STATE OF SOCIAL ENTREPRENEURSHIP IN AFRICA

Lessons from 10 Years of LEAP Africa's Social Innovator's Programme

Report Summary

LEAP Africa 2024

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Disclosure

This is a summary of a research report titled The State of Social Entrepreneurship in Africa: Lessons from 10 Years of LEAP Africa's Social Innovator's Programme.

This report was produced independently and without the influence of the management of LEAP Africa.

The ideas and facts presented are findings from research conducted by the Monitoring, Evaluation, Research and Learning team and therefore do not necessarily reflect the official position of LEAP Africa or project partners.

The team apologises for any errors or omissions of copyright and would be grateful if notified of any corrections to be incorporated.

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Appreciation

LEAP Africa's MERL team expresses its profound appreciation to all SEP alumni who participated in the Key Informant Interviews, Focus Group Discussions, and completed the research survey.

We also recognize the invaluable contributions of Kehinde Ayeni (Executive Director, LEAP Africa), and Amabelle Nwakanma (Director of Programmes), as well as the Programmes team, including Joy Godwin (Acting Programmes Manager) and Towojesudun Odede (Programmes Coordinator).

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Special thanks to all funding partners of the social entrepreneurship programmes, including Sahara Foundation and Union Bank.

This report reflects the state of social entrepreneurship in Africa and encapsulates key lessons from LEAP Africa's decade-long work with social entrepreneurs. It serves as a practical resource on social entrepreneurship in Africa and is essential reading for anyone passionate about driving social change.

Abdullahi Ibrahim
Senior MERL Coordinator, LEAP Africa
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Introduction

Economic Challenges and the Rise of Social Enterprises in Africa

Recent economic and social indices show that many countries in Africa still face several development challenges. In the last five years, just three out of 54 African economies have experienced annual growth rates exceeding 6%: Ethiopia, Benin, and Rwanda. This marks a decrease from 12 economies in the earlier decade. No African nation has achieved a significant increase in average per capita income, with half experiencing a decrease, including major economies like Nigeria, South Africa, and Algeria.

The region's average Ease of Doing Business score was less than 40, which is lower than the global average of 63. The region's average Corruption Perceptions Index score was 33%, with 90% of sub-Saharan African countries scoring below 50%. Despite these challenging factors, Social Enterprises have continued to emerge and thrive in Africa.

According to the Global Enterprise Monitor, aside Australia and the U.S., sub-Saharan Africa boasts the largest share of social entrepreneurs globally. Findings have shown that, in addition to significant personal life experiences and a strong intentional mindset for improving livelihoods and creating impact, poverty and challenging socioeconomic conditions are important factors that drive individuals towards engaging in social entrepreneurship in the continent.

Social Entrepreneurship is regarded as a cluster concept - consisting of five subclusters namely: social value creation, social entrepreneur, social entrepreneurship organisation or social enterprise, market orientation and social innovation, as depicted in Figure 1. The smaller circles symbolise the social entrepreneur, the social entrepreneurial organisation, social innovation, and market orientation, all encompassed within the broader framework of social value.

Over the past few decades, various models of social entrepreneurship have emerged, and numerous social entrepreneurship initiatives have been established across Africa, championed by organisations such as LEAP Africa, Acumen Fellowship, Echoing Green Fellowship, FATE Foundation, Schwab Foundation for Social Entrepreneurship, and Ashoka Nigeria.

LEAP Africa's Social Innovators Programme (SIP) is a year-long accelerator fellowship that empowers young change makers through a holistic approach of building their capacity, connections and credibility. LEAP Africa's SIP stands out for its commitment to supporting and investing in social enterprises, recognizing them as crucial catalysts for inclusive growth and sustainable development across the continent.
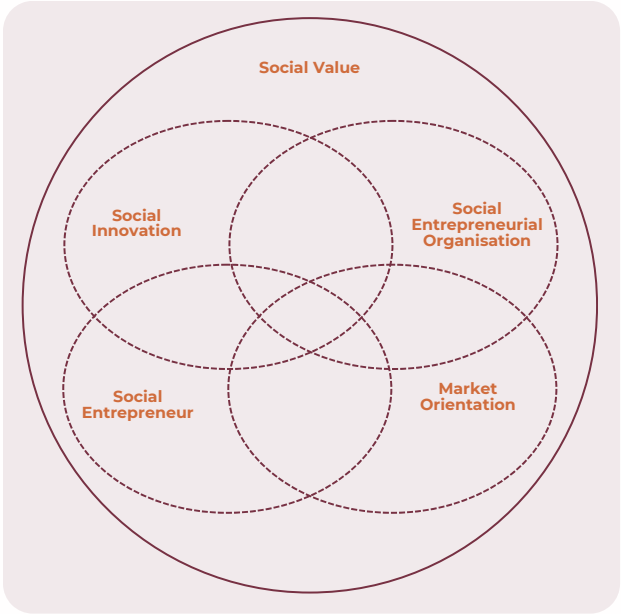

