Fund (LEAF)

The Lagos State Government through the Lagos State Universal Basic Education Board, in partnership with the Education Outcomes Fund (EOF), has designed a \$25 million outcomes-based financing (OBF) programme intended to improve access to and quality of basic education for approximately 200,000 children aged 6-14 in Lagos State. The [Lagos Education and Access Fund \(LEAF\)](#) programme aims to both support access to education for out-of-school children and enhance education delivery across participating schools. LEAF has received financial support

from Children's Investment Fund Foundation (CIFF), the Ministry of Foreign Affairs of Japan, and the UBS Optimus Foundation (EOF, 2026).

This landmark OBF programme's operational partnership is at state level and is intended to demonstrate how these models can deliver improved outcomes and is supported by the national government, who has also indicated its commitment to get out-of-school children back into the classroom.

The LEAF project forms part of

a range of education-focused outcomes funds launched in Rwanda, South Africa and Sierra Leone between October 2025 and January 2026 and the EOF intends for these programmes to demonstrate how outcomes partnerships in education should move beyond individual pilot projects to broader policy-level implementation.

At the time of writing this report, the programme was in the process of procuring implementing partners. The programme is expected to run for 3 years.

CASE STUDY 1

Ghana Education Outcomes Project (GEOP)



Year

2022 (launched), 2023 (first cohort), 2023-2024 (second cohort), 2025-2026 (end target)

Country

Ghana

Responsible institution(s)

Government of Ghana (Ministry of Education), World Bank/ GPRBA, Education Outcomes Fund (EOF), Ghana Education Service (GES), World Bank (trustee/ fiduciary agent for GPRBA funds), Independent Verification Agent (IVA)

Government's role

Market Participant

Type of policy tool

Outcomes Partnerships (results-based financing architecture) and Capacity Building Programmes (service provider technical support, GES capacity for outcomes contracting)

Description

GEOP was jointly conceived by Ghana's Ministry of

Education, the World Bank (through its Global Partnership for Results-Based Approaches (GPRBA) trust fund) and the Outcomes Fund (EOF). The project was designed as additional financing to the broader Ghana Accountability for Learning Outcomes Project (GALOP) programme (approved 2019), which established a system-wide results-based financing architecture for Ghana's basic education sector. While GALOP focuses on improving teaching quality, accountability systems and school governance across approximately 10,000 underperforming public schools, GEOP introduces a distinct layer of outcomes-based commissioning by engaging non-state service providers and impact investors to address two persistent challenges: out-of-school children (OOSC) and weak foundational learning in enrolled students.

The government commissions outcomes through a competitive procurement process and service providers include local and international organisations such as School for Life, Plan International Ghana, Rising Education Outcomes Partnership and Ghana Transformed Partnership. Where providers lack the capital to self-

finance implementation, social investors, including Bridges Fund Management, UBS Optimus Foundation and Jacobs Foundation, provide upfront working capital through a blended finance structure combining government grants, donor funding, and private impact capital.

The key objectives are to re-enrol and retain approximately 70,000 out-of-school children in Ghana's formal education system and to improve foundational literacy and numeracy outcomes for approximately 120,000 enrolled students. GEOP's 600 beneficiary schools are drawn directly from the GALOP network, with verified outcomes feeding into GALOP's accountability infrastructure and informing how Ghana scales outcomes-based commissioning. Outcomes are independently verified by KPMG, which triggers payment for results. The specific outcomes metrics include (Ghana Education Outcomes Fund, 2024)

- 1 increase in number of OOSC placed into formal schools, disaggregated by gender
- 2 average learning gains for OOSC, disaggregated by gender
- 3 retention rate of previously OOSC in formal schools, disaggregated by gender
- 4 average learning gains in numeracy and literacy at P2 and P4 in target schools, disaggregated by gender

Furthermore, it is intended to demonstrate the viability and effectiveness of outcomes commissioning for Ghana's education sector specifically and the Sub-Saharan Africa region more broadly, while also mobilising private impact capital for education outcomes.

Highlights

- The \$30m GEOP fund was the **world's largest education outcomes fund** at launch in 2022 and also the first development impact bond in **African basic education at this scale**, demonstrating both innovation and first mover status in terms of scale in the region.

The fund is financed through the Global Partnership for Results-Based Approaches (GPRBA) via a \$25.5m grant from the UK's FCDO, with a \$4.5m contribution from the Government of Ghana. The sovereign fiscal risk exposure is therefore relatively low compared to the overall fund size.

- GEOP demonstrates that outcomes-based contracting can be a tool for directionally influencing intended outcomes. By intentionally including differentiated pricing across gender, geography, disability status, and marginalisation, the programme embeds financial incentives aligned with inclusion of target beneficiaries, ensuring that harder-to-reach children are not left behind in the pursuit of aggregate results.
- The model has demonstrated **measurable and verifiable outcomes**, having 52,708 Accelerated Learning Programme (ALP) learners re-enrolled into mainstream schools as of September 2025. Its success has further been validated as it received international recognition by winning the 2024 UAE GOVTECH Prize in the Education Service Category.
- Successful operationalising of outcomes-based contracting has a significant ecosystem-building potential, especially as Ghana has developed a model for building institutional capacity to commission for outcomes. GEOP has created **institutional infrastructure for procuring outcomes** and this model can be applied across other services and jurisdictions.

Additional Information

- [GPRBA – Ghana Accountability for Learning Outcomes](#)
- [UNESCO DTC Financing Toolkit – Ghana Education Outcomes Project \(GEOP\)](#)
- [Bridges Outcomes Partnerships – Ghana Education Outcomes Programme](#)
- [World Bank Blog – How Ghana Is Improving Learning For Every Child \(March 2024\)](#)



CASE STUDY 2

South Africa's Green Outcomes Fund (GOF)

Year

2020

Country

South Africa

Responsible institution(s)

National Treasury's Jobs Fund; GreenCape Sector Development Agency; UCT GSB's Bertha Centre for Social Innovation and Entrepreneurship

Government's role

Market Participant

Policy tool

Outcomes Partnerships / Government-enabled Wholesale Fund

Description

The GOF is an outcomes-based blended finance mechanism intended to stimulate investment in green small, medium and micro enterprises (SMMEs) in South Africa. The GOF was designed on the premise that green SMMEs can access capital through private fund managers, called catalytic finance partners (CFPs), if the right incentives were in place. The incentive was matched, outcomes-based grant payments once fund managers' investee SMMEs demonstrate verified results. This model de-risks investment and lowers the effective cost of capital, making previously "unbankable" green businesses viable. CFPs deploy debt, equity or mezzanine capital into SMMEs operating in clean energy, waste, water, sustainable agriculture and the circular economy and can select from a portfolio of 13 green metrics, including CO₂ avoided, renewable energy generated, water saved and waste diverted, aligned with the Impact Management Project (IMP) framework. The pilot-phase outcome payments have been primarily linked to verified green job creation, in line with the Jobs Fund's core mandate. In terms of scale, a total of ~\$5.6m (R92.6m) in public and philanthropic grant funding has catalysed ~\$24m (R395.5m) in private investment capital, mobilising ~\$30m (R488.1m) for South African green SMMEs.

The GOF brings together National Treasury's Jobs Fund (primary funder), GreenCape and UCT GSB's Bertha

Centre for Social Innovation and Entrepreneurship, with co-design support from WWF-SA and the World Bank Group's Climate Technology Programme and catalytic co-funding from the RMB Fund (FirstRand Foundation).

Highlights

- The GOF is widely recognised as Africa's first green outcomes fund. Its defining innovation – applying outcomes-based contracting **not at the project level, but at the fund level**, – means that private fund managers are rewarded only when their investee SMMEs deliver verified green results. This pay-for-performance architecture at fund scale had not previously been attempted in the impact investing world, positioning South Africa as a pioneer for green blended finance.
- The GOF achieved a leverage ratio of approximately 4.3:1, which provides **strong evidence of additionality**. For governments and development finance institutions seeking replicable models to mobilise private capital for the green transition, the GOF offers **compelling proof of concept particularly given that it was built entirely from domestic funding sources in an emerging market context**.
- The design reflects a sophisticated understanding of the local market. By focusing exclusively on locally registered fund managers and SMMEs, it retains economic value domestically and builds domestic investment capacity rather than routing capital through external intermediaries. Its 13-metric green outcomes framework was co-developed with local stakeholders and aligned with international impact investing standards and is directly relevant to South Africa's development priorities.

Additional Information

- [The Green Outcomes Fund](#)
- [Monetizing Green Impact: Lessons from Africa's First Green Outcomes Fund](#)
- [Pioneering a Climate Finance Instrument in Africa: Lessons from Two Years of the Green Outcomes Fund](#)
- [South Africa Climate Finance Policy Landscape](#)

Impact public procurement: Rethinking existing spending

Public procurement represents 15-30% of GDP across the nine countries, the single largest source of demand-side capital governments control. Redirecting even a modest share towards impact-oriented suppliers creates immediate market demand without new budget lines. Impact procurement can take the form of mandatory set-asides for social enterprises, social value requirements in tender scoring or simplified procurement pathways for impact-oriented SMEs.

Ghana's local content and SME procurement reforms demonstrate how a reasonably sophisticated local content framework can help advance more inclusive procurement practices. That said, challenges persist in closing the loop in that procurement reforms are accompanied by development in the broader financial ecosystem (blended finance, SME credit, supply chain development, etc.) that will enable SMEs to secure contracts as intended by the policy. This once again illustrates the interoperability of policy tools and the need for a coherent strategy to maximise efficiency of government policy geared towards the impact economy.

Apart from the Ghana example, this policy tool is not widely utilised in the region when explicitly considering parameters for the impact economy. As in other policy areas, policies that do exist do not necessarily comply with narrow impact economy definitions, but are intended to deliver impact economy outcomes. Some large-scale examples from more institutionalised markets in the region include South Africa's broad-based black economic empowerment (B-BBEE) framework. While it is a conceptually sound economic transformation instrument (which applies across both public and private sectors), its implementation efficacy and hence impact outcomes/results have been hampered by measurement complexity, poor governance, weak enforcement and corruption, as well as insufficient evaluation. Conversely, an example of a world-class and landmark public procurement policy – which preceded the global movement towards an impact economy – is South Africa's Renewable Energy Independent Power Producer Procurement Programme (REIPPPP).

Actionable opportunities

Near-term opportunity areas for Nigeria, Kenya, Ghana and Senegal are to introduce a social enterprise registry and a simple impact procurement evaluation criterion in one priority sector, such as health, education, or agricultural inputs. Most countries already have procurement regulations permitting additional evaluation criteria and therefore the change does not require new primary legislation. For WAEMU members, a regional social value procurement framework developed through BCEAO would achieve scope without fragmentation.



Public procurement represents

15-30%

of GDP across the nine countries, the single largest source of demand-side capital governments control.



CASE STUDY 3

Ghana's public procurement for local content & SME development

Year

2003 (Act 663); strengthened 2016 (Act 914)

Country

Ghana

Responsible institution(s)

Ministry of Finance; Public Procurement Authority (PPA), Minerals Commission, Petroleum Commission

Government's role

Market Participant

Type of policy tool

Outcomes Partnerships (results-based financing architecture) and Capacity Building Programmes (service provider technical support, GES capacity for outcomes contracting)

Description

First established in 2003 and amended in 2016, the framework is intended to channel public and extractive-sector spending into domestic enterprise development, local employment and skills transfer; provide SMEs with a protected entry point into government supply chains; target marginalised groups through reserved contracts; and maximise the domestic fiscal multiplier effect of government procurement. The policy mechanism operates through five interlocking instruments, including:

- 1 Threshold reservations: Purchases below defined financial thresholds are reserved exclusively for Ghanaian firms (but in practice, fewer than 1% of public tenders are internationally competitive).
- 2 Margin of preference: Qualifying local goods and services receive a 15–20% price preference in bid evaluation.
- 3 Sectoral local procurement lists: The Minerals Commission publishes a regularly updated list of goods and services that extractive operators must source locally (52 categories as of January 2025).
- 4 Reserved contracts: 30% of the 70% of contracts reserved for local businesses is designated for marginalised groups.
- 5 e-Procurement (GHANEPS): A digital tendering portal that reduces information asymmetries disadvantaging SMEs.

Ghana's structural localisation rate of more than 99% is among the highest in sub-Saharan Africa, however, uniform qualification criteria (Act 663, s.22) continue to disadvantage SMEs relative to larger firms. The 30% marginalised-group reservation, while in advanced policy development, awaits full operationalisation. The Ci-Gaba Fund-of-Funds (\$75m target) directly links procurement reform to private capital mobilisation for SMEs.

Highlights

- Ghana's framework is built around the realities of a resource-dependent, SME-dominated economy. By integrating extractive-sector procurement obligations with national procurement law, it creates a coherent framework where resource rents are leveraged for domestic development. This model is directly replicable by other commodity-exporting emerging markets.
- The 30% sub-reservation for women, youth and persons with disabilities within the broader local set-aside is one of the most structurally explicit approaches to gender- and disability-responsive procurement in West Africa, offering a template for other AU member states pursuing inclusive growth through public spending.
- Ghana exemplifies the GSG Toolkit's vision of government operating as market participant, facilitator and regulator in unison. Procurement reform creates the demand signal; the Ci-Gaba Fund-of-Funds provides the SME capital response. This public-private linkage is the defining feature of a mature impact economy approach.
- Ghana's experience highlights the critical importance of SME-differentiated procurement standards. Uniform qualification criteria undermine reservation provisions regardless of intent. This is a lesson relevant to virtually all developing economies and Ghana's ongoing reform agenda to address this gap makes it a live, instructive case.

Additional Information

- [Public Procurement Act, 2003 \(Act 663\) & Amendment Act, 2016 \(Act 914\)](#)
- [Minerals Commission, Local Procurement List, 6th Edition \(Jan 2025\)](#)
- [PPA Ghana, GHANEPS e-procurement portal](#)

Government funding programmes: Moving the dial from input-based approached to catalytic funder status

Most of the nine focus countries operate enterprise or innovation funds but these are almost universally structured around inputs (grants, soft loans) rather than outcomes and they very rarely include private co-investment incentives. The shift to catalytic funding where public resources act as first-loss capital or guarantees designed to unlock private co-investment is the highest-return structural change available to most governments in this role.

Actional opportunities

This policy tool should be considered a priority restructuring opportunity, especially for less institutionalised and fiscally constrained markets such as Ethiopia, Burkina Faso, Senegal, Côte d'Ivoire, Ghana and even South Africa. The objective should be to convert at least one existing government enterprise fund from a pure grant/loan instrument to a blended structure with first-loss capital, private co-investment matching, or outcome-linked disbursements. Where an existing fund is not fit for purpose, there is opportunity to partner with philanthropic funders to design such funds and thereby create demonstration cases for those capital pools as well to explore funding roles that go beyond the traditional philanthropic grant-making model. The objective of any such model should be to mobilise private sector capital at scale. For the more institutionalised markets, models can be developed that increase the attractiveness of the investment for institutional investors, such as insurers and pension funds, from a risk/return profile perspective.

The key here would be to allocate funds from existing institutional homes, such as the Ethiopian Investment Holdings, Burkina Faso's four consolidated national development funds, FONSIS in Senegal and Ghana's Infrastructure Investment Fund, to name a few. The focus of introducing the policy tool should be on structural design changes rather than new budget allocation. NABII Zambia's Small Business Growth Initiative, which is a ZMW 5 billion (~\$190 million) fund that provides both a credit guarantee scheme as well as technical assistance and innovation support for MSMEs, provides a design template for other funds in the region. Other examples include the Jobs Fund, which is a matched-funding Challenge Fund intended to test innovative solutions for job creation for specifically women, youth and marginalised groups (well-established and proven success in scale in outcomes), as well as Ethiopia's Enterprise Financing Facility, which is a blended finance initiative that targets growth-stage SMEs and start-ups (still in the early stages).

CASE STUDY 4

South Africa's Jobs Fund



Year
2011

Country
Republic of South Africa

Responsible institution(s)
Design & launch by National Treasury (NT); Oversight & implementation done by Government Technical Advisory Centre (GTAC)

Government's role
Market Participant

Policy toolkit
Funding programmes/government-enabled wholesale fund

Description

The Jobs Fund (originally named the Employment Creation Facilitation Fund or ECFE) was formally established in the 2011/12 national budget in response to South Africa's unemployment crisis, with the jobless rate around 25% at the time. It received R9bn from the fiscus and went into operation in 2012. By focusing on structural employment barriers rather than acting as a mass employment programme, it was designed as the government's "research and development" vehicle for creative, scalable job creation models, testing and catalysing market-led solutions. One of the biggest challenge funds in the world when it first launched, Jobs Fund uses a competitive grant system where financing is

contingent on applicants matching their co-investment. It operates through four windows: enterprise development, infrastructure development, work seeker support and institutional capacity building. It requires mandatory co-finance to catalyse rather than replace private capital and it conducts open, rolling calls (11 rounds completed by 2024) for public entities, private firms and civil society. It has implemented rigorous monitoring, evaluation and learning, with milestone-based payments, independent evaluations by Oxford Policy Management and published insights through its Siyasebenza newsletter and research outputs. In addition to grants, it has integrated blended finance and guarantee mechanisms, such as a partnership with Sasfin Asset Managers and RBN Fund Managers, to unlock R360m in matched SME lending.

The Jobs Fund seeks to achieve a number of interconnected economic, social and systemic goals, including sustainable and inclusive job creation (especially for women, youth and historically marginalised groups) while seeking to address structural barriers like rigid labour markets, skills mismatches, spatial inequality, limited financing for SMEs and emerging farmers and weak enabling infrastructure in marginalised areas. Furthermore, it intends to sample and scale innovative models through replication by the government, DFIs and private actors and, finally, it uses public funds to attract private capital, expertise and managerial capacity for high-impact, high-risk job creation initiatives.

With more than 100 governmental, commercial and nonprofit partners carrying out projects across various sectors, the Jobs Fund is managed by the GTAC/Jobs Fund Directorate (appraisal, contracting, disbursement and MEL) and supervised by National Treasury (strategic direction and funding cycles). Commercial banks, asset managers like Sasfin Asset Managers, impact investors and SME lenders are examples of co-financiers, while international DFIs, such as British International Investment, indirectly partner through vehicles like the Summit Africa Private Equity Fund. Civil society provides support programs, Oxford Policy Management conducted assessments and Parliament's Standing Committee on Finance oversees the process.

