SCHWAB FOUNDATION
FOR SOCIAL ENTREPRENEURSHIP

WORLD ECONOMIC FORUM

In collaboration with Africa Forward, African Union Commission, Motsepe Foundation and SAP

The State of Social Enterprise: Unlocking Inclusive Growth, Jobs and Development in Africa

INSIGHT REPORT

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Images: Adobe stock, Unsplash

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Foreword

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Around the world, a quiet transformation is under way. Social enterprises are demonstrating that the future of business lies in purpose – in the ability to solve problems that markets and governments alone cannot.

The State of Social Enterprise: A Review of Global Data 2013–2023, published by the Schwab Foundation last year, revealed the scale of this movement: more than 10 million social enterprises worldwide, generating jobs, innovation and hope across diverse economies.

Yet one region stands out for its promise and potential: Africa. Across the continent, social entrepreneurs are creating new pathways for shared prosperity, rooted in local knowledge, community solidarity and a deep sense of shared responsibility. Their work shows that development can be both self-determined and globally relevant.

For more than two decades, the Schwab Foundation for Social Entrepreneurship and the Motsepe Foundation have supported these changemakers in Africa - connecting them to networks, leadership opportunities and partners who believe, as we do, that innovation and dignity must go hand in hand. Through this collaboration, we have witnessed extraordinary courage and creativity at every level of society.

This report builds on that journey. It provides the evidence and insights needed to ensure Africa's social enterprises are not only celebrated but understood – their impact measured, their needs addressed and their potential fully realized. The potential for social entrepreneurship to drive inclusive jobs for youth and women in particular is powerfully demonstrated in this report.

At a time when global systems are being reimagined, Africa's social entrepreneurs remind us that change begins from within, and that inclusive growth is the truest measure of progress.

Foreword

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Across Africa, social enterprises are redefining how business, innovation and purpose come together to advance inclusive and sustainable development. They broaden access to essential services, create dignified employment and strengthen community resilience, showing that entrepreneurship can be a driving force for equity, opportunity and shared prosperity.

This report comes at a defining moment. In February 2025, African Union Heads of State adopted the continent's first 10-Year Strategy on the Social and Solidarity Economy, signalling a continental commitment to more inclusive and resilient economies. Yet consistent and comparable data on the scale, impact and operating context of social enterprises remain scarce. This report helps close that gap, providing robust evidence on their reach and contributions and practical ways to strengthen the conditions in which they operate.

The effectiveness of social enterprises turns on enabling ecosystems. The partners to this report reflect a range of actors involved: Africa Forward, working with local social enterprises and national networks across the continent; the African Union Commission, providing continental policy leadership; the Motsepe Foundation, advancing inclusive philanthropy and community-centred approaches; SAP, demonstrating how the private sector can integrate social enterprises into their core business; and, finally, the Schwab Foundation for Social Entrepreneurship and the World Economic Forum, which for more than 25 years have recognized and supported pioneering social enterprises in Africa, while convening public-and private-sector leaders to advance collaboration and produce knowledge and insights on social enterprise.

The insights from this research provide the evidence needed for ecosystem actors – governments shaping policy, investors and philanthropies deploying capital, companies opening markets, networks building capacity and connecting social enterprises to opportunities and academia collecting and analysing data – to align their efforts. This ecosystem approach will be essential for embedding social enterprises within Africa's development architecture and to enable them to contribute more fully to inclusive growth, decent work and sustainable development – turning potential into lasting progress across the continent.

Executive summary

There are an estimated 2.18 million social enterprises in Africa, generating around $96 billion in annual revenue, creating at least 12 million jobs, with more than half of them led by women and more than one-third led by youth.

The State of Social Enterprise: Unlocking Inclusive Growth, Jobs and Development in Africa examines the transformative role of social enterprises in addressing Africa's most pressing challenges. At a time when Africa faces persistent inequality, accelerating climate disruption and declining development aid, the need for locally led models that foster lasting and sustainable change has never been greater. In this context, the contributions of social enterprises remain both under-recognized yet essential. Positioned at the nexus of business and purpose, these enterprises are creating opportunities that respond to deep-rooted social and environmental challenges.

Drawing on a multi-country survey of 1,980 social enterprises and a synthesis of existing data, this report provides a robust evidence base for policy-makers, companies, investors and ecosystem partners to unlock the sector's full potential (see Appendix: Overview of methodology).

The data reveals that there are an **estimated 2.18 million social enterprises** across Africa, 17% of the 12.7 million business on the continent.[1] These businesses:

- Are united by their principle of putting purpose before profit
- Generate at least $96 billion in annual revenue – approximately 3.2% of Africa's gross domestic product (GDP)
- Create at least 12 million jobs, demonstrating their effectiveness as an engine for job creation, particularly for marginalized communities

The social enterprises surveyed:

- Champion inclusive employment – with more than 91% employing youth, 82% employing women and 23% hiring people with disabilities
- Bridge the gender gap – with more than one in two (over 55%) social enterprises led by women, compared to one in five for conventional enterprises in sub-Saharan Africa
- Harness the potential of youth – with more than one in three social enterprises led by youth (individuals under the age of 35)[2]
- Operate across diverse industries, with the highest concentrations in education (21%), agriculture (15%) and health and well-being (12%)
- Deliver against all the United Nations Sustainable Development Goals (SDGs), especially those focusing on health, education, climate and jobs
- Face common barriers such as lack of public awareness, support, enabling policy and legal frameworks and access to finance, especially for informal social enterprises

Realizing the full potential of Africa's social enterprises requires coordinated action around five cross-cutting priorities: building enabling ecosystems; unlocking capital; investing in people and skills; fostering partnerships; and gathering data and evidence. This report provides recommendations for governments, the private sector, investors, philanthropies and development partners to act on these priorities and unlock the sector's potential.

This research builds on the efforts of a sector-wide advisory group, Aligned for Impact,[3] convening leading networks, public-sector actors and researchers to address critical data gaps and harmonize how insights are collected across the social enterprise sector. The report forms one of the concrete pilots used by the group to put its research guidance into practice. The result is a comparable, policy-ready evidence base. It calls on governments, companies, investors and ecosystem partners to put social enterprises at the heart of Africa's inclusive growth engine. After all, the data shows that social enterprises can unlock jobs and access to opportunities for youth, women and marginalized communities to drive the continent's unique pathway to prosperity.

Introduction

Across Africa, social enterprises are harnessing the continent's entrepreneurial spirit and youthful energy to build a brighter future, despite today's challenges.

Africa stands at a pivotal juncture, grappling with overlapping crises of poverty, inequality, climate disruption and shrinking aid flows. The wealthiest 10% in sub-Saharan Africa hold over 55% of total income,[4] placing the region among those with the highest levels of income disparity globally. Youth remain disproportionately affected: in 2023, 53 million young Africans (21.9% of people aged 15–24) were not in work, education or training, with young women affected most.[5]

Aid flows, once a cornerstone of support to many African economies, are increasingly under strain. In 2024, official development assistance (ODA) fell by 9% globally. It is projected that ODA will have dropped by a further 9–17% in 2025, cutting net ODA to $170–186 billion. This represents a potential two-year loss of $56 billion – the steepest reversal in decades.[6] For many countries, this means tighter public budgets, rising debt and cuts to essential services. And while economic growth may rise modestly from 3.3% to 3.5% in 2025, this remains insufficient to close gaps in poverty, inequality or youth employment.[7]

Yet, amid these challenges, Africa also has extraordinary potential. It is home to the world's fastest-growing youth population, projected to double by 2050, with a cumulative increase in the youth labour force of 72.6 million.[8] This surge will create immense pressures for job creation and a unique opportunity to harness Africa's youthful, entrepreneurial energy for inclusive growth.

Small and medium-sized enterprises (SMEs) already provide 80% of Africa's jobs,[9] underscoring its entrepreneurial dynamism. About 22% of working-age adults are starting businesses.[10] Women are twice as likely to become entrepreneurs than the global average,[11] and 75% of youth plan to launch ventures within five years.[12] Much of this occurs in the informal economy, which employs 85% of workers[13] and contributes up to 40% of GDP in some countries,[14] making informality a central expression of Africa's entrepreneurial landscape.

In Africa, entrepreneurship is often collective, rooted in solidarity, reciprocity and embeddedness within communities. From rotating savings groups and cooperatives to mutual aid networks and community insurance schemes, African societies have long organized economic activity around trust, shared responsibility and collective resilience.

By combining business acumen with social purpose, they create economic value and measurable impact that drive inclusive growth – extending clean energy to underserved communities, linking smallholder farmers to markets, widening access to affordable healthcare and education and creating dignified jobs for women and young people.

Globally, there are an estimated 10 million social enterprises, generating around $2 trillion in annual revenue, creating nearly 200 million jobs, with one in two led by women, compared to one in five for conventional businesses. Africa's contribution to this movement is vital and growing, though under-recognized in mainstream analysis.

A lack of understanding and data limit the recognition of the role of social enterprises in advancing sustainable development. This report seeks to close that evidence gap, building on *The State of Social Enterprise: A Review of Global Data 2013–2023*,[15] to provide one of the most comprehensive multi-country analyses of social enterprise in Africa to date.

The present report is the result of a collective effort supported by strategic partners – the Schwab Foundation for Social Entrepreneurship, in collaboration with the World Economic Forum, Africa Forward, the African Union Commission (AUC), the Motsepe Foundation and SAP – whose leadership anchored this work. It was steered by an Africa Advisory Group on Social Enterprise Data, including Ashoka Africa, the African Social Enterprise Workshop, Catalyst Now (Cameroon Chapter), Social Enterprise Connect (South Africa), Social Enterprise Ethiopia, Social Enterprise Ghana and Social Enterprise Kenya, alongside academic experts and other contributors acknowledged in this report.

This research adds to a growing body of African scholarship on social enterprise, reflected in emerging research, scholars and networks such as the African Network of Social Entrepreneurship Scholars, alongside other initiatives across the continent. It also builds on earlier national mapping studies and regional efforts spearheaded by organizations such as the British Council and Siemens Stiftung.

The study aims to achieve the following objectives:

– Generate robust evidence on the size, scope and characteristics of social enterprises across Africa

– Examine the contribution of social enterprises to inclusive and sustainable development, with particular focus on job creation, participation of youth and women and inclusive growth

– Strengthen the evidence base on social enterprise with robust, comparable data to inform policy, investment and ecosystem development by governments, companies, investors and support networks

– Provide actionable recommendations to build stronger social enterprise ecosystems and support mechanisms to deepen their impact

The report increases the understanding of Africa's social enterprise landscape and its potential to drive sustainable development. It highlights barriers, opportunities to strengthen ecosystems and country-level insights from Cameroon, Ethiopia, Ghana, Kenya and South Africa. As a practical resource for policy-makers, companies, investors, support networks, academia and social enterprises, it provides evidence and recommendations to guide coordinated efforts. Ultimately, it calls for unified action to harness the transformative potential of social enterprises in unlocking inclusive growth, jobs and development in Africa.

↓ **Credit:** SHOFCO

COUNTRY FACTSHEET 1[16]

Cameroon

Current legal frameworks/policy status

Cameroon has an established regulatory framework for social economy organizations, centred on Framework Law No. 2019/004 of 25 April 2019, which governs the social economy.[17] This landmark legislation defines social economy units as enterprises that prioritize social objectives over capital, operate with democratic governance and serve collective interests. The law provides a legal foundation for various forms of social economy organizations, including cooperatives, associations, mutual societies and social enterprises.

27,000 social enterprises

40% (144/364) of social enterprises surveyed in Cameroon are women-led

32% (122/277) social enterprises surveyed in Cameroon are youth-led

47,000 full-time jobs created

- 94% employ youth
- 59% employ women
- 4% employ people with disabilities

98% of social enterprises plan to grow their businesses in the next year

52% Report low solvency

Formal/informal

- **38%** of social enterprises were formally registered (144/375)
- **62%** of social enterprises were not formally registered (231/375)
- Of those that were registered, the majority (79%) were registered as private companies

Top 3 sectors

- Agriculture (31%)
- Trade (18%)
- Food and beverage (7%)
- Education (7%)

Top 3 purposes

- Economy
- Community
- Food security

Top 3 financing needs

Covering operational costs

40%

Expanding products/services

1 in 2

Investing in equipment or infrastructure

2 out of 5

Growth stage

COUNTRY FACTSHEET 2

Ethiopia

Current legal frameworks/policy status

Ethiopia does not have a legal framework that explicitly recognizes or supports social enterprises. Social enterprises are registered as for-profit (65%), non-profit (10%) and cooperative and community benefits (8%). However, in 2011 the government established the Federal Micro and Small Enterprises Development Agency (FeMSDA) to promote the growth and development of the micro and small enterprises (MSE) sector in the country.[18]

39,100
social enterprises

51%
(199/390) of social enterprises surveyed in Ethiopia are women-led

40%
(160/397) of social enterprises surveyed in Ethiopia are youth-led

435,970
full-time jobs created

- 91% employ youth
- 84% employ women
- 19% employ people with disabilities

89%
of social enterprises plan to grow their businesses in the next year

41%
Report low solvency

Formal/informal

- **87%** of social enterprises were formally registered (341/390)
- **13%** of social enterprises were not formally registered (49/390)
- Of those that were registered, 59% were registered as private companies, 9% were registered as not-for-profits and 6% were registered as benefit corporations

Top 3 sectors

- Education (19%)
- Art, entertainment and recreation (12%)
- Health and well-being (11%)

Top 3 purposes

- Community
- Women
- Youth

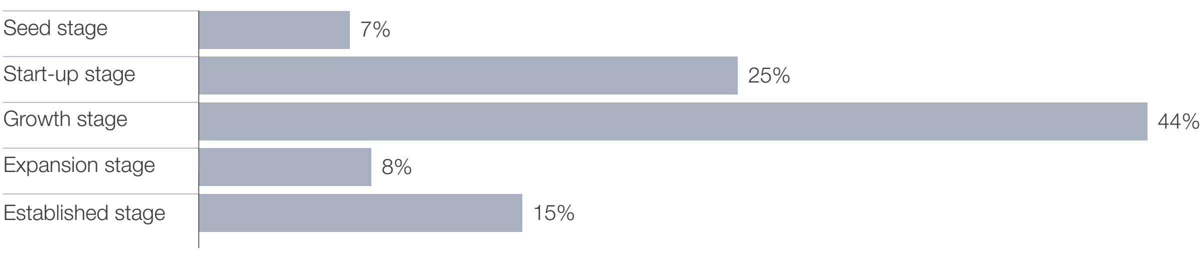
Top 3 financing needs

Covering operational costs
69%

Expanding products/services
60%

Investing in equipment or infrastructure
52%

Growth stage



COUNTRY FACTSHEET 3

Ghana

Current legal frameworks/policy status

The legal and regulatory environment in Ghana does not currently provide a framework tailored to the unique needs of social enterprises. Under the Companies Act of 2019, organizations can register only as companies limited either by shares or by guarantee, which does not adequately accommodate the blended social and commercial objectives of social enterprises.[19] To support entrepreneurship more broadly, however, the Ministry of Business Development launched the National Entrepreneurship and Innovation Plan (NEIP) in 2018, which offers up to $10 million in business development services, start-up incubation and funding for early-stage businesses, along with tax incentives and preferential access to government procurement opportunities.[20] In addition, Ghana developed a draft social enterprise policy in 2017 to provide more targeted guidance and support for the sector.[21]

127,200 social enterprises

55% (155/281) social enterprises surveyed in Ghana are women-led

41% (117 out of 284) of social enterprises surveyed in Ghana are youth-led

578,000 full-time jobs created

- 93% employ youth
- 85% employ women
- 27% employ people with disabilities

97% of social enterprises plan to grow their businesses in the next year

54% Report low solvency

Formal/informal

- **70%** of social enterprises were formally registered (198/281)
- **30%** of social enterprises were not formally registered (83/281)
- Of those that were registered, the highest percentage (47%) were registered as private companies, followed by 25% that were registered as not-for-profits and 3% that were registered as “other” (not specified)

Top 3 sectors

- Agriculture (22%)
- Education (16%)
- Food and beverage (10%)