Figure 1: Social entrepreneurship cluster concept

With esteemed partners like Union Bank, Ford Foundation, and Sahara Foundation, the programme has empowered 294 social innovators with its reach extending across 14 African countries. More so, the programme has facilitated the generation of over $6,000,000 in funding and revenue and has positively impacted up to 4,000,000 lives and pivoted topnotch solutions in various sectors.

Methodology

This research aims to shed light on the current landscape of social entrepreneurship in Africa and assess the impact generated by the Social Innovators Programme over the years. In particular, it seeks to explore and answer the question on the extent of the programme's influence on the social innovation ecosystem and LEAP Africa's contribution to this achievement.

The study employed concurrent triangulation design, a mixed-method approach that involved collection of qualitative and quantitative data from primary and secondary sources.

Secondary data were collected through review of previous evaluation, programme, and case study reports of LEAP Africa's SIP from 2013 to 2023. Additionally, review of existing literature, reports, and publications relevant to social entrepreneurship ecosystem in Africa was conducted.

Primary data were collected via semi-structured questionnaire administered to LEAP Africa's social entrepreneurship alumni through SurveyMonkey. And key informant interviews conducted with 14 alumni.

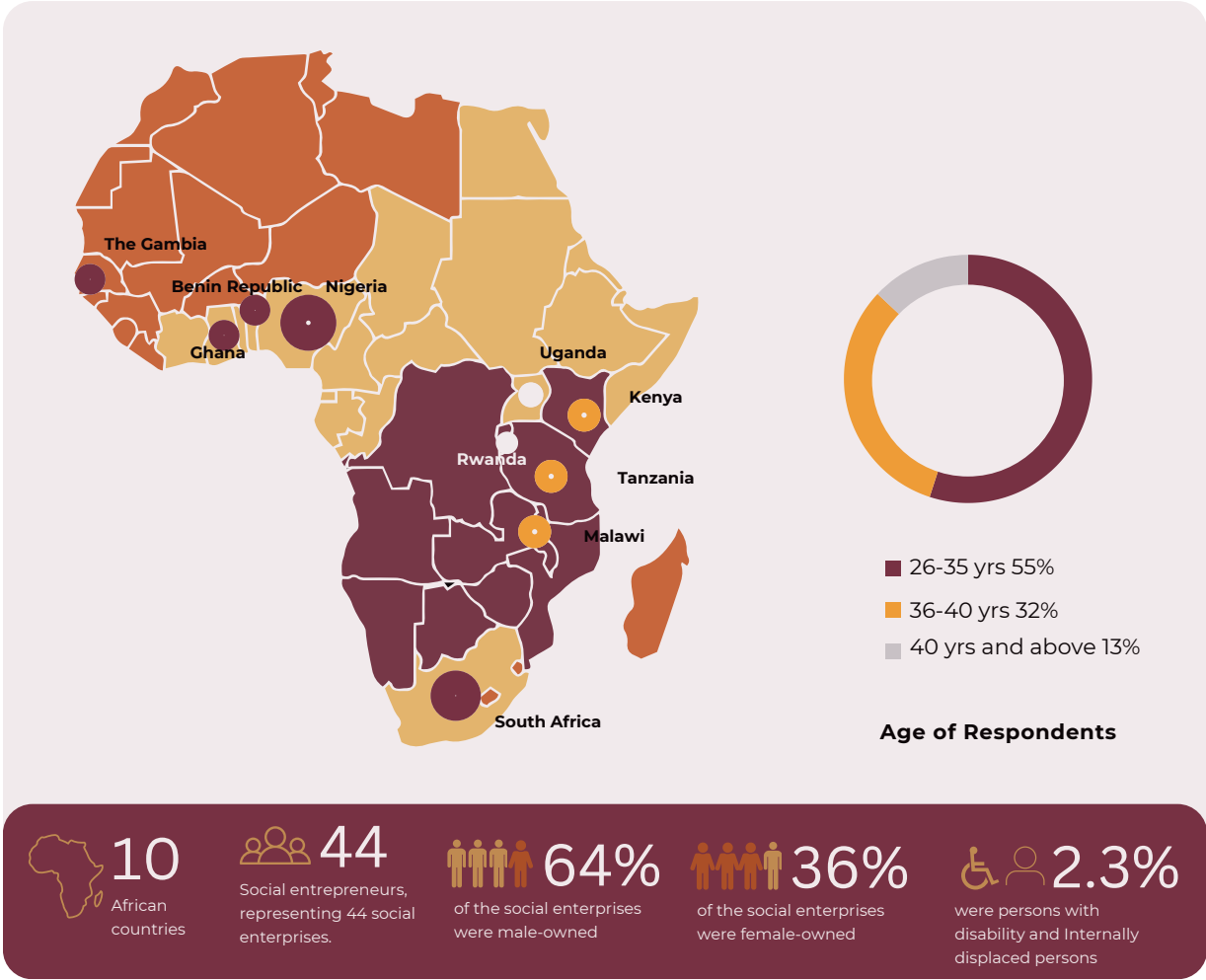Quantitative data were analysed using Microsoft Excel while qualitative data were analysed using thematic analysis.