Highlights

- Capital mobilisation at scale: At introduction, the Jobs Fund was the largest challenge fund in the world with an initial capitalisation of R9bn. It exemplifies a strong public-private model by leveraging more than R13.3 billion in matched funding. This model is further

reinforced by its shift away from pure grant-making toward blended finance instruments that have a catalytic effect, like SME lending guarantees with institutional investors.

- Demonstrated effectiveness and measurable results: To improve accountability and control financial risk, the Jobs Fund implemented a performance-linked disbursement methodology from the beginning, mandating quantifiable milestones and linking payments to confirmed delivery. The fund surpassed its initial goal of 150,000 permanent jobs by 2018, reaching 210,719 permanent jobs by 2024, demonstrating consistent, long-lasting employment outcomes over more than 10 years. These outcomes were confirmed by an independent midline evaluation done by Oxford Policy Management.
- Regional first mover: The Jobs Fund which was one of the first government-led challenge funds in sub-Saharan Africa and launched in 2011 (before most of the global conversation on blended finance). It was a trailblazer in establishing a developing-country government as a sophisticated challenge fund operator on a global scale. Its use of competitive, open calls for proposals introduced market discipline, improving allocative efficiency and bringing to light truly innovative solutions from public, private and civil society actors. Its emphasis on knowledge sharing, learning and replication made it a model-level innovation.
- Policy innovation: This hybrid policy tool appropriately addressed market failures through merging competition, matching co-financing, performance-linked rewards and active MEL. It combines public and private resources using guaranteed mechanisms and applies the approach across four intervention windows to solve various employment impediments in an integrated manner.
- Local context adaption: To maximise developmental impact across numerous partners, the Jobs Fund requires flexible matched co-investment and maintains a lean ~10% overhead. It also adapts to changing priorities, such as the green and informal sectors.

Additional Information

- [A Decade of Innovation and Partnership](#)
- [SIYASEBENZA newsletters](#)
- [The Jobs Fund](#)
- [JF Learning Series Creating Jobs Through Enterprise Development](#)



CASE STUDY 5

Zambia Credit Guarantee Scheme (ZCGS)

Year

2017

Country

Republic of Zambia

Responsible institution(s)

Ministry of Finance and National Planning (sole shareholder via the Minister of Finance Incorporation Act Cap 349). Oversight: Bank of Zambia (BOZ). Implementation: ZCGS management and Board; Ministry of Small and Medium Enterprise Development; Zambia Development Agency (ZDA)

Government's role

Market Participant

Policy tool

Government Funding Programme

Description

Announced by the Minister of Finance in the 2016 National Budget and incorporated in September 2017, ZCGS is a government-owned limited company providing partial credit guarantees to viable Zambian MSMEs that lack adequate collateral. Guarantees are issued through partner financial institutions (PFIs), commercial banks, microfinance institutions and non-bank financial institutions, which bear the residual credit risk.

Highlights

- Announced in 2016, operational by 2018 and steadily scaled, with its 2026 budget allocation nearly tripling the 2024 level, the ZCGS has demonstrated institutional credibility, supported by sustained political commitment to the scheme.
- The dual-window design addresses two market failures. By running separate SME and agriculture windows, ZCGS simultaneously targets urban enterprise growth and rural smallholder financial inclusion, a contextually appropriate response to Zambia's dual economy.
- The scheme has an embedded gender and inclusion mandate. The formal 30% women-borrower target, exceeded in 2022 when 54% of guaranteed MSMEs were women-led, goes beyond intent to measurable impact on inclusion.
- ZCGS's structure, a government-owned limited company operating through commercial PFIs with a clear mandate, affirmative policies and capacity-building, is replicable across Sub-Saharan African contexts with similar MSME financing gaps.

Additional Information

- [ZCGS website \(zcgsc.co.zm\)](http://zcgsc.co.zm)
- [2024 National Budget / ZIPAR analysis](#)
- [IMF Country Report No. 24/350](#)

Sovereign sustainable bonds: Signalling credibility at scale

Sovereign green, social and sustainability-linked bonds are the most visible market participant tool in the nine-country context and the one where adoption is most advanced. Nigeria's 2017 sovereign green bond (Africa's first) established the institutional mechanics, while Kenya's green bond programme and South Africa's social bonds (albeit corporate rather than sovereign issuance) developed the domestic investor base. The uptake of these instruments, however, remain generally low in the region. Although South Africa, a well-institutionalised market, developed a green bond framework in 2022, we have yet to see any sovereign issuance of thematic bonds.

Less institutionalised markets, such as Côte d'Ivoire, have utilised the growing segment of global capital markets and issued a \$1.1bn in USD-denominated sustainability bond, listed on the London Stock Exchange (LSE's) main market and sustainable bond market segment in 2024, (White & Case, 2024). This follows the initial development of its Sustainable Bond Framework in 2021, which was updated in 2023 to align with ICMA principles and expanded eligibility criteria. In 2025, the country became the first in the region to launch a Sustainability-Linked Finance (SLF) Framework. It will tie sovereign borrowing costs to performance

targets rather than just earmarking proceeds and is intended to enhance accountability and support the development of more transformative policy.

The IMF has documented that sovereign green bond issuance catalyses corporate issuance and lowers sovereign borrowing costs over time, making the instrument both a signalling tool and a financial one. Countries that are not utilising these global funding instruments therefore should explore this as a useful tool to access untapped capital pools.

BOX 8

The rise of diaspora bonds

A possible region-specific tool that has garnered some interest in the least institutional markets is diaspora bonds. Diaspora bonds are typically used to raise capital for large-scale private infrastructure projects. They typically have a development lens as these types of projects (infrastructure, housing and social amenities) often appeal to the diaspora (AfDB, 2019). In October 2025, Senegal launched a ~\$537m diaspora bond issuance

and in February 2026, Burkina Faso announced a ~\$420m bond issuance (Ledy, 2026).

For Burkina Faso, the bond has both a financing and a political dimension: diaspora remittances reached \$579m in 2023, but the majority flows into household consumption rather than investment (Ledy, 2026). The bond seeks to redirect a share of that savings stock into productive capital. Questions remain around yield, investor

protection guarantees (low trust levels have hampered African diaspora bond issuances before) and fund traceability and the instrument's credibility with the diaspora will determine whether it sets a replicable model or remains a one-off.

This financing mechanism is worth monitoring as it potentially opens a channel of alternative funders that can be tapped for development-oriented capital.

Actionable opportunities

South Africa should prioritise tapping the sustainable bond market with a sovereign issuance. At the time of this research, it appeared as though the intent to do so was already there. This is a space to monitor closely for the South African market, especially considering the opportunities for financing a just transition with these instruments.

Elsewhere, the sustainable bond market presents an immediate opportunity for Ghana and Senegal as both these markets have the institutional infrastructure and credit standing to issue sustainability bonds in the near term. For Ghana, there is potentially an opportunity to explore a social bond linked to national health insurance outcomes as this would combine sovereign credibility with a domestic institutional investor base.

Medium-term opportunity exists for Ethiopia, Zambia and Senegal. Once macroeconomic credibility is restored in these markets, a first sovereign sustainable bond, designed from the outset to cover both environmental and social categories, should be prioritised. In the interim, Zambia can refine its national taxonomy to ensure it is context appropriate, while Ethiopia has the opportunity to develop the same. Senegal, meanwhile, can work within the WAEMU architecture to position itself as a visible champion of the AMF taxonomy through technical working group participation and domestic regulatory adoption. These taxonomies will ultimately act as eligibility gatekeepers of sorts to ensure the criteria for the bonds align with national priority areas. The interoperability of different policy tools is once again illustrated here.

CASE STUDY 6



Nigeria's Sovereign Green Bond Programme

Year

2017

Country

Federal Republic of Nigeria

Responsible institution(s)

Federal Ministry of Finance; Federal Ministry of Environment; Debt Management Office (DMO); Securities and Exchange Commission (SEC); Nigerian Exchange Group (NGX); FMDQ Securities Exchange

Government's role

Market Participant; Market Facilitator

Policy tool

Sustainable Bonds; Capacity Building Programme

Description

Nigeria's Sovereign Green Bond Programme grew out of its Paris Agreement commitments, with NDC targets of 20% unconditional (or 45% conditional) GHG emission reductions by 2030. Announced at New York Climate Week in September 2016, the programme involved stakeholder consultations, World Bank technical assistance and Climate Bonds Initiative engagement before the federal government issued Africa's inaugural sovereign green bond in December 2017, making Nigeria the first country on the continent and fourth globally, to do so.

Highlights

- Nigeria's 2017 green bond issuance marked the first sovereign green bond issuance in Africa and the world's first certified under the Climate Bonds Standard, demonstrating that a fiscally constrained, commodity-dependent economy could pioneer credible sustainable

finance. All eligible projects were pre-budgeted in the national budget, directly financing Paris Agreement commitments and reducing greenwashing risk. Local adaptation is illustrated in project selection, which prioritised off-grid renewables, afforestation and rural electrification, all of which address Nigeria's specific climate vulnerabilities and development realities rather than generic green infrastructure.

- The sovereign issuance has a catalytic effect as it anchored domestic market development, unlocking corporate issuances and growing Nigeria's green bond market from zero to ~\$120m (NGN 49.19bn) within three years. It also directly inspired peer African sovereigns (Seychelles, Côte d'Ivoire) to enter the market.
- A total of three issuances raised NGN 76bn+, with subscription rising from 0.94% (2017) to an oversubscribed 220% (2019), reflecting deepening investor confidence; a proposed fourth issuance of NGN 250bn would mark a step-change in scale.
- The programme demonstrates progressive regulation as it generated iterative regulatory architecture such as SEC Rules (2018), Green Bond Framework (2020) and a Sustainable Bond Framework (2025). This is a replicable model for emerging markets and demonstrates how sequencing can vary.

Additional Information

- [Debt Management Office Nigeria](#)
- [Green Bonds](#)
- [Nigeria Green Bonds](#)
- [Green Bond Impact Report](#)
- [Nigeria Climate Change](#)



CASE STUDY 7

Côte d'Ivoire's Sovereign Sustainability Bond

Year

2024

Country

Republic of Cote d'Ivoire

Responsible institution(s)

Ministry of Economy and Finance; Ministry of Budget and State Portfolio; Ministry of Planning and Development; Treasury (Direction Generale du Tresor)

Government's role

Market Participant

Policy tool

Sustainable Bonds

Description

Côte d'Ivoire's ESG journey began in 2019 with a Social Loan, followed by its inaugural Sustainalytics-reviewed Sustainable Bond Framework in 2021, aligned with the 2021–2025 National Development Plan and updated in 2023 to reflect revised ICMA principles. On January 26, 2024, the country priced a landmark \$2.6bn dual-tranche Eurobond, including \$1.1bn in sustainability notes (due 2033) and \$1.5bn conventional bonds (due 2037), its first USD sovereign bond since 2017. This reopened the Sub-Saharan African Eurobond market after a near two-year hiatus.

Highlights

- The \$1.1bn issuance attracted \$8bn+ in demand, adding to \$2.4bn in cumulative ESG financing mobilised under the framework. The use-of-proceeds component is ringfenced via a dedicated Treasury account and the

credibility of the instrument is underpinned by a second party opinion done by Sustainalytics SPO. The note is listed on the LSE Sustainable Bond Market and is subject to annual impact reporting obligations.

- The issuance reopened Sub-Saharan African sovereign Eurobond markets after a near two-year hiatus, catalysing peer issuances in both Benin and Kenya in Q1 2024.
- The bond featured innovative structuring features, including amortising maturity (which reduces refinancing risk), as well as a concurrent tender offer that optimises the debt profile. The EUR/USD cross-currency swaps support FX risk management.
- The dual-purpose label combines green and social expenditure categories, maximising flexibility to address development priorities holistically. This differs from other sustainable bond issuance in the region, which has been concentrated on the green bond market.
- The bond is anchored to the 2021–2025 National Development Plan, with the eligibility criteria reflecting national poverty thresholds and socio-economic priorities. For the green component, the categories are NDC-aligned and focused on climate adaptation to reflect Côte d'Ivoire's agricultural vulnerability as the world's largest cocoa producer.

Additional Information

- [Sovereign Bond Offering](#)
- [ICMA Sustainable Finance Principles](#)
- [Africa's Potential for Sustainable Sovereign Finance](#)

Actionable opportunities

The case studies and adoption map above point to differentiated priorities across three country clusters:

Table 21: The cluster-level priorities

Cluster	Countries	Priority Actions
Institutionalised: deepen and systematise	South Africa, Kenya	Move from pilots to national frameworks: a legal basis for outcomes contracting; binding impact criteria in all central government procurement; scale wholesale catalytic funds into regional fund-of-funds vehicles accessible to smaller markets
Partially institutionalised: convert existing instruments	Nigeria, Ghana, Zambia, Senegal, Côte d'Ivoire	Restructure one existing enterprise fund as a blended first-loss vehicle; expand or initiate sovereign sustainable bonds; pilot a payments by results (PbR) programme in one priority sector using existing institutional infrastructure
Least institutionalised: build foundations, use regional architecture	Ethiopia, Burkina Faso	Prioritise national/WAEMU taxonomy as precondition; identify one DFI-backed wholesale fund anchor; integrate impact investing explicitly in the next national development plan as a delivery mechanism

Section 7

Government as Market Regulator

If the market participant role is about what governments spend, or having skin in the game, the regulatory role is about what they permit, require and incentivise. The five tools of the existing toolkit articulate the role of regulator as setting legal forms for impact-driven businesses, developing sustainability reporting standards, clarifying the fiduciary duty of the investor, creating fiscal incentives and creating an enabling environment for retail investors to access impact assets. Collectively, the regulators determine whether the private financial system can recognise, allocate to and account for impact.

No amount of public spending can substitute for a regulatory environment in which impact enterprises lack legal identity, pension funds are legally constrained from investing in impact assets and impact performance cannot be disclosed in a standardised way. This chapter maps adoption patterns across the nine focus countries and identifies where regulatory reform offers the highest return for the lowest institutional cost.

Regulatory tools

The regulator role encompasses the legal and institutional rules that govern how impact capital flows and is reported. Unlike market participant tools, which require budget commitments, most regulatory tools require legislative, regulation or guidance changes. Although these tools tend to be high leverage and often low cost, regulatory changes are more often than not exceptionally slow and can be hamstrung by frequent changes in government administrations:

Table 22: Regulatory tools, how they work and their relevance within the region

Tool	How it works	Relevance for the region
Specific legal forms for impact-businesses	Creates a recognised legal identity for organisations with dual financial and social/ environmental missions, protecting mission-lock, simplifying investor due diligence and enabling access to tailored tax and procurement treatment.	Without legal recognition, social enterprises carry the same liability structure and tax burden as purely commercial firms; investors cannot efficiently identify them and additional due diligence is required to test their viability. Furthermore, procurement systems cannot differentiate them.
Sustainability disclosure requirements	Mandatory or voluntary ESG and impact disclosure requirements that make performance comparable, verifiable and accessible to investors across the market.	Investor confidence depends on data quality. Without standardised disclosure, transaction costs rise, greenwashing proliferates and domestic institutional investors cannot make risk-adjusted comparisons across impact assets.
Clarifying investors' fiduciary duties	Formal regulatory guidance clarifying that institutional investors, pension funds, insurers and endowments can legally allocate to impact-aligned assets without breaching fiduciary obligations when risk-adjusted returns are appropriate.	Conservative legal interpretations of fiduciary duty are the single largest barrier to domestic institutional capital participation. Clarification guidance, not legislation, is typically sufficient to unlock significant reallocation (at least in more developed markets).
Fiscal incentives	Tax deductions, exemptions, credits, or differentiated rates specifically linked to impact-oriented investment or enterprise activity, distinct from general investment incentives.	General incentives reward all investment equally, while impact-linked incentives change the risk-return calculus specifically for high-impact but higher-risk activities, crowding in capital that would not otherwise flow. Since impact investment typically aims to create wider public benefits, there should not be a public policy conflict when developing incentives.
Facilitating retail investor participation	Regulatory frameworks enabling small-scale investors to access impact instruments, green savings products, retail sustainable bonds, crowdfunding platforms, social enterprise shares.	This deepens the domestic capital base as it democratises the impact economy beyond institutional investors and it builds public engagement with impact goals.

Adoption patterns

The table below maps current adoption status for each regulatory tool across all nine focus countries, drawing on evidence from landscape studies and policy reviews.

Table 23: **Adoption patterns**

Policy area	Burkina Faso	Zambia	Ethiopia	Côte d'Ivoire	Senegal	Ghana	Nigeria	Kenya	South Africa
Specific legal forms for impact businesses									
Sustainability disclosure requirements									
Clarifying investors' fiduciary duties									
Fiscal incentives									
Facilitating retail investor participation									

Partial/ emerging/ pilot Exists/ operational

Market regulator: The most uniform gap

The regulatory picture is the most consistent aspect across the region; it is significantly underdeveloped when specifically considering impact policy tools. This is not surprising considering that the least institutionalised markets are still grappling with instituting a basic capital market regulatory framework. While such a reality is an immediate barrier to mobilising capital in these markets, it also presents an opportunity to embed impact economy principles in the regulatory approach from the get-go and ultimately leapfrog other, more institutionalised markets in embedding impact economy regulatory principles.

Even South Africa, typically known for its deep and sophisticated capital markets and by far the most advanced ecosystem in scope, shows only partial adoption or no adoption of mechanisms across most tools. The exception for South Africa is fiduciary guidance, where the market has been a leader in explicitly making provision for consideration of material ESG risks through a shift from a rules-based approach to a principles-based approach.

An interesting nuance in the region is that voluntary guidance is often developed by the market participants themselves rather than being driven by government in a regulatory capacity. As specific pain points emerge, organised sector associations and industry networks often rally and develop self-regulatory instruments that they deem useful, and later, these often end up as being mandated by government.

Because the wheels of government regulation tend to move painstakingly slowly, making it hard to keep up with an ever-evolving market landscape, voluntary self-regulation in response to changing global investor requirements is often a more market-friendly approach. This is evident, for example, in Kenya, where the Kenya Bankers Association (KBA) developed and adopted several frameworks, including the Sustainable Finance Guiding Principles, which help banks manage environmental and social risks while promoting positive impacts (Kenya Bankers Association, 2015). Furthermore, the Central Bank of Kenya issued the Kenya Green Finance Taxonomy and Climate Risk Disclosure Framework in April 2025, developed in partnership with the European Investment Bank (Central Bank of Kenya, 2025b). This dynamic is evident in other markets as well, including Nigeria, where the Securities Exchange Commission developed guidelines on sustainable

financial principles for the Nigerian capital market, while the Johannesburg Stock Exchange in South Africa developed a sustainability segment for sustainable bonds.