Top 3 purposes

- Youth
- Women
- Food security

Top 3 financing needs

Covering operational costs

58%

Expanding products/services

65%

Investing in equipment or infrastructure

47%

Growth stage

COUNTRY FACTSHEET 4

Kenya

Current legal frameworks/policy status

Kenya does not have dedicated policies or regulations that formally recognize social enterprises. In response to wider enterprise development needs, the government created the Micro and Small-sized Enterprise Authority (MSEA) in 2012 to drive policy reforms and deliver programmes that support the growth of micro, small and medium enterprises, and later, in 2023, the government established the State Department for Micro, Small and Medium Enterprises (MSME) Development.[22]

137,800
social enterprises

58%
(218/374) of social enterprises surveyed in Kenya are women-led

40%
(149/376) of social enterprises surveyed in Kenya are youth-led

796,000
full-time jobs created

- 93% employ youth
- 91% employ women
- 31% employ people with disabilities

97%
of social enterprises plan to grow their businesses in the next year

47%
Report low solvency

Formal/informal

- **83%** of social enterprises were formally registered (312/374)
- **17%** of social enterprises were not formally registered (62/374)
- Of those that were registered, 36% were registered as private companies, followed by 29% that were registered as not-for-profits and 5% that were registered as benefit corporations

Top 3 sectors

- Education (21%)
- Health and well-being (18%)
- Civic engagement (14%)

Top 3 purposes

- Economy
- Youth
- Climate

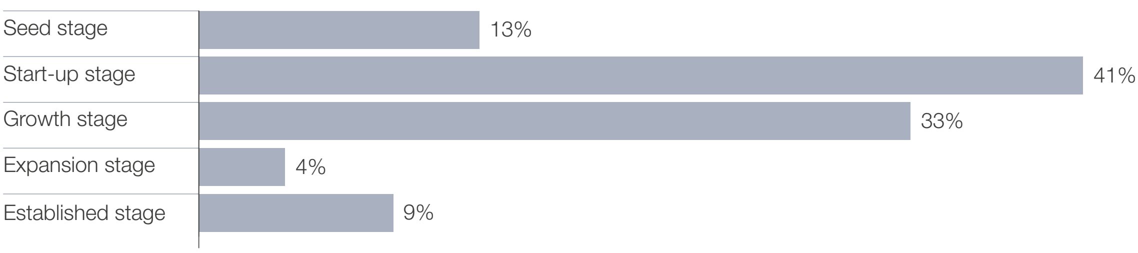
Top 3 financing needs

Covering operational costs
60%

Expanding products/services
67%

Investing in equipment or infrastructure
55%

Growth stage



COUNTRY FACTSHEET 5

South Africa

Current legal frameworks/policy status

South Africa does not have a dedicated legal framework for social enterprises. Social enterprises are registered as for-profit, non-profit, community interest companies, cooperatives and community benefits societies. However, South Africa does provide some supportive measures, including tax exemptions for organizations registered as public benefit organizations (PBOs) and procurement policies requiring 30% subcontracting to SMEs in public tenders.[23] The absence of a minimum capital requirement for enterprise formation also facilitates market entry for social enterprises. In addition, the government has published a Social Economy Draft Green Paper, signalling a formal intent to develop a more supportive framework.[24]

197,000
social enterprises

67%
(361/539) social enterprises surveyed in South Africa are women-led

40%
(149/376) of social enterprises surveyed in South Africa are youth-led

393,000
full-time jobs created

- 86% employ youth
- 90% employ women
- 30% employ people with disabilities

98%
of social enterprises plan to grow their businesses in the next year

54%
Report low solvency

Formal/informal

- **92%** of social enterprises were formally registered (494/537)
- **8%** of social enterprises were not formally registered (43 out of 537)

Of those that were registered, 51% were registered as private companies, followed by 31% that were registered as not-for-profits and 4% that were registered as other (not specified)

Top 3 sectors

- Education (36%)
- Health and well-being (15%)
- Civic engagement (14%)

Top 3 purposes

- Community
- Women
- Youth

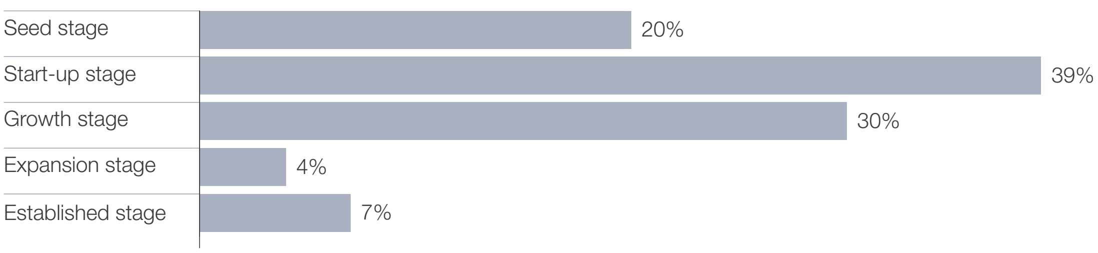
Top 3 financing needs

Covering operational costs
66%

Expanding products/services
59%

Investing in equipment or infrastructure
59%

Growth stage



1 Regional insights into social enterprise in Africa

There are an estimated 2.18 million social enterprises in Africa, making up around 17% of the 12.7 million businesses with employees, and contributing roughly 3.2% to the continent's GDP.

1.1 Defining social enterprise

Globally, social enterprises are mission-driven businesses that use entrepreneurship to tackle social and environmental challenges.

There are diverse interpretations of the definition of a social enterprise and there is no consensus as to its precise boundaries. Social enterprise is also interconnected with terms such as “social business”, “social entrepreneurship”, “social innovation”, “the social economy” and “the social and solidarity economy”. This report draws on the framework from *Collecting Data on Social Enterprises: A Playbook for Practitioners*[25] to establish a pragmatic working definition with three core characteristics:

– **Purpose:** The organization is primarily driven by a social and/or environmental purpose

– **Revenue:** A proportion of income is generated through the provision of goods and/or services[26]

– **Use of surplus:** Most of any surplus is reinvested towards the organization’s purpose

For further information on definitions, and the framework adopted for this report, please see the extended methodology in *The State of Social Enterprise: Unlocking Inclusive Growth, Jobs and Development in Africa*.

Survey respondents were included if they identified a primary social or environmental purpose. The survey was designed to capture the core dimensions used across different definitions, making the dataset interoperable. This means that users can interpret the findings for their own perspective – for example, placing greater weight on participatory governance, reinvestment of surpluses, financial self-sufficiency or community-rooted legitimacy.

Globally, social enterprises are mission-driven businesses that use entrepreneurship to tackle social and environmental challenges. They pair measurable impact with financial sustainability, so their business model directly sustains purpose. Legal and governance forms may vary – e.g. cooperatives, non-profits with trading arms, hybrids or purpose-driven companies – but all are designed to operate as businesses with a primary social mission. In some contexts, the social mission is codified through formal incorporation types, hybrid structures, asset locks or certification schemes that protect it and ensure accountability. Elsewhere, it can be upheld through proximity to communities, trust-based accountability, shared cultural norms, stakeholder participation and reinvestment of surpluses.

Social enterprises across Africa possess all of these characteristics to varying degrees; however, there are nuances in how these enterprises are defined, framed and conceptualized across the continent:

– **Purpose:** Social value is often defined as *access* (to water, energy, health, education), *livelihood security* (steady incomes) and *community resilience* (climate adaptation, food systems), not only issue-specific outcomes. “Doing good” is frequently tied to reducing everyday scarcity and vulnerability.

– **Revenue:** Business models are often engineered for affordability and reach, e.g. micro-bundles, agent networks, cross-subsidies and informal distribution.

– **Community-rooted legitimacy:** Mission alignment is often sustained through trust, proximity to communities and shared cultural values, even where formal governance mechanisms are absent or weak.

– **Regional diversity:** Africa is a constellation of diverse economies, regulatory contexts and social landscapes. From deep financial ecosystems to fragile, fragmented settings – these factors shape how social enterprises define social value, set their mission and governance, and drive impact.

These dynamics underscore the importance of an interoperable dataset: rather than advancing a singular global definition, the report provides a flexible evidence base that policy-makers, practitioners and researchers can adapt to their own frameworks – while ensuring that analysis reflects the operating conditions, priorities and ways in which social enterprises generate and sustain social value at the local level.

Credit: World Economic Forum / Michael Calabrò

1.2 Contextualizing social enterprise in Africa: Navigating structures, informality and policy frameworks

In this context, social enterprises adopt diverse structures and models to balance mission and sustainability within varying regulatory environments.

Across Africa, social enterprises structure themselves in ways that reflect the diverse legal and socioeconomic environments in which they operate. Examining their registration choices, organizational models and degrees of formality clarifies how social enterprises operate to deliver social and environmental impact.

Registration and organizational models

The African social enterprise landscape is highly heterogeneous, shaped by diverse socioeconomic, legal and institutional contexts; in the absence of formal legal recognition in most jurisdictions, many register under conventional commercial or non-profit structures. Widespread informality also characterizes African economies, with informal sectors averaging 40% of each country's GDP, ranging from 25–65%.[27] For this survey, 76% of the total social enterprises were legally registered, with 24% operating without a legal registration. In this context, social enterprises adopt diverse structures and models to balance mission and sustainability within varying regulatory environments. These typically take the form of:

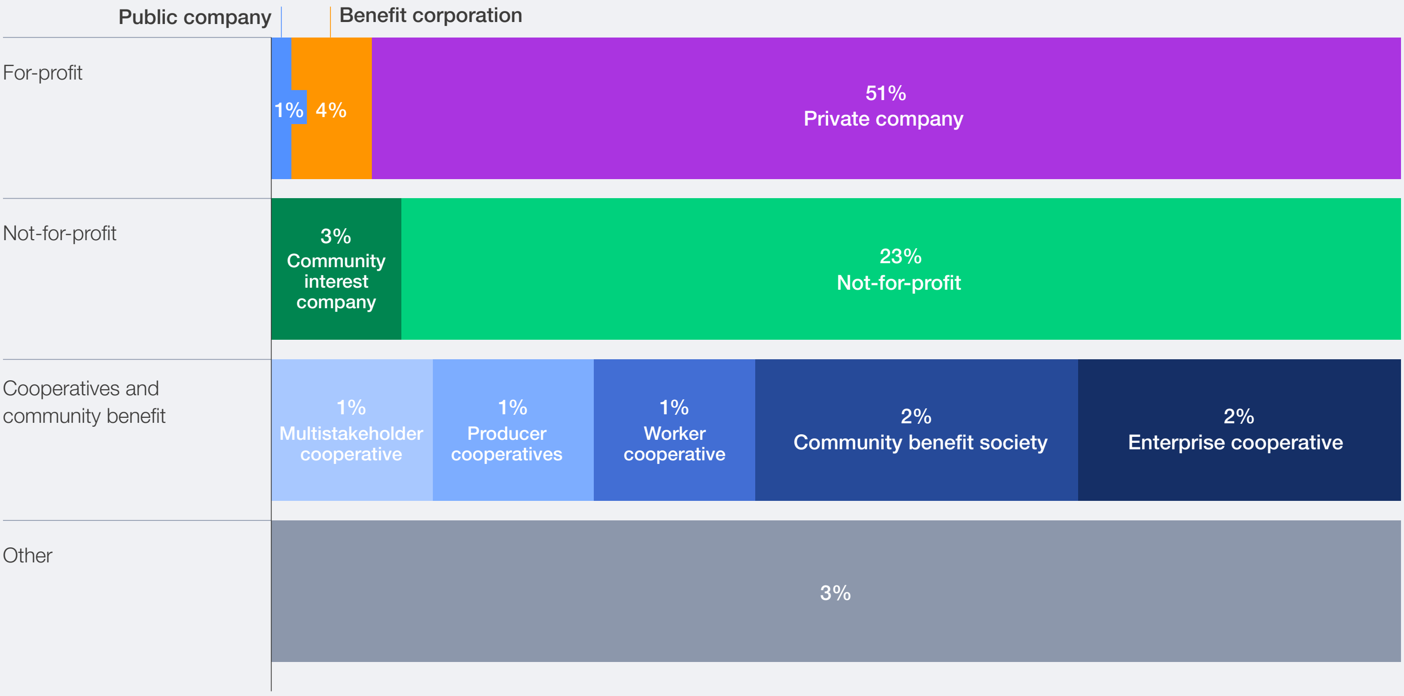
- **For-profit entities:** The survey indicates that the for-profit model is the most prevalent legal structure for formal social enterprises in Africa, with 51% of respondents registered as a private company. This model is particularly dominant in countries such as Ethiopia, where 70% of social enterprises choose this structure, and Cameroon, at 79%. These enterprises operate as for-profit businesses with a clear social mission embedded into their core business model, yet "for-profit" covers varied approaches to pursuing social purpose. They may retain a standard business structure but orient it explicitly around achieving a social mission, with profit serving as the means to sustain and scale impact. Others adopt a blended value approach, where social impact and financial performance are deliberately designed to reinforce each other within a single, integrated model.

- **Non-profit entities:** A significant portion of formal social enterprises, 23%, are registered as non-profit companies without shareholders. This model is common among organizations that rely more on grants and donations, using earned income to supplement mission-driven activities. Some 49% of social enterprises that indicated they generate income from donors and philanthropic institutions are registered as non-profit, showing alignment between this form and reliance on philanthropic funding. The survey data shows that this is a consistent choice across different countries, with 11% of social enterprises in both Ethiopia and Cameroon registered as non-profits. Even among those registered as non-profits, 44% of social enterprises generate revenue through the sale of products and services.

- **Alternative and hybrid structures:** Where traditional for-profit or non-profit models are not chosen, some social enterprises adopt hybrid forms. About 4% are benefit corporations, legally required to pursue social or environmental missions alongside profit, and 2% are community benefit societies, owned by communities and reinvesting surpluses. Though rare, hybridity is often achieved by creatively using existing frameworks: some set up dual entities – one non-profit arm to access grants and another business arm to generate income; others cross-subsidize, using revenues from certain activities to support lower-income groups; while some combine cooperative ownership with private investment to scale.

As one respondent stated: "We are hybrid. We have a non-profit entity that owns 100% of our for-profit entities … we are also setting up a mixed benefit foundation that can serve as a fund for scaling in Africa, alongside our country-level non-profit entities."

FIGURE 1 | **Types of legal registration among formal social enterprises by category**



Source: Survey data, World Economic Forum

- **Informal enterprises:** Some 24% of surveyed social enterprises operate without formal registration. The prevalence of informality varies significantly by country, from as low as 8% in South Africa to as high as 62% in Cameroon. This tendency is often shaped by practical considerations, including complex or costly registration processes, bureaucratic hurdles, limited awareness of the benefits of formalization and a strong preference for community-based, flexible operations.[28] Operating outside formal frameworks, these enterprises prioritize local needs, draw on community support and resources and leverage networks and informal support systems, reflecting their deep social embeddedness.

Emerging legal and policy frameworks at the global, regional and national level

The legal and regulatory environment for social enterprises in Africa is a critical area of both progress and challenge. Globally, most countries do not have a dedicated legal designation for social enterprises. However, a variety of legal and policy frameworks are emerging, reflecting diverse approaches.

In international policy, social enterprises are formally recognized as part of the broader social and solidarity economy (SSE) alongside cooperatives, mutual societies, associations and other community-based or non-profit organizations.

At the international level, the International Labour Organization (ILO) resolution concerning Decent Work and the Social and Solidarity Economy (2022)[29] and the United Nations General Assembly resolution Promoting the Social and Solidarity Economy for Sustainable Development[30] provide important normative frameworks guiding laws and policies on the social and solidarity economy, which includes social enterprises.

At the regional level, the African Union's Ten-Year Social and Solidarity Economy Strategy and Implementation Plan (2023–2032),[31] adopted by the AU Assembly of Heads of State and Government in February 2025, offers a comprehensive and coordinated policy framework to legitimize, support and expand the SSE across regional economic communities and member states in Africa.

At the national level, a range of legal and policy approaches to social enterprises is emerging. These include national SSE laws and strategies as well as policy processes anchored in different political institutions. In contexts where no specific social enterprise recognitions exist, it becomes important to examine how existing legal and regulatory frameworks influence the incentives, constraints and adaptive strategies of social enterprises – and to identify what complementary instruments may be required to balance trade-offs and support their development. Overall, for social enterprises, what matters most is how these frameworks and approaches shape visibility, recognition and access to support.

