



# Not One Size Fits All: The Varying Needs of Social Enterprises and Inclusive Businesses

ICR Facility Webinar

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# Agenda

Time (GMT)	Agenda
12:00-12:10	Introductions (ICR); Welcome remarks and participant aims and objectives
12:10-12:40	Emergent findings for policy-makers across ACP countries
12:40-13:20	Panel discussion: Varying Needs of Social Enterprises and Inclusive Businesses Panellists from: <ul style="list-style-type: none"> <li>• Reach for Change</li> <li>• Social Enterprise Academy, Zambia</li> <li>• Aspen Network for Development Entrepreneurs</li> <li>• B Lab East Africa</li> </ul>
13:20-13:40	Q&A
13:40-13:45	Next steps and 1:1 support



## Welcome Remarks

- Christiane Leong Ho Yng, Expert in charge of the Infrastructures and Economic services of the Secretariat of OACPS and
- Miguel Campo Llopis, Policy Officer-DG DEVCO- Private Sector and Trade Unit, EU Commission

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# Investment Climate Reform (ICR) Facility

Owen Dowsett, Senior Social Enterprise Consultant, British Council

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# Investment Climate Reform (ICR) Facility

<b>Funding</b>	11th EDF under the ACP-EU Partnership Agreement, together with BMZ and BC
<b>Objective</b>	Support the countries and regional institutions in Africa, Caribbean and Pacific countries in their public-private dialogue process to create a more conducive and sustainable investment climate.

## Technical assistance with up to 90 days for interventions:

- **Business Environment Reform** 
- **Business Environment for Sustainability** 
- **Public-Private Dialogue (PPD)** 

## Requests must:

- aim at improving the business and investment climate in an ACP country
- be part of a wider strategy, reform process, or PPD mechanism
- involve a PPD component 
- handed in by governmental organisations, business associations, development financial institutions (DFIs), and EU delegations in ACP countries

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# Emergent findings for policy-makers across ACP countries

The Social Investment Consultancy (TSIC)

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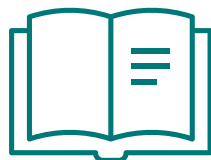
## Purpose of the policy paper

1. How do models of social enterprises and inclusive businesses vary across ACP countries?
2. What are the varied needs of these organisations?
3. What are the opportunities and innovations to support these organisations to become more sustainable solutions to social, economic, environmental challenges?

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## Varying needs of social enterprises and inclusive businesses

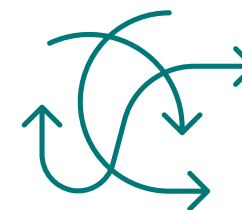
**There is no formal definition for a social enterprise or inclusive business across ACP countries, but there is a general understanding of what they do**



Social enterprises are not defined in policy or legislation across the majority of countries in each region



In Sub-Saharan Africa, only South Africa explicitly recognised social enterprise in its policies



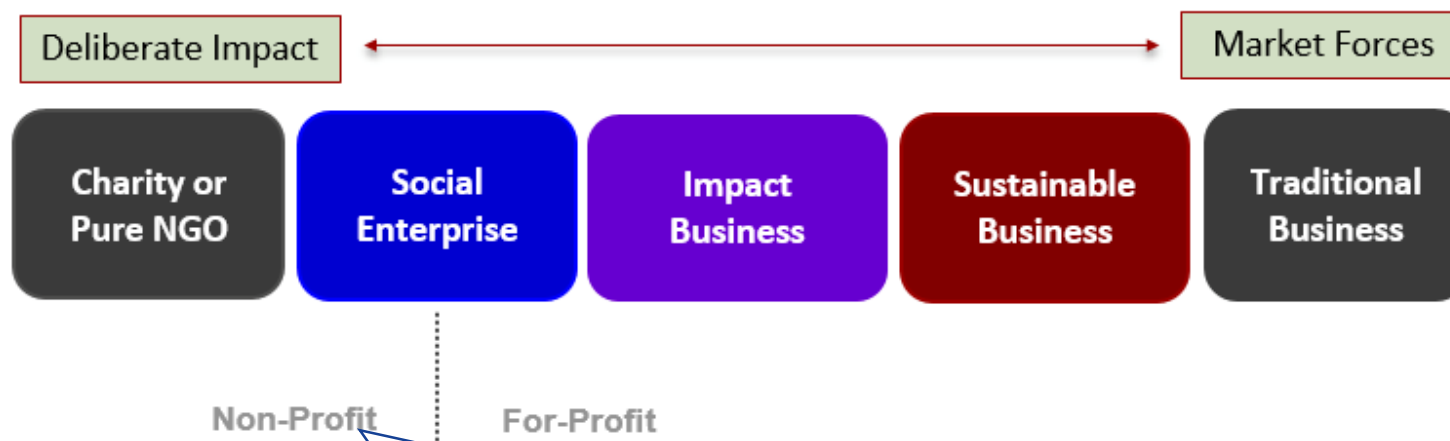
Across all countries, most social enterprises do not have coherent policy frameworks to turn to.