A lot of the work undertaken by national advisory boards in the region can also be considered as shaping future policy through engaging stakeholders across the ecosystem and providing oversight of working groups to advance the impact economy. Impact Investing Kenya, for example, is developing guiding, voluntary principles for impact investing.

Another trend from a policy perspective is that necessity drives initiatives beyond the self-regulatory trend. The market is often innovating and this often requires considered risk-taking and testing the legal boundaries. Policymakers often want use cases proving the need for regulatory changes and this can often only be achieved where boundary lines are being tested. While this creates a chicken-or-egg scenario in some policymaking contexts, a useful workaround for this has been regulatory sandboxes. In Zambia, where sandboxing initiatives already exist, the NABII has proposed that existing sandbox initiatives go beyond the scope of regulating novel fintech innovation and consider sandboxing new proposals for financial regulation.

BOX 9

Zambia's regulatory sandbox ecosystem

Zambia has a multi-regulator fintech regulatory sandbox ecosystem that was developed to address the mismatch between the country's existing regulatory framework and the rapidly evolving and dynamics financial sector. Three distinct sets of guidelines exist, including:

- [Guidelines for Conducting a Regulatory Sandbox \(Bank of Zambia, April 2021\)](#)
- [Regulatory Sandbox Guidelines for Capital Markets – Guideline No. 3 of 2020 \(Securities and Exchange Commission Zambia, December 2020\)](#)

- [Regulatory Sandbox Guidelines for Pensions and Insurance \(Pensions and Insurance Authority, December 2025\)](#)

The ecosystem covers payment systems (BoZ), capital markets (SEC Zambia) and pension insurance (PIA). This ecosystem enables regulators to waive or relax certain licensing and compliance requirements on a time-limited basis, while still maintaining core consumer protection standards. It is a compelling model for other markets as it provides a controlled framework under which innovation can be tested.

Zambia NABII is proposing that the sandbox mechanism is extended beyond fintech regulation to pilot novel financial regulation itself — effectively turning the sandbox into a “regulation sandbox.” This would create the opportunity to pilot new financial regulations through a sandbox approach before full adoption, enabling evidence-based policymaking by piloting regulatory interventions. This represents a frontier application of the sandbox concept and one that NABII is developing in collaboration with regulators and ecosystem partners.

In terms of fiscal incentives, these tools are present in some markets but not explicitly linked to impact performance or the impact economy per se. The single area of clear leadership in sustainability disclosures is Nigeria, who was the first African country to adopt IFRS S1 and S2 Sustainability Standards in June 2023.

Given the development phases of the sample for this report, it is likely that apart from South Africa and Nigeria, only Kenya (and perhaps to a lesser extent Ghana) have sufficiently sophisticated capital markets to adopt mandatory ESG reporting requirements.

These examples illustrate not only the varying extent of regulation across the region, but also how the private sector often solves for changing market dynamics in real time rather than waiting for the government to attempt to create fit-for-purpose regulation for real economy sectors. And, when regulatory changes are required, the private sector will often lobby for these changes. While there is undoubtedly a role for the government to play in creating a supportive regulatory environment, especially in less institutionalised markets where basic capital market regulation remains underdeveloped, the solution is often small but considered changes that can have significant effects rather than a complete policy overhaul. Where the private sector encounters barriers to impact investing within the existing regulatory framework, opportunity exists for policy change and policymakers should work with the private sector to enact these changes where a clear opportunity for greater market participation exists.

Legal forms for impact-driven businesses: A potentially strong foundation

In eight of the nine countries researched, social enterprises, impact funds and dual-purpose businesses have no recognised legal identity, representing the single most consistent regulatory gap across the countries. Enterprises usually operate as normal businesses or NGOs, so they don't get the legal protections, tax benefits, or clear recognition for investors that a special legal structure for a social enterprise would provide. This matters because legal form is the foundation on which investment terms, governance requirements and regulatory oversight are built. Without it, these organisations pay the same tax rates as purely commercial firms, cannot access impact-specific procurement set-asides and require investors to conduct bespoke due diligence to verify mission and governance. This raises transaction costs, reduces investor confidence and makes scaling structurally harder.

The international precedent that is often used to make the case for legal forms is the UK, which introduced Community Interest Companies in 2005, the first new incorporated legal form in the UK in over a century, through a contained legislative intervention that now supports over 37,000 registered entities (White & Case, 2024). In the US, Maryland passed the first US Benefit Corporation legislation in 2010, triggering adoption across dozens of states (Gordon Feinblatt LLC, 2010). Italy followed in 2016 as the first country outside the US to legislate the form (Del Baldo, 2019). These examples are encouraging, however, the markets differ vastly from those in Africa and therefore the replicability of these models in the African context is questionable.

Instead of a legal form for social enterprises, there is perhaps an alternative to consider for the African regional policy toolkit, namely specific legal forms for MSMEs. Although MSMEs are not explicitly recognised as impact ventures globally, there is an argument to be made for these businesses to be considered in a similar vein in the African context given their contribution to economic development broadly and job creation specifically. Such an argument can be corroborated by integrating a requirement for such enterprises to adhere to basic ESG thresholds, such as the ABC Framework – a simple approach which requires enterprises to, at a minimum, Act to avoid harm, but ideally Benefit stakeholders and Contribute to solutions. There is an opportunity in the region to develop policy that caters specifically for the type of enterprises in their own markets and create legal forms that would genuinely support these enterprises.



In eight of the nine countries researched, social enterprises, impact funds and dual-purpose businesses have no recognised legal identity, representing the single most consistent regulatory gap across the countries.

Some examples exist of what this might look like in the region. Firstly, Kenya's MSE Act and institutional architecture (MSEA) is the closest African equivalent to a legal form for social enterprises. It gives MSMEs a defined statutory identity with targeted policy support. South Africa's SME tax framework includes reduced corporate tax rates for small business corporations (SBCs) and zero tax rates for specific thresholds through the Turnover Tax, while the National Small Business Act provides strong definitional recognition.

Finally, the most explicit example in the region is the Startup Proclamation in Ethiopia, which was unanimously ratified and came into force in July 2025 following nearly five years of deliberation. The proclamation establishes a distinct legal category for innovative, tech-enabled and scalable businesses, collectively referred to as "startups", as well as those who support them, or "startup ecosystem builders" (Zekarias, 2025). To qualify, a businesses must be operational for less than five years, offer an innovative or scalable product or service, be at least 25% founder-owned and fall within the micro/small/medium enterprise category.

Key features of the legislation include that certified startups will qualify for a five-year corporate tax holiday, receive exemption on capital goods imports for three years, have better access to public procurement opportunities and direct access to government ministries and agencies. It will also see the creation of a \$36m Ethiopian Startup Fund for grants and soft loans. This is the first time Ethiopia confers formal legal recognition on this category of enterprises and serves as a strong demonstration case for the rest of the region, especially if implementation is executed properly. While this legislation focussed on startups more generally, a new policy was approved in early 2026 (the National Entrepreneurship Policy) which included five new categories of entrepreneurship, including social entrepreneurship explicitly (ACE Advisors, 2026). This is a first for the region and while the legal, regulatory and institutional measures have yet to be developed to translate this into a workable policy in practice, it is worth monitoring going forward.

These concepts offer a strong starting point to be interrogated and refined by policymakers in the region.

Actionable opportunities

This is a priority legislative opportunity for Nigeria, Ghana and Zambia. Policymakers can insert social enterprise provisions, asset lock and community interest tests into existing or pending companies act frameworks, to unlock the benefits of legal form clarity for investors. Such changes can be done through target regulatory amendments rather than developing new statutes and therefore can be done within a single legislative cycle.

For Kenya and South Africa, adjustments can be made to existing legislation to enhance the impact potential. For WAEMU members, the higher-leverage path is a BCEAO (The Central Bank of West African States) directive defining a "social and solidarity economy enterprise" form within the existing uniform law framework, achieving the same result across eight economies simultaneously.



In early 2026, Ethiopia became the first country in the region to explicitly recognise social entrepreneurship as a distinct policy category. If implemented successfully, this could set a precedent for the region.



CASE STUDY 8

Ethiopia's Startup Proclamation No. 1396/2025

Year

2025

Country

Ethiopia

Responsible institution(s)

Ministry of Innovation & Technology (MinT), Ethiopian Investment Commission (EIC), National Bank of Ethiopia (NBE), National Startup Designation Committee, Ethiopian Communications Authority

Government's role

Market Regulator / Facilitator

Policy tool

Specific Legal Forms for Impact Businesses; Fiscal Incentives; Government-enabled Wholesale Funds; Capacity Building; Dedicated Government Agencies

Description

Drafted by the MinT over five years, the proclamation provides a comprehensive legal framework for Ethiopian startups and the broader ecosystem. Although Ethiopia lacks a standalone social enterprise statute, the Proclamation creates two functional pathways for impact businesses. It defines startups as enterprises that are innovative, tech-driven and scalable, with limited business history and are more than 25% founder owned. It has several key mechanisms through which this is done, including a specific startup designation that qualify for tax incentives and a dedicated ecosystem builder category to recognise intermediaries. Furthermore, it includes a startup innovation fund with \$36mn in seed grants and soft loans and co-financing of up to 30% for accredited incubators, as well as a government-private share company investing into VC funds that is open to foreign co-investment. It contains

a credit guarantee scheme, which includes an NBE-supervised loan guarantees for startups, SEBs and MSMEs with limited collateral, as well as a regulatory sandbox that makes provision for 12-month pilots for fintech (NBE) and telecoms (ECA) startups under relaxed rules. Finally, it contains SOE mandates, with Ethio Telecom and Commercial Bank of Ethiopia each required to pilot one startup proof-of-concept annually. The success of the proclamation will depend on capitalising the startup innovation fund, operationalising the Startup Desk and issuing implementing directives, which have historically been Ethiopia's weak spot.

Highlights

- The law features innovative financial architecture by interlocking grant fund, Fund of Funds and credit guarantee schemes that will enable capital mobilisation across the risk spectrum. This is a sophisticated design for a first-generation startup law.
- It directly addresses Ethiopia's startup ecosystem barriers by waiving minimum capital requirements for foreign investors, while credit guarantees offset lack of collateral and the regional hub provisions extend benefits beyond Addis Ababa.
- Exempting foreign startups and SEBs from investment capital minimums is a structural shift in a historically restrictive FDI regime, creating new entry points for DFIs and impact fund managers.

Additional Information

- [Proclamation No. 1396/2025](#)
- [Ethiopia Startup proclamation No. 1396/2025](#)
- [Ethiopia's New Startup Proclamation No. 1396/2025](#)

Fiduciary duty clarification: They key to tapping the largest capital pool?

Pension funds and insurance companies collectively hold the largest pool of domestic institutional capital in every one of the nine focus countries, capital whose investment horizon (decades, not years) is structurally aligned with the patient, long-term nature of impact investment. Yet this capital is almost entirely absent from impact markets. Barriers for participation in the impact investing market range from a lack of investable assets to a structural impediment (such as government reliance on purchases of sovereign bonds), a mismatch in risk/return parameters and pension fund liquidity requirements. Pricing uncertainty relating to valuation and performance uncertainty also acts as a barrier. These are all well documented and various markets have undergone (or are in the process of undergoing) policy reform to make provision for greater participation in impact investing by institutional investors.

BOX 10

Preamble to South Africa's Regulation 28 amendment

A fund has a fiduciary duty to act in the best interest of its members whose benefits depend on the responsible management of fund assets.

This duty supports the adoption of a responsible investment approach to deploying capital into

markets that will earn adequate risk adjusted returns suitable for the fund's specific member profile, liquidity needs and liabilities.

Prudent investing should give appropriate consideration to any factor which may materially affect the sustainable long-

term performance of a fund's assets, including factors of an environmental, social and governance character.

This concept applies across all assets and categories of assets and should promote the interests of a fund in a stable and transparent environment.

Another key barrier is legal uncertainty. Fund managers and trustees, uncertain whether allocating funds (even a small proportion) to impact-aligned assets is consistent with their fiduciary duty to maximise risk-adjusted returns for beneficiaries, default to conventional assets. A formal regulatory guidance statement can remove this barrier at minimal institutional cost.

The regional leader in this regard is South Africa's pension fund policy governed by [Regulation 28](#). This is arguably one of the most progressive pension investment frameworks in the world from an impact investing standpoint. In 2011, it explicitly reframed fiduciary duty to encompass long-term sustainability and ESG considerations, giving trustees both the permission and the legal cover to pursue responsible and impact-oriented investments. The caveat to this is that trustees must be able to demonstrate that such investments are consistent with **adequate** risk-adjusted returns for members (see Box 11: Preamble to South Africa's Regulation 28 amendment for specific wording).

South Africa's Public Investment Corporation (PIC) is the continent's largest state-owned asset manager with ~R3t (~\$175bn) in AUM (PIC, 2025a) and it explicitly includes ESG considerations in its investment decision making process. In its 2025 Corporate Plan, the PIC states:



We also believe that ESG factors may be relevant to the financial performance of the companies and assets in which we invest. Integrating ESG factors into investment decision-making, along with evaluation of other risk factors, is both prudent and consistent with PIC's fiduciary duties to its clients. The PIC believes that a strong commitment to the highest standards of business ethics and sound corporate governance is essential to creating long-term value for clients.



(PIC, 2025b)

This reinforces the notion that ESG considerations are consistent with fiduciary duty and sets a precedent for other asset managers on the continent, especially those that manage public pension funds.

Zambia's pension reform raising the alternative asset allocation cap from 5% to 15% is also worth highlighting, albeit that this reform focuses on the allocation limit rather than the underlying fiduciary question. Changes in asset allocation limits have been made in several markets (as summarised in the Spotlight section later on in this chapter), yet the absolute impact on capital flows has been marginal in

most instances. Rather, formal guidance statements from the pension authorities clarifying that impact-aligned investments are consistent with fiduciary duties at appropriate risk-adjusted returns remains entirely absent in most markets.

The distinction matters more than it appears. While allocation limits tell pension trustees what they are permitted to do, fiduciary guidance tells them it is safe to do it. Without the explicit fiduciary guidance, even expanded limits will not move capital. Trustees operating under conservative fiduciary interpretations will continue to avoid impact-aligned assets regardless of what the regulations technically permit.

Policy reform in the pension industry will require more than expanded limits and formal guidance on fiduciary duty. Any policy reform intended to increase the flow of institutional capital will likely require intentional market building to create a pipeline of investable assets, as well as capacity building among pension fund trustees to build the case for impact investing. The need for developing a broader impact economy ecosystem rather than attempting to unlock capital at scale with single-tool policy interventions cannot be overemphasised in the regional context. This, in turn, requires collaborative efforts from all stakeholders in the impact ecosystem, including government, investors, investees, intermediaries and ecosystem enablers.

Actionable opportunities

Highest-return regulatory action for Ghana, Nigeria and Kenya would be to issue a formal fiduciary guidance statement, from the relevant pension regulator, clarifying that ESG and impact factors are material to long-term risk management and that allocation to impact-aligned assets at appropriate risk-adjusted returns is consistent with fiduciary duty. This should be done in conjunction with intentional capacity building initiatives in the pension fund industry and may also require establishing investment vehicles to which capital can flow (see the [Ci Gaba Fund of Funds](#) as an example). At the same time, broader market enablers should be addressed, including creating an investable pipeline of impact assets.

BOX 11

Kenya's pension industry's ESG integration sequencing

Embedding impact economy tools is a process rather than a once-off event, and this is evident in the evolution of Kenya's pension industry. The Retirement Benefits Authority (RBA) was established in 2000, the [Good Governance Practices Guidelines](#) followed in 2018 and the [ESG Self-Assessment Toolkit](#) was created in 2024, providing a practical framework for trustees to describe their own position on the relationship between ESG and fiduciary duty. While this signals a clear intent regarding fiduciary duty, the toolkit stops short of formally affirming that ESG integration is consistent with that duty, thus leaving a critical gap in the sequencing.

A 2023 diagnostic study conducted by Genesis Analytics and FSD Africa in collaboration with the RBA found that 57% of pension industry respondents had no ESG-related policies in place, despite the majority already considering ESG factors informally in governance and risk management processes (Short et al., 2023). The main barriers identified were data complexity, the complexity of ESG standards and limited availability of ESG-aligned investment options rather than uncertainty about whether ESG integration is legally permissible.

The [IOPS Supervisory Guidelines](#), cited in the toolkit's own reference materials, explicitly state that supervisory authorities should provide this clarification through regulations, rules, or guidance. The next step in Kenya's sequencing is for the RBA to issue formal fiduciary guidance confirming that ESG and impact-aligned investment, at appropriate risk-adjusted returns, is indeed consistent with trustees' existing obligations. Supply-side interviews conducted for this report confirm that regulatory ambiguity is a key binding constraint on ESG-aligned and impact-oriented allocations from Kenya's \$30bn pension asset base.



CASE STUDY 9

South Africa's Regulation 28 of the Pension Funds Act, 1956

Year

2011

Country

Republic of South Africa

Responsible institution(s)

Design & Launch: National Treasury (Minister of Finance);
Supervision: Financial Sector Conduct Authority (FSCA);
South African Reserve Bank (SARB) – Prudential Authority

Government's role

Market Regulator

Policy tool

Fiduciary Duties; Sustainability Reporting Requirements

Description

Introduced in 2011 and significantly amended in 2022, Regulation 28 sets prudential investment limits for South African retirement funds and explicitly requires trustees to consider ESG factors as part of their fiduciary duty, one of the earliest such mandates globally. The 2022 amendments made several material changes: infrastructure was introduced as a standalone asset class (up to 45%), foreign exposure limits were raised, cryptocurrency was prohibited and, notably unlisted and alternative asset allowances were expanded to encourage pension funds to deploy capital into private markets, including private equity and debt instruments supporting the energy transition and infrastructure development.

Further amendments are currently under consultation, with proposals focused on refining the unlisted asset framework, improving disclosure requirements, and potentially tightening ESG reporting obligations to align with global standards such as the ISSB's IFRS Sustainability Disclosure Standards.