SSE laws have been enacted in Cabo Verde (2016), Cameroon (2019), Djibouti (2019), Mali, Morocco, Tunisia (2020) and Senegal (2021).

National SSE laws and strategies

National SSE frameworks include legislation or strategies that bring together cooperatives, mutuals, associations and social enterprises under a common umbrella to strengthen solidarity-based economies. SSE laws have been enacted in Cabo Verde (2016),[32] Cameroon (2019),[33] Djibouti (2019),[34] Mali,[35] Morocco,[36] Tunisia (2020)[37] and Senegal (2021),[38] with Côte d'Ivoire advancing a draft framework and a National SSE Strategy 2025–2027.

These frameworks are often anchored in ministries of labour and social protection, with priorities such as job creation, financial inclusion and protecting vulnerable groups. For social enterprises, they provide legitimacy and embed them in a wider ecosystem of recognition, networks and institutional support. Yet many social enterprises pursue models requiring additional support in enterprise development, innovation and access to diverse investment. To meet this diversity, SSE frameworks are effective for social enterprises when complemented by instruments such as impact investment facilitation, incubation schemes, social procurement, blended finance or public–private partnerships (PPPs).

National policy processes and institutional anchors

Policy frameworks for social enterprises take diverse forms beyond legislation. Some countries have adopted national strategies under dedicated institutions, while others have developed draft policies that have advanced support for social enterprises. Together, these approaches provide different forms of visibility, legitimacy and access to support.

On social enterprise and the social economy

- South Africa's Draft Green Paper on the Social and Solidarity Economy,[39] developed by the Department of Trade, Industry and Competition, has helped shape policy around the *social economy*. The green paper has informed initiatives such as the Presidential Employment Stimulus,[40] which has channelled resources to social economy actors – notably through programmes such as the Social Employment Fund, implemented by the Industrial Development Corporation (IDC), to support community-based, socially useful work.

- Ghana has developed a Draft Social Enterprise Policy[41] under the Ministry of Trade and Industry. By locating it within this portfolio, Ghana has framed social enterprises as contributors to enterprise development, entrepreneurship and inclusive growth. While not yet formally adopted, the process has created visibility for social enterprises and a pathway for integration into enterprise-support mechanisms.

On the social and solidarity economy

- Mali adopted a National Policy and Action Plan on SSE (2014) and subsequently created a National Support Centre (2017) to coordinate implementation.[42]

- Senegal established a dedicated Ministry of Microfinance and SSE (2017), which later oversaw adoption of the SSE law (2021).[43] As part of its implementation, the government is preparing a national strategy to engage the private sector, promoting corporate social investment into the SSE. This aims to diversify financing for SSE stakeholders while aligning business contributions more closely with national priorities.

- Countries such as Morocco and Cameroon have integrated their SSE portfolios into existing ministries – for example, Morocco's Ministry of Tourism, Handicrafts and Social and Solidarity Economy and Cameroon's Ministry of Small and Medium-Sized Enterprises, Social Economy and Handicrafts.

For social enterprises, these policy processes and institutional anchors are significant because they create points of contact with government, raise sector visibility and can unlock resources or programmes even before formal adoption. Their effectiveness depends not only on legal codification but also on how governments translate policy intent into instruments, institutions and implementation capacity.

Adapting in the absence of dedicated frameworks

For social enterprises operating informally, flexibility, low-entry barriers and community trust are advantages, but informality limits access to finance, procurement, legal protections and policy support. For formally registered social enterprises, in the absence of dedicated designations it is critical to understand how existing legal and regulatory arrangements shape incentives, constraints and adaptive strategies, and what complementary instruments may be needed to balance trade-offs.

Many social enterprises register under existing categories – either as for-profit companies or non-profit organizations. Each route confers benefits (market access and investor networks for companies; donor eligibility and charitable alignment for non-profits) but neither was designed primarily for models that combine trading with a primary social mission.

Social enterprises adapt within these forms, for example by creating dual entities (a non-profit plus trading subsidiary), adding mission or asset-lock clauses to statutes or ring-fencing surpluses through internal policies. These adaptations provide legal standing but may force compromises in governance or financing (e.g. equity limits in non-profits; investor expectations in for-profits).

Credit: Sommalife

1.3 Estimated number of social enterprises across Africa

This report's estimated total of 2.18 million social enterprises in Africa is based on a synthesis of existing literature with a multi-step projection approach.

Estimating the precise number of social enterprises in African countries is inherently complex, as data can vary significantly in different studies and literature. However, global and regional mapping studies by organizations such as the British Council, the World Economic Forum, Siemens Stiftung[44] and various national social enterprise and entrepreneurship networks have been instrumental in building a knowledge base for this sector. This study used these existing country-level studies to establish a high-level estimate of 2.18 million social enterprises for the continent.

The projection of social enterprise numbers was a two-phase process. First, a three-step approach was used for the set of focus countries: identifying a baseline number of enterprises from existing data, determining an annual growth rate using proxies such as GDP and then projecting the total for 2025. This same methodology was then applied to a selection of additional African countries. The final step was to extrapolate this combined total to the entire continent, using the projected nominal GDP share of these researched countries as a proxy for the overall market.

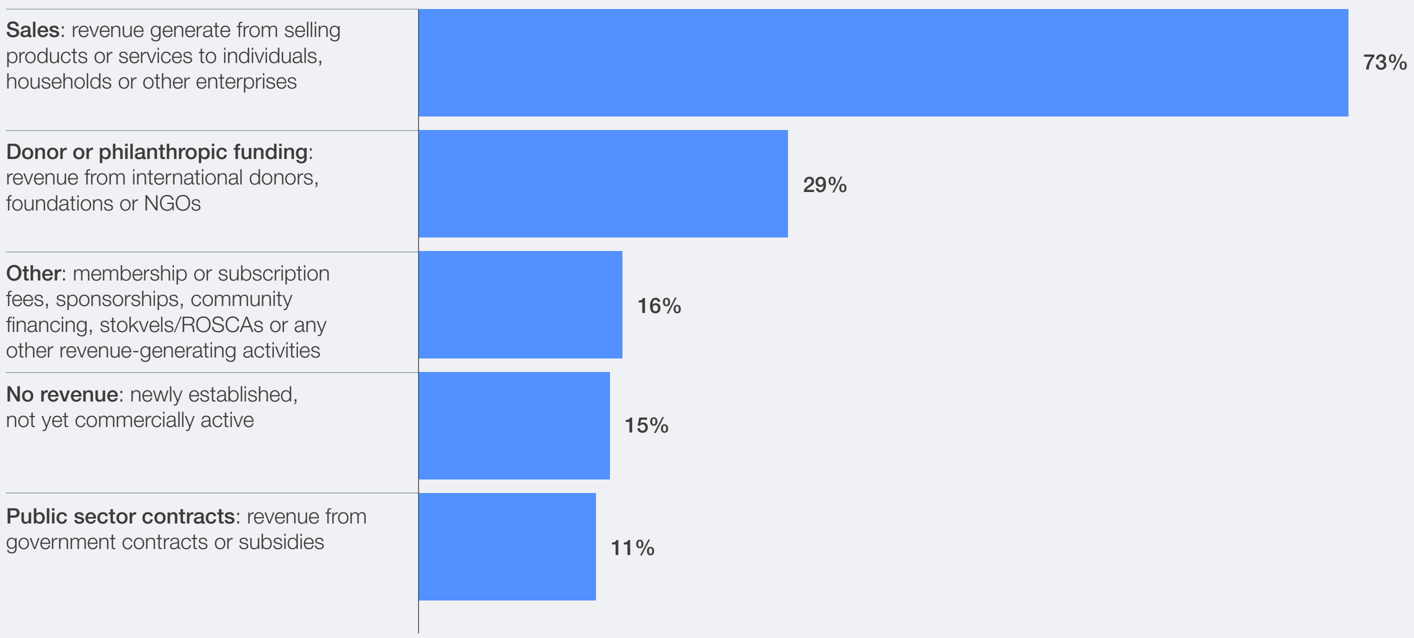
Based on this methodology, the study determined the number of social enterprises in Africa to be 2.18 million. This figure can be contextualized against broader global estimates that suggest there are approximately 10 million social enterprises worldwide, generating around $2 trillion in annual revenue.[45] Africa's estimated 2.18 million social enterprises thus represent a significant and growing portion of the global social economy, underscoring the continent's dynamic contribution to purpose-driven business. The estimate of 2.18 million social enterprises in Africa places the continent's share at approximately 20% of the global total. This figure aligns well with Africa's overall economic and demographic weight. Given that Africa is home to roughly 17% of the world's population and has a burgeoning, youthful entrepreneurial class, a 20% share of social enterprises is a compelling and justifiable figure. A 2020 World Bank analysis estimated that Africa had approximately 244 million businesses in total. Of these, the vast majority – around 232 million – were classified as "own-account businesses" (sole proprietors), while approximately 12.7 million were firms employing workers.[46] In this context, the estimate of 2.18 million social enterprises represents a significant and compelling segment of Africa's business ecosystem. It indicates that social enterprises constitute roughly 17% of all businesses with employees across the continent.

1.4 Annual revenue and reinvestment practices

Using information on the distribution of annual revenue and the estimated market size, total annual revenue generated by social enterprises in Africa has been estimated to be at least $96 billion. This figure is a highly plausible estimate that is grounded in the reality of Africa's enterprise landscape. It is well established that the continent's business ecosystem is heavily skewed towards micro-enterprises and a long tail of smaller firms, with a small percentage of larger, more established companies driving a disproportionate share of total economic output. Given that 62% of social enterprises surveyed earn less than $10,000 annually, the majority of the 2.18 million social enterprises would fall into this low-revenue category, contributing a relatively small amount to the overall total. The 17% that earn above $50,000 annually, however, would include the more established and larger social enterprises that generate a significantly higher collective revenue, thereby anchoring the total at a figure of at least $96 billion. The use of the term "at least" acknowledges that the estimate is conservative and that a full accounting of all large private social enterprises would likely result in an even higher figure.

Approximately 73% of social enterprises generate revenue by selling products or services directly to individuals, households or other enterprises, indicating a robust market-driven approach. While sales are a primary income stream, 29% also supplement their revenue with support from donors and philanthropic institutions, pointing to a mixed-funding model. Only 11% secure revenue through transactions with the public sector, suggesting limited engagement with government procurement or partnerships. For 45% of social enterprises surveyed, sales of products and services constitute more than half of their total revenues; 13% have more than half of their revenue from donor or philanthropic funding; and 3% earn more than half of their revenue from the public sector.

FIGURE 2 **Primary sources of revenue for social enterprises**

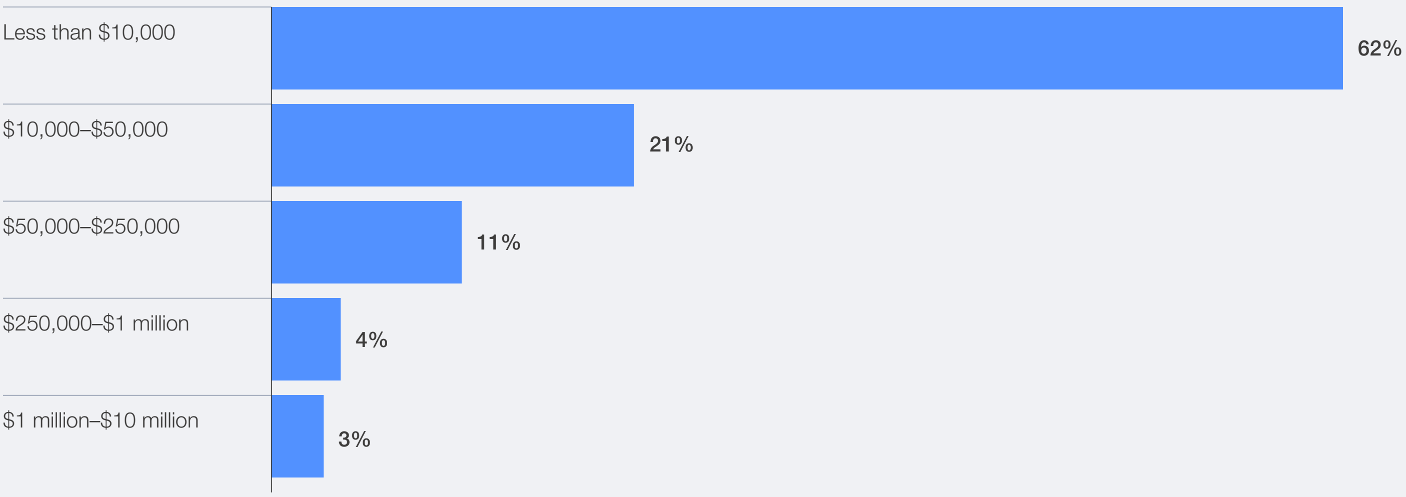


Note: A stokvel, or RSCA (rotating savings and credit association), is where a group of individuals or members agree to meet for a defined period in order to save and borrow together. Members all contribute regularly and take turns withdrawing accumulated sums.

Source: Survey data, World Economic Forum

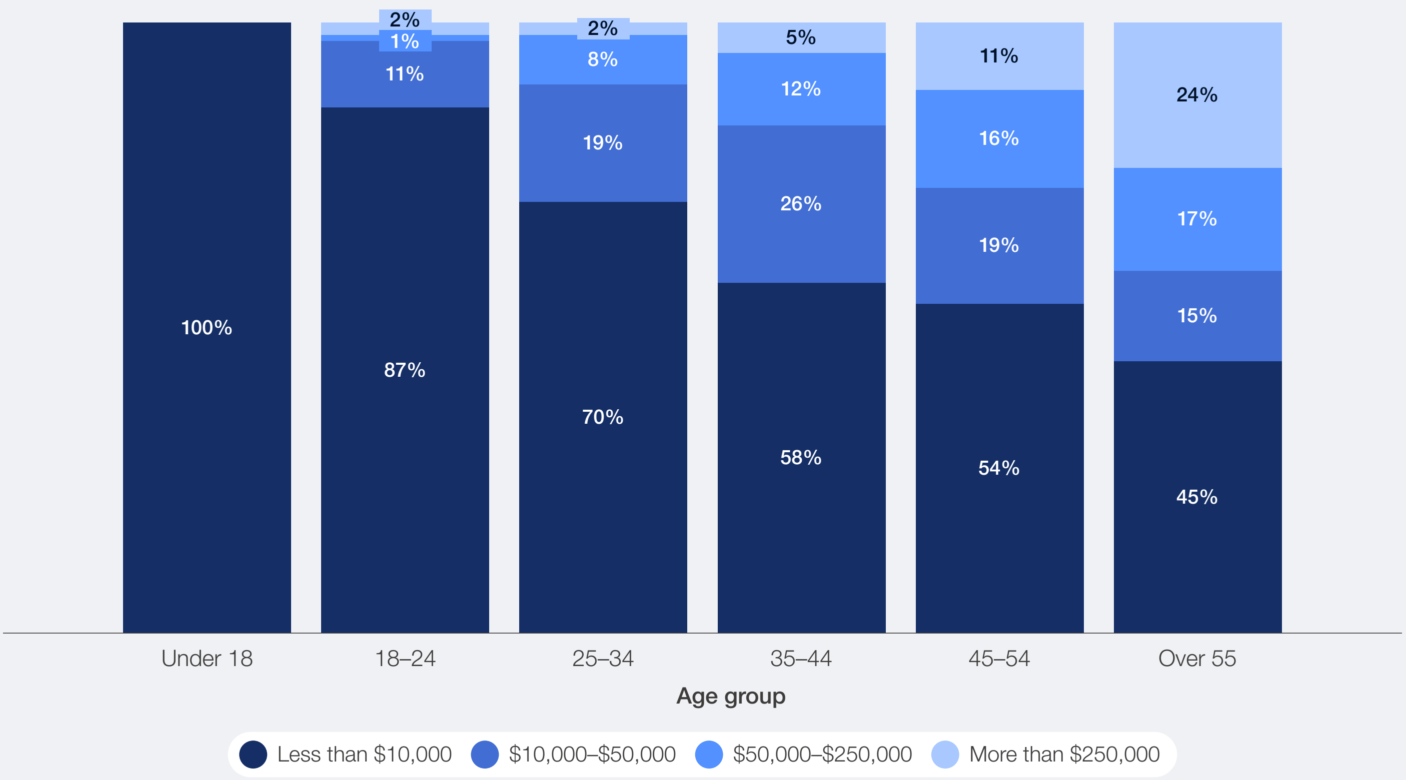
Figure 3 shows that many social enterprises operate at the micro level, with the largest share earning under $10,000 annually. While this may seem to reinforce a narrative of a financially nascent sector, it must be seen within the broader African economy. The revenue distribution of social enterprises mirrors that of conventional businesses, overwhelmingly dominated by MSMEs. Up to 90% of businesses in sub-Saharan Africa are MSMEs,[47] most operating informally with low revenues. This confirms that social enterprises are not inherently smaller than their conventional counterparts; they are embedded within the continent's economic structure. Moreover, nearly two-thirds (64%) report steady or rising revenues in the three years prior to completing the survey, underscoring resilience and growth potential when given the right support.