Age of Respondents

- 26-35 yrs 55%
- 36-40 yrs 32%
- 40 yrs and above 13%

10 African countries

44 Social entrepreneurs, representing 44 social enterprises.

64% of the social enterprises were male-owned

36% of the social enterprises were female-owned

2.3% were persons with disability and Internally displaced persons

Figure 2: Geographical spread and demographics of respondents

Findings

A Decade's Worth of Learnings from LEAP Africa's Social Innovator's Programme

This section highlights the key findings of the research, focusing on financial management, policy regulations, and the challenges and opportunities faced by social entrepreneurs across the continent, as well as the significant impact achieved through LEAP Africa's 10-year SIP.

Figure 3: Operational profile of social enterprises

The notable achievements and impact of the social enterprise since completion of the SEP are as follows:

- *Employment Creation*
- *Increased Access to other funding, capacity-building, and mentoring programmes*
- *Organisational Growth and Structure*
- *Improved Partnerships and Collaborations*
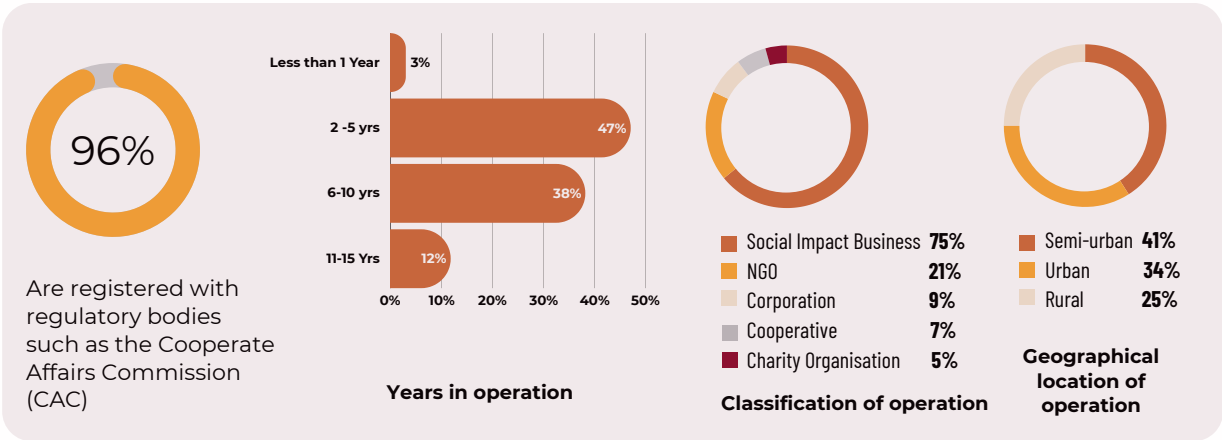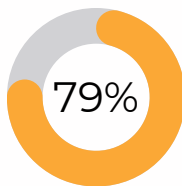- *Increased Recognition and Visibility*
- *Increased Geographical Reach*