In practice, Regulation 28 has been used to mobilise pension capital across several sectors:

- **Energy transition:** Several large funds, including the Government Employees Pension Fund (GEPPF), have directed capital toward renewable energy projects under the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP)
- **Infrastructure:** Roads, water, and social infrastructure through listed and unlisted vehicles
- **Affordable housing:** Some funds have used the alternative asset allowance to invest in social and affordable housing funds

Highlights

- South Africa was one of the first countries globally to formally embed ESG into retirement fund fiduciary law, establishing a template replicated by other jurisdictions. It places ESG obligations on South Africa's ~R4–5tn retirement fund sector, creating regulatory impetus to redirect institutional capital toward ESG and infrastructure at scale.
- The policy design extends fiduciary duty to encompass ESG risk without mandating specific allocations, a principles-based approach preserving trustee autonomy while creating enforceable obligations.
- Successive regulatory guidance (FSCA Notice 2019, FSCA-IFC Survey 2021, CRISA 2) has normalised ESG integration as a compliance expectation, not merely aspirational.
- The 2022 amendments are explicitly tailored to South Africa's infrastructure gap, constrained fiscal position, constitutional socio-economic rights and Just Energy Transition priorities, a model of context-sensitive emerging market policy design.







Additional Information







- [Regulation 28](#)
- [Financial Regulation Journal](#)
- [Regulation 28 offers clarity and regulatory certainty](#)



Pension fund reforms in the region

Table 24: Spotlight: Pension fund reforms in the region

	 Ethiopia	 Ghana	 Zambia	 Nigeria	 Kenya	 South Africa
Regulatory body	National Bank of Ethiopia (supervision); POESSA & Civil Servants' PSSA (administration)	National Pensions Regulatory Authority (NPRA)	Pensions and Insurance Authority (PIA)	National Pension Commission (PenCom)	Retirement Benefits Authority (RBA)	Financial Sector Conduct Authority (FSCA); National Treasury
Key reform & year	Proclamation 1268/2022 transferred investment decision authority from Ministry of Finance to the fund Management Board, unlocking investment beyond treasury bonds; FSD Ethiopia/ World Bank investment strategy process launched (2023)	NPRA Investment Guidelines establishing 25% alternative asset ceiling; Mandatory minimum 5% PE/ VC allocation mandate approved (2024, effective 2025)	Pension Scheme Regulation Act (Cap. 255); Investment Guidelines S.I. 50 (2021); National Pension Scheme Amendment Act, 2023	Foreign Currency RSA Regulations introducing raised PE/ VC limits and diaspora pension contributions (September 2024)	Infrastructure defined as distinct asset class (2020); AIF Regulations formalising PE & VC ecosystem (2023); Tax Laws Amendment Act (2024)	Regulation 28 amendments introducing a 45% infrastructure limit, separating PE (15%) from hedge funds (10%) and raising the offshore limit to 45% (January 2023); Two-Pot System reform (September 2024)
Permitted allocation to alternatives	No fixed cap; Board-approved "profitable & reliable" investments; Previously restricted to government treasury bonds only. Investment strategy still being developed.	Up to 25% alternative assets overall; Min. 5%PE & VC (new mandate, 2025)	Investment Guidelines S.I. 50 (May 2021): PE allocation ceiling tripled from 5% to 15%; National Pension Scheme Amendment Act 2023 permitting early member withdrawal of up to 20% for reinvestment	15% (Fund I); PE allocation (up from 10%) 10% (Fund II); PE allocation (up from 5%)	Up to 70% combined: PE, property & REITs; 10% infrastructure (dedicated sub-limit)	45% infrastructure (across asset classes); 15% PE; 10% Hedge; (PE & HF now treated as separate sub-limits)
Actual allocation (estimates)	Minimal: Historically near 100% in gov't bonds	<1% of assets in alternatives: Significant gap between allowable and actual allocation despite a 25% ceiling	15% private equity (up from 5% in 2021) 70% equities (max); 30% offshore limit	Low: Industry historically risk-averse; New FCY-RSA rules could unlock ~\$600M in PE capital if PFAs approach new limits	~13–15% of assets in alternatives: Well below the regulatory ceiling; KEPFIC consortium directing \$5B+ toward housing & roads	Low–Moderate: Uptake below regulatory limits: Investor hesitancy due to illiquidity, pricing uncertainty and modest PE returns (pooled IRR <10% since 2005); real estate and listed equity remain dominant

	 Ethiopia	 Ghana	 Zambia	 Nigeria	 Kenya	 South Africa
Impact / ESG linkage	Nascent: No ESG or impact framework yet. FSD Ethiopia supporting development of investment governance capable of considering broader impact objectives	Developing: Securities Industry (Green Bond) Guidelines 2024; limited data on impact-labelled mandates to date	Low: concentrated in fixed income & real estate Higher-yield local currency government bonds remain dominant. Actual PE/ alternative allocation remains well below new 15% ceiling	Emerging: Broader alternative asset caps create room; no explicit impact mandate yet but infrastructure bias intended	Moderate: J-CAP/World Bank support; KEPFIC housing & infrastructure focus; green bond framework emerging	Most Developed: ESG awareness is mainstream among SA fund trustees; infrastructure focus explicitly links to energy, water & transport gap; FSCA responsible investment guidance issued; Africa infrastructure exposure limit (additional 10%) incentivises regional impact
Barriers to deployment	Funds historically managed as quasi-govt. treasury operations; very limited investment expertise; shallow domestic capital markets; governance reform still in progress	Fragmented reporting; limited benchmarks; weak exit environment; near-zero historical uptake	Fixed income and real estate historically dominant; limited PE deal flow; currency volatility; shallow domestic capital markets; limited trustee investment capacity	Risk-averse culture among PFAs; underdeveloped domestic PE market; currency and exit risk	Limited deal flow; risk-averse trustees; illiquidity concerns; due diligence capacity	Lack of a robust pipeline of bankable infrastructure projects; bureaucratic red tape; weak PE returns historically; illiquidity and greenwashing concerns among trustees
Notable initiatives	FSD Ethiopia / World Bank investment strategy assignment (2023); National Bank of Ethiopia takes over supervision to professionalise oversight	Ghana Venture Capital & Private Equity Association (GVCA) mandate proposal; NPRA stakeholder consultations	PIA Investment Guidelines S.I. 50 (2021) tripling PE cap; new Pension Scheme Regulation Bill introducing Pension Protection Fund	FCY-RSA scheme opening diaspora capital channel; PenCom strategic plan targeting higher equity & infra allocations	KEPFIC pension consortium (World Bank J-CAP); CMA alternative investment fund licensing framework	National Treasury infrastructure investment pipeline efforts; SAVCA & industry bodies promoting PE; Two-Pot reform mobilising member engagement with retirement savings
Overall reform status	Early stage; framework under construction	Mandate issued; execution pending	Cap raised (2021); deployment nascent	Caps raised; uptake TBD	Most advanced (East Africa)	Most advanced (continent)

Sustainability reporting standards: Towards standardised impact at scale

Investor confidence in impact assets depends directly on the quality, comparability and reliability of impact data. Without standardised sustainability reporting, every transaction requires bespoke due diligence, impact claims cannot be verified or compared across investments and the information asymmetry between enterprises and investors raises transaction costs to the point where many deals simply do not happen. This is the most consistently cited transaction cost barrier among impact investors operating in all nine focus countries.

The global framework has converged substantially since 2023 around IFRS S1 and S2, developed by the International Sustainability Standards Board (ISSB). These standards cover climate-related financial disclosures (S2) and general sustainability reporting (S1). According to the IFRS Foundation's jurisdictional profiles, Ghana, Kenya, Nigeria and Zambia have either formally announced or finalised their decisions on the adoption or other use of ISSB Standards or have otherwise introduced sustainability-related disclosure requirements. South Africa, meanwhile, has yet to make ISSB reporting mandatory, but many large, listed companies are voluntarily adopting the framework (Refinery, 2025).

In Nigeria, voluntary adoption started in 2024 and the Financial Reporting Council (FRC) indicated that reporting will be mandatory from January 1, 2028. To ensure achievability of this timeline, the FRC created an Adoption Readiness Working Group (ARWG) as well as a [Roadmap Report for Adoption of IFRS Sustainability Disclosure Standards in Nigeria](#) (Abdurazzaq, 2024).

South Africa has ESG reporting requirements via the Companies and Intellectual Property Commission (CIPC), which were voluntary from the third quarter of 2023 but became mandatory as of 2025 and initially targets public companies and state-owned enterprises. This comes in addition to the King IV principles for reporting on corporate governance, which includes requirements for JSE-listed companies to publish integrated reports, governance statements and sustainability disclosures annually (Duve & Marx, 2026). While the Prudential Authority issued a Guidance Notice for banks and insurers on climate-related disclosure requirements in May 2024, which is aligned with IFRS S2, South Africa has not officially adopted ISSB. Instead, it is taking a phased approach which includes voluntary disclosure guidance first and then future mandatory adoption.

Kenya, meanwhile, has proposed a roadmap with adoption for public interest entities by 2027 via the Institute for Certified Public Accountants (ICPAK). Zambia has deferred mandatory adoption to 2028 with a phased roadmap, and Ethiopia's National Bank has mandated ESG disclosure for the banking sector through its 2024 Corporate Governance Directive.

These steps provide strong signalling of regional intent to adopt internationally recognised standards. The challenge, however, is implementation. Mandatory standards announced without supporting guidance, training infrastructure or proportionate application frameworks and validation capacity create compliance burdens without delivering investor-grade information. Where technical skills gaps exist on the implementation side, policymakers should consider partnering with DFIs to help hone domestic skills for compliance with ISSB. There is a logical progression from voluntary to mandatory sustainability standards and ultimately to impact instrument disclosure standards for impact investments.



Without standardised sustainability reporting, every transaction requires bespoke due diligence, impact claims cannot be verified or compared across investments and the information asymmetry between enterprises and investors raises transaction costs to the point where many deals simply do not happen.

Actionable opportunities

There is an immediate opportunity for capital market regulators in Nigeria (SEC), Ghana (SEC), Kenya (CMA) and the BRVM (the regional securities exchange for WAEMU) to issue mandatory or strongly signalled voluntary sustainability disclosure guidelines for listed companies, aligned with IFRS Stand S2, with a phased three-year implementation pathway. The template exists and international technical support (ISSB, IFC, World Bank) is available. South Africa's JSE framework, meanwhile, provides the regional precedent. The BRVM opportunity is the highest-leverage target: a single disclosure rule change affecting listed companies across eight West African economies.



CASE STUDY 10

Nigeria IFRS Sustainability Disclosure Standards (IFRS S1 & S2)

Year

Adoption announced at COP27 (2022), Roadmap published March 2024, mandatory from 1 January 2028

Country

Nigeria

Responsible institution(s)

Financial Reporting Council of Nigeria (FRC), Securities and Exchange Commission (SEC), Nigerian Exchange Limited (NGX), Central Bank of Nigeria (CBN)

Government's role

Market Regulator

Policy tool

Sustainability reporting requirements

Description

In November 2022, Nigeria became the first African country to announce its formal commitment to adopting the International Sustainability Standards Board's (ISSB)

IFRS S1 (General Requirements for Sustainability-related Financial Disclosures) and IFRS S2 (Climate-related Disclosures). This intent has since been formalised by the Financial Reporting Council of Nigeria (FRC) [National Roadmap for Adoption](#), which was launched in March 2024 and endorsed by President Bola Ahmed Tinubu. The first step towards the operationalisation of the standards was the publication of the [Sustainability Reporting Guideline No.1 \(SRG1\)](#) in 2025.

Apart from addressing sustainability issues, the ultimate objective is to enhance transparency and compatibility of sustainability metrics for capital markets and investors in line with global disclosure norms, which in turn should help attract international capital. The framework consists of several connecting instruments that are intended to support the process, including updates in SGR1 regarding a phased implementation roadmap for both reporting and assurance, as outlined in the tables below.

Reporting

Phase 1 Early adopters	Phase 2 Voluntary adopters	Phase 3 Mandatory adopters		Phase 4 Government & government organisations
		All Public Interest Entities (PIEs)	SMEs	
31 December 2023	2024-2027	2028 (including CPSEs)	2030 (early adoption encouraged)	2028 (early adoption encouraged)

Reporting

Fourth and fifth years after reporting	Sixth year after reporting	Seventh year after reporting
Limited assurance/verification of S1 and S2 disclosures (excluding scope 3 emissions, scenario analysis and transition plans.)	Reasonable assurance/verification of S1 and S2 disclosures (excluding scope 3 emissions, scenario analysis and transition plans). Limited assurance/verification of scope 3 emissions, scenario analysis and transition plans.	Reasonable assurance/verification of all disclosures (full quantitative assurance).

SGRI also provides implementation guidance, including on SASB standards integration, internal carbon pricing disclosure, GHG emissions measurement and a mandatory Readiness Assessment Test that entities must pass before adoption.

Finally, there are several complementary sector frameworks that operate alongside the main FRC framework, including the SEC's Sustainable Finance Principles (2021) and NGX Sustainability Disclosure Guidelines (mandatory for Premium Board companies since 2019). The CBN's Nigerian Sustainable Banking Principles (NSBP, 2012) meanwhile impose mandatory ESG reporting for banks and DFIs.

By formally aligning with IFRS S1 and S2 and establishing a credible roadmap, Nigeria is signalling to international institutional investors, DFIs and ESG-focused funds that sustainability information will meet the comparability standards required for cross-border investment decisions, which should ultimately support capital mobilisation for impact investing.

Highlights

- First-mover status: Nigeria was the first IFRS S1 and S2 adopter in Africa and among the first countries globally to design and publish an implementation roadmap that was co-developed by the ISSB.

- Local adaptation: The SGRI guidance demonstrates how local context adaptation can be done as it explicitly addresses issues such as the absence of a domestic carbon pricing mechanism and how this should be treated.
- Institutional depth and multi-regulator coordination: The framework is notable for its coordination across four major regulators (FRC, SEC, NGX, CBN), with each reinforcing different segments of the market.
- Phased, proportionate implementation: The staggered timeline mirrors best practice from Nigeria's earlier IFRS accounting standards adoption and reflects proportionality to entity capacity, reducing the risk of compliance failure at scale.

Additional Information

- FRC Nigeria: [Roadmap Report for Adoption of IFRS Sustainability Disclosure Standards \(2024\)](#)
- FRC Nigeria: [Sustainability Reporting Guideline SRG1 \(2025\)](#)
- SEC Nigeria: [Sustainable Finance Principles Guidelines](#)
- CBN: [Nigerian Sustainable Banking Principles Circular \(2012\)](#)
- ISSB Global Jurisdictional Profile: Nigeria

Fiscal incentives: Changing the risk-return calculus

Most of the nine countries have fiscal incentive frameworks on paper, including investment codes, tax holidays and sector-specific reliefs that could in principle be directed towards impact activity. However, none are operationalised with impact-specific eligibility criteria. Incentives exist for sectors rather than specific impact objectives and hence an investor cannot access a tax benefit specifically because their investment generates measurable social or environmental outcomes. Linking eligibility to taxonomy alignment, as seen with Zambia's Green Finance Taxonomy, makes it possible to convert existing instruments into active market-shaping tools without requiring new legislation. Impact-linked incentives change that calculus deliberately, directing the concession towards activities generating the greatest public benefit.

Zambia's existing tax incentives include no capital gains tax on listed securities (applies to all taxpayers) and withholding tax relief for green bond interest. The latter is subject to specific criteria, though, including that the bond must explicitly qualify as a green bond, must be listed on the Lusaka Securities Exchange (LuSE), and it must have a maturity of at least three years (PwC, 2026). These provide the closest regional approximation, but they are not explicitly linked to impact performance metrics.

Côte d'Ivoire's Investment Code (2018) contains tax incentives for green investments but with "limited operationalisation", as the landscape study notes. Ethiopia's Investment Promotion Strategy (2025) recognises impact investment but attaches no differentiated incentives to it. In Ghana, earlier incentives designed to support the Venture Capital Trust Fund were revoked, highlighting how fiscal pressures can trigger a reversal of policies intended to support growth of the impact economy.

BOX 12

South Africa's former Section 12J Tax Incentive

Introduced under the Income Tax Act in 2008 and implemented in 2009, Section 12J allowed South African taxpayers to deduct 100% of capital invested into a registered venture capital company from their taxable income in the year of investment. The intent was to mobilise private capital toward SMEs and junior mining companies that were systematically underserved by conventional finance.

At its peak, the scheme attracted several billion rands in investment and succeeded in putting venture capital on the radar for a broader pool of South African investors. It demonstrated that tax incentives

could generate real appetite for alternative asset classes in a market where private equity and venture investing had historically only been accessible for to a small investor base.

However, the scheme was phased out in June 2021 after South Africa's National Treasury (NT) concluded that it had largely missed its mark. Rather than backing early-stage, high-growth SMEs, the bulk of capital flowed into low-risk, yield-generating assets such as luxury hotels, student accommodation and similar property that happened to qualify under the rules. The tax benefit was being optimised by

investors, not by the gaps in the market the scheme was designed to fill. Benefits also accrued disproportionately to high-net-worth individuals, and NT found that a significant portion of the investments would have occurred regardless, meaning the incentive wasn't generating genuinely additional capital flows.

The core lesson from the Section 12J example is that policy intent and policy design are not the same thing. A well-meaning instrument without sufficiently tight eligibility criteria and robust additionality testing run the risk of failing to yield the desired development objectives.

Across all nine countries, there are already laws or systems in place that could be used to encourage positive social or environmental impact (through incentives), yet it seems like policymakers lack motivation to utilise these tools to. This is often a function of competing priorities, capacity constraints among regulators and insufficient evidence to corroborate the value of enacting legislative changes of this nature. Given that each market has its own nuances, National Partners should work with policymakers to lobby for specific (rather than general) fiscal incentives that have the potential to mobilise capital in their respective markets.

Actionable opportunities

Priority fiscal reform for all nine countries: review existing investment code incentives and identify at least one existing provision that can be modified to include an impact performance condition, linking eligibility to taxonomy

classification, social enterprise registration or outcomes reporting. This is a tax schedule amendment, not a new law. For WAEMU members, a harmonised impact fiscal incentive regime at the regional level, building on the existing WAEMU directive on investment company taxation, would achieve the broadest market signal at the lowest individual country cost.



CASE STUDY 11

Kenya's Startup & SME Tax Incentive Framework

Year

2020

Country

Republic of Kenya

Responsible institution(s)

National Treasury & Economic Planning; Ministry of Trade, Investments & Industry. Implementation/Supervision: Kenya Revenue Authority (KRA); Nairobi International Financial Centre Authority (NIFCA); Kenya National Innovation Agency (KENIA); Kenya Industrial Estates (KIE); Multi-Agency Startup Committee.