FIGURE 3 **Distribution of social enterprises by annual revenue**



Source: Survey data, World Economic Forum

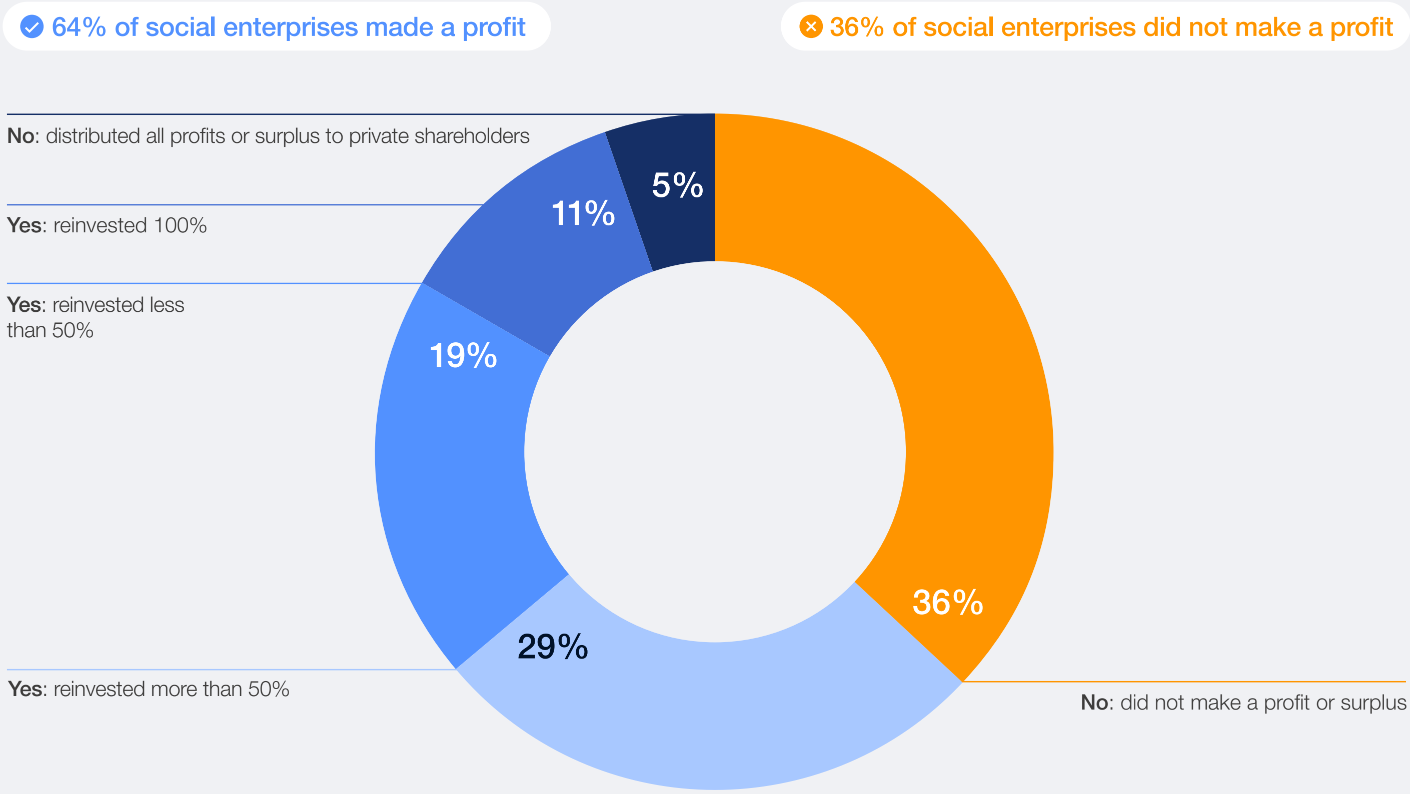
FIGURE 4 **Distribution of social enterprises by annual revenue and founders' age group**



Source: Survey data, World Economic Forum

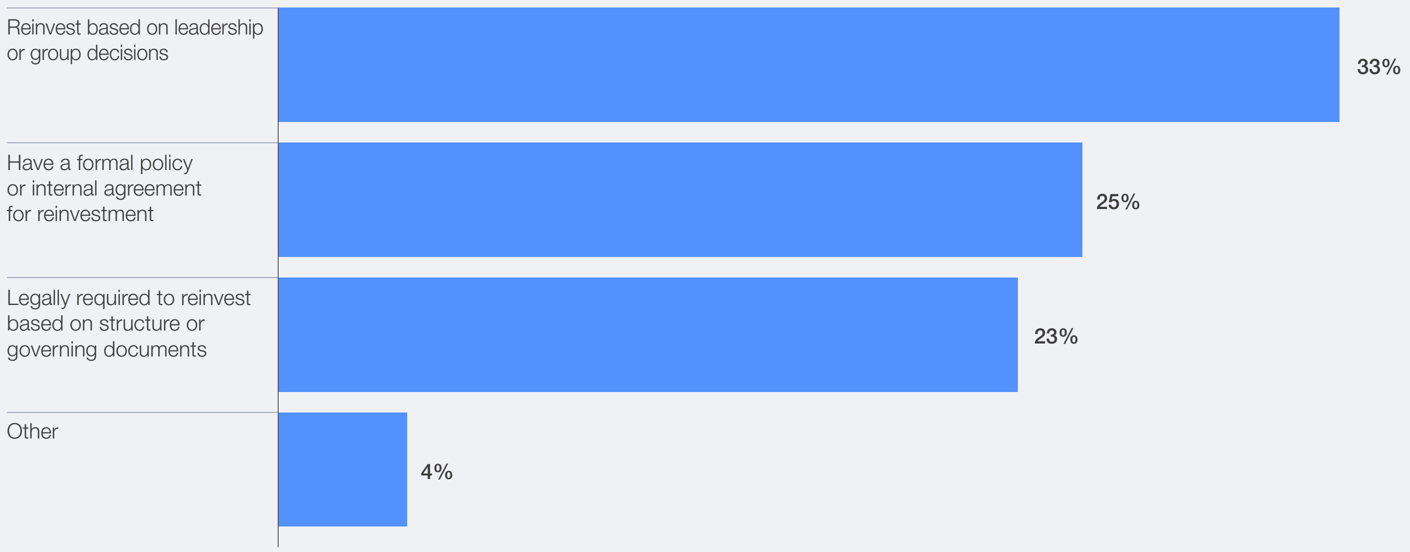
A key characteristic of social enterprises is their commitment to mission-driven reinvestment. A high proportion, 59%, reinvested part or all of their profit or surplus towards their social or environmental mission in the previous year.[48] These reinvestment decisions are primarily guided by leadership or group decisions and formal company policy or internal agreements for 58% of enterprises. Furthermore, 23% are legally required to reinvest profits based on organizational structure or governing documents, underscoring a strong institutional commitment to impact.

FIGURE 5 **Enterprises reinvesting profit or surplus towards social and/or environmental mission**



Source: Survey data, World Economic Forum

FIGURE 6 **Decision criteria for reinvesting profits**



Source: Survey data, World Economic Forum

CASE STUDY 1

Sanergy Collaborative

The Sanergy Collaborative, a Nairobi-based circular sanitation social enterprise, demonstrates an innovative, climate-smart and sustainable revenue model that addresses public health, food security and mitigates climate change. The collaborative consists of two founding partners: the non-profit Fresh Life Initiative, which installs and services container-based sanitation (CBS) in low-income settlements, and the for-profit Regen Organics, which upcycles sanitation and organic waste into regenerative agricultural products, such as organic fertilizer and insect protein while mitigating methane and carbon emissions. This hybrid structure creates a revenue-to-mission loop system that keeps sanitation fees affordable while ensuring smallholder farmers benefit from increased yields, income and food supply. By turning waste into value, Sanergy makes safe sanitation viable at scale, strengthens local food systems, reduces grant reliance and creates green jobs. With a network of over 8,000 toilet entrepreneurs, Sanergy has grown to serve more than 300,000 people daily and support over 10,000 farmers, who are seeing increases in yields and incomes with the enterprise's climate-smart agricultural products, leading to a 19-fold social return on investment.

Credit: Sanergy Collaborative / Sam Kung

BOX 1 | **Key insights**

The estimated $96 billion in revenues generated by Africa's social enterprises annually represents roughly 4.8% of the $2 trillion in annual revenue generated by social enterprises globally, according to the World Economic Forum's *The state of social enterprise: A review of global data 2013–2023*.[49]

While Africa is home to a significant number of social enterprises – with some studies estimating its share at around 14% of the global total – the smaller average size and earlier stage of many of these enterprises compared to those in more established markets explain the variance between their numerical and revenue shares. This gap also highlights the immense growth potential within the African social enterprise sector.

Furthermore, it is essential to contextualize this figure within the broader African economy. With Africa's projected GDP for 2025 estimated at approximately $3 trillion,[50] the $96 billion in revenue from social enterprises represents approximately 3.2% of the continent's total economic output, indicating that the social enterprise sector is not a marginal player but a significant and active contributor to the African economy itself, playing a vital role in local economic development. The estimated revenue for the social enterprise sector is greater than the $69.53 billion projected for the entire beauty and personal care market in Africa in 2025, reinforcing the substantial relevance of social enterprises within the African context.

1.5 Enablers of inclusive and sustainable development across industries

Across Africa, social enterprises are advancing all of the United Nations Sustainable Development Goals (SDGs).

With international development budgets under strain, social enterprises are emerging as vital actors – delivering local impact through sustainable models that span diverse industries and contribute to all 17 SDGs. This section explores the sectors and purpose areas in which they are most active, highlighting their breadth of contribution and how they embed inclusive practices to drive impact.

Subsectors and SDGS

The survey shows that **social enterprises are contributing to all 17 SDGs)**, underscoring their role in addressing Africa's interconnected development challenges.

TABLE 1 **Top five subsectors in which social enterprises work and their corresponding SDGs**

Top five subsectors where social enterprises operate	Direct SDG
Education (21%)	**SDG 4** – Quality education
Agriculture (15%)	**SDG 2** – Zero hunger
Health and well-being (12%)	**SDG 3** – Good health and well-being
Civic engagement (10%)	**SDG 11** – Sustainable cities and communities **SDG 16** – Peace, justice and strong institutions
Art, entertainment and recreation (9%)	**SDG 11** – Sustainable cities and communities, including the protection of cultural and natural heritage. **SDG 3** – Good health and well-being **SDG 4** – Quality education

Source: Survey data, World Economic Forum

Purpose areas

The social enterprises surveyed most frequently define their purpose in terms of society (64%), inclusion (52%) and basic needs (46%).

TABLE 2 **Top three purpose areas and top three sub-purpose areas**

Purpose area	Top sub-purpose	% of SEs
Society	Community	45%
	Economy	43%
	Culture	17%
Inclusion	Youth	41%
	Women	38%
	Rural poverty	23%
Basic needs	Food security	21%
	Livelihoods	21%
	Healthcare	13%

Source: Survey data, World Economic Forum.

Inclusive principles in practice

Table 3 presents common inclusive practices among social enterprises and the proportion of surveyed enterprises that report engaging in each practice.

TABLE 3 | **Frequency of social enterprises engaging in inclusive practices**

Theme	General practice	General practice details
Commitment to inclusive governance and decision-making	62% involve staff and impact groups in decision-making	Giving staff ownership stakes (29%)
		Implementing deliberative structures such as annual meetings and staff councils (58%)
		Adopting collective leadership or shared governance (51%)
		Involving communities/impact population groups in the design and/or delivery of products and services (36%)
		Employing communities/impact population groups as staff or volunteers (35%)
		Ensuring communities/impact population groups are represented in governance structures such as advisory boards or decision-making committees (24%)
Consider social and/or environmental factors when choosing suppliers	78% apply social/environmental criteria in supplier selection	Prioritizing local suppliers (63%)
		Engaging women, youth or marginalized-group businesses (61%)
		Choosing environmentally sustainable partners (58%)
		Sourcing from other social enterprises (55%)
Proactively driving social innovation through internal operations	51% use new technologies, business models or partnerships to drive social or environmental change	Not applicable
Commitment to environmental sustainability	35% implement carbon footprint reduction, waste management, circular economy initiatives	
Ensure pay equity for employees	64% ensure fair wages across gender and roles	
Adhere to diversity, equity and inclusion (DEI) principles	44% ensure hiring, leadership representation and opportunities are inclusive	
Embed sustainable principles in their supply chain management	32% implement ethical sourcing	

Source: Survey data, World Economic Forum

CASE STUDY 2

RLabs

Reconstructed Living Labs (RLabs), a social enterprise co-founded in 2009, demonstrates how technology and training enable inclusive and sustainable development. Operating from "third spaces" in vulnerable communities such as Cape Town's Cape Flats, RLabs empowers marginalized women and youth with digital skills, enterprise development and social inclusion.

RLabs uses a hybrid revenue model, blending grants with corporate contracts and income from its Zlto rewards platform, to subsidize free training.[51] With livelihood creation at its core, this model has supported more than 6,100 businesses, graduated 2.5 million learners and has contributed to the generation of 110,000 jobs. Its impact cycle, which reinvests revenue into expanding non-profit programmes, has been successfully replicated in 24 countries, showcasing scalable, sustainable change across communities.

Credit: RLabs, South Africa

1.6 Number of direct jobs created by social enterprises

Social enterprises actively drive economic inclusion based on who they employ: 91% of social enterprises surveyed employ youth, 82% employ women and 23% of social enterprises employ people with disabilities.

Social enterprises are a major engine for employment, estimated to have created at least 12 million jobs across Africa.

Using a methodology that combines enterprise estimates with survey data, the total paid workforce impact of African social enterprises could employ 12–56 million people,[52] which includes 8–45 million full-time roles and 4–11 million part-time roles, in addition to 4–15 million volunteer positions. A 2020 study found that social enterprises are 2.89 times more likely to actively try to create jobs than profit-first businesses.[53]

This high-level estimate of 12 million jobs is built upon a diverse employment landscape. The data shows a significant difference between the average (mean) and typical (median) number of employees (e.g. the mean number of full-time employees is 33, while the median is six). This analysis indicates an ecosystem characterized by a large volume of small social enterprises alongside a few major organizations that create a disproportionately high number of jobs.

Increasing job creation demonstrates stability and growth. Over the past year, 43% of social enterprises increased their number of paid employees, while another 46% remained stable, which is a highly positive indicator for the sector. This is vastly different to other African MSMEs, where 40% of MSMEs have had to lay off staff in the last two years and 40% are unlikely to hire in the near future.[54]

Social enterprises prioritize job quality and economic inclusion. The survey data found that social enterprises prioritize full-time employees over part-time or volunteer positions, which generally correlates to more secure livelihoods and decent work.

Beyond the numbers, social enterprises actively drive economic inclusion based on who they employ: 91% of social enterprises surveyed employ youth, 82% employ women and 23% of social enterprises employ people with disabilities

Furthermore, most social enterprises are built on inclusive teams: more than half (59%) have a labour force made up of more than 50% women, and almost two-thirds (64%) have a labour force composed of more than 50% youth. This confirms that the jobs being created are inclusive and directly support poverty reduction.