Employment Creation

800+

Jobs have been created across 15 African countries by 44 social enterprises since completing LEAP Africa's SEP

Increased access to other funding, Capacity-building, and Mentoring programmes

79%

of social enterprises have accessed financial funding worth over $1,071,124 from local, and international donors since completing LEAP Africa's SEP

86%
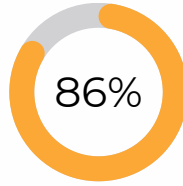
of social enterprises received non-financial support in various forms such as capacity building, In-kind donations, access to mentorship and fellowship programmes.
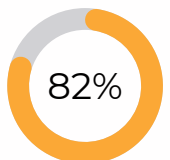
Organisational Growth and Structure

Significant improvement in organisational structure was found in most of the social enterprises that participated in the survey and interviews. Respondents mentioned implementing significant restructuring in processes and policies; and adopting impact metrics for project monitoring and evaluation.

82% of social enterprises now have finance policies guiding their operations. And 80% have a designated finance officer.

The social entrepreneurs have developed innovations aimed at addressing challenges across 16 key thematic areas, including:

Active Citizenship | Advocacy/Social Inclusion | Agriculture | Business Support | Economic Empowerment | Climate Change | Eco-tourism | Education | Environment | Health | Logistics | Media | Peacebuilding | Renewable Energy | Sanitation | STEM and Tech

Improved Partnerships and Collaborations

Entrepreneurs reported a significant improvement in their ability to form new partnerships and collaborations following their participation in SEP Many indicated that the networking opportunities provided by the programme allowed them to connect with other entrepreneurs, industry experts, and key stakeholders, which directly benefited their businesses.

Increased Geographical Reach

Social enterprises have significantly expanded their operations internationally, with notable reach in Africa, Europe, and the Americas. For example, Salubata, a social enterprise that repurposes plastic waste into modular shoes, now operates in 54 countries, including France and the U.S., with patents in China, Ethiopia, and Kenya. I'm Human Organisation has expanded its projects to Nigeria and Kenya, while OnePad Reusable Pad has expanded its market presence in multiple states in Nigeria and Ghana.

Increased Recognition and Visibility
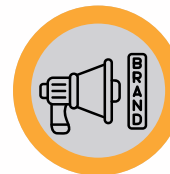
Findings showed that the organisational visibility of most social enterprises of the SEP fellows increased after they completed the SEP fellowship. For instance, Fela Akinse informed LEAP Africa during the research that Salubata has become a brand name used as a case study by various organisations and universities worldwide.

The 100,000 Smiles Foundation has reached over 7,000 children in 60 schools, impacted 67,000 direct beneficiaries in Kano, and 4,000-5,000 in Abuja, with 3 million people reached via radio programs on oral hygiene. STEMi Makers of Africa has implemented projects in Ghana and the U.S., benefiting 120,000 people since completing the SIP fellowship.

In Nigeria, Youth Initiative for Sustainable Agriculture (YISA) has trained 25 youth in agricultural entrepreneurship in Abia State, while Ecobarter serves 5,000 households across the country.

Challenges Social Entrepreneurship Faces in Africa

The key challenges faced by social entrepreneurs in Africa are as follows.

- *Corruption*
- *Economic Instability*
- *Talent Skills Gap, Recruitment, and Talent Retention*
- *Funding Bureaucracy*
- *Limited Understanding about Social Entrepreneurship*
- *Mentorship Challenges*
- *Lack of Regulatory Policies and Poor Government Support*
- *Limited Access to Funding*
- *Myopic Mindset*
- *Taxation Burden*
- *Restrictions in funding*

Key Challenges

Corruption:

14% of the social entrepreneurs highlighted corruption within government agencies as a major challenge, where funds meant for local businesses are misappropriated, and favoritism is shown to social enterprises with government connections.

Economic Instability

29% reported economic instability, including rising raw material costs due to fuel shortages, unstable electricity, and internet outages, which increase operational costs and make it difficult to secure funding. This instability also leads to the undervaluation of African social enterprises by local investors.

Talent Skills Gap, Recruitment, and Retention

29% found it difficult to recruit skilled staff and retain talent due to relocation for better opportunities. Additionally, gaps in skills such as grant writing and knowledge of social enterprise operations were noted as challenges in Cameroon and Nigeria.

