Africa's Outlook on The Future of Social Entrepreneurship: Navigating Challenges and Opportunities in Africa's Social Enterprise Landscape

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Across Africa, social entrepreneurship is increasingly recognised as a powerful engine for economic and social transformation. Against the backdrop of significant challenges including youth unemployment, inequality, environmental degradation, and health system weaknesses, social enterprises are stepping forward with innovative, sustainable solutions.[1] However, the sector is not without its hurdles, facing limited access to finance, policy gaps, and difficulties in scaling and measuring impact effectively.

In May 2025, LEAP Africa, through its Dissemination Wednesday Webinar Series, convened a timely discussion focused on the future of social entrepreneurship across the continent. Hosted by the Monitoring, Evaluation, Research, and Learning (MERL) unit, the webinar served as a platform to share success stories, examine policy and funding landscapes, and offer evidence-based practices. It also aimed to surface emerging trends, promote innovative models, and encourage collaboration among key ecosystem players. The session began with a welcome address by Amabelle Nwakanma, Director of Programmes and Partnerships at LEAP Africa, setting the tone for a rich and engaging discussion.

The panel discussion, moderated by LEAP Africa's Senior Programmes Coordinator, Chukwuemeka

[1] Moloi-Motsepe, P., Nwuneli, O. N., & Bonnici, F. (2023). How social entrepreneurs can drive an inclusive 'Africa's century'. Retrieved June 10, 2025

Okeke, featured two panellists: Iffat Mahmud, Regional Representative for Innovision Consulting, and Khalil Nur Khalil, Economic Advisor to the Katsina State Government. Bringing diverse perspectives from the development and public sectors, they unpacked the critical role social entrepreneurship plays in tackling Africa's pressing issues like unemployment, inequality, and environmental challenges.

The following key takeaways from the webinar have been edited for clarity and brevity. Emphases have been added to highlight key points, but may not reflect the exact wording of the speakers.

Watch the full session on YouTube here: [LINK]

Opening Reflections: The Rise of Social Enterprises in Africa

Amabelle Nwakanma: This topic, Africa's outlook on the future of social entrepreneurship, is incredibly important because **Africa is currently a hotbed for social entrepreneurship.** We're seeing young change-makers across the continent who are not content to passively observe problems; they are proactive, taking initiative to address the issues they see in their communities, countries, and the continent. This drive is leading to a significant increase in the number of social enterprises being founded and started, which is truly a beautiful thing to witness. With these new and burgeoning enterprises, it's vital to maintain the discourse on what this means for Africa's future and the future of social entrepreneurship itself. We need to examine the trends, innovations, and be mindful of drawbacks to avoid past mistakes and truly move the needle on solving Africa's biggest, most complex problems. This conversation is pivotal, not just for inspiration, but to help social entrepreneurs do their best work. It's about using what we learn to inform policy issues, skills development, and address constraints in funding and access to finance.

Key Trends Shaping Social Entrepreneurship in Africa

Chukwuemeka Okeke: *To start, Iffat, from your vantage point at Innovision Consulting representing Africa, what key trends are you observing that are shaping the evolution of social entrepreneurship across the continent?*

Iffat Mahmud: It's a pleasure to discuss this vital and interesting topic. Having worked extensively in the region, I've gained insights into the key trends. First, it's crucial to understand social entrepreneurship itself. It has evolved from charity focused on direct hardships, to individual efforts, and now to an organisational and ecosystem approach focusing on **sustainable businesses that solve social and economic problems**. A business is only profitable and scales when it solves a real problem, making social entrepreneurship a fundamental model, especially given the many socio-economic problems in the global south. It sustains itself without depending on donor funds. Looking at major trends, I'd highlight four key areas:

- **Localisation of Innovation**: Solutions are increasingly developed within African countries by local people, moving away from applying Global North models. An example is Mshule in Kenya, which provides learning content via SMS, a hyperlocal innovation suited to contexts with lower smartphone and internet penetration. This enhances sustainability, context understanding, and ownership.