Their reach also extends across geographies. While 45% of social enterprises are in urban areas, 28% are in peri-urban areas and 24% in rural areas. Stakeholders particularly noted the significant community impact of social enterprises in the agribusiness sector due to their employment provision in rural and peri-urban areas.

CASE STUDY 3

Babban Gona

Babban Gona ("Great Farm"), a farmer-allied social enterprise co-owned by its members, exemplifies the role of social enterprises in job creation and economic transformation. Founded in 2010, it is dedicated to making smallholder agriculture a dignified, sustainable livelihood for at-risk youth and women in northern Nigeria. Its franchise model provides a comprehensive bundle of services, including credit for quality farm inputs, hands-on agronomy coaching, storage and coordinated sales. By aggregating production and timing sales, Babban Gona has successfully created 744,000 indirect jobs, enabled members to earn more than double the national average income and positively impacted more than 937,000 individuals, proving its power for sustainable development.

Credit: Babban Gona, Nigeria

BOX 2

Key insights

The World Economic Forum's *The State of Social Enterprise* global report estimates that social enterprises worldwide create approximately 200 million jobs.[55] Combining the median figures from the table, African social enterprises create a total of roughly 12.1 million full-time and part-time jobs (8.1 million full-time plus 4 million part-time). When comparing these numbers, **Africa's social enterprises account for at least 6% of the total jobs created by the sector globally**. This is a substantial contribution, especially considering that the estimated revenue for the African sector is only around 4.8% of the global total. **This suggests that African social enterprises are highly effective at creating jobs relative to their revenue**.

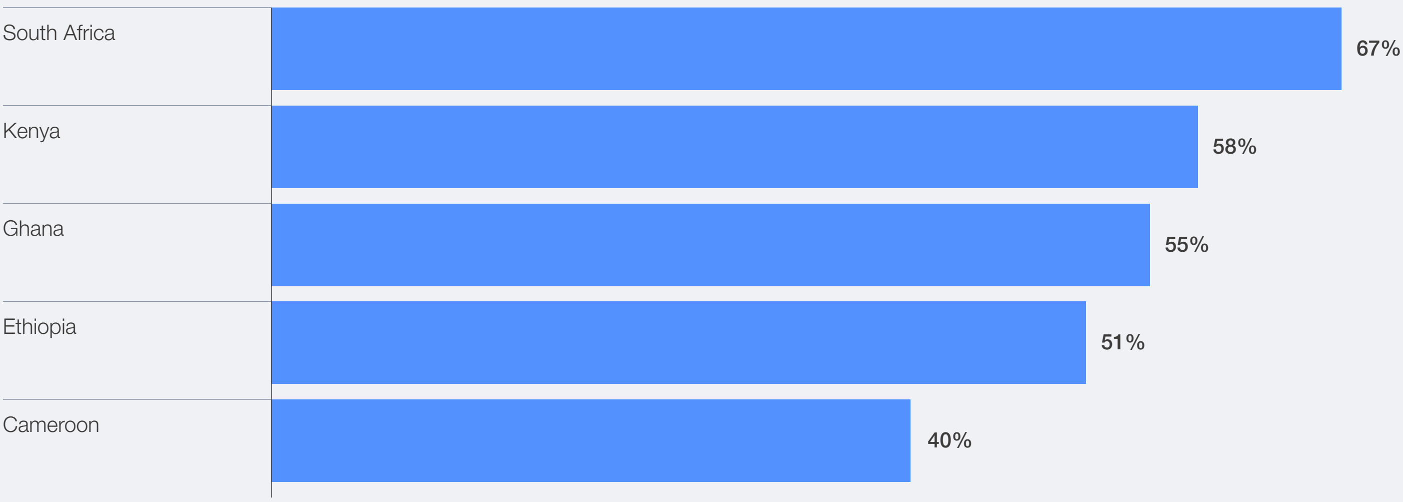
These findings further demonstrate that social enterprises in Africa are pivotal actors in creating inclusive jobs. Their ability and focus on creating meaningful employment opportunities, particularly for marginalized communities, including women, youth and persons with disabilities, positions them as essential drivers of broad-based economic growth and societal progress.

1.7 Leadership profile of social enterprises in Africa

Women-led social enterprises

One in two (more than 55%) of social enterprises surveyed are women-led. This is significantly higher than average, whereby the percentage of firms with majority-women ownership is approximately 15% in sub-Saharan Africa.[56] Women-led social enterprises ranged from 40% women-led social enterprises in Cameroon, to South Africa ,where 67% of social enterprises surveyed were women-led. This is much higher than the proportion of women-owned enterprises in profit-first models. African start-ups are approximately 18.5% women-owned or founded.[57] In South Africa, women-owned businesses account for 21.9–30% of total businesses[58,59] compared to the 67% of women-owned social enterprises. World Bank Enterprise survey data has the percentage of firms in the formal sector with majority-women ownership in South Africa as low as 8.7%.[60] The 2022 Mastercard Index of Women Entrepreneurs has women-owned businesses in Africa ranging from 5.5% (female as percentage of total) for Egypt, to 41.2% in Botswana.[61] In Ethiopia, profit-first enterprises are 29.1% women-owned compared to 51% women-owned social enterprises, and in Ghana 29.3% of profit-first enterprises are women-owned compared to 43% of women-owned social enterprises. These examples reveal that social enterprises consistently achieve far higher levels of women's leadership than profit-first businesses – often double or triple national averages. This shows that social enterprise models are not only enabling inclusive economic participation but also emerging as critical pathways for advancing women's entrepreneurship and leadership.

FIGURE 7 **Percentage of women-led social enterprises by country**

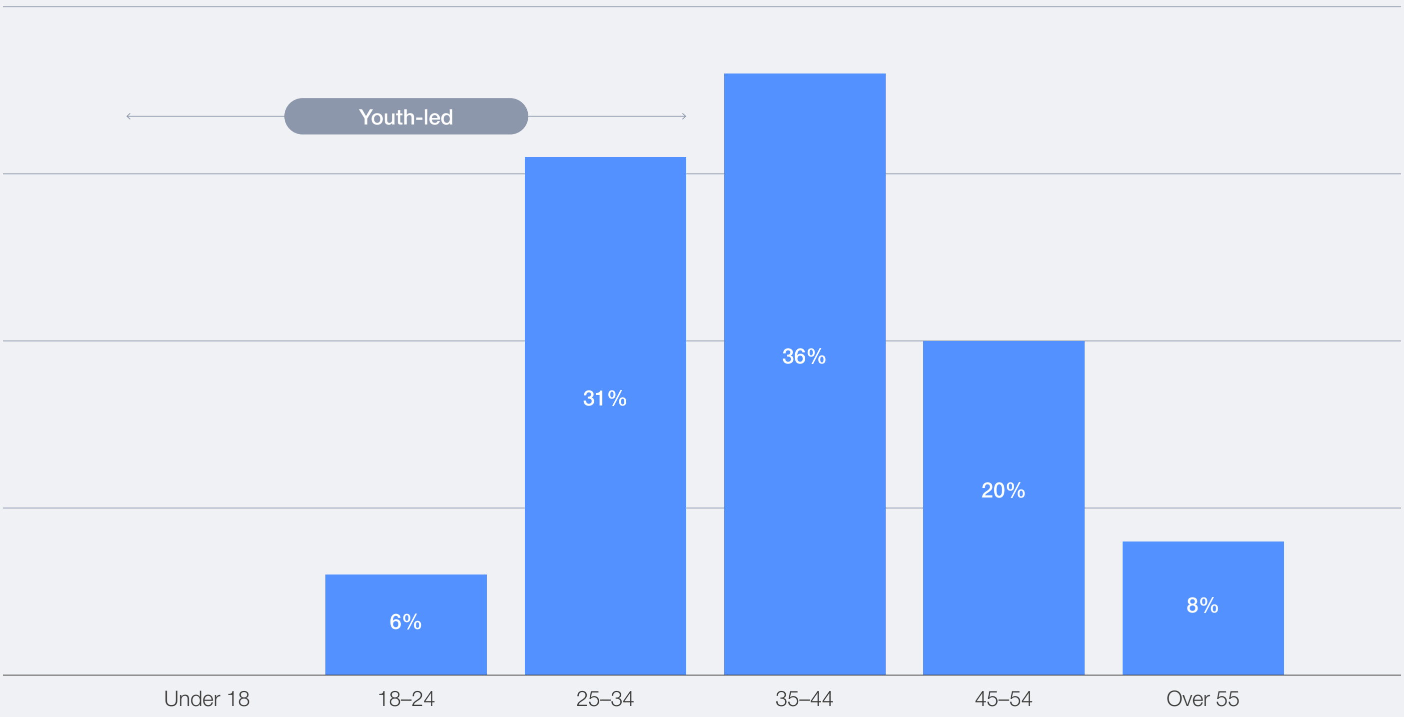


Source: Survey data, World Economic Forum

Youth-led social enterprises

More than one-third (37%) of social enterprises are led by youth (defined as individuals under the age of 35 consistently in the African context, as per AU definition), and 36% of social enterprises are led by individuals aged 35–44. Only 28% of social enterprises are therefore led by individuals aged 45 and above. This is reflective of the overall demographic of countries across Africa, characterized by a "young population". It also reflects that within the social enterprise sector, innovation is being driven by younger leaders. The predominance of youth at the helm shows how Africa's next generation is reshaping business models and problem-solving approaches.

FIGURE 8 | Age distribution of social enterprise leaders



Source: Survey data, World Economic Forum

1.8 Financing landscape for social enterprises in Africa

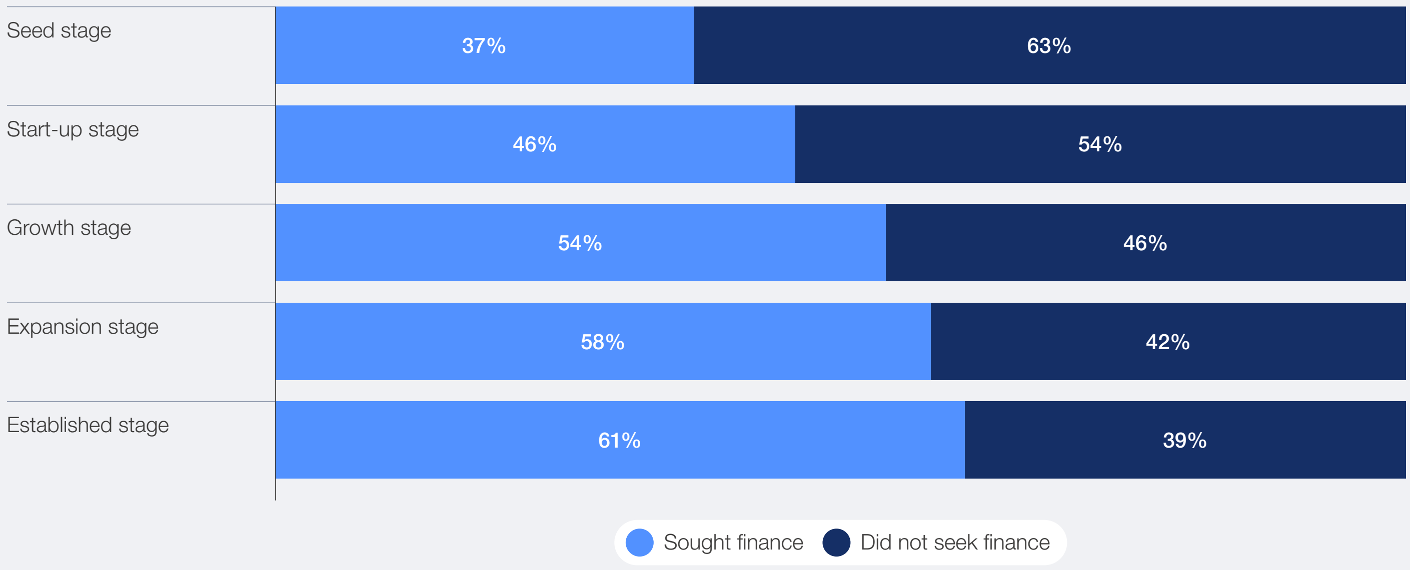
While social enterprises in Africa show strong ambitions for growth throughout all stages, limited access to external finance – especially among early-stage ventures reliant on grants and informal sources – has led to widespread low solvency.

Seeking external finance and sources

About 49% of social enterprises have sought external finance over the past three years, underscoring the strong demand for capital to support their missions. Figure 9 disaggregates this by the enterprise growth stage, showing that older social enterprises are more likely to pursue external financing. This pattern aligns with findings from an SME competitiveness survey in Nigeria, which reported that 15% of young firms applied for financing compared to 20% of mature firms and 41% of older firms.[62]

Credit: SELFINA

FIGURE 9 Social enterprises seeking external finance, disaggregated by growth stage



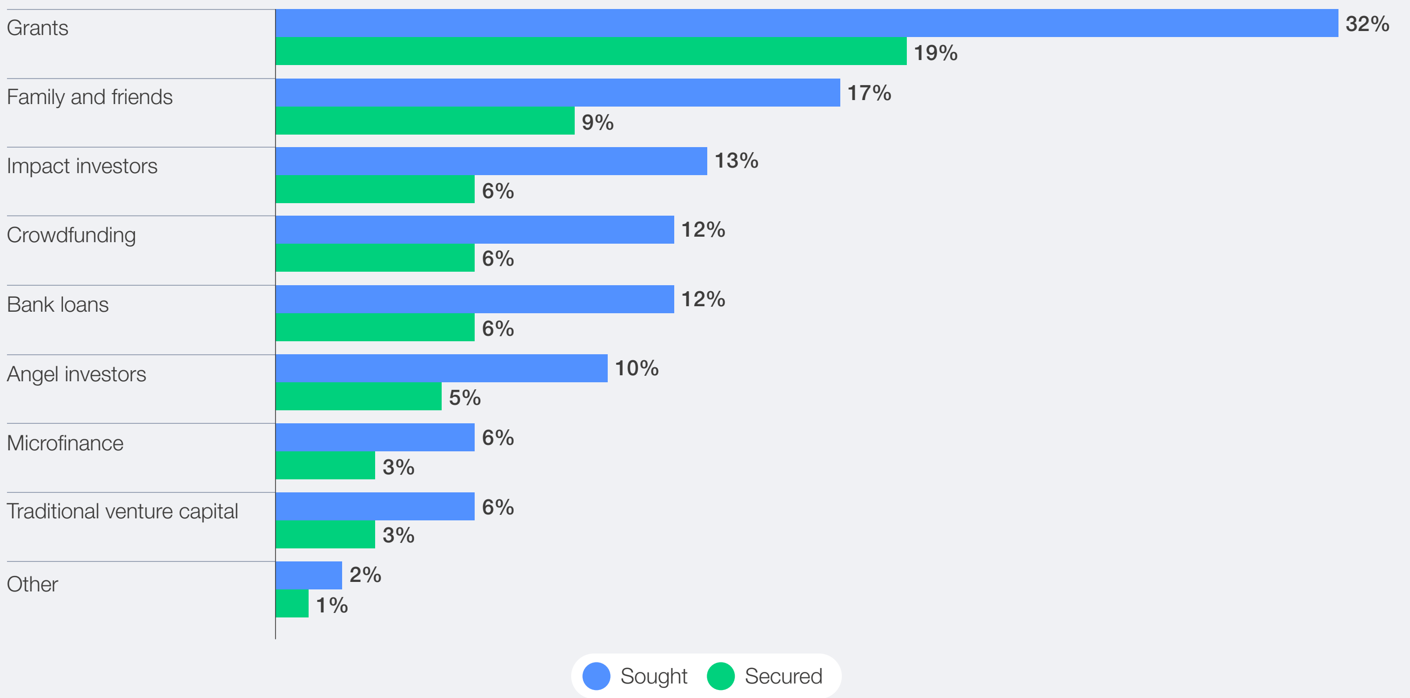
Source: Survey data, World Economic Forum

Among social enterprises seeking finance, 64% approached grant providers, followed by family and friends (34%), impact investors (27%), crowdfunding platforms (24%) and angel investors (20%). This pattern reflects a reliance on diverse and sometimes informal funding sources to secure capital.