Government's role

Market Regulator; Market Facilitator

Policy tool

Fiscal Incentive; Capacity Building Programmes

Description

Kenya's "Silicon Savannah" ambition is underpinned by three overlapping initiatives, including the Startup Bill (2022), Finance Act (2025) and Turnover Tax (TOT) regime, collectively reducing tax and compliance burdens on early-stage businesses and SMEs. NIFCA-certified startups benefit from reduced corporate income tax (CIT) rates of 15% (first three years) and 20% (succeeding four years) against the standard 30%, with larger NIFC companies also eligible for tax breaks if certain conditions are met. Carbon exchange operators are subject to 15% CIT for 10 years. The Startup Bill legally defines startups, empowers the Cabinet Secretary to grant fiscal incentives, establishes a multi-agency startup committee, creates a national credit guarantee scheme and provides subsidies on formalisation, IP protection and mentorship. MSMEs with KES1-25m turnover pay a simplified 3% TOT on gross revenue in lieu of standard CIT, those below KES1m are fully exempt and the VAT registration threshold has been raised to KES8m, collectively easing the compliance burden on Kenya's smallest enterprises.

Highlights

- Kenya's Startup Bill (2022) is East Africa's first dedicated startup legislative framework, integrating definitions, certification, incubation, fiscal incentives, IP support and

a Credit Guarantee Scheme in a single 'whole-of-government' model. While specific provisions might differ from one country to the next, the model is generally replicable across emerging markets.

- The Finance Act 2025 introduces differentiated CIT rates (15–20% for early-stage startups; 15% for 10 years for large NIFC investors), highlighting how a tiered fiscal design can help avoid one-size-fits-all pitfalls. This offers an attractive value proposition for equity investors as the 15% vs 30% CIT differential materially changes the post-tax IRR. Furthermore, dividend reinvestment exemption for larger enterprises nudges domestic reinvestment over capital repatriation, while carbon exchange CIT preference positions Kenya as an African green finance first-mover.
- The 15% CIT rate for carbon exchange businesses, which is applicable for the first ten years, is a compelling incentive for investors. This kind of tailored tax policy may help explain Kenya's cleantech dominance, with the sector absorbing 46% of Kenya's total equity funding in 2024 (*2024 Africa Tech Venture Capital, 2024*). This illustrates how targeted fiscal incentives can channel capital toward priority sectors.
- The framework targets Kenya's specific challenges, including youth unemployment, a 7-million-strong informal SME sector and a concentrated startup ecosystem. It also reduces barriers for impact-oriented sectors (health, agriculture, climate), while NIFC green finance dimension links fiscal policy to environmental goals.
- From an ecosystem development perspective, the incubators, accelerators and the Multi-Agency Startup Committee collectively build the intermediation layer for impact capital deployment. Finally, the tax exemption for micro enterprises with an annual turnover of <KES1m helps address formalisation barriers at the base of the pyramid.

Additional Information

- [Startup Bill](#)
- [Bowmans Law –Kenya Finance Act 2025 Analysis](#)
- [Kenya Finance Act, 2025](#)

Retail investor access: Deepening and democratising the capital base

The five regulatory tools are not equally urgent across all nine countries. For less institutionalised markets, the development of basic regulatory frameworks should be prioritised and elements pertaining to legal forms and fiduciary guidance can be embedded when developing policy. But for more developed markets, such as South Africa, Kenya and Nigeria, the strategic opportunity to deepen the impact capital base by extending access to retail investors represents the next frontier. Retail impact instruments, green savings accounts, retail sustainable bonds accessible via mobile platforms, crowdfunding frameworks for social enterprise equity and impact individual savings accounts are almost entirely absent across the nine countries, despite rapidly growing mobile financial services infrastructure that could distribute them at scale. Whether a change in regulatory frameworks is required, however, is debatable. Instead, this could be embedded in fiscal incentives where exemptions are made for investments in retail impact investment instruments developed by the market. Examples include models such as tax-free savings accounts in South Africa, which could have an additional provision for impact-related investments. Another example of a private-sector led mechanism is Fedgroup's Impact Farming investment application (see Box 13: Private-sector led retail investor mechanism for impact).

Actionable opportunities

Near-term opportunity for Kenya, Nigeria and Ghana is to issue crowdfunding regulatory frameworks that explicitly include impact-oriented instruments (social enterprise equity, green mini-bond programmes) and integrate with existing mobile money infrastructure. The investor protection framework, risk warnings, platform licensing, maximum individual investment limits, is the key design challenge, not the capital markets law, which already accommodates these instruments in all three countries. For South Africa and Zambia, the next step is to extend existing crowdfunding frameworks to enable retail green bonds at ticket sizes accessible to mobile money users (\$10–\$100 range).

BOX 13

Private-sector led retail investor mechanism for impact

In 2018, Fedgroup financial services launched a groundbreaking investment platform that allows retail investors direct access to real assets, including blueberry bushes, beehives and solar panels. The Impact Farming platform charges zero fees for investors and offers entry from as little as R500 (~\$29). Within three years, the platform mobilised more than R148m (~R8.7m) from 14,300 retail investors and, by 2022, investors had collectively funded 350,000 blueberry bushes, 6,500 beehives and 19,500 solar panels

(Impact Farming Kept Busy as a Bee with Investor Demand for Hives, 2022). While the platform initially just offered access to the abovementioned assets, it has since expanded investible assets to moringa trees, nursery saplings, hemp plants, macadamia trees, dairy cows, onion patches, lettuce stacks and pistachio trees.

This initiative directly addresses South Africa's energy insecurity, food security and farmer financing gaps, while directly supporting job creation, sustainability, food

security and local communities. Note, however, that this product line falls outside Fedgroup's financial licences and it is therefore not a regulated offering.

Fedgroup's Impact Farming is an excellent example of how market innovation typically outpaces regulation. The private sector responded to unmet investor demand and this preceded, and may now inform, the regulatory framework (the Conduct of Financial Institutions, or COFI, Act) that is under development.

The regulatory opportunity

While some regulatory tools exist in the region, the degree of the robustness of regulatory frameworks differs vastly and hence a country-by-country approach is warranted rather than making wholesale recommendations for the region. Where tools already exist, they have not been designed explicitly with impact in mind. The opportunity here is to reform policy to make it easier for broader capital market participation in the impact economy. In the less institutionalised markets, where new regulation is required to bolster capital markets, impact economy principles can be embedded in the policy design phase.



In most markets, the core regulatory insight is that the legal authority required for reform already exists within current financial market and company regulations. Often, the challenge is not a lack of legislative capacity, but rather the political will to use existing mechanisms and the technical assistance needed to design them for impact. Crucially, this gap can be closed.

Actionable opportunities by country cluster

Regulatory reform is a high-leverage, lowest-cost action available to most governments in the nine-country scope requiring legislative or guidance changes rather than budget commitments.

Where capacity constraints exist, the government is encouraged to collaborate with National Partners to obtain alignment on the most catalytic regulatory levers for individual markets. The priority actions differ by cluster:

Table 25: The cluster-level priorities

Cluster	Countries	Priority Regulatory Actions
Institutionalised: deepen and extend	South Africa, Kenya	Complete mandatory IFRS S1 and S2 rollout for all listed entities (Kenya: mandatory from 2027 for PIEs; South Africa: formalise mandatory IFRS S1 and S2 requirements for listed entities and extend to unlisted entities above a defined public interest score threshold under the Companies Act); issue formal fiduciary guidance for full ESG integration by pension regulators (Kenya); introduce a social enterprise/SME legal form with asset lock; extend retail impact instruments to mobile-accessible ticket sizes. Expanding access to retail investors without accompanying impact labelling and disclosure requirements risks exposing unsophisticated investors to greenwashing. As the Accelerating Impact framework sets out, clients who want impactful outcomes need reliable labels and disclosures to allocate their money effectively, a fund that calls itself an impact fund must meet regulated conditions that verify that claim. (Krutham, 2025)
Partially institutionalised: activate existing frameworks	Nigeria, Ghana, Zambia, Senegal, Côte D'Ivoire	Accelerate IFRS S1 and S2 implementation roadmaps (Nigeria has committed to mandatory adoption by 2028); insert social enterprise provisions into pending companies act amendments; issue fiduciary guidance from pensions regulator; convert general investment code incentives to impact-linked conditionality; issue crowdfunding framework including impact instruments
Least institutionalised: regional architecture first	Ethiopia, Burkina Faso	Burkina Faso: channel regulatory reform effort into WAEMU-level instruments, BCEAO circular, BRVM disclosure requirements and Uniform Act amendments for maximum regional leverage. Ethiopia: develop (not finalise) the NBE green taxonomy in partnership with the EIB Greening Financial Systems Programme; extend the 2024 Corporate Governance Directive's ESG provisions to broader corporate sector disclosure; leverage the newly enacted Startup Proclamation No. 1396/2025 to insert social enterprise and impact-specific eligibility criteria

Section 8

Government as Market Facilitator

The facilitator role is the least visible of the three government roles and arguably the most foundational. Where the participant role involves spending and the regulatory role involves rules, the facilitator role involves building the shared infrastructure that underpins market efficiency. This is achieved through the creation of a common language found in a taxonomy, coordination efforts through recognised platforms such as national advisory boards and developing strategic coherence at national and sub-national level through the development of a cohesive national impact economy strategy. Furthermore, to facilitate proper implementation, the facilitator role includes fostering human capital development through training of fund managers and simultaneously creating an enabling environment to support the development of investment-ready enterprises. Finally, it includes the data infrastructure that makes impact legible across the system. None of these can be built by a single market actor alone. All of them, once built, lower transaction costs for every subsequent deal. This chapter maps the five facilitation tools, assesses adoption across the nine focus countries and identifies where targeted facilitation investment offers the highest systemic return.

Market facilitator tools

The facilitator role encompasses the enabling infrastructure that governments build for the benefit of the entire market; shared goods that no individual actor can create or sustain alone:

Table 26: **Market facilitator tools, what they do and their relevance in the region**

Tool	What It Does	Why It Matters for Africa
Sustainable finance taxonomies	A nationally endorsed classification system defining what qualifies as 'green,' 'social,' or 'impact' investment, establishing common language for policymakers, regulators, financial institutions and investors.	Without a shared definition, every investor conducts bespoke due diligence, greenwashing proliferates and international capital cannot efficiently enter domestic markets; a taxonomy is the lowest-cost, highest-leverage foundation for the entire impact investing architecture.
Dedicated government agencies and offices	A mandated institutional home government agency, national advisory board, or multi-stakeholder platform that coordinates the impact investing agenda across ministries, regulators, investors and enterprises.	Fragmented institutional responsibility is the most consistent structural weakness across all nine countries; a dedicated coordination platform reduces duplication, builds common evidence and translates policy signals into coordinated market action.
Government-enabled wholesale funds	Publicly anchored vehicles using concessional capital to de-risk and crowd in private investment at scale, typically structured with first-loss or guarantee layers to attract commercial co-investors.	The most direct mechanism for closing the missing middle; blended structures typically average \$4.1 of commercial capital mobilised per dollar of concessional capital, with private sector mobilisation averaging \$1.8 (Blended Finance Leverage Ratio - Blog - Convergence News Convergence, n.d.).
National impact investing strategies	A cross-sectoral roadmap that explicitly positions impact investing as a delivery mechanism within the national development plan aligning public policy, investment priorities, fiscal tools and development goals.	Without a strategy, impact investing initiatives remain isolated and donor-dependent; explicit integration into the national development plan creates policy coherence, budget visibility and a mandate for cross-ministry action.
Capacity-building programmes	Sustained investment in the human capital and institutional infrastructure needed to make the market work: training for regulators, fund managers and enterprises; investment readiness support for SMEs; deal facilitation platforms.	Capacity is the binding constraint in most markets not the absence of capital or policy frameworks, but the absence of trained people to originate, structure, manage and measure impact investments.

Adoption patterns across nine countries

The table below maps current adoption across the nine focus countries. The facilitator role shows the widest variation in adoption depth from South Africa's relatively developed ecosystem infrastructure to Burkina Faso's nascent but structurally determined facilitation pathway through the WAEMU architecture.

Table 27: Adoption patterns

Policy area	Burkina Faso	Zambia	Ethiopia	Côte d'Ivoire	Senegal	Ghana	Nigeria	Kenya	South Africa
Sustainable finance taxonomies	Partial/ emerging/ pilot	Exists/ operational	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Exists/ operational	Partial/ emerging/ pilot	Exists/ operational	Exists/ operational
Dedicated government agencies and offices	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Partial/ emerging/ pilot
Government-enabled wholesale funds	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Exists/ operational	Exists/ operational	Partial/ emerging/ pilot	Partial/ emerging/ pilot
National impact investing strategies	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Partial/ emerging/ pilot
Capacity-building programmes	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Partial/ emerging/ pilot	Exists/ operational	Partial/ emerging/ pilot

Partial/ emerging/ pilot Exists/ operational

Taxonomies are advancing fastest. Kenya's taxonomy is operational, Zambia's was formally adopted in 2025 and Ethiopia's is in development through the EIB-backed Green Finance Support Programme. South Africa's taxonomy work is furthest advanced in terms of scope, but is still primarily driven by climate finance frameworks and the taxonomy's own limitations (discussed in the pages that follow). It is telling, however, that regardless of deeply entrenched social development needs in the region, the pattern of adoption of sustainable finance frameworks is almost entirely environmental. Not a single country has a taxonomy that meaningfully covers social dimensions alongside green criteria. This creates a structural gap for impact investing specifically, which targets blended environmental and social outcomes.

Government-enabled wholesale funds, while not widely adopted yet, is an exciting policy area that is in the early stages of development and have the potential to unlock large-scale investment from institutional capital providers if governments embrace the role of catalytic capital provider. The research found, however, that an investment vehicle in itself is not a silver bullet and the secret to success lies in taking an ecosystem approach – which is a recurring theme across the various impact economy policy tools at government's disposal. Probably the most widely known vehicle in the region, the CI Gaba Fund of Funds in Ghana, provides a valuable use case for other markets in the region and efforts are already under way by other markets to replicate this model. Even so, idiosyncratic market dynamics mean that models are often not entirely replicable and require some adaptation for local context.

National advisory boards present the most encouraging adoption pattern in terms of dedicated agencies, although these are seldom situated within government and hence not in absolute compliance with being a policy tool. South Africa, Ghana, Kenya, Nigeria, Senegal and Zambia all have functioning GSG-affiliated platforms, while Côte d'Ivoire has an active task force and Ethiopia is establishing its national partner through a multi-stakeholder process. These impact networks, when connected through the GSG Impact global architecture, represent the most developed facilitation infrastructure in the

nine-country scope. Its weakness, however, is resource fragility as most NABs are private sector bodies that are donor-dependent and operate within secretariats that limit their capacity to translate advocacy into coordinated market action.

The most absent tool is a national impact investment strategy. Only Kenya has partial strategies integration in its national development plan, which is still under development. For eight of nine countries, impact investing is not explicitly named as a financing mechanism in any national development planning document. Zambia comes closest with the 8th National Development Plan (NDP) referencing "Impact Capital". When "impact investing" appears explicitly in a national development plan, it gives procurement officials a mandate to commission blended finance structures, brings ministries of finance, planning and regulation onto the same page and sends the signal that international capital allocators look for when assessing whether pursuing a transaction or investment in a market is worth the transaction costs. None of this requires new legislation.

Zambia illustrates how close a country can get without crossing that threshold. The 8th NDP from 2022-2026, references "impact capital" as a non-traditional financing source but, in using a descriptor for the asset class rather than naming the practice, means the coordination and signalling effects do not fully activate. Getting "impact investing" named explicitly in the 9th NDP to follow, would cost the government virtually nothing, which is precisely what makes it the highest-leverage policy action currently available.

The caveat applies across all nine countries: naming without institutional follow-through produces little. The term needs a designated government focal point to translate recognition into practice.

Sustainable finance taxonomy: The common language capital needs

A sustainable finance taxonomy is the foundational infrastructure tool of the facilitator role and it performs three functions simultaneously. It gives policymakers a classification system for aligning economic activities with development impact and broader sustainability priorities. This ensures that efforts towards fostering an impact economy are cohesive for all relevant stakeholders. Furthermore, it gives regulators a reference framework for defining eligibility criteria for sustainable bonds (green, social and sustainability-linked) and other impact instruments, which simplifies standardisation of these investment instruments. This, in turn, gives investors a shared due diligence and decision making standard that reduces the bespoke verification cost of every transaction. Without a taxonomy, each of these functions must be performed individually for every deal, multiplying transaction costs, enabling greenwashing and making the market illegible to international capital seeking standards-aligned deployment. While there is an undisputed theoretical case for adoption of taxonomies, there are some challenges regarding the practicalities of this policy tool.

Development and adoption of sustainable finance taxonomies in the region have been exclusively limited to green standards, with South Africa the first mover in this area, followed by the Kenya Green Finance Taxonomy (KGFT) published in 2025. South Africa's Green Finance Taxonomy (SA GFT) was finalised in March 2022, yet its efficacy has been compromised due to several usability adoption challenges, which in turn has limited implementation. The KFTG, meanwhile, exemplifies a deliberately streamlined approach that has a narrow focus on climate change mitigation and adaptation designed specifically for the banking sector. The intention is to use a phased approach to enhance practical application.



The most in most countries, impact investing is not explicitly named in national development planning documents, meaning the coordination and signalling effects that enable capital mobilisation are not fully activated. Explicitly naming it is a high-leverage policy action that can unlock government coordination and strengthen investor confidence.

The need for a cohesive approach to market development when introducing new mechanisms, such as taxonomies, is essential to ensure that the tool is fit for local context adoption and that the users are both skilled and institutionally supported (through specific mechanisms) to adopt the mechanism.

The regional skew towards green taxonomies illustrates the dominance of climate finance in the institutional agenda and highlights the friction between international and domestic development priorities. The toolkit recommends that all taxonomy development processes build in explicit social and economic inclusion categories from the outset, and that countries developing new taxonomies learn from the limitations of first-generation environmental-only frameworks. Given the challenges that already exist with the green-only frameworks, the practicality of adopting this approach in the region is questionable.

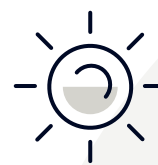
The institutional capacity required to develop complex taxonomies that address both social and economic inclusion in conjunction with environmental objectives that are not only local context specific but also interoperable simply does not exist in most of the markets in the region and this is likely to remain a barrier to widespread adoption. Furthermore, high costs associated with governance and compliance is potentially another hindrance to market adoption of frameworks in the region, especially if developed for an international investor base that has a preference for environmental rather than social portfolio exposure.

Actionable opportunities

Disclosure requirements for sustainable and impact-labelled instruments are receiving growing regulatory attention globally, and African markets are at an early but critical stage of this process (Krutham, 2025). Labels serve a practical function: they are the primary signal through which investors assess whether a fund meets their impact mandate and, without regulatory backing, they offer little protection against misrepresentation. The foundation for credible labelling is a well-designed taxonomy and design choices matter as much as the decision to develop one.