- **Youth-Driven**: Social entrepreneurship is significantly driven by young people. Given that the majority of the population in many African countries are youth (e.g., Nigeria has 70% under 30), promoting their capacity is key. If youth drive social entrepreneurship, imagine how many socio-economic problems could be solved. Teesas in Nigeria, for instance, creates localised educational content in indigenous languages for lower-income families, breaking down educational barriers.

- **Hybrid Business Models and Blended Finance**: We are seeing a fusion of NGO and business approaches, which is central to social entrepreneurship. This includes blended finance models, often starting with grants or catalytic support (like acceleration and capacity building) and then transitioning to more profit-driven investments.

- **Focus on Green Enterprises**: Driven by increased attention on climate change, there's a significant rise in green social enterprises. These organisations are focusing on areas like solar energy, waste management (e.g., recycling tyres), and replacing plastic, looking for sustainable and profitable ways to manage waste.

The Role of Social Enterprises in Inclusive Economic Development

Chukwuemeka Okeke: *Mr. Khalil, coming from the public sector with insights from the private sector, how do you view the role social enterprises play in advancing inclusive economic development in Nigeria and Africa?*

Khalil Nur Khalil: Thank you. From a state-level perspective, while we don't handle fiscal and monetary policy directly, Nigeria is large enough for states to operate almost independently. I've served in Kaduna and Katsina, both with populations exceeding 10 million. While I'm not a social entrepreneurship expert, I recognise its importance in solving many economic problems. My role, both as economic advisor and former head of an investment promotion agency, involves addressing market failure – the inefficient distribution of goods and services. I first encountered social entrepreneurship through Tomato Jos in Kaduna. The founder, Mira Mehta, invested in tomato processing and has since impacted over 10,000 farmers, significantly increasing their yields. She's a major success story. Social entrepreneurship sits at the nexus between the social service sector (focused on well-being, healthcare, education) and the economic sector (driven by profit, private investment, job creation). **While these traditionally operate separately (social services aiming for affordability and coverage, economic for profit), social entrepreneurship bridges the gap**. This led us to the **'people, planet, profit'** concept and developing inclusive business policies. Kaduna was a pioneer with its inclusive business policy, which I've replicated in Katsina with an inclusive economy policy. This focuses on ensuring *all* citizens are carried along in economic growth – women, persons with disabilities, and communities where investments are located. We researched not just employment levels but whether lives were positively impacted, if incomes increased, and if people could afford necessities like school fees. This is where the social entrepreneurship/inclusive business concept is vital. If states adopt, implement, and monitor this, it can significantly benefit Nigeria.

Policy Gaps and Government's Role in Enabling Environments

Chukwuemeka Okeke: *Mr. Khalil, you mentioned if more subnational governments adopt this approach. What gaps have you observed in the current policy frameworks for supporting social entrepreneurs in the governments you've worked with or are aware of?*

Khalil Nur Khalil: Firstly, **in most Nigerian states, a specific policy framework for social entrepreneurship often doesn't even exist**. The concepts of policy design, implementation, and monitoring are still quite new. Things that seem logical are often the hardest in Nigerian governance. Consider the factors of production: land, labour, capital, entrepreneurship. Policies should guide these across every state. If a state decides to be agrarian, policies must shape these factors towards that goal. These reforms need to cascade down to local governments. We need every tier of government to recognise its specific responsibilities and the policies it can enact. Beyond structure, there are **mindset issues**. Many haven't reached the level of understanding what social entrepreneurship is or what problems it solves to warrant specific policies. Another major gap is **capacity issues** – institutional and operational. A policy needs an owning institution with the legal mandate and the capacity to drive it. Do they hire the right people with the right mindset to implement? A state government's ability to deliver public goods is limited by the capacity of its civil service. There needs to be a shared vision. If people at an investment promotion agency understand where social entrepreneurs fit, what problems they solve, they can advocate for necessary policies and monitor their impact on people's lives. These are the key gaps I see.