Success in securing capital and growth stages

Despite strong demand for funding, only 33% of social enterprises have secured external capital over the past three years. Grants dominated among successful cases (56%), followed by family and friends (28%), impact investors (19%) and bank loans (19%). The relatively lower success rate compared to the number seeking finance underscores the challenges social enterprises face in accessing capital.

FIGURE 10 Social enterprises seeking and successfully securing finance by source



Source: Survey data, World Economic Forum

↑ **Credit:** Schwab Foundation for Social Entrepreneurship

Formal vs. informal capital-raising strategies

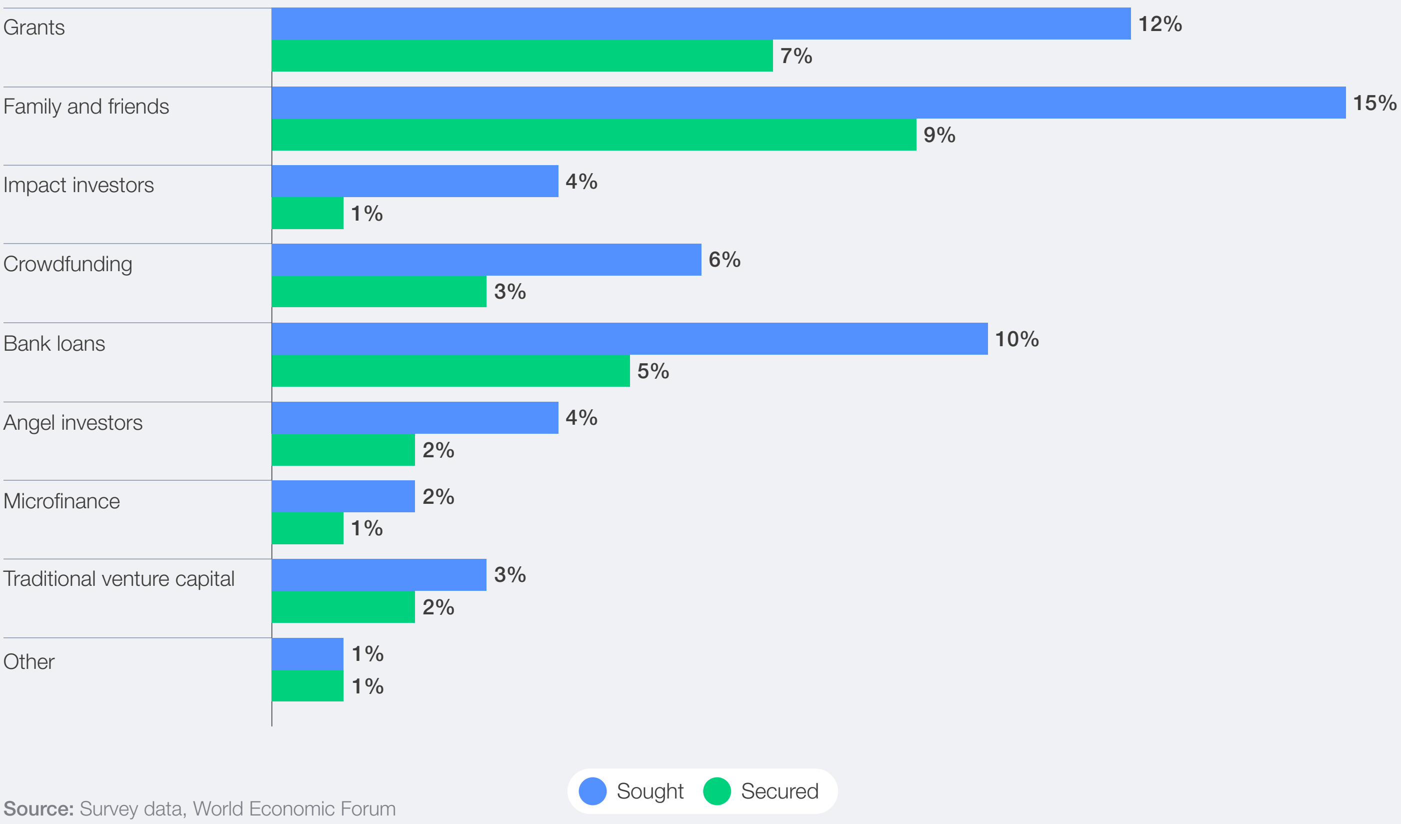
A social enterprise's formal or informal status influences the types of finance it seeks and successfully secures.

Formal enterprises that sought external finance are more likely to pursue institutional funding or finance. They are 1.59 times more likely to seek grants, 1.95 times more likely to seek finance from impact investors and 1.61 times more likely to seek out angel investors than their informal counterparts. They also have a slightly higher propensity to seek bank loans (1.12 times) and microfinance (1.55 times). This trend points to a greater engagement with the formal ecosystem of funders and financiers.

Informal enterprises that sought external finance, in contrast, rely more heavily on community-based and alternative capital-raising models. They are 1.6 times more likely to seek capital from family and friends and 1.56 times more likely to seek crowdfunding than formal enterprises.

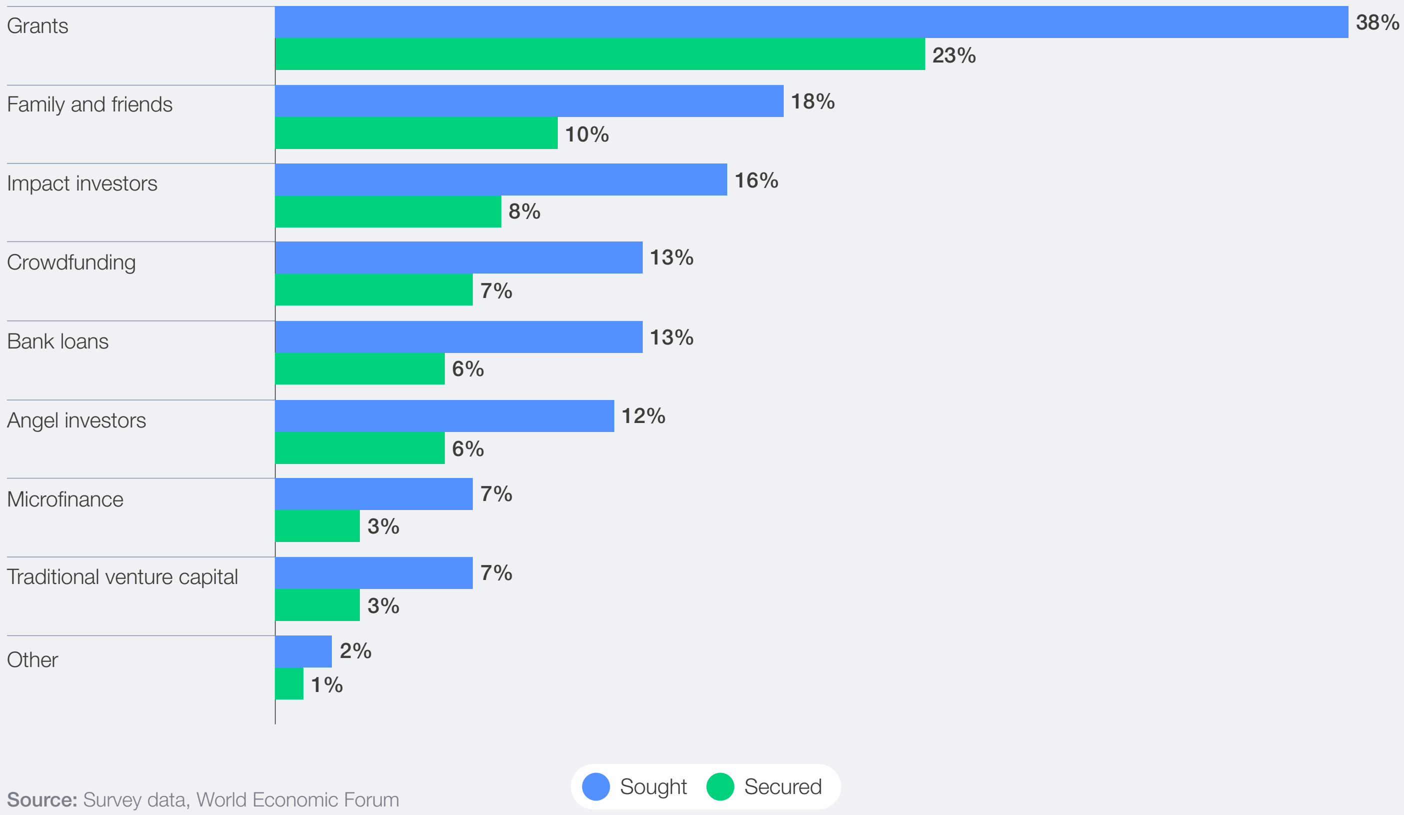
This distinction is also reflected in their success rates. Formal enterprises that secured funding are significantly more successful in securing institutional funding or finance, being 2.71 times more likely to secure finance from impact investors, 1.65 times more likely to secure angel investor finance and 1.47 times more likely to secure grant funding. Informal enterprises that secured funding were, however, more successful with crowdfunding (1.79 time) and securing funding from family and friends (1.92 times).

FIGURE 11 **Informal social enterprises seeking and successfully securing finance**



Source: Survey data, World Economic Forum

FIGURE 12 **Formal social enterprises seeking and successfully securing finance**

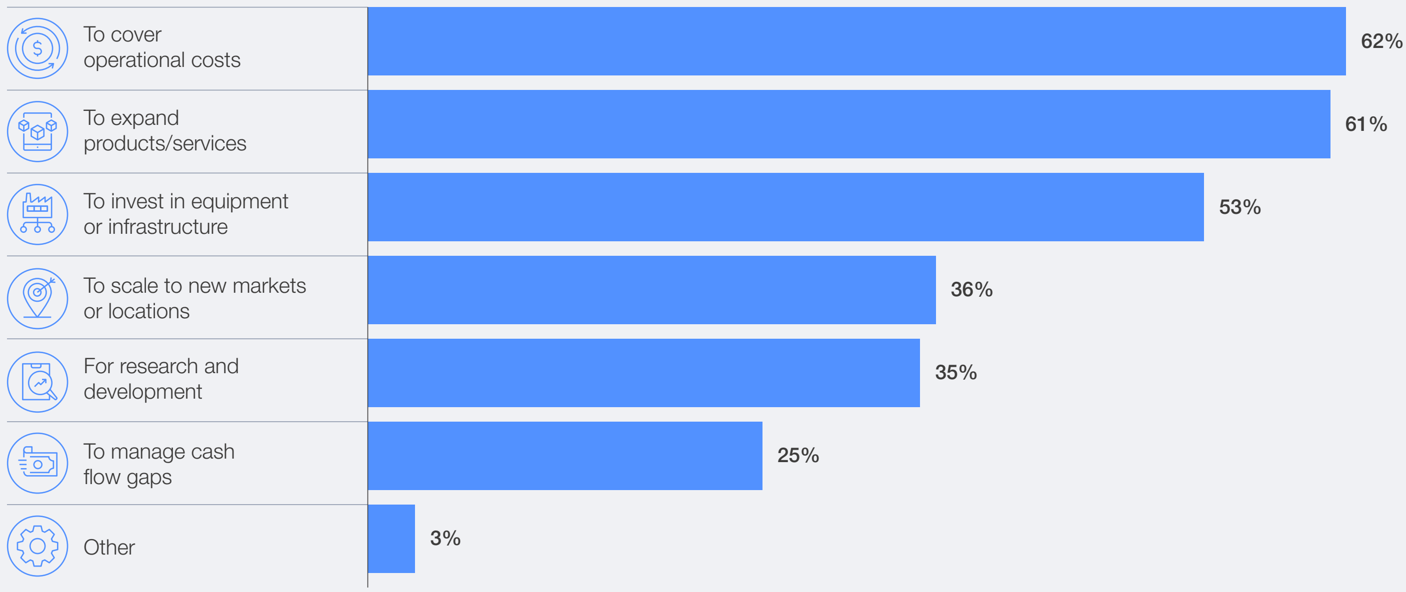


Source: Survey data, World Economic Forum

Purposes for seeking finance

The primary purposes for seeking this finance were largely focused on sustaining and expanding operations. While 62% intended to use the capital to cover operational costs, 61% aimed to expand their products or services. Investing in equipment or infrastructure was a goal for 53%, with 36% planning to scale into new markets or locations and 35% dedicating capital to research and development. This indicates a desire to both maintain current activities and drive future growth.

FIGURE 13 **Reasons social enterprises sought funding or finance**



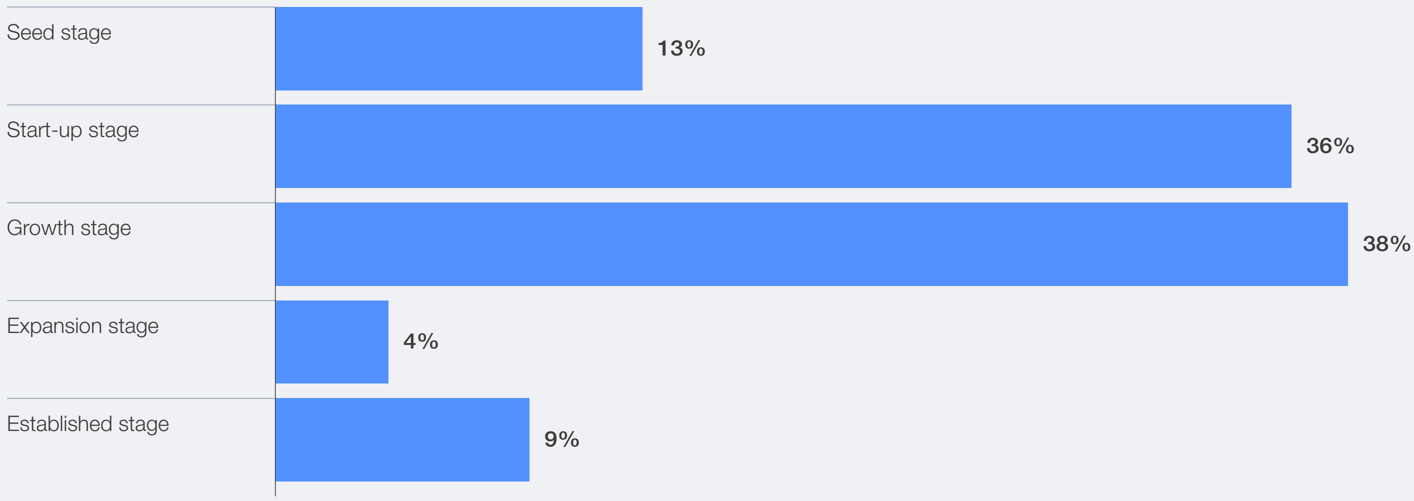
Source: Survey data, World Economic Forum

Financing sources by enterprise stage

Approximately 96% of social enterprises plan to grow their business in the next year, indicating strong entrepreneurial ambition. The current distribution of enterprises across growth stages is varied: 38% are in the growth stage, 36% in the start-up stage, 13% in the seed stage, 9% are established and 4% are in the expansion stage. This shows a vibrant ecosystem with many nascent and developing enterprises.