The development of a comprehensive, interoperable taxonomy can be expensive, and the risk for low market adoption increases if the taxonomy is incompatible with local market idiosyncrasies, as has been the case in South Africa. Where efforts are already under way to develop taxonomies, simplicity and compatibility with local market context should be taken into consideration to enhance market adoption, as is the case in Kenya. As with any new policy tools, the development of sustainable finance taxonomies should be accompanied by market engagements to validate what is being developed and to build capacity. In the same way that ISSB adoption is being done in phases, there is a strong case for developing taxonomies incrementally rather than through a big bang approach, to maximise implementation efficacy and market uptake. The Kenya Green Finance Taxonomy provides a blueprint for what this might look like in practice.

In less institutionalised markets, a streamlined approach is also preferred to an overly ambitious first-edition taxonomy that might not be fit for purpose. These frameworks can still be informed by international best practice standards to allow a degree of interoperability, yet should be localised for successful adoption. As voluntary adoption increases, frameworks can be updated and made mandatory.



The regional skew towards green taxonomies illustrates the dominance of climate finance in the institutional agenda and highlights the friction between international and domestic development priorities.



CASE STUDY 12

Kenya Green Finance Taxonomy (KGFT)

Year

2020

Country

Kenya

Responsible institution(s)

Central Bank of Kenya (CBK);
European Investment Bank (EIB)

Government's role

Market Facilitator

Policy tool

Sustainable Finance Taxonomy

Description

Following a 2023 review finding Kenyan banks ill-equipped for climate risk integration, the CBK engaged the EIB to develop Kenya's first green finance taxonomy. This was finalised as the Kenya Green Finance Taxonomy (KGFT) First Edition on 4 April 2025, alongside a Climate Risk Disclosure Framework. The KGFT classifies economic activities across 11 sectors using a three-principle test, including significant contribution, do no significant harm, minimum social safeguards. It applies initially on a voluntary basis to commercial banks and mortgage finance companies only for the first 18 months before becoming mandatory and aims to establish a common green investment language, combat greenwashing, mobilise climate capital aligned with Kenya's NDCs and

ensure interoperability with international taxonomies. It is positioned as a key enabler for Kenya's green bond market and climate-focused foreign direct investment.

Highlights

- The framework builds on EU and South African taxonomies while tailoring criteria to Kenya's economic context, highlighting a streamlined, localised approach to taxonomy development. KESIC classification ensures international interoperability, while social safeguards are anchored in Kenyan labour law.
- Kenya has opted for a phased, pragmatic rollout of the KGFT. The banking-sector-first scope helps lower barriers to entry and the 18-month voluntary window builds capacity before mandatory compliance. A seven-step screening process provides clear operational guidance and the draft has a designated 'live document' status to allow for ongoing revisions.
- Among sub-Saharan Africa's first green finance taxonomies, it positions Kenya as a regional standard-setter, directly targets greenwashing and enjoyed strong launch endorsement from the PRI, World Bank and leading domestic banks.

Additional Information

- [Central Bank of Kenya, Draft KGFT & First Edition](#)
- [The Kenya Green Finance Taxonomy](#)
- [PRI –Response to Draft KGFT Consultation](#)

Coordination agencies and national advisory boards: The platform architecture

Market co-ordination is critical. The supply of capital, the demand from enterprises, the regulatory environment and the ecosystem infrastructure each involve different institutions with different mandates, different time horizons and different accountability structures. Left to market forces alone, these components remain disconnected, which carries risks: DFIs deploy capital that enterprises are not ready to receive, regulations are enacted that fund managers cannot implement and capacity building programmes train people for jobs that do not exist. A dedicated coordination platform, whether a government agency, a national advisory board or a formal multi-stakeholder body, is the infrastructure that connects these components into a functioning system.

In the region, private sector-led networks have been spearheading the development of the impact investing ecosystem. Established and mostly well-functioning NABs exist in Nigeria, Ghana, Zambia, South Africa and Kenya. However, none of these markets have dedicated government agencies specifically prioritising impact economies based on the strict definition of the concept.

Markets like South Africa sees national impact investing coordination distributed across multiple platforms, including Impact Investing South Africa (IISA), which is the country NAB, the Association for Savings and Investment South Africa (ASISA), which convenes dedicated working groups, the DBSA's blended finance work and government sustainability frameworks. This reflects a more mature market in which multiple specialist institutions can co-exist; however, without a single designated coordination body, the market is exposed to fragmentation risks. Kenya's coordination architecture centres on the Capital Markets Authority and the Central Bank, with NAB functions distributed across several organisations and network partners aligned to achieve four core objectives, including influencing policy, catalysing investment, nurturing the ecosystem and scaling impact.

Impact Investing Ghana is an independent, private-sector-led initiative promoting sustainable development and advancing the impact investment ecosystem in the country. It acts primarily as a market coordinator, convening entrepreneurs, investors, financial institutions, policymakers. Similarly, NABII Zambia convenes stakeholders across the ecosystem to redirect flows toward social and environmental impact, raise market awareness and influence policy. Nigeria's NAB is active, but resource-constrained. Ethiopia's national partner is in formation, with a multi-stakeholder task force recently convened. Côte d'Ivoire, Senegal and Ethiopia are all at the same taskforce development stage.

Although there are no agencies at national level dedicated to impact investing, there are examples where specific government agencies have been established to address specific market failures. This demonstrates how a sector approach can be considered where the context is relevant. Nigeria's Rural Electrification Agency, REA, is a prime example of how a dedicated agency to implement a national reform objective can be efficient. Moreover, it highlights how a single agency can be the home of several impact economy tools, in this case, including a government-enabled wholesale fund, a results-based financing programme and capacity building programme.

Actionable opportunities

At national level, the starting point for each country differs and the actions needed reflect such priority differences.

Ethiopia and Burkina Faso are at the earliest stage of institutional development and there are indicators of growing momentum in Burkina Faso, who is about to register Impact Investing Burkina Faso as an independent legal entity that will provide a neutral platform to support the entire ecosystem. Both these markets have recently constituted GSG-affiliated movements and need to consolidate that momentum into formally structured National Partners with dedicated secretariats, clear mandates and committed multi-year funding from government, DFI and philanthropic sources. Without that base, ecosystem activity remains event-driven rather than strategic.

While Nigeria and Ghana have functioning NAB secretariats, both grapple with gaps in their analytical infrastructure. Dedicated research and policy capacity within each secretariat would enable evidence-based advocacy on specific regulatory and fiscal reforms. Targeted investment in this capacity could yield significant returns in the quality and influence of policy recommendations that will underpin reform.

Across all nine countries, the most productive near-term role for NABs is to work directly with ministries of finance, planning and financial regulation or equivalent, to develop country-specific impact objectives grounded in existing development planning frameworks. In Burkina Faso, a National Impact Day chaired by the Minister of Finance was hosted in 2024 and 2025. In addition, two government institutions were proposed by the Minister of Finance as Board members of Impact Investing Burkina and ambitions to develop a National Strategy on Impact



Nigeria's Rural Electrification Agency, REA, is a prime example of how a dedicated agency to implement a national reform objective can be efficient.

Investing will see Burkina Faso Ministry of Finance playing a leading role. This approach demonstrates how policymakers can engage with NABs to develop cohesive strategies for impact.

In South Africa, where the regulatory infrastructure is most advanced, that collaboration should extend to developing a formal institutional framework for outcomes funding, building on the Green Outcomes Fund and ECCE models. The aim should be to give government a structured vehicle for commissioning social outcomes at scale, rather than relying on individually negotiated transactions and advancing the work already under way on impact labelling and disclosure to give investors and retail participants a reliable standard against which to assess impact claims.

Côte d'Ivoire and Senegal both have active taskforces that need to formalise into NABs, with a government ministry secured as institutional anchor. Zambia's priority is securing explicit recognition of impact investing in the 9th National Development Plan and consolidating the Credit Risk Guarantee Scheme as a replicable regional model.

Kenya's NAB has been in development since 2018 and the priority is focus: identifying two or three specific policy asks it can drive to completion within the current medium-term plan period. Across all nine countries, the foundations are in place. What the ecosystem now requires is not more frameworks but committed institutional ownership to see them through.

At the same time, the REA model demonstrates that opportunity exist for sector specific government agencies to solve for specific, local market development priority areas.

BOX 14

The critical role of civil society organisations

The role of NABs and country partners in supporting the development of the impact investing ecosystem is clear. However, their efforts are not undertaken in a vacuum but rather as part of a broader ecosystem of intermediaries. It is worth emphasising the importance of strong civil society organisations as a key advocate for policy reform. These organisations exist beyond political cycles and operate with the long game in mind, thereby helping to create continuity in terms of broader economic development objectives that are in the interest of the public good. At the same time, these organisations augment much needed human resource capacity (both in terms of time and expertise) in the policy reform sphere, leveraging private sector resources to achieve this.

One such example in the region is the [Nigeria Economic Summit](#)

[Group \(NESG\)](#), a private sector-led public/private dialogue and policy advocacy platform incorporated in 1996. Its flagship programme is the annual Nigerian Economic Summit (NES), which is convened with the Federal Ministry of Budget and National Planning. In context of the toolkit, NESG acts as a non-state Market Facilitator. At its core, the NESG promotes reforms that will make the Nigerian economy more open, competitive, inclusive and sustainable.

It operates as an evidence-based policy advocacy body using several mechanisms such as sector-specific commissions, economic round tables, resource and knowledge development, and close collaboration with the impact investing ecosystem through the NAB, to advance policy reform. While it is not directly responsible for policy setting, it acts as a bridge between the public and

private sector through dialogue, helping close the trust gap that often exists. Furthermore, the advocacy work has supported the development of initiatives such as the Wholesale Impact Investment Fund (WIIF). The capacity and governance programme (NESG Academy and Bridge Fellowship), meanwhile, is an initiative that intends to build a pipeline of reform-oriented professions. NESG's impact on the legislative environment includes a direct contribution to the passage of the National Agriculture Seeds Council Act (2019), Fertiliser Quality Control Act (2019), and the Arbitration and Mediation Act (2023),

The NESG's multistakeholder engagement approach, longevity, independence and proven success in influencing policy reform makes it a compelling model for other markets to replicate.



CASE STUDY 13

Nigeria Rural Electrification Agency (REA)

Year

2005

Country

Nigeria

Responsible institution(s)

Federal Ministry of Power (design & oversight);
REA (implementation & supervision)

Government's role

Market Facilitator

Policy tool

Dedicated Government Agency; Government-enabled
Wholesale Fund; Capacity Building Programme

Description

The REA was created under Nigeria's Electric Power Sector Reform Act 2005 and became a central pillar of the country's energy access agenda from 2017 onward under renewed federal commitment. This model is a good example of how governments are already engaging with impact economy tools in practice, even if these have not been explicitly labelled as such. It also demonstrates the interoperability of several policy tools and how a dedicated agency can support effective policymaking by running multiple programmes. For REA, this includes:

- **Nigeria Electrification Project (NEP):** A World Bank and AfDB supported programme providing grants and technical assistance to private mini-grid developers and standalone solar system suppliers. The AfDB programme includes a Results Based Financing (RBF) initiative for productive appliances and equipment. As of 2023, over 1 million households had been connected through off-grid systems supported under the NEP.
- **Energising Economies Initiative (EEI):** Targeting productive use of energy in market clusters and economic hubs through private sector-led mini-grid deployment. EEI has electrified 25 economic clusters, supporting thousands of MSMEs with reliable power.
- **Energising Education Programme (EEP):** The programme has delivered solar hybrid systems to 11 federal universities and teaching hospitals.
- **Rural Electrification Fund (REF):** A dedicated blended finance vehicle disbursing grants, subsidies and concessional capital to crowd in private investment.

The long track record of this agency has seen both capital mobilisation and positive outcomes at scale.

Highlights

- The model demonstrates how a dedicated government agency can anchor large-scale blended finance structures. By combining sovereign guarantees, RBF and concessional DFI capital, the REA has attracted hundreds of millions of dollars in private investment into a market previously considered commercially unviable.
- The NEP's RBF approach, which entails disbursing grants upon verified connections, ensures that subsidies are tied to measurable outcomes. Independent third-party verification of connections provides credible evidence of impact and improves accountability for public expenditure.
- The REA has pioneered productive use of energy as an anchor for private mini-grid investment, shifting the model from a welfare/subsidy paradigm to a commercial one grounded in enterprise demand. The EEI's market cluster approach is a replicable model for Sub-Saharan Africa.
- Operating in one of Africa's most complex federal systems, the REA has tailored programme design to Nigeria's fragmented grid landscape, diverse state-level regulations and heterogeneous consumer markets. This tailored design approach offers key lessons for other large developing economies navigating decentralised energy governance.
- The REA represents one of the first purpose-built national agencies in West Africa with an explicit mandate to develop off-grid energy markets through private sector mobilisation, providing a model for peer countries across the region.

Additional Information

- [Rural Electrification Agency](#)
- [Electric Power Sector Reform Act \(EPSRA\)](#)
- [ESMAP / World Bank \(2023\): Mini Grids for Half a Billion People](#)
- [Nigeria Electrification Project Appraisal Report](#)

From fragmented interventions to a coherent solution: The value of a national impact investment strategy

Market fragmentation is one of the most prevalent and consistent themes defining the impact economy in the countries under review. Not a single market is considered cohesive and well-coordinated in its efforts to foster an impact economy. National impact strategies simply do not exist and virtually all of the ecosystem building and strategic market direction is being developed by the NAB and national partner networks. Where policy does exist, it often does so in isolation and where government is pursuing impact objectives, the pursuit is often occurring in isolated pockets rather than being part of a cohesive national strategy. That said, most markets have a national development plan in some shape or form that underpins the domestic development objectives.

A national impact investment strategy has the potential to do something that individual tools cannot: it creates a cross-sectoral mandate. When impact investing is explicitly named as a delivery mechanism in a national development plan, it can trigger a cascade of institutional responses, including increased awareness at sub-national level regarding impact capital and how it may be accounted for in national accounts. It can also spark interest from sector ministries about what impact investment means for departmental or sectoral programmes. DFI relationships are reoriented towards national strategic priorities rather than project-by-project decisions.

The prospects for such a cascading effect is why the ZIPAR/NABII analysis identifies integration into Zambia's 9th National Development Plan as its single highest-priority recommendation. This creates the institutional mandate for every other reform to follow. There is an opportunity for country NABs and National Partners, together with policymakers, to further explore the deluge of policy tools available to foster an impact economy, select a small handful of policy priority areas that will have the most catalytic effect for their market and prioritise development of these alongside the broader impact strategy development.

For most of the nine focus countries, a formal national strategy is aspirational in the near term. The more achievable and often more effective step is to integrate impact investing explicitly into the next national development plan cycle as a named financing mechanism, as ZIPAR/NABII aspires to do. The same opportunity exists for Ethiopia, whose 10-Year Development Plan expires in 2030, Ghana, via its Beyond Aid Strategy successor, Nigeria in its next ERGP cycle and Burkina Faso, whose new development framework for 2026-2030 is being drafted. The window for influencing each of these planning processes is limited – they are typically drafted 12-18 months before adoption, making early engagement with national planning ministries a time-sensitive priority.

Actionable opportunities

A time-sensitive opportunity is to identify the next national development plan cycle in each country and engage the relevant planning ministry now, before the consultation process closes, to ensure that impact investing is explicitly named as a capital mobilisation mechanism. This should be accompanied by high-level recommendations on the most catalytic short-term policy levers for the respective markets to create an enabling environment for the proposed mechanism. Since most of the ecosystem work for the impact economy is currently being done by the NABs and National Partners, these networks would have to spearhead this. Each country's efforts will therefore depend on the capacity that is available to action this next step.

The ask of policymakers is precise: include a paragraph in the plan's financing strategy that names impact capital, defines it by reference to the GSG framework and identifies the institutional home for its coordination. If government capacity constraints exist, large institutions could second human capital to support governments efforts to deliver on this. Such signalling will create a clear mandate for the market pertaining to the impact economy. NABII Zambia and Kenya's CMA are available as regional peer advisors for this engagement in their respective regions.



Market fragmentation is a defining feature of the impact economy across the countries under review, with no cohesive national strategies in place and most activity occurring in isolated pockets. A national impact investment strategy, or at minimum explicit integration into national development plans, can foster greater system-wide coordination and enhanced impact.

BOX 15

Ci Gaba Fund of Funds

The Ci-Gaba Fund of Funds has become the regional benchmark for what a government enabled wholesale vehicle could look like. It is primarily intended to unlock pension fund capital for SME development through experienced and emerging managers. The FoF's

considered design approach, which included an extensive period of market engagement and capacity building, has contributed to its successful first close in January 2026.

The key features of the blended finance instrument include a catalytic

capital layer for derisking, a TA facility and the collaborative design approach. While the model might not be precisely replicable in all markets, the design and development phase offers key learnings for adapting instruments to localised market realities.

Government-enabled wholesale funds: From grant making to catalytic capital provider

Historically, public resources in the form of government grants have played a critical role in development. While grants remain a necessity in the region's emerging and frontier markets, they have inherent limitations. Considering chronically fiscally constrained budget dynamics, there is an untapped opportunity for policymakers to redirect strategic development funding to act as catalytic capital provider through wholesale vehicles. Such a strategic shift means there is a fundamentally different theory of change for the role of government to use public funds to absorb first-loss risk, improve risk-return profiles and ultimately to unlock pools of private and institutional capital in pursuit of development objectives. Rather than focusing on the potential returns for the private sector that could materialise from this role, government should consider the impact at scale that can be unlocked using catalytic capital.

Several examples of blended finance models exist across the continent and there are examples of programmes that feature characteristics of wholesale funds. These include the Development Bank of Nigeria's (DBN), who provides wholesale term funding and risk-sharing facilities to Participating Financial Institutions for on-lending to MSMEs, and the Development Bank of South Africa's (DBSA) Infrastructure Fund, which is a wholesale blended finance vehicle channelling public, DFI and private capital into infrastructure projects.

While there are some use cases in the market, it is generally underdeveloped. An opportunity exists for more intentional development and adoption of instruments like funds of funds (such as Ci-Gaba), providing first-loss tranches or blended capital structures, credit guarantee schemes, dormant asset mobilisation (such as the UK's Better Society Capital Model), technical assistance facilities (which will support capacity building) and acting in the capacity of anchor investor in novel structures.