Chukwuemeka Okeke: *That unpacks a lot. It's clear that beyond having policies in place, there are deep institutional and capacity gaps. Awareness of social entrepreneurship's value is still growing, and organisations like LEAP Africa are working to bridge that. This highlights the need for collaboration between support organisations, CSOs, government, and social enterprises to co-create a shared vision. In terms of creating enabling environments, what other incentives, partnerships, or procurement support can governments provide to better support youth and social enterprises?*

Khalil Nur Khalil: Yes, incentives are key. The inclusive business policy itself is an incentive, guiding how to identify and support inclusive businesses. **We developed detailed criteria and an accreditation scheme**. If a business is identified and certified as inclusive (meaning they've invested in a community, employed people, and verified average incomes and living standards have improved over time, above inflation), they can access incentives. These include **waivers on things like building permits or C of O premiums** for business retention and expansion. At the federal level, I was involved in a policy working group for the National Advisory Board for Impact Investments around 2020, which focused on improving access to financial capital and designing incentive structures for impact-driven businesses. For procurement, **public-private partnership laws or similar frameworks can incorporate environmental considerations**, like climate resilience and environmental sustainability toolkits, ensuring procurements are mindful of these issues. We're piloting climate-smart agricultural policies in Katsina, letting the pilot inform the policy. **Financial inclusion drives are also crucial** for addressing poverty and financial access, particularly in rural areas. **Improving the ease of doing business** is fundamental – reducing the time, cost, and procedures for setting up businesses. This includes **streamlining processes for obtaining permits, resolving disputes, and conducting environmental impact assessments**. Governments can further incentivise social enterprises in specific sectors by offering free land or payment waivers if substantial employment levels are promised.

Innovative Financing Models and the Importance of Impact Measurement

Chukwuemeka Okeke: *Iffat, building on Mr. Khalil's point about access to finance, particularly tied to accreditation, what innovative or blended finance models are helping social enterprises unlock growth in Africa currently?*

Iffat Mahmud: Congratulations to Khalil on the encouraging policy developments, even I wasn't aware of some of them. This really highlights the existing information gaps in the ecosystem. **There's a pressing need to raise awareness** among social entrepreneurs and support organisations about what's possible. **Blended finance essentially matches funding models to a company's current stage and potential for returns, ensuring that "we are not rejecting a good idea or a good product simply because it does not fit my financing model at the moment."**

For example, while a venture capitalist may seek high returns over a long period of time and a private equity investor looks for dividends, a catalytic funder typically invests without expecting immediate profit, instead supporting businesses that solve pressing problems and operate within a favourable policy environment. Blended finance involves assessing where a company is, perhaps based on accreditation like Khalil described, to bring in different types of investors. A catalytic investor might provide a grant ($30,000 example) to help with specific activities, not expecting a return initially but focusing on impact.

These things *are* happening, particularly in East and West Africa. Other examples include:

- **Revenue-Based Financing:** For example, Kapu in Kenya, a social commerce platform, has raised revenue-based financing, even from commercial entities. This model provides funding based on generated revenue, making it milestone-based, transparent, and motivating for companies to generate income.

- **DEAL Source:** An initiative of the Impact Investors Foundation and Impact Investing Ghana, DEAL Source Africa (including hubs in Nigeria and Ghana) connects investees with donors, impact investors, and VCs, enabling blended financing.

- **Crowdfunding:** Thrive Agric, for example, has used the crowdfunding model. If you have a good idea with a real impact on people, platforms like GoFundMe can connect you with people willing to fund, sometimes without immediate return expectations.