FIGURE 14

Stages of development among social enterprises



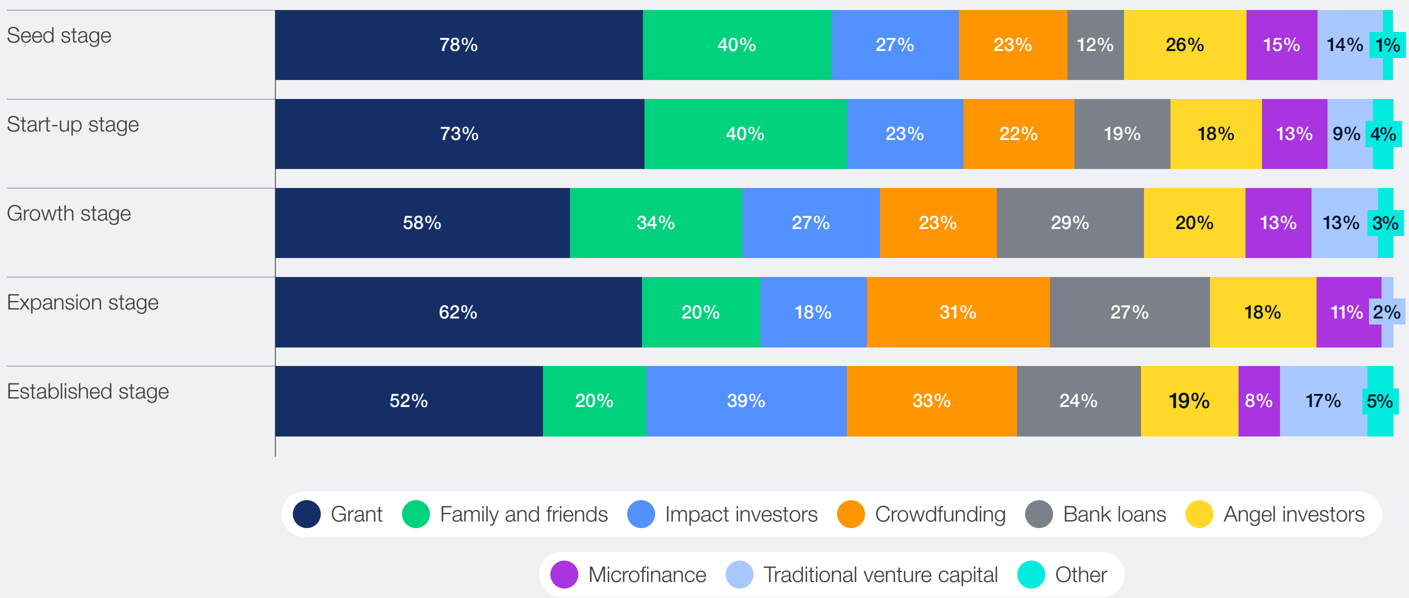
Source: Survey data, World Economic Forum

Among those that have sought finance in the last three years, the distribution across stages is similar but with a slightly higher proportion in the growth stage: 42% are in the growth stage, 33% in the start-up stage, 11% established, 10% in the seed stage and 5% in the expansion stage. This suggests that the need for external finance is most acute during the earlier and active growth phases.

The types of finance sought vary according to the growth stage of social enterprises, with Figure 15 providing a visual overview of these differences.

FIGURE 15

Types of finance sought by social enterprises (disaggregated by growth stage)



Source: Survey data, World Economic Forum

BOX 3

Key insights

The financing landscape for Africa's social enterprises reveals strong ambition but structural financial gaps. Approximately 49% of social enterprises have sought external funding in the past three years, yet only 33% have succeeded – underscoring the difficulty of accessing appropriate capital. Grants dominate both demand and success (sought by 64%, secured by 56%), while informal sources such as family and friends remain vital (sought by 34%, secured by 28%), reflecting adaptability but also dependence on unpredictable finance.

Formal enterprises are more likely to access institutional funding – 1.95 times more likely to seek impact investors and 2.71 times more likely to secure such funding – while informal enterprises rely more on community-based options such as crowdfunding and family networks. Solvency remains a core concern: 50% report low solvency, highlighting vulnerability from volatile revenue and limited reserves.

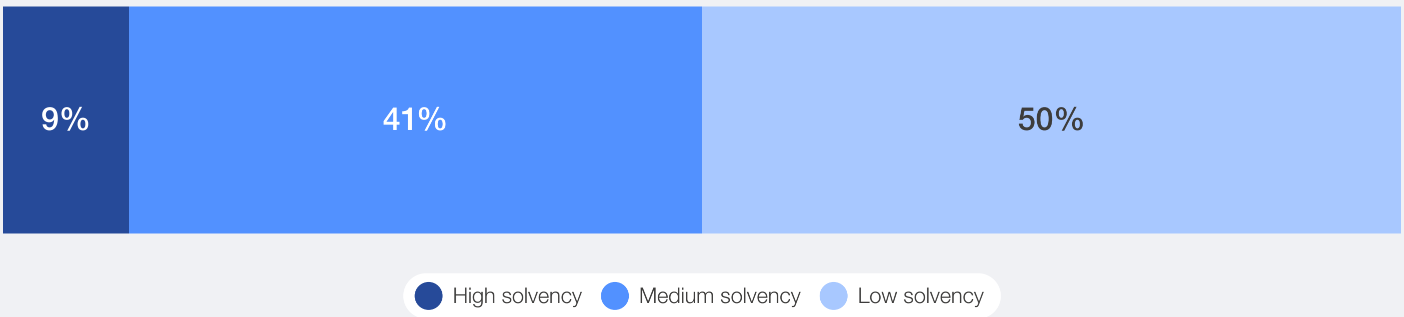
Financing patterns shift modestly across stages – early-stage social enterprises lean on grants and informal support, while growing and established social enterprises engage more with impact investors and banks, though traditional venture capital remains minimal across all stages. These trends highlight an **urgent need for stage-appropriate blended finance, investment-readiness support and financial instruments tailored to social enterprise models that deliver both impact and sustainability.**

Solvency and financial health

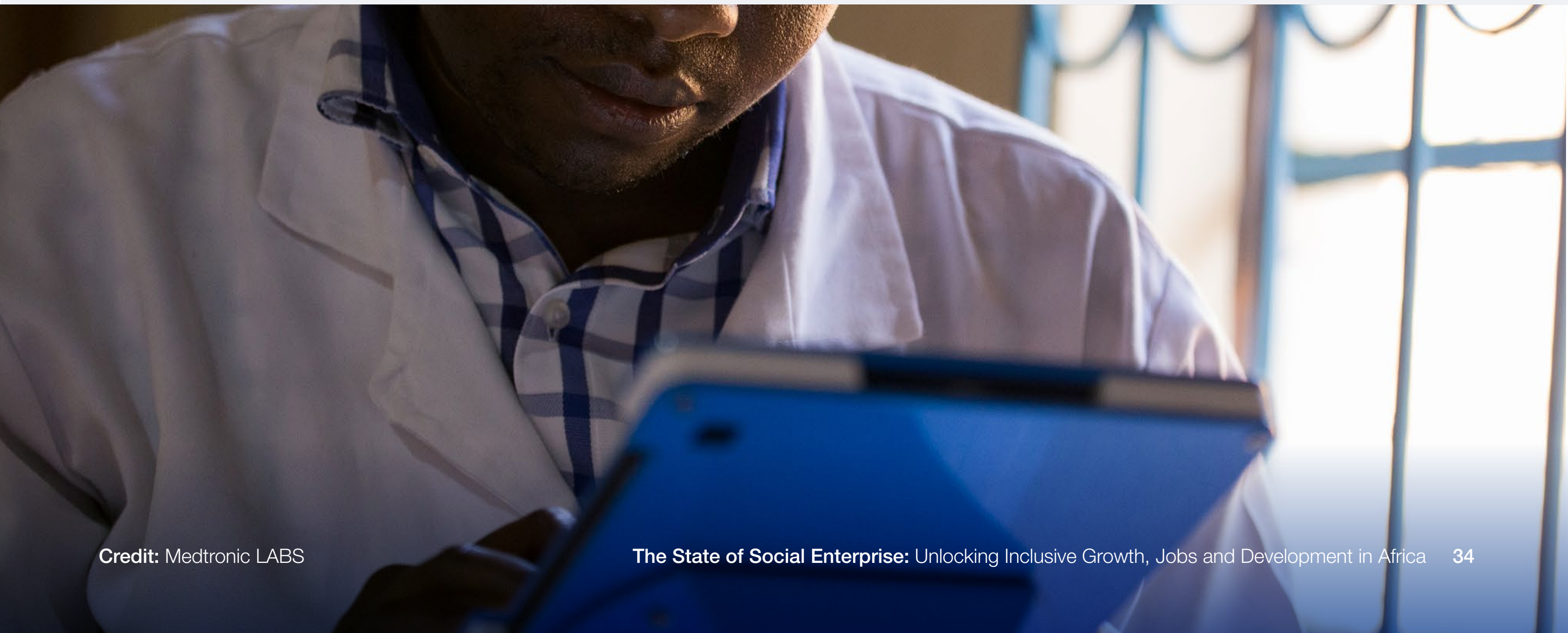
The financial health of social enterprises presents a mixed picture, with approximately one in two struggling with low solvency – heavily reliant on unpredictable revenue or donor funding, limited cash reserves and volatile financial performance. A further 41% indicate medium solvency, generally able to meet obligations through a blend of revenue and donor support, maintaining moderate reserves and some predictability despite occasional uncertainty. Only 9% demonstrate high solvency, supported by diversified, reliable revenue streams, stable donor funding and substantial reserves. This distribution reveals widespread financial fragility and underscores the need for more stable income generation and improved access to sustainable finance.

FIGURE 16

Solvency levels of social enterprises

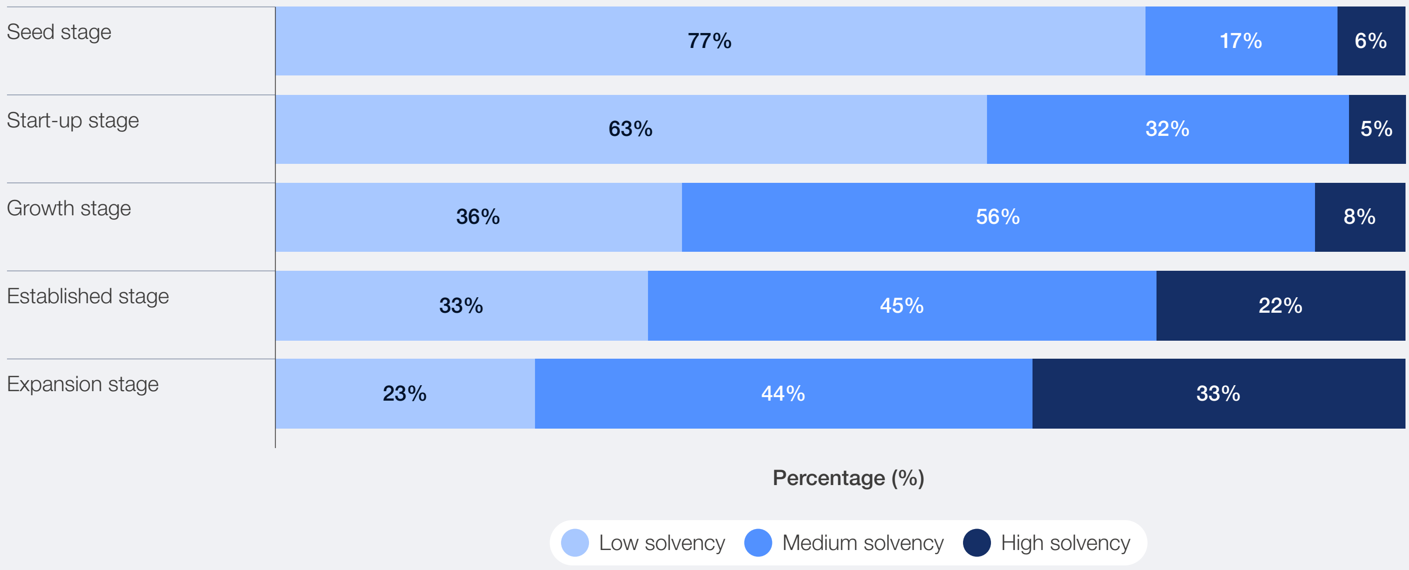


Source: Survey data, World Economic Forum



Credit: Medtronic LABS

FIGURE 17 | **Solvency levels of social enterprises (disaggregated by growth stage)**



Source: Survey data, World Economic Forum

Solvency levels differ substantially based on the stage of the enterprise – see Figure 17.

These findings suggest a strong correlation between the stage of enterprise development and financial stability, with earlier stages being considerably more vulnerable to financial insecurity.

BOX 4

Key insights

The solvency data highlights a crucial area for attention within the social enterprise ecosystem. High rates of low solvency among early-stage ventures – 77% in seed and 63% in start-up – reflect the challenges of operating with limited access to stable finance and a reliance on unpredictable funding sources. As solvency improves with maturity, the data underscores the value of targeted, strategic support at the earliest stages to help enterprises build resilience and cross the "valley of death". A stronger ecosystem is one in which more ventures successfully transition from low to medium and high solvency, laying the foundations for sustained impact and growth.

Social procurement: A pathway to financial stability

What is social procurement?

Social procurement is the practice of using purchasing power to generate social or environmental impact – for example, a company or government awarding an office-cleaning contract to a social enterprise that employs and trains people experiencing homelessness. Rather than focusing only on price or quality, buyers deliberately source from mission-driven suppliers. This approach is gaining recognition worldwide, particularly in the corporate sector, where companies integrate social enterprises into supply chains to meet expectations for ethical business, strengthen environmental, social and governance (ESG) performance and build more resilient, innovative models.[63]

Why social enterprises in Africa are ready for social procurement

Revenue through products and services: Survey results show that 73% of African social enterprises generate revenue by selling products or services to individuals, households or other businesses, reflecting a strong market-driven approach. For nearly half (45%), sales make up more than half of total income, while 29% also draw on donor funding and only 11% engage in public-sector transactions. This underscores their growing commercial orientation and points to untapped potential in leveraging procurement markets as stable, revenue-generating opportunities.

Alignment with key public and corporate spend areas: A high percentage of social enterprises are active in sectors with significant public and corporate spend: education (21%), agriculture (15%) and health and well-being (12%). This overlap is critical, as publicly available data confirms that these areas represent a substantial portion of national budgets and market value. For instance, government spending on education in sub-Saharan Africa averaged 3.5% of GDP in 2022,[64] while the African agribusiness and healthcare markets are projected to reach $1 trillion[65] and $259 billion[66] by 2030, respectively. Their presence in these sectors positions them well to capture emerging procurement opportunities and deliver both commercial and social value.

Drivers of inclusive and community-centred innovation: Social enterprises combine innovation and inclusiveness to deliver meaningful impact. Many (51%) proactively develop new products and services specifically to advance their social goals, demonstrating agility and responsiveness to community needs. Their inclusive governance (e.g. 62% actively engaging staff and community members in decision-making) fosters accountability, local ownership and alignment with social objectives. These qualities make them well suited for social procurement initiatives that seek partners capable of delivering both economic value and measurable social outcomes.

Potential impact on financing

Social procurement can play a pivotal role in addressing the "missing middle" in financing by shifting social enterprises from reliance on grants towards stable, market-based revenue. Long-term contracts with public and private buyers provide predictable income, strengthening cash flow and reducing vulnerability to funding volatility. They also build credibility, helping enterprises attract capital from banks and investors by demonstrating proven performance and reduced risk. In addition, such partnerships enhance legitimacy and visibility, enabling social enterprises to scale, draw skilled talent and develop more resilient models.

CASE STUDY 4

Tebita Ambulance

Tebita Ambulance, Ethiopia's pioneering pre-hospital emergency medical services (EMS) social enterprise, effectively uses social procurement to ensure sustainability and high impact. Founded in 2008, Tebita secures revenue through commercial contracts with companies for ambulance cover, first-aid training and certified kits. This income is strategically channelled to cross-subsidize emergency transport and care for individuals and families who lack access.

This model has enabled Tebita to respond to more than 100,000 emergency calls, reducing response times significantly, and train nearly 300,000 individuals. By leveraging commercial contracts to fund public access, Tebita is professionalizing Ethiopia's EMS system, even establishing the country's first paramedic college, demonstrating a powerful, inclusive path to strengthening national health infrastructure.