The argument for making the shift from simply utilising public funding for grants to engaging with the market in a catalytic role is clear. Wholesale funding structures can be utilised as vehicles that deploy scarce fiscal resources to create significant capital leverage, thereby mobilising domestic institutional capital for improved public good. It gives the opportunity for government to more actively participate as a market builder in sectors and industries that align with national development objectives, enhancing the long-run fiscal and development capacity of the state.

BOX 16

The political economy challenge

While there will always be a role for government to play in the grantmaking space, there is a need for public finance to push the boundaries and consider diversifying its role of grantmaker to include the role of catalytic capital provider. Such a shift, however, is not without its institutional challenges.

Ministries and government agencies are accustomed to accountability frameworks built around grant outputs, including measures such as disbursements made, programmes delivered and beneficiaries reached. Catalytic capital operates on a different and longer time horizon, where success is measured by results such as markets built, the value of private capital mobilised and the number

of enterprises scaled – rather than just funding disbursed. This requires a fundamentally different risk appetite from government and, congruently, different metrics and accountability structures.

The political economy of this shift demands strong political will to venture into alternative funding avenues. Policymakers must be willing to accept the uncertainty inherent in market-building in exchange for development outcomes that are ultimately greater in scale and more fiscally sustainable than what grantmaking alone can deliver. In turn, the financial systems must be structured so as to minimise risk wherever possible.

Getting this right first and foremost requires an influential political

champion with implementation capacity that will drive specific initiatives, as well as the right financial instruments and measurement frameworks. The initial role of catalytic capital provider will likely require running pilot programmes to test feasibility, which in turn can create the demonstration cases to help create a more enabling regulatory environment.

In a region where competing political interests and short electoral cycles often create discontinuity of institutional memory, this is complex challenge to navigate. Finding an institutional home for impact investing will support continuity of efforts beyond political cycles.

Actionable opportunities

The strong first close seen for the Ci Gaba Fund of Funds suggests that the case for developing wholesale vehicles to mobilise institutional capital is becoming clearer. The question is no longer whether to engage with wholesale impact vehicles but how quickly to adopt such vehicles and step into the role of market builder. Various use case models exist and can be adapted to deliver on domestic institutional capital mandates.

Collaborative design with relevant industry stakeholders (such as pension fund regulators) is imperative. Furthermore, capacity building for investment decision makers (such as pension fund trustees) and developing a pipeline of bankable intermediaries and/or enterprises are also important aspects to ensure that wholesale vehicles are ultimately achieving what they intend to.



CASE STUDY 14

Ghana's Venture Capital Trust Fund (VCTF)

Year

2004 (Act 680 enacted); operations commenced 2006–2007

Country

Ghana

Responsible institution(s)

Ministry of Finance and Economic Planning (MoFEP), The Venture Capital Trust Fund Secretariat (the Fund's management body), Securities and Exchange Commission (SEC)

Government's role

Market Facilitator

Policy tool

Government-enabled Wholesale Fund, elements of Dedicated Government Agency

Description

The VCTF was established by Act 680 of 2004 in response to structural market failure in Ghana's SME sector, which despite accounting for the vast majority of economic activity and being a major source of employment, was chronically underserved in terms of access to finance. It is intended to act as both a financing vehicle and an ecosystem-building instrument. It operates as a fund-of-funds model by providing capital to licenced private fund managers, known as Venture Capital Financing Companies (VCFCs), who in turn deploy equity or quasi-equity investments into qualifying SMEs. Additionally, the fund provides TA and capacity to both VCFCs and investee SME, supporting the institutional infrastructure development of the venture capital ecosystem in Ghana.

Evidence on the VCTF's results is mixed but instructive. On the positive side, the Fund has catalysed the formation of a domestic VC industry that did not previously exist and have contributed to normalising equity financing as a concept among Ghanaian entrepreneurs, many of whom had no prior exposure to non-debt capital. However, independent assessments and parliamentary reviews have also identified significant challenges, including slow deployment rates, with capital sitting idle due to limited deal flow and weak VCFC capacity, governance and accountability concerns around fund management,

difficulties in achieving exits from investments in a thin secondary market and a persistent concentration of investments in Greater Accra despite the mandate to reach underserved regions. On balance, these challenges reflect broader ecosystem constraints, such as limited entrepreneurial capacity, weak legal infrastructure for equity investing and shallow capital markets, rather than flaws unique to the VCTF design.

Highlights

- When Ghana enacted Act 680 in 2004, it became one of the first countries in Sub-Saharan Africa to establish a dedicated legislative and institutional framework for public venture capital targeting SMEs. The VCTF's institutional durability and legitimacy is grounded in its existence as a specific legal act, rather than a ministerial programme.
- The wholesale intermediation structure reflects appropriate adaptation for the local market conditions and the dual focus on both investing and capacity building is fitting for the frontier market context.
- From an institutional perspective, the VCTF created the legal, regulatory and professional infrastructure for an equity investment culture in Ghana. Furthermore, by working alongside the SEC to define VCFC licensing standards, it helped establish norms for fund governance, investment management and investee reporting.
- Not only is this model replicable in other markets, but its long track record offers valuable learnings for countries that want to build their VC markets. The challenges encountered along the way highlight the importance of sequencing ecosystem development (deal flow, fund manager capacity, exit mechanisms) alongside capital deployment and of building robust M&E frameworks from the outset.

Additional Information

- [Venture Capital Trust Fund Act, 2004 \(Act 680\), Parliament of Ghana –available via the Ghana Legal Information Institute \(GhanaLII\)](#)
- [Securities and Exchange Commission Ghana — VCFC regulatory framework](#)

From conceptual ideal to fundable, scalable markets: The importance of capacity building

Where landscape studies have been undertaken, countries identify capacity as a binding constraint, not in the abstract, but in three specific, concrete forms.



Enterprise investment readiness: The ability of SMEs and social enterprises to present bankable business plans, maintain audited financial statements and engage credibly with investor due diligence simply does not exist at scale.



Fund manager capacity: The pool of local professionals with the skills to originate, structure, manage and exit impact investments is limited and targeted interventions are needed to address this gap.



Institutional capacity: The ability of central banks, securities commissions and pension regulators to assess, approve and supervise impact investment instruments is limited.

These capacity constraints are interrelated and tend to compound each other in that an underdeveloped enterprise pipeline discourages fund formation, while a thin fund manager pool raises transaction costs and inadequate regulatory capacity slows instrument approval and creates uncertainty.

On the enterprise side, Zambia's Business Development Service Provider (BDSP) ecosystem, despite being approximately 73% donor-dependent, represents the most developed investment readiness infrastructure in the nine-country scope. BongoHive, Jacaranda Hub, Prospero and Kukula Capital collectively provide enterprise development, deal facilitation and investor linkage services that are essential to closing the gap between capital supply and enterprise demand. But the Kukula Capital market sizing study notes that BDSPs' weak links to investors are a structural problem as they prepare enterprises for financing without being connected to the capital that would reward that preparation. The need for an ecosystem approach cannot be overemphasised in the regional context.

Burkina Faso's ecosystem suffers the same fragmentation. Support organisations are numerous but fragmented, under-equipped and heavily grant-dependent. The Néré Capital Partners (formerly Sinergi Burkina) model, combining capital with technical assistance in a single vehicle, represents the most effective integrated approach, but operates at far smaller scale than the need.

An example of the positive impact of capacity building is the approach taken by IIGh when developing the Ci-Gaba Fund of Funds (FoF). This process included close collaboration with and targeted capacity building among pension funds to ensure that there would be sufficient uptake once the FoF did its first capital raise. In most instances where new policy is being developed, the role of government will include a hybrid of tools, one of which is likely to be capacity building. Consider other examples such as outcomes funding models, sustainable taxonomies and sustainable bond issuance, all of which require some form of capacity building to develop a strong understanding of these alternative policy tools.

Actionable opportunities

There is an opportunity for every country in the region to create or strengthen a public-private co-financing mechanism for business development service providers that links BDSP funding to verified investor connections, not just enterprise training outputs. This addresses the structural weakness of donor-funded BDSPs: their incentives are to train enterprises, not to connect them to

capital (or achieve some other outcome). For financial sector regulators in Ghana, Nigeria and Senegal, commission an IFC or World Bank-anchored ESG capacity programme modelled on the Ethiopia intervention. For fund manager development in Ethiopia, Burkina Faso and Zambia, support dedicated fund manager training programmes through existing MBA and professional finance institutions, with curriculum developed jointly with active fund managers from more advanced markets



The facilitator role is infrastructure for the long game. But in every one of the nine countries, there is at least one time-sensitive window open right now, whether it is a planning process, a taxonomy consultation or a NAB formation where a well-timed, well-resourced intervention can shape the infrastructure on which every subsequent capital deployment will depend.

Actionable opportunities by country cluster

The facilitator role requires the longest institutional time horizon of the three roles. Taxonomies take years to develop, NABs take years to build credibility, data systems take years to populate. But the decisions that determine whether these investments are made happen in narrow windows, such as planning cycles, a DFI partnership negotiation and taxonomy consultation processes. What is critically important is that there is strong collaboration between policymakers and industry networks to ensure whichever tools are deployed are usable in the local context.

The cluster-level priorities below identify where those windows are now open:

Table 28: The cluster-level priorities

Cluster	Countries	Priority facilitation actions
Institutionalised: extend and connect	South Africa, Kenya	Update taxonomies to improve adoption and develop simplified social and economic inclusion taxonomies; formalise a single national impact investment coordination body with a permanent funded secretariat; establish South Africa and Kenya as regional knowledge hubs providing peer advisory support to other NABs in the region.
Partially institutionalised: activate planning windows	Nigeria, Ghana, Zambia, Senegal, Côte d'Ivoire	Engage national planning ministries now to integrate impact investing into the next development plan cycle; strengthen NAB secretariats with dedicated research capacity; commission national market sizing studies using the NABII/Kukula methodology; link BDSP funding to verified investor connections.
Least institutionalised: build the foundation	Ethiopia, Burkina Faso	Ethiopia can accelerate the EIB-backed taxonomy with social dimensions included from the start; formalise the national partner structure with committed multi-year funding; integrate impact investing into the 10-Year Plan revision. Burkina Faso, meanwhile, should channel energy into WAEMU-level facilitation instruments, BCEAO taxonomy extension and BRVM reporting requirements where single actions have eight-country reach



CASE STUDY 15

Ethiopia's Enterprise Financing Facility (EFF)

Year

2022 (operational 2025)

Country

Ethiopia

Responsible institution(s)

National Bank of Ethiopia; UNDP Ethiopia;
Innovative Finance Lab (IFL);
Kuramo Capital Management (fund manager)

Government's role

Market Facilitator

Policy tool

Government-enable wholesale fund/ funding programme

Description

The EFF is the flagship instrument of the IFL, an organisation intended to test and scale innovative financing solutions and was designed to bridge the financing gap for Ethiopia's estimated two million MSMEs through direct capital deployment. The EFF operates through two complementary approaches: a Fund of Funds (FoF) model that channels capital to existing and emerging Ethiopian fund managers, building domestic investment capacity from within and direct and co-investments in high-growth SMEs and startups. Three core financing instruments are deployed across both approaches, including risk capital for early and growth-stage enterprises, working capital financing for operational liquidity and mezzanine financing to bridge the gap

between debt and equity for more mature SMEs.

The EFF also offers a Technical Assistance Facility (TAF) to strengthen enterprise readiness and creditworthiness before and after investment, addressing one of the most persistent barriers to MSME finance in Ethiopia. The fund targets \$100m in blended capital drawn from the public sector, development partners and private investors.

Highlights

- The EFF represents pioneering financial architecture for Ethiopia, the first structured blended finance facility of its kind to target MSMEs and startups at national scale. Its ecosystem approach is captured in the combined activities of capital deployment and market infrastructure development.
- **It has potential for significant capital mobilisation given** the \$100m capitalisation target. Although ambitious in the Ethiopian context, this target reflects strong blended finance architecture. The FoF component is designed to leverage a relatively small public anchor investment to crowd in a significantly larger volume of private institutional capital, consistent with best practice in development finance.

Additional Information

- [Innovative Finance Lab: Enterprise Financing Facility](#)
- [Kuramo Capital Appointed Fund Manager for Ethiopia's \\$100M Enterprise Financing Facility](#)
- [United Nations Development Programme in Ethiopia](#)



CASE STUDY 16

Ghana's Ci-Gaba Fund of Funds

Year

Designed in 2022; Operational set-up and fund manager appointment in 2023; First close in 2026

Country

Ghana

Responsible institution(s)

Fund sponsor – Impact Investing Ghana (IIGh);
Fund manager – Savannah Impact Advisory

Government's role

Market Facilitator

Policy tool

Government-enabled wholesale fund
(blended finance vehicle)

Description

Ci-Gaba was conceived as a solution to the chronic funding gap for SMEs in Ghana. The successful launch is attributed to an extensive and comprehensive, collaborative, year-long design process, which preceded the successful implementation process. In January 2026, the \$75m fund achieved first close with a \$7.5m anchor investment from FSD Africa Investments (FSDAi), exceeding its \$30m target amid strong pension fund participation in its debut funding round. By demonstrating the viability and risk-adjusted returns of SME and early-stage investment, Ci-Gaba aims to establish a new investable asset class for domestic institutional investors, reducing Ghana's dependence on government securities.

The fund has two layers, including a catalytic capital, first-lost cushion (30-40% of the fund) to de-risk the overall vehicle and enable pension funds to participate within their regulatory risk-return parameters. Investors in the first layer include philanthropic and concessional capital from DFIs, foundations and international partners. The second layer consists of institutional capital (60-70%) from pension funds and other local institutional investors that will earn commercial or near commercial returns and is de-risked

by protection from the catalytic tranche. A multitude of stakeholders contributed to the successful implementation of Ci-Gaba, including Impact Investing Ghana (IIGh), GSG Impact, the MacArthur Foundation, the World Economic Forum and the Collaborative for Frontier Finance who were all involved in the initial design phase. The UK Foreign, Commonwealth & Development Office's (FCDO) Research and Innovation Systems Africa (RISA) Fund enabled the operational setup.

Highlights

- Gaba is the first Ghana-domiciled private Fund of Funds and the fund's architecture includes an innovative blend of finance, enabling catalytic capital to structurally mobilise commercial pension participation in local currency. The fund was context adapted through the process of co-designing it with Ghanaian pension trustees, regulators and the local ecosystem. It is explicitly replicable and has already inspired sister funds such as Nigeria's WIIP (Wholesale Impact Investment Fund) through the GSG Africa Impact Investing Group (AIIG). It supports systemic market-building as it pairs capital with a technical assistance (TA) facility to build the capacity of fund managers, SMEs and pension trustees simultaneously.
- The establishment of the Ci-Gaba vehicle, which was spearheaded by IIGh, demonstrates the potential impact of genuine, multi-stakeholder collaboration and the value of an inclusive design approach to mobilise previously excluded capital sources (pension funds in this case) for positive outcomes. IIGh's long-term vision is to catalyse \$1bn in impact funds for West Africa through vehicles like Ci-Gaba.

Additional Information

- [Ci-Gaba Fund of Funds – Impact Investing Ghana](#)
- [Savannah Impact Advisory appointed Fund Manager – Impact Investing Ghana \(September 2023\)](#)
- [FSDAi Invests in Ci-Gaba Fund, Supporting First Close – FSD Africa \(January 2026\)](#)



CASE STUDY 17

Nigeria Infrastructure Fund

Year

2011

Country

Nigeria

Responsible institution(s)

Minister of Finance (Governing Council);
National Assembly, Nigeria's Sovereign Wealth Fund

Government's role

Market Participant

Policy tool

Government Enabled Wholesale Fund

Description

The NIF is one of three ring-fenced windows of Nigeria's Sovereign Wealth Fund, established under the NSIA Act 2011 and operationalised in October 2012, with \$1bn in seed capital. The NIF received an initial 32.5% allocation (\$325m), growing to approximately 50% of total AUM (\$1.1bn as at end-2023). Unlike the NSIA's other two windows, the NIF is managed by an in-house investment team and is required to maintain a rolling Five-Year Infrastructure Investment Plan aligned to national priorities. It deploys a blended co-investment strategy combining direct investments, fund-of-funds structures and dedicated subsidiary platforms to mobilise third-party private and international capital. The NIF has successfully provided the enhancement for infra projects to ensure that they secure investment from local capital and offers a practical use case for other markets that want to build infrastructure funds.

The sequencing of capital is worth noting, as it initially started with NSIA and Guarantco funding in small ticket sizes to build market credibility. Thereafter, the fund proceeded to raise capital with bonds. Another key to its success was to structure an instrument that there was

ongoing pension fund engagement to enhance transparency and ensure that the vehicle design complied with punitive pension fund regulations. NSIA notes that the trust of capital providers can only be earned through transparency and continuous engagement.

Finally, an instructive feature of this vehicle is that it is self-regulated. In partially institutionalised markets where regulatory robustness is absent, the need for self-regulation is inherent. Stakeholders often do what needs to be done within the boundary of existing laws to demonstrate what works and once the evidence exists, the case for regulatory reform is much stronger. A precondition for this approach is credible institutions.

Highlights

- One of Africa's first legally ring-fenced sovereign infrastructure vehicles, the NIF provides a strong blueprint of a replicable continental model to address infrastructure funding needs in partially institutionalised markets. Its blended design combines sovereign capital with private equity, DFIs and recovered public assets to crowd in private investment.
- Its dual mandate of both financial return targets and social infrastructure provisions (10% NIF allocation) in statute demonstrates how development objectives are structurally embedded in the design.
- The NIF's adherence to Santiago Principles, combined with independent auditing, civil society monitoring and annual reporting set a benchmark among African SWFs from a governance perspective.
- The intentional inclusion of the rolling five-year plans and sector-specific subsidiaries (MedServe, RIPLE, Carbon Vista) address Nigeria's specific development gaps.

Additional Information

- [NSIA Act 2011](#)

Conclusion

The report set out to shine a spotlight on the policy landscape in the region in the context of GSG Impact's Policy Toolkit and, in doing so, identify opportunity areas to build impact economies that mobilise private capital towards development priorities at scale. Given the nuances and idiosyncratic complexities that exist in the region, a simple list of proposed reforms will not achieve the intended outcomes. While the case for action is clear, the path is most certainly not uniform, especially considering the varying degrees of institutionalisation of capital market infrastructure in the region. The gap between what is technically possible and what happens is often a function of institutional will and sequencing. That said, it is often also a function of government prioritisation amid a deluge of competing and ever urgent interests. Capacity constraints within government, both in terms of physical resources and subject matter expertise, especially in the regional context, is a real and often underestimated barrier to policy reform. Therefore, strong collaboration between the private and public sectors is essential.