- **Ethical Financing:** This model, often related to Islamic finance, is gaining traction. Organisations like One17 Capital are willing to share risk, profit, and loss, without interest, and engage closely with the business. This is increasingly relevant for social enterprises that aren't very small or very large. These models offer diverse options based on the social enterprise's needs and return potential at a given moment.

Chukwuemeka Okeke: *That's a wealth of options! It highlights that the best model depends on the social enterprise's goals, vision, sector, and growth trajectory. You mentioned information gaps earlier. How can we track, monitor, and evaluate social enterprises effectively, addressing reporting burdens while helping them access finance and information? What's the role of M&E here?*

Iffat Mahmud: Khalil's mention of the accreditation process is brilliant. Having worked on the donor side, I saw the heavy reporting burden placed on organisations. Processes like accreditation or certification require specific data and due diligence, which helps the enterprise by having some data pre-verified. Secondly, it's the responsibility of ecosystem players like us to work with Financial Institutions (FIs) – VCs, banks – to establish **unified measurement standards and simplified tools**. FIs often struggle to understand impact metrics, taking years to get up to speed. Standardised, simplified tools are needed. Thirdly, we must leverage data generated by the user. Rwazi, for example (Ugandan and Kenyan founder), collects data from consumers making purchases and incentivises them. This makes data collection cheaper and faster than traditional fieldwork. **While traditional impact monitoring is valuable for analysis and understanding nuances, making data collection and monitoring cheaper and faster at scale is key.** I'd propose working with government counterparts, like Mr. Khalil, on easy and scalable monitoring systems for social entrepreneurs.

Chukwuemeka Okeke: *That sounds like a partnership in the making! Two key takeaways here: Social enterprises need to actively seek out information on relevant policies and funding. They also need to engage with both private and public sectors. And for those in M&E, the challenge is making it less burdensome while maintaining rigour.*

Balancing Priorities: Government Support for Socially-Driven Ventures

Chukwuemeka Okeke: *Mr. Khalil, governments face numerous priorities. As economic advisor, how do you balance focusing policy or government action on socially impactful enterprises that may not be immediately profitable, given all the competing demands?*

Khalil Nur Khalil: It comes down to looking at where you need to kickstart the economy. When we came to Katsina, there was very little. The first question is, who takes the initial capital risk? We're building a globally competitive subnational economy and have identified key priority sectors. For example, in a special agro-industrial processing zone, if private investors are hesitant due to the long timeframe for profit (10-20 years), the state government takes that risk by investing in infrastructure like a power plant. This serves as **patient capital**. We also launched a startup law in Katsina with a fund. This fund invests in enterprises that the private sector might not see as immediately profitable. It's more akin to R&D or patient capital than quick profit-making. State governments can strategically intervene in these key sectors to kickstart initiatives. If the government takes the risk and it succeeds, they've done their part. This is comparable to how the US government's DARPA funded early internet and GPS development – things that required patient capital and government intervention. I see the same for social entrepreneurship. **If you want to help people and the planet, and profit isn't immediately aggressive, the state government can make strategic investments**. Some impact investors share this view, acting partly like foundations and partly like funds, focusing on Social Return on Investment (SROI). Measuring this impact is crucial, and I agree with Iffat on the need for data and metrics. **Investing in data at the sub-national level is mind-blowing in its importance**, yet often overlooked.

Final Advice for Social Enterprises

Chukwuemeka Okeke: *In closing, one piece of advice for a social enterprise on sustainability?*

Iffat Mahmud: Try to make money. If you're solving a real problem, you're creating value that people will pay for. This enables you to sustain and grow. If you rely solely on grants or catalytic funding, you face fundamental sustainability problems. **Don't bank on grants; start making money**.

Khalil Nur Khalil: Slightly more politically, **strive to create value**. Building on Iffat's point, if you create value – helping people, helping the planet – money will follow. Value creation is key.

Chukwuemeka Okeke: *Excellent points. Create value and price that value. Make money while making an impact and solving problems.*