Funding Bureaucracy

57% cited bureaucratic hurdles in accessing funding, including long application review periods and complex due diligence processes. Furthermore, funders often prioritize short-term, high-impact projects, making it hard for social enterprises with long-term, cost-effective solutions to secure funding.

Limited Understanding about Social Entrepreneurship

Some respondents mentioned the lack of understanding about social enterprises from funders, leading to fragmented funding.

Mentorship Challenges

Mentorship issues, such as mentors appropriating ideas, were also highlighted as a concern.

Poor Regulatory Policies and Government Support

29% reported the absence of coordinated regulatory policies for social enterprises, with countries like Burundi restricting access to foreign currency, hindering operations. Poor infrastructure, such as unreliable power and roads, further impedes growth.

Limited Access to Funding

64% cited limited local funding opportunities, with heavy reliance on competitive foreign funders. In countries like Nigeria, businesses often avoid funding social enterprises unless they can derive marketing benefits.

Myopic Mindset

14% noted that some entrepreneurs adopt a short-term, pity-driven approach when pitching to funders, which is unsustainable. There is also pressure for immediate results without sufficient effort or contribution from stakeholders.

Taxation Burden

29% reported that multi-level taxation, particularly in Cameroon, Nigeria, and France, is a significant challenge. In some sectors, like recycling in Nigeria, social enterprises face taxes at multiple stages, increasing operational costs.

Restrictions in Funding

29% noted that funding opportunities are often restricted to specific thematic areas such as climate change, infectious diseases, and tech, leaving sectors like chronic diseases and dental care underfunded. Additional restrictions, like age limits, further limit growth opportunities for social enterprises.

Our Prescriptions

Lessons and Recommendations for Lasting Change Towards Prosperity

| Social Entrepreneurs | Government and Policy Makers | NGOs, Incubators, Accelerators | Investors, Funders, Industry Bodies | Education Providers |

Social entrepreneurship in Africa is a dynamic and rapidly growing field, utilising innovative solutions to address pressing socioeconomic challenges. To fully harness this opportunity and achieve sustainable impact and development in Africa, a collaborative effort is essential among all stakeholders. By leveraging their respective strengths and resources, governments, NGOs, funders, social enterprises, and other relevant actors can create an enabling environment that fosters the growth and success of social enterprises. Key recommendations include:

With less than six years to achieve the global goals, many African countries still fall far behind at actualising the SDGs. Hence, young people need to be equipped to be at the forefront of social transformation.

Social Entrepreneurs

Build more innovation

Social entrepreneurs should continuously explore new product or service ideas that address evolving needs and market trends in their communities. Fostering a culture of innovation within their organisations is essential, encouraging collaboration with others and leveraging technology to enhance their offerings. Collaborating with local communities and institutions can also spur creative solutions tailored to local contexts.

Adopt an impact-readiness approach

Social entrepreneurs should clearly define their social and environmental impact, develop clear-cut, measurable metrics to track progress, and craft compelling narratives that effectively communicate their organisation's value proposition. Engaging with stakeholders to gather feedback and refine their impact measurement strategies is also crucial.

Improve application and investment readiness

Social entrepreneurs should be proactive in identifying and pursuing relevant funding opportunities and focus on refining their application materials to increase the chances of securing funding and support. This includes developing compelling narratives that articulate their mission, vision, and impact, alongside robust financial models, practicing pitching skills, and seeking mentorship from experienced individuals. Investing in training and development for your team can also enhance your organisation's capacity and effectiveness.

Upskilling and human resource development

Building a strong team of talented individuals who share your organisation's mission and values is important. Investing in continuous learning and development for social entrepreneurs and their teams is equally crucial for long-term sustainability. This can be achieved through tailored training programmes focused on leadership, management, financial literacy, and sector-specific skills. Partnerships with educational institutions and leveraging online learning platforms can facilitate access to relevant resources.

Improve organisational visibility

Enhancing visibility is essential for social enterprises to attract funding, partnerships, and community support. Entrepreneurs should invest in strategic marketing and communications strategies, including social media outreach, storytelling, and media engagement. Developing a strong online presence through websites and social platforms can amplify their mission and impact. Furthermore, showcasing success stories and case studies can help build credibility and inspire others in the sector.