This conclusion draws together the analytical threads of the Toolkit, sets out what the evidence firmly supports, acknowledges where uncertainty and context-dependence require caution, and offers a final framing for policymakers deciding where to start.

The current state of play

There are three conclusions from the research that can be applied across the region, regardless of the extent of institutionalisation of capital markets among countries.

First, impact economies do not emerge from market forces. This is a structural issue and not at all surprising. In markets where the impact ecosystem is functioning, even if it is in pockets rather than wholly embedded in the economy, it was deliberately built (and this took time). The market development often required input from various stakeholders in the ecosystem rather than a single market player, and there was clear intentionality where this was done. Examples include Kenya's green bond and taxonomy infrastructure, Ghana's CI Gaba Fund of Funds, Zambia's pension reform and GIP vehicle and Côte d'Ivoire's sustainability-linked sovereign framework.

While the impact economy is still broadly in a nascent phase across the region, momentum is building where intentionality is most prevalent. But intentionality alone is not a silver bullet. What distinguishes countries that have built meaningful impact infrastructure from those that have not is neither access to resources, both in terms of knowledge or specialists skills, nor capital availability. Instead, the key differentiator is that there is clear buy-in from key decision makers, either at the level of a minister of finance, central bank governor or government agency that impact investing can be an efficient delivery mechanism for national development (rather than a niche financial product). While markets will see the impact economy develop through private sector networks and initiatives, wholesale adoption of the impact economy can materialise only if there is political will for this to happen.

The second observation relates to leverage and sequencing. Not all policy tools are equal and not all are always available. At the same time, these tools are often interdependent and one will not be effective in the absence of another (for example, developing a taxonomy without market capacity building to ensure adoption). In the regional context, it seems like the following tools offer the most

value from a highest return, lowest cost perspective and are available to all markets right now:

- Integrating impact investing into the national development plan
- Issuing fiduciary guidance to pension regulators
- Adopting a streamlined national taxonomy that covers both social and environmental aspects
- Converting one existing government fund to a blended structure

These reforms can materialise within existing legal frameworks, without new institutions or primary legislation.

The more ambitious tools, such as outcomes contracting frameworks, social enterprise legal forms and wholesale catalytic fund architectures require longer institutional runways and wider market engagement to ensure expediency, although they are not technically difficult to design. From a sequencing perspective, it makes sense to prioritise building the enabling conditions first. For example, developing a streamlined taxonomy before issuing a green bond, adjusting fiduciary guidance before pension fund reallocation, or a BDSP co-financing mechanism before an investment readiness training programme. The order in which these things happen determines whether each investment compounds the previous one or dissipates into a standalone pilot.

There is another opportunity that exists where existing government agencies can be used to start introducing impact economy policy tools such as capacity building programmes, blended finance instruments or even results-based contracting mechanisms. Where agencies exist to address specific domestic development areas, these can and should be leveraged. Policy tools do not exist in isolation and specific market interventions often include a multitude of policy tools across at least two, if not all three of the government roles identified in the toolkit. When new tools are being developed, the design should consider inclusion of complementary tools that will support underdeveloped parts of the entire impact economy ecosystem, rather than just solving for a single pinpoint. Failure to do so risks creating vehicles with no investable enterprises, or policy reform that has zero implications for the flow of capital due to a lack of capacity building to enhance market adoption.

The third argument considers the opportunity for stronger regional

integration. The unit of analysis for impact economy policy in Africa does not always have to be the nation-state. The WAEMU architecture covers eight economies, one central bank and one capital market. This means that a single BCEAO circular or BRVM listing rule amendment has the regulatory reach of eight simultaneous national reforms. That said, geopolitical tensions must be managed carefully to avoid fragmentation and a potential fallout at the West Africa regional level.

The AfCFTA and SADC frameworks create analogous opportunities for regional alignment on green bond standards, cross-border fund structures and sustainable procurement rules. Zambia and Kenya are already aligning green bond frameworks with regional peers. South Africa's regulatory infrastructure is the de facto standard for Southern Africa. For the smallest and most resource-constrained economies among the nine, Burkina Faso and to a degree Ethiopia, the case for channelling reform energy into regional architecture first and national instruments second, is particularly strong.

What remains uncertain

What works in theory is not always a feasible solution in practice. This toolkit is primarily intended to encourage policymakers to embrace tools that can foster an impact economy but will also be a useful advocacy tool for NABs and National

Partners when engaging policymakers on market reform. That said, it makes no claim to be a panacea. Rather, it should be seen as a guide to where policymakers should invest in learning rather than assuming.

The additionality question is harder than it appears and the concept itself is less unified than its advocates often assume. Impact investing's central claim, that it mobilises capital that would not otherwise flow to high-impact activities, is well-supported in specific contexts (first-loss structures, outcomes contracting, frontier market entry). However, it is much weaker in others, such as labelled bonds issued by entities that would have borrowed anyway, and "impact" funds with portfolios indistinguishable from conventional development finance. The broader market contains a significant proportion of rebranded conventional finance and the toolkit's case studies were deliberately selected with this context in mind.

The more useful distinction is between three forms of additionality that are frequently conflated. **Financial additionality** asks whether capital would have flowed at all without the intervention. **Impact additionality** considers whether the outcomes would have been achieved regardless of who provided the financing. **Structural additionality** pertains to the transaction's market infrastructure building attributes, such as intermediaries, track records, investor familiarity and regulatory precedent, that makes subsequent investment possible. A transaction can be weak on the first measure while genuinely advancing the third, and in nascent markets like most of those examined in this toolkit, structural additionality often represents the more important near-term contribution. The first green bond in a market may not be financially additional in a strict sense, but it could establish the template and investor confidence that attract the next wave of issuers. Dismissing it on additionality grounds misreads where the value lies.

This does not reduce the obligation on policymakers. The whole point of the impact economy is additionality. While there is an undisputed opportunity for government to adopt impact economy principles, the reality is that public money is scarce and every tax incentive or government subsidy must be justified. **If an intervention would have happened anyway without public support, there is no justification for spending it.** Policymakers designing incentive frameworks, fiscal incentives, procurement criteria and public co-investment conditions need to build additionality tests into the design from the outset rather than as a compliance afterthought. This should include clarity about which type of additionality each instrument is designed to produce. The ZIPAR/NABII gap analysis for Zambia is explicit on this: voluntary disclosure without measurement infrastructure produces claims, not evidence. The infrastructure for verification must be built alongside the instruments themselves.

The informality challenge does not have a clean solution. As noted in this report, between 73% and 90% of economic activity in Burkina Faso, Ethiopia and significant parts of all nine countries occurs in the informal sector, (Benjamin et al., 2014). Standard impact investing instruments, equity, structured debt and outcomes contracts are designed for formalised enterprises with audited accounts, governance structures and identifiable legal persons.

The gap between where impact capital is designed to go and where the most acute development need exists is not closing quickly. Microfinance has addressed part of this gap for many years, at significant scale but with contested development outcomes. Tools such as investment readiness programmes and social enterprise legal forms push at the formalisation agenda, but none of them resolves the underlying structural question of whether impact investing, as currently constituted, can reach the 90% of Burkina Faso's economy that is informal. That question deserves more dedicated research and policy attention.

The macroeconomic preconditions are not always present. The recommendations assume a minimum threshold of macroeconomic stability, manageable inflation, accessible foreign exchange and sovereign debt at levels that do not crowd out private investment. For Zambia in 2023 or Ethiopia facing parallel exchange rate pressures, several of the tools recommended here were technically unavailable regardless of political will. The sequencing advice differs for countries in acute macroeconomic stress and in those contexts, the priority is restoring credibility signals (as Zambia's debt restructuring and Moody's upgrade demonstrate), not attempting to build sophisticated financial instruments on an unstable foundation. Impact investing can function effectively only within a climate of macroeconomic stability, it does not substitute for it.

Collective observations

Collectively, the nine focus countries represent nearly the full spectrum of impact economy development trajectories across sub-Saharan Africa. This diversity is itself instructive and, importantly, it resists the temptation of a single-ladder model of development that assumes all countries are simply at different points on the same path. They are not. Each country is navigating its own distinct trajectory, shaped by its institutional context, regional architecture, political economy and starting conditions. Any toolkit or policy framework that fails to account for this, risks offering solutions that are theoretically sound but contextually misaligned.

Realism and ambition

When developing the toolkit, the intention was to hold two things simultaneously: ambition about what is possible and realism about what is difficult. These are both necessary for honest policy advice. The ambition is warranted because the evidence shows that impact economies work, illustrated by the capital that has been mobilised, enterprises that have been funded and the social and environmental outcomes that have been achieved and measured. Rather than reinventing the wheel, moving towards deeper impact economy integration through developing more robust impact ecosystems simply requires targeted market prioritisation and execution. The tools already exist, global architecture is available and DFI partners are willing to provide support.

The reality, though, is that execution is hard. The political economy of reform, the interests that benefit from the status quo, the institutional inertia that resists coordination, the short time horizons that favour visible spending over invisible infrastructure, are genuine obstacles in each of the nine countries. The donor-dependency of NABs, the fragility of BDSPs, the conservatism of pension trustees, the gap between announced taxonomies and operationalised taxonomies are all predictable results of systems operating as designed. Changing them requires sustained effort over years, not interventions over months. Embedding the impact economy into policy is a long game.

Finally, the toolkit has been intentionally developed to include specificity. The most common failure mode of policy analysis is the recommendation that is technically correct but institutionally unanchored; it names the right tool without identifying who should pick it up, under what mandate, how it should be funded, and with what accountability.

Wherever possible, this report attempts to name the institution, the legal vehicle, the DFI partner, the planning window and the peer model that will support real policy reform. The intent is that this approach makes recommendations practically viable and not just technically desirable. Ultimately, impact economies are and will continue being built in the gap between what is technically possible and what has yet to be decided. More often than not, that gap is political and the real work is in closing that gap.



The consistent finding across the tools and all nine countries is that the barriers are institutional and political rather than technical. Most of the instruments are known and use cases for the region exist. Furthermore, many partners, including DFIs, remain available to support impact economy ecosystem development. What is missing, though, is the decision to treat impact investing as a core delivery mechanism for national development and the administrative capacity to implement it.

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Appendix

Limitations of the toolkit

The toolkit covers nine countries and 14 policy tools across three government roles. It is not intended to solve for all the barriers to impact economies and three explicit limitations should be acknowledged.

First, the toolkit deliberately focuses on government and is intended for policymakers and therefore the analytical framework is built around government roles. That said, impact economies require more than government action. The quality and depth of the intermediary layer, local fund managers, transaction advisors, impact measurement specialists, the underlying macroeconomic conditions and physical infrastructure etc. are as important as the policy environment and the toolkit addresses this only in part. While some analysis touches on the interrelated role of National Partners and NABs in their supporting role for policymakers, analysis of what the private sector and civil society should do and how DFIs can most effectively catalyse that is beyond the scope of this research.

Second, the evidence base is uneven across the nine countries. The Zambia analysis is supported by two dedicated landscape studies (ZIPAR 2026, Kukula Capital 2025). The Ethiopia analysis draws on a detailed GSG-commissioned mapping. The Burkina Faso analysis benefits from the IIBF landscape study. For Ghana, Senegal and Nigeria, the evidence base is thinner and the recommendations correspondingly more reliant on general market knowledge and regional analogy. As national market sizing studies are commissioned and updated, those recommendations should be revisited.

Finally, the toolkit provides a snapshot of the state of play as it is, but the impact investing field in Africa is moving fast – faster, in some respects, than the policy analysis that tries to track it. Côte d'Ivoire's SLF Framework was launched in July 2025. GIP Zambia closed its first round the same month. Ethiopia's ESX launched in 2024. By the time this toolkit reaches its readers, some of its adoption maps will already be out of date. The toolkit should be read as a foundation for ongoing tracking and updating, not as a final word.

The extent to which this toolkit will translate into an increase in capital mobilisation is dependent on the institutional will to treat impact investing as a valuable instrument of state that opens the market to alternative sources of capital, rather than a peripheral tool at the edges of development finance. It appears the conditions for change are in place and the governments represented in the toolkit have an opportunity to leverage the readily available capital, knowledge and partners to foster greater impact economies.

Annex

Acronyms

Abbreviation	Definition
AfCFTA	African Continental Free Trade Area
AfDB	African Development Bank
ADF	African Development Fund
AIIG	Africa Impact Investment Group
AIF	Alternative Investment Fund
ALP	Accelerated Learning Programme
AMF	Autorité des Marchés Financiers (WAEMU Regional Financial Markets Authority)
AUM	Assets Under Management
AVCA	African Private Equity and Venture Capital Association
AVPA	African Venture Philanthropy Alliance
BCEAO	Banque Centrale des États de l'Afrique de l'Ouest (Central Bank of West African States)
BCID-AES	Confederal Bank for Investment and Development
BDSP	Business Development Service Provider
B-BBEE	Broad-Based Black Economic Empowerment
BII	British International Investment
BIS	Bank for International Settlements
BOAD	Banque Ouest Africaine de Développement (West African Development Bank)
BRVM	Bourse Régionale des Valeurs Mobilières (Regional Securities Exchange for WAEMU)
CAGR	Compound Annual Growth Rate
CBN	Central Bank of Nigeria
CBK	Central Bank of Kenya
CBT	Competency-Based Training
CEEC	Citizens Economic Empowerment Commission (Zambia)
CFP	Catalytic Finance Partner
CIT	Corporate Income Tax
CIV	Côte d'Ivoire
CMA	Capital Markets Authority (Kenya)
CRIDF	Climate Resilient Infrastructure Development Facility
CREPMF	Conseil Régional de l'Épargne Publique et des Marchés Financiers

CPI	Consumer Price Index
DBSA	Development Bank of South Africa
DFI	Development Finance Institution
DIB	Development Impact Bond
EAC	East African Community
ECA	United Nations Economic Commission for Africa
EAVCA	East Africa Venture Capital Association
ECFF	Employment Creation Facilitation Fund (South Africa)
ECOWAS	Economic Community of West African States
EFF	Enterprise Financing Facility (Ethiopia)
EIB	European Investment Bank
EOF	Education Outcomes Fund
ERGP	Economic Recovery and Growth Plan (Nigeria)
ESG	Environmental, Social and Governance
ESX	Ethiopian Securities Exchange
EU	European Union
FCDO	Foreign, Commonwealth and Development Office (UK)
FCA	Financial Conduct Authority (UK)
FDI	Foreign Direct Investment
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (Dutch Entrepreneurial Development Bank)
FONSIS	Fonds Souverain d'Investissements Stratégiques (Senegal Sovereign Investment Fund)
FoF	Fund of Funds
FSCA	Financial Sector Conduct Authority (South Africa)
FRC	Financial Reporting Council (UK)
FSD	Financial Sector Deepening
GDP	Gross Domestic Product
GALOP	Ghana Accountability for Learning Outcomes Project
GES	Ghana Education Service
GEOP	Ghana Education Outcomes Project
GIIF	Ghana Infrastructure Investment Fund
GIIN	Global Impact Investing Network
GIP	Green Impact Plus (Zambia)
GOF	Green Outcomes Fund (South Africa)
GPRBA	Global Partnership for Results-Based Approaches
GSG	GSG Impact
GTAC	Government Technical Advisory Centre (South Africa)

GVCA	Ghana Venture Capital and Private Equity Association
IDC	Industrial Development Corporation of South Africa
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IFL	Innovative Finance Lab (Ethiopia)
IIBF	Institut pour l'Innovation et le Business en Afrique Francophone (Burkina Faso)
IISA	Impact Investing South Africa
IMF	International Monetary Fund
IMP	Impact Management Project
IRIS+	Impact Reporting and Investment Standards (GIIN framework)
ISSB	International Sustainability Standards Board
IVA	Independent Verification Agent
J-CAP	Joint Capital Markets Programme (World Bank)
JSE	Johannesburg Stock Exchange
KBA	Kenya Bankers Association
KEPFIC	Kenya Pension Funds Investment Consortium
KGFT	Kenya Green Finance Taxonomy
LEAF	Lagos Education and Access Fund (Nigeria)
LSE	London Stock Exchange
MEL	Monitoring, Evaluation and Learning
MoE	Ministry of Education
MSEA	Micro and Small Enterprises Authority (Kenya)
MSE Act	Micro and Small Enterprises Act (Kenya)
MSME	Micro, Small and Medium Enterprise
NAB	National Advisory Board
NABII	National Advisory Board on Impact Investing (Zambia)
NBE	National Bank of Ethiopia
NIFC	National Impact Finance Centre (Nigeria)
NIF	Nigeria Infrastructure Fund
NGX	Nigerian Exchange Group
NDP	National Development Plan
NPRA	National Pensions Regulatory Authority (Ghana)
NSIA	Nigeria Sovereign Investment Authority
ODA	Official Development Assistance
OHADA	Organisation pour l'Harmonisation en Afrique du Droit des Affaires (Organisation for the Harmonisation of Business Law in Africa)

OOSC	Out-of-School Children
PbR	Payment by Results
PE	Private Equity
PenCom	National Pension Commission (Nigeria)
PFA	Pension Fund Administrator (Nigeria)
PIC	Public Investment Corporation (South Africa)
PIA	Pensions and Insurance Authority (Zambia)
POESSA	Private Organisations Employees Social Security Agency (Ethiopia)
PSSA	Public Servants Social Security Agency (Ethiopia)
RBF	Results-Based Financing
RBA	Retirement Benefits Authority (Kenya)
REIPPPP	Renewable Energy Independent Power Producer Procurement Programme (South Africa)
REA	Rural Electrification Agency (Nigeria)
REIT	Real Estate Investment Trust
SA GFT	South Africa Green Finance Taxonomy
SADC	Southern African Development Community
SASB	Sustainability Accounting Standards Board
SARB	South African Reserve Bank
SAVCA	South African Venture Capital and Private Equity Association
SDG	Sustainable Development Goal
SEC	Securities and Exchange Commission
SIB	Social Impact Bond
SLF	Sustainability-Linked Financing
SMME / SME	Small, Medium and Micro Enterprise / Small and Medium Enterprise
SOE	State-Owned Enterprise
SSA	Sub-Saharan Africa
TAF	Technical Assistance Facility
TEVET	Technical Education, Vocational and Entrepreneurship Training (Zambia)
TVET	Technical and Vocational Education and Training
UCT	GSB University of Cape Town Graduate School of Business
UNDP	United Nations Development Programme
VCTF	Venture Capital Trust Fund (Ghana)
VC	Venture Capital
WAEMU	West African Economic and Monetary Union
ZIPAR	Zambia Institute for Policy Analysis and Research



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