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## Varying needs of social enterprises and inclusive businesses

# Social enterprises and inclusive businesses represent a wide range of legal forms and business models



e.g. 15% of social enterprises are registered as not-for-profits in both Kenya and Ethiopia but 41% are registered as such (including voluntary groups) in Jamaica.

“B Corps”  
“Small and Growing Businesses”  
“Social Businesses”

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## Varying needs of social enterprises and inclusive businesses

# Differences among social enterprises: how they scale, their level of maturity, sectors, target communities and needs of the entrepreneurs



30  
years old ↑



“Not scaling” may not be a bad thing, particularly if the business is still able to deliver investor returns as well as community benefit

social entrepreneurs aged over 30 and with some industry experience are more likely to succeed and are preferable for investment (anecdotal evidence)

Social enterprises are led by and employ more women than private sector firms in certain African countries, but also find it harder to access capital

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## Varying needs of social enterprises and inclusive businesses

# Factors impacting social enterprises' ability to operate, fundraise and thrive



Lack of policy framework and favourable legislation: taxation, barriers for certain new industries



Issues around financing: Financing options limited by legal forms and asset base; lack of risk and impact-focused capital; loans available are too large

*70% of Social Enterprises Ghana members require less than \$50k*



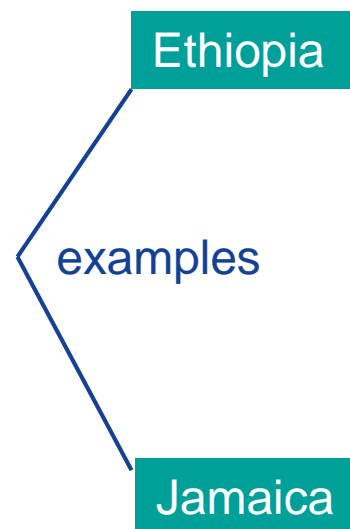
Internal operational challenges: managerial, technical and organisational skills; attracting and retaining staff

## Barriers faced by enterprises in the social finance ecosystem

**Issues around financing pose some of the biggest challenges, and the majority of social enterprises depend on donations and grants.**

Across African and Caribbean countries:

- Lack of access to debt or equity, grant funding, and donations
- Very few social enterprises can use loans or equity.



**38%** not received any source of funding.

The top two reported sources of funding: donations (**19%**) and grants from foundations (**13%**)

a mix of government funds (**27%**);

local foundations and endowments (**18%**);

international donor agencies (**17%**)

individual donors (**30%**).

## Barriers faced by enterprises in the social finance ecosystem

# Western investors across ACP countries may bring additional barriers to accessing finance



The vast majority of start-ups that receive venture capital in East Africa are founded by expats from the West or by those who have received education abroad.



However, they tend to privilege entrepreneurs with ambitions to scale, but these expectations are not in line with most social enterprises and inclusive businesses in ACP countries.



Different concepts of credit worthiness  
Limited but largely non-existent business and impact metrics

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## Recommendations: The Role of Policy Makers

### Government as a market facilitator, participant, and regulator



Facilitator

- **Build network:** Pacific RISE as a “broker” to build a network between social enterprises and investors across 14 Pacific island countries
- **Build capacity:** in the Caribbean countries, the Entrepreneurship Program for Innovation



Participant

- **Social procurement:** in South Africa, previously disadvantaged black-owned businesses are prioritised in the government and corporate supply chain.



Regulator

- **Tax relief:** in Ethiopia, tax relief was offered to companies affected by the fallout from COVID

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# Varying Needs of Social Enterprises and Inclusive Businesses

Panel discussion

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15<sup>th</sup> of October 2020, 12 -14h GMT

Online Live Event



**Likumbi Kapihya**  
Hub Manager  
Social Enterprise Academy, Zambia



**Ngwing Kimani**  
Executive Director  
B Lab East Africa



**Khatuchi Khasandi-  
Wanjohi**  
Program Manager, Aspen Network of  
Development Entrepreneurs (ANDE)



**Amma Sefa-Dedeh  
Lartey**  
Co-Founder  
Social Enterprise Ghana

## Not One Size Fits All: The Varying Needs of Social Enterprises and Inclusive Businesses

*Part 1 of the Series on Innovative Financial Instruments for Impact*

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# Questions and Answers

Please type your questions or points for discussion into the question window.

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# Information on 1-on-1 Clinics

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## 5. ICR Facility 1-on-1 Clinics

### Targeted support virtual, individual support sessions

- **Eligibility:** public or private stakeholders based in ACP country
- **Slots** will be granted based on availability.
- **Support** will respect a regional balance across the ACP.



Exchange directly  
with us and get  
support for your  
organisation

- Register your interest until 22 October 2020 via [icrfacility@giz.de](mailto:icrfacility@giz.de)
- Indicate your organisation and the questions you want to ask



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