Networking and community building

Building strong networks among social entrepreneurs can create a supportive ecosystem that fosters collaboration and shared learning. Organising regular meetups, forums, or conferences can facilitate the exchange of ideas and best practices. Creating online platforms for networking can also help entrepreneurs connect with peers, mentors, and potential collaborators across the continent, enabling them to tackle common challenges and leverage collective resources.
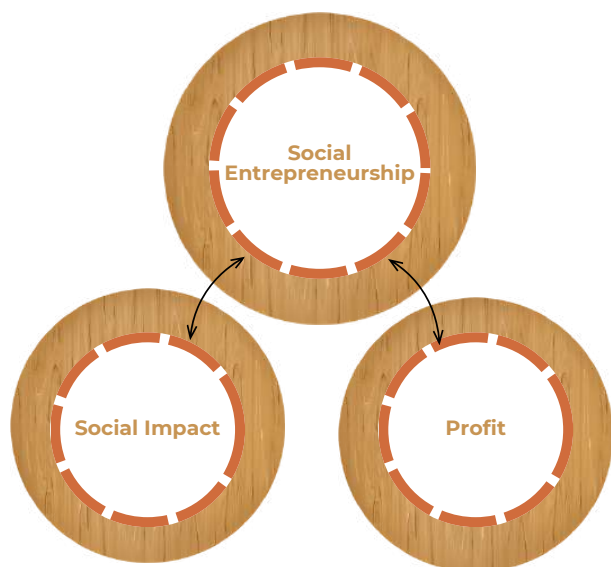

Enablers

Social Entrepreneurship

Social Impact

Profit

1 Support Structures: Structures that provide mentorship, networking, and resources, such as incubators and accelerators

2 Funding & Investment: Financial support from investors, grants, and funding sources

3 Policy & Advocacy: Efforts to influence and create government policies that support social enterprises and create a favorable operating environment

4 Education & Skills: Trainings and curricula that prepare individuals for roles in social entrepreneurship

5 Market Support: Access to markets, consumers, and partnerships that help social enterprises sell their products and services effectively

6 Community Support: Engagement and backing from local communities that help sustain social enterprises and amplify their impact

Figure 4: An overview of enabling factors for social entrepreneurship in Africa

Government and Policy Makers

Policy formulation and advocacy

In many African countries, the absence of dedicated agencies to oversee social enterprises hinders their growth and sustainability. Therefore, governments should establish dedicated agencies to support social entrepreneurship and implement regulatory policies that enhance access to funding and streamline operations. Additionally, governments should address infrastructure challenges, such as electricity and water supply, and ensure a supportive legal and regulatory framework.

Sponsor interventions to support social innovation and enterprises

Government at national, state, and local levels should prioritise targeted interventions that stimulate innovation and support the growth of social enterprises. This could include establishing funding mechanisms, such as Social Enterprise Grants and Innovation Challenge Funds, designed to provide seed capital and scale-up financing for high-potential social ventures.

Favorable tax structure

Governments should develop tailored tax incentives for social enterprises, including tax breaks or waivers specifically designed for them. This could encompass reduced corporate tax rates, exemptions on value-added tax (VAT) for social goods, and deductions for reinvested profits. Additionally, simplifying compliance processes for social enterprises will help reduce administrative burdens, making it easier for these organisations to thrive. Streamlined reporting requirements and targeted guidance will cater to the unique needs of social entrepreneurs.

Public-Private Partnerships

Governments should actively promote and facilitate public-private partnerships (PPPs) that harness the strengths of both sectors in addressing social challenges. These partnerships can mobilize resources, expertise, and networks, enabling social enterprises to scale their impact significantly.

Cocreating solutions with social enterprises

Governments should facilitate regular dialogue between government agencies and social enterprises to collaboratively identify pressing social issues and develop innovative solutions. By organising forums and workshops, governments can create opportunities for collaboration and mutual understanding. Furthermore, establishing formal feedback mechanisms will enable social enterprises to provide input on policies and programs affecting their operations, ensuring that their insights are integrated into government decision-making.

Awareness and Education

Governments can take steps toward public awareness campaigns to highlight the societal impact of social enterprises. These campaigns should emphasise the role of social entrepreneurs in addressing pressing social and environmental challenges, such as poverty, inequality, and climate change.

NGOs, Incubators, Accelerators

Create networking platforms

Networking platforms and communities should be created where social entrepreneurs collaborate to discuss more about their work and journey in the social entrepreneurship ecosystem. Such platforms would facilitate knowledge sharing, networking, mentorship opportunities and resource mobilisation among social entrepreneurs.

Establish funding linkages

NGOs, incubators, and accelerators should make efforts to establis robust funding linkages that connect social entrepreneurs with diverse funding sources, including philanthropic capital, impact investors, and government grants. For example, the African Venture Philanthropy Alliance (AVPA) actively fosters collaborations between social enterprises and impact investors, facilitating access to critical funding that supports ventures addressing pressing social issues such as healthcare and education across the continent

Post-fellowship support for programme's alumni

NGOs, incubators, and accelerators need to implement robust post-fellowship support mechanisms for alumni of entrepreneurship programmes. This support should encompass ongoing mentorship, access to funding opportunities, and networking platforms that facilitate collaboration among alumni and industry experts.

For example, structured mentorship programmes can pair alumni with seasoned entrepreneurs who provide guidance on scaling operations and navigating market challenges. Additionally, creating dedicated alumni networks can foster peer support and collaboration, enabling entrepreneurs to share best practices and resources.

Knowledge management, mobiliation and use

There is a need for effective knowledge management systems that facilitate the systematic capture, sharing, and utilisation of knowledge among stakeholders in the social entrepreneurship ecosystem. Many impactful initiatives by social entrepreneurs go undocumented, limiting their potential influence.

Creating an accessible open-access repository, such as a Journal of Social Innovation or Journal of Social Impact, would allow social entrepreneurs to share success stories and lessons learned, thereby promoting transparency and enhancing knowledge transfer. This initiative would also enable the aggregation of best practices, case studies, and research findings, fostering a culture of learning and collaboration within the social enterprise ecosystem.

Leverage technology and create a Unified Database

A centralized, verified platform should be developed to collect and consolidate data on social enterprises across different African countries. This platform should be accessible to funders, NGOs, incubators, accelerators, and other key stakeholders to foster collaboration, improve data reporting, and enhance transparency. NGOs, incubators, and accelerators should also educate and encourage social entrepreneurs to continue leveraging technology and explore innovative tools that can streamline operations, improve efficiency, and scale impact.

Investors, Funders, Industry Bodies

Increase local support

Investors, funders, and industry bodies should prioritize increasing local support for social enterprises by facilitating access to funding from local sources and creating tailored investment vehicles. This would help reduce dependency on foreign funding, promote economic resilience, and encourage the development of sustainable, homegrown solutions.

Public-Private Partnerships

Investors and funders should advocate for and engage in public-private partnerships (PPPs) that connect social enterprises with government resources, infrastructure, and policy support. These collaborations can enhance the scalability and reach of social enterprises by providing access to critical services such as healthcare, education, and infrastructure, while simultaneously driving public sector reform. PPPs also foster shared risk, long-term sustainability, and greater collective impact.

CSR Initiatives (to support social enterprises)

Corporate Social Responsibility (CSR) initiatives are needed to support social enterprises by aligning CSR strategies with long-term social impact goals. Investors and industry bodies can encourage businesses to not just fund, but also collaborate with social enterprises to scale their solutions, integrate sustainable practices, and enhance innovation. By doing so, they create win-win opportunities where companies not only meet social goals but also contribute to local economic growth.

Co-create with social enterprises

Investors and funders should adopt a co-creation model when engaging with social enterprises, working alongside them to co-design solutions that address local challenges. This collaborative approach ensures that funding and support are more relevant, practical, and impactful. By involving social entrepreneurs in the decision-making process, funders can better understand the context and needs of the enterprises, while also building trust and fostering innovation that is directly aligned with market realities.

Education Providers

Integrate social entrepreneurship into curriculum

Incorporate social entrepreneurship into academic programmes, providing both theoretical and practical training. Create specialized courses and degree programs focused on social innovation, impact measurement, and sustainable business practices.

Strengthen entrepreneurial skills and practical training

Provide practical skills training, including financial management, business planning, and grant writing. Offer access to incubators, accelerators, and mentorship programs to help young people launch and scale social enterprises.

Partner with social enterprises and industry stakeholders

Education providers should build partnerships with social enterprises, incubators, and industry bodies to offer internships, project-based learning, and keep programmes aligned with the latest trends, ensuring they remain relevant and impactful.

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