Credit: Tebita Ambulance, Ethiopia

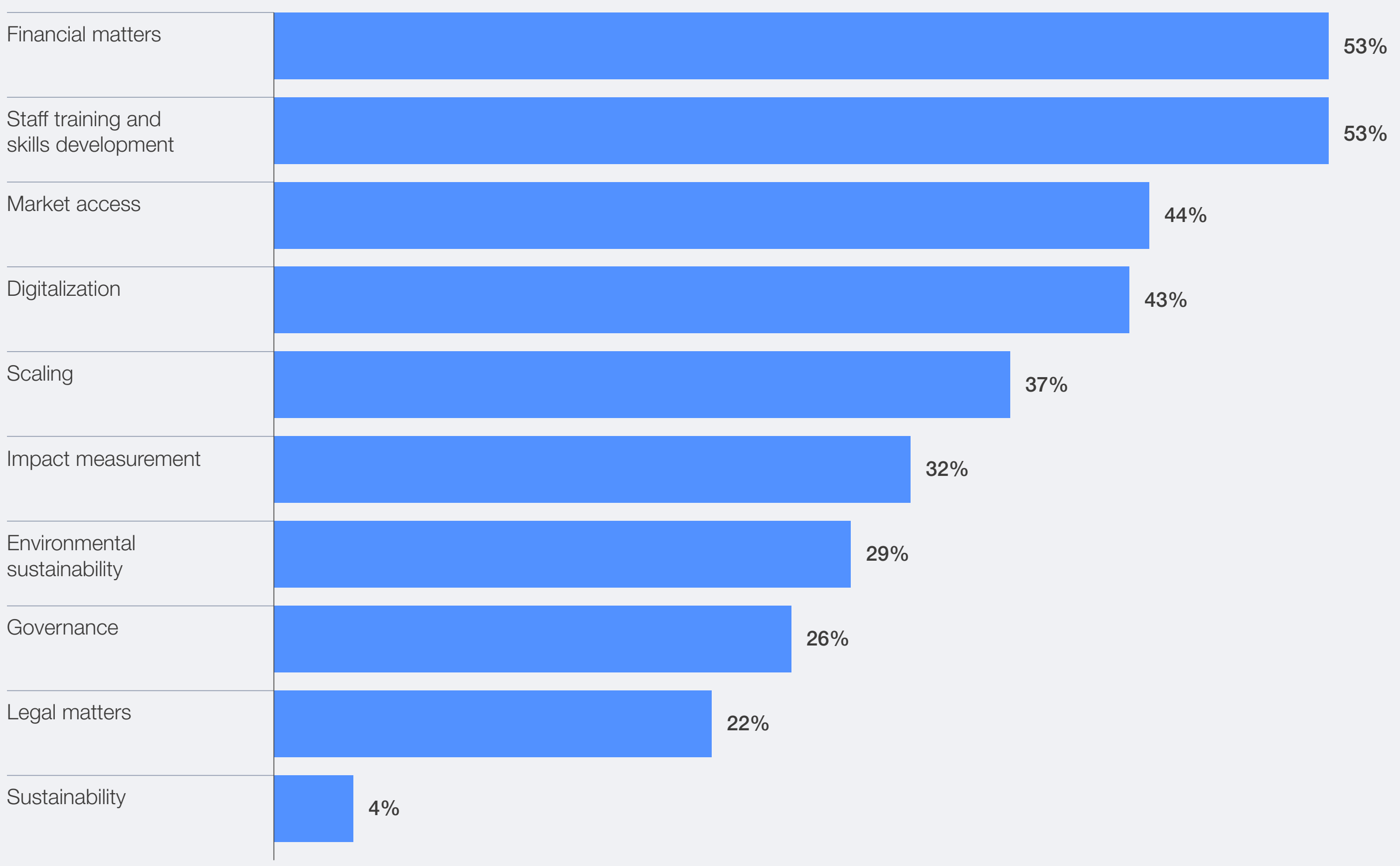
1.9 Non-financial support landscape for social enterprises in Africa

The survey reveals that one in two social enterprises in Africa recognizes the critical importance of non-financial support, with a significant demand for assistance in financial management, skills development and market access as they seek to grow and achieve their mission.

Approximately 49% of social enterprises have sought external non-financial support in the past three years. This figure, however, varies significantly across countries, with 80% of social enterprises in Cameroon and 59% in Ghana reporting they did not seek this type of assistance, suggesting a possible lack of awareness or availability of such services in these contexts, or that the social enterprises did not see a need for the support available.

For those who did seek support, the interests were diverse yet pointed to core business needs. **The top five types of support sought were: financial matters (53%)**, **staff training and skills development (53%)**, **market access (44%)**, **digitalization (43%)** and **scaling (37%)**. This shows that while financial capital is a key concern, social enterprises also recognize that they need technical and operational expertise to make effective use of that capital and grow their businesses.

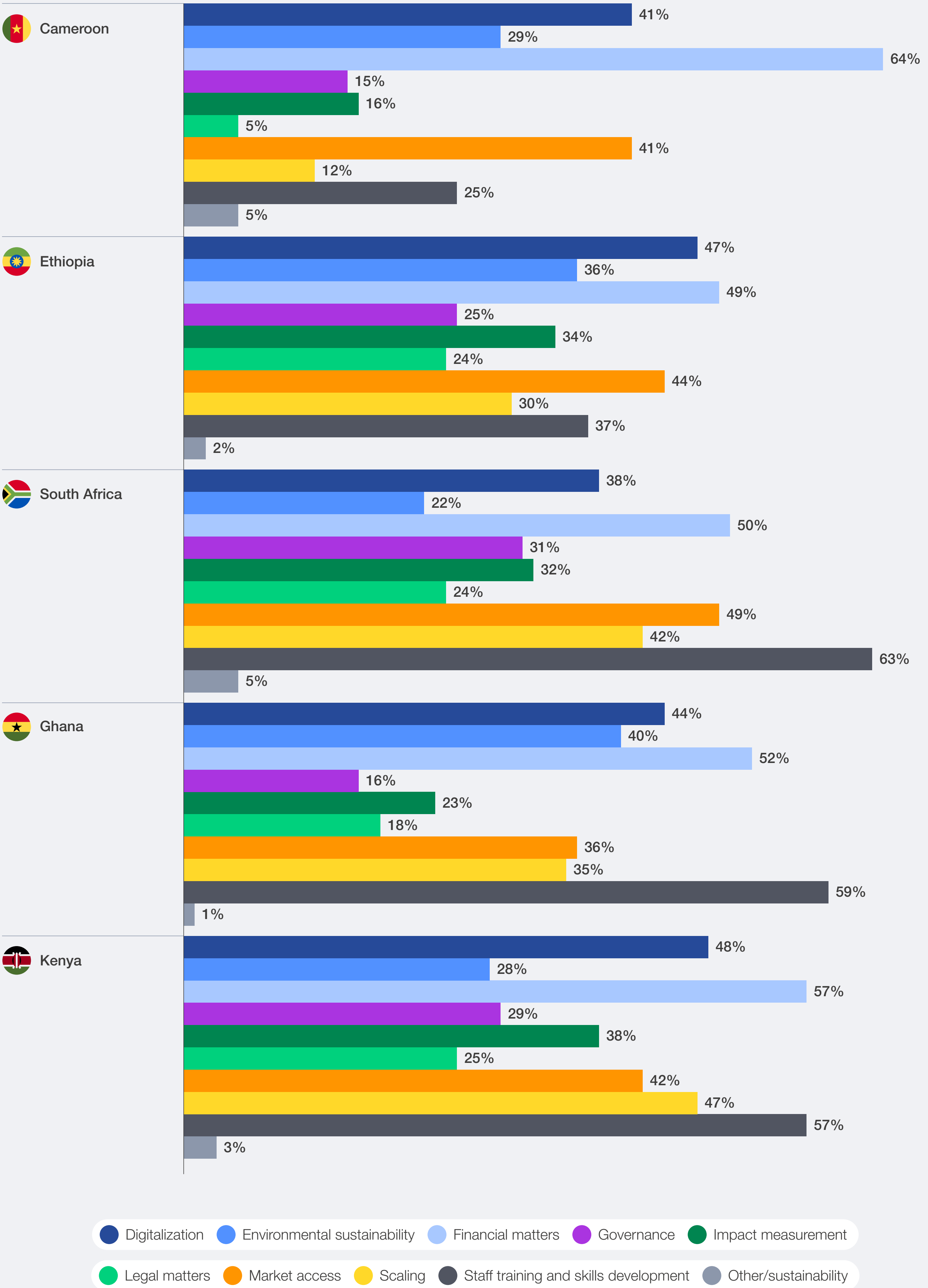
FIGURE 18 **Types of non-financial support sought by social enterprises**



Source: Survey data, World Economic Forum

The data reveals country-specific priorities within these broader trends. **In Cameroon and Ethiopia, financial matters ranked first**, highlighting an urgent need for business and financial literacy. **In South Africa and Ghana, staff training and skills development were the top priority**, indicating a focus on human capital development to drive growth. **In Kenya, both areas were equally important, ranking first**. Additionally, support for environmental sustainability was a top five concern in Cameroon (29%), Ghana (40%) and Ethiopia (36%), reflecting the growing importance of eco-friendly practices in these markets.

FIGURE 19 Types of non-financial support sought by social enterprises by country



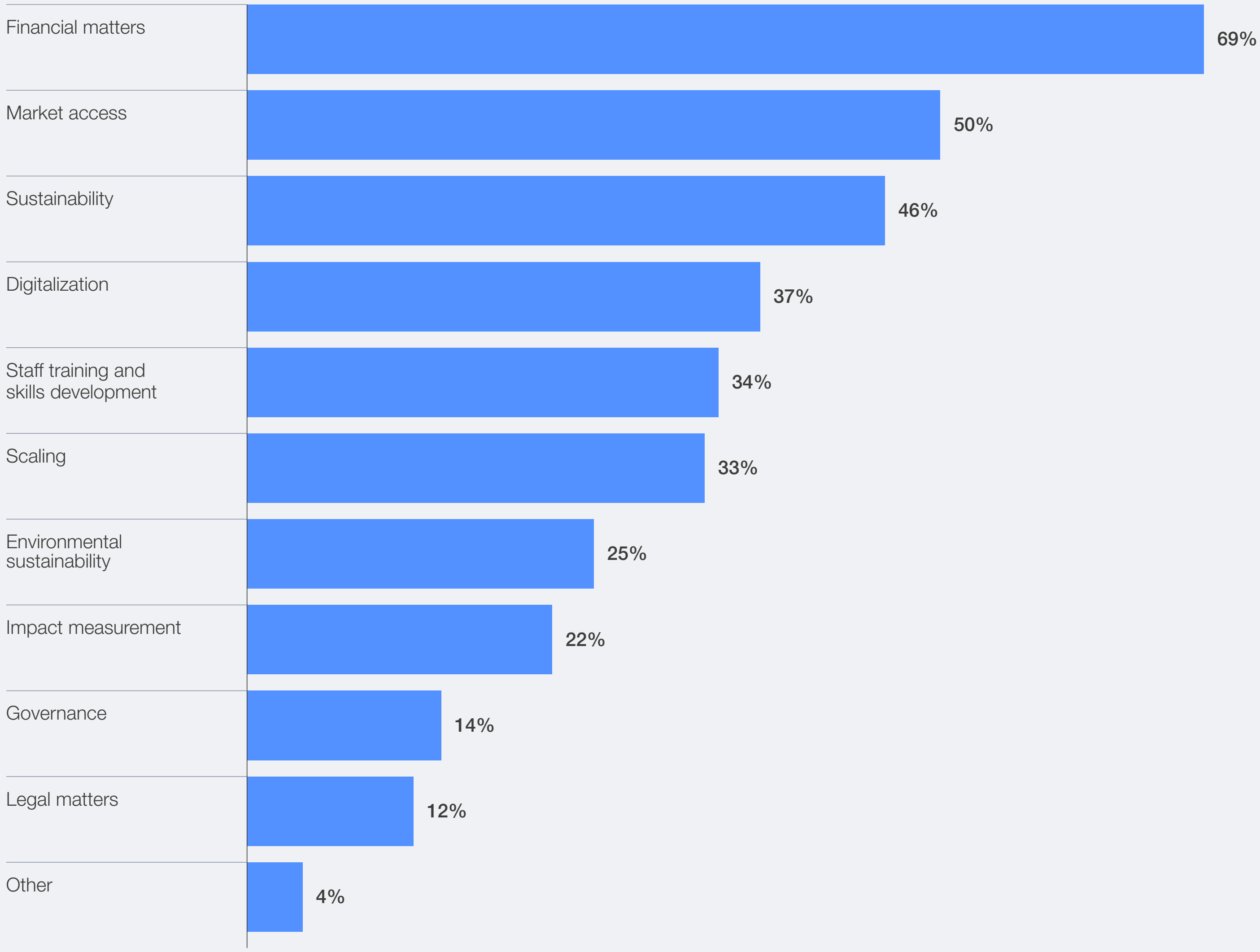
Source: Survey data, World Economic Forum

In addition, social enterprises have a clear consensus on their most critical non-financial needs. **The top three areas in which they seek technical assistance are financial matters (69%), market access (50%)** and **sustainability (46%)**.

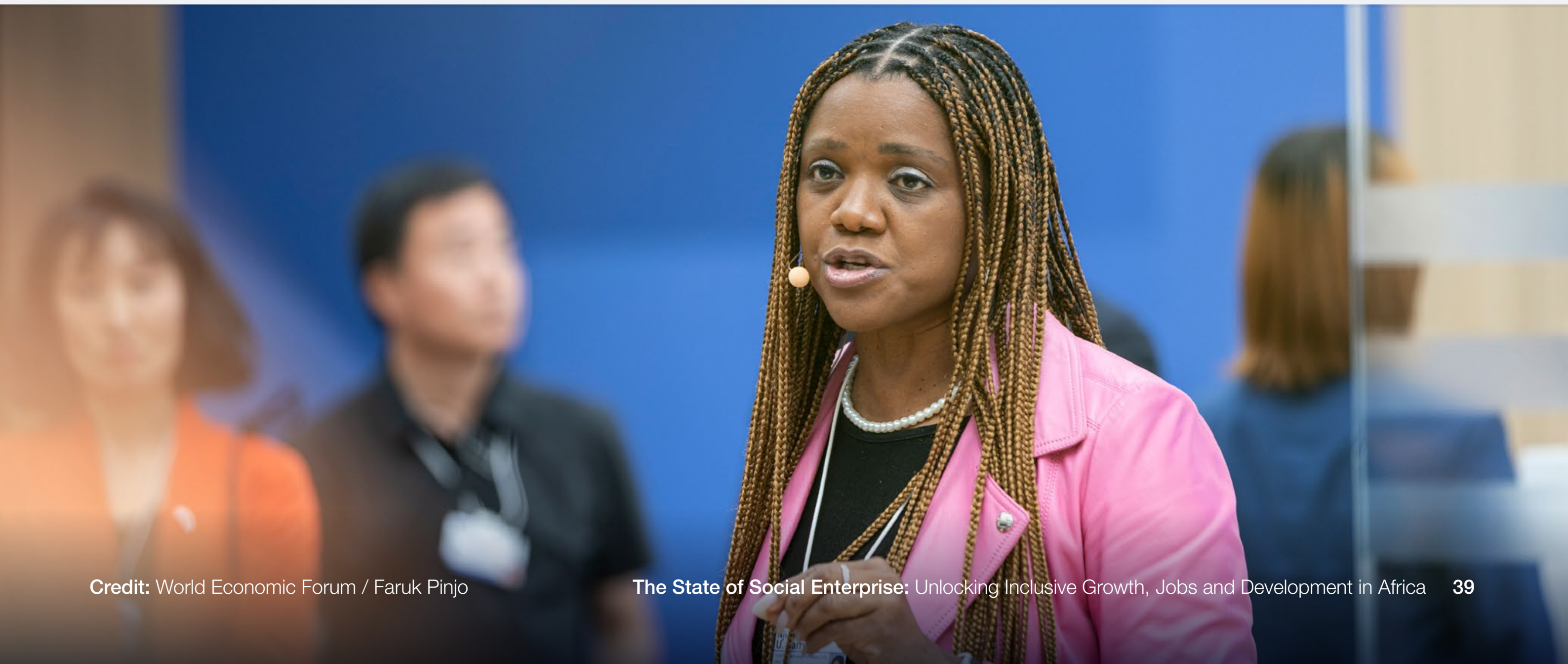
These priorities show a strategic understanding that achieving long-term sustainability requires a combination of strong financial management, the ability to reach new customers and a commitment to their core social and environmental mission.

FIGURE 20

Critical non-financial needs by category



Source: Survey data, World Economic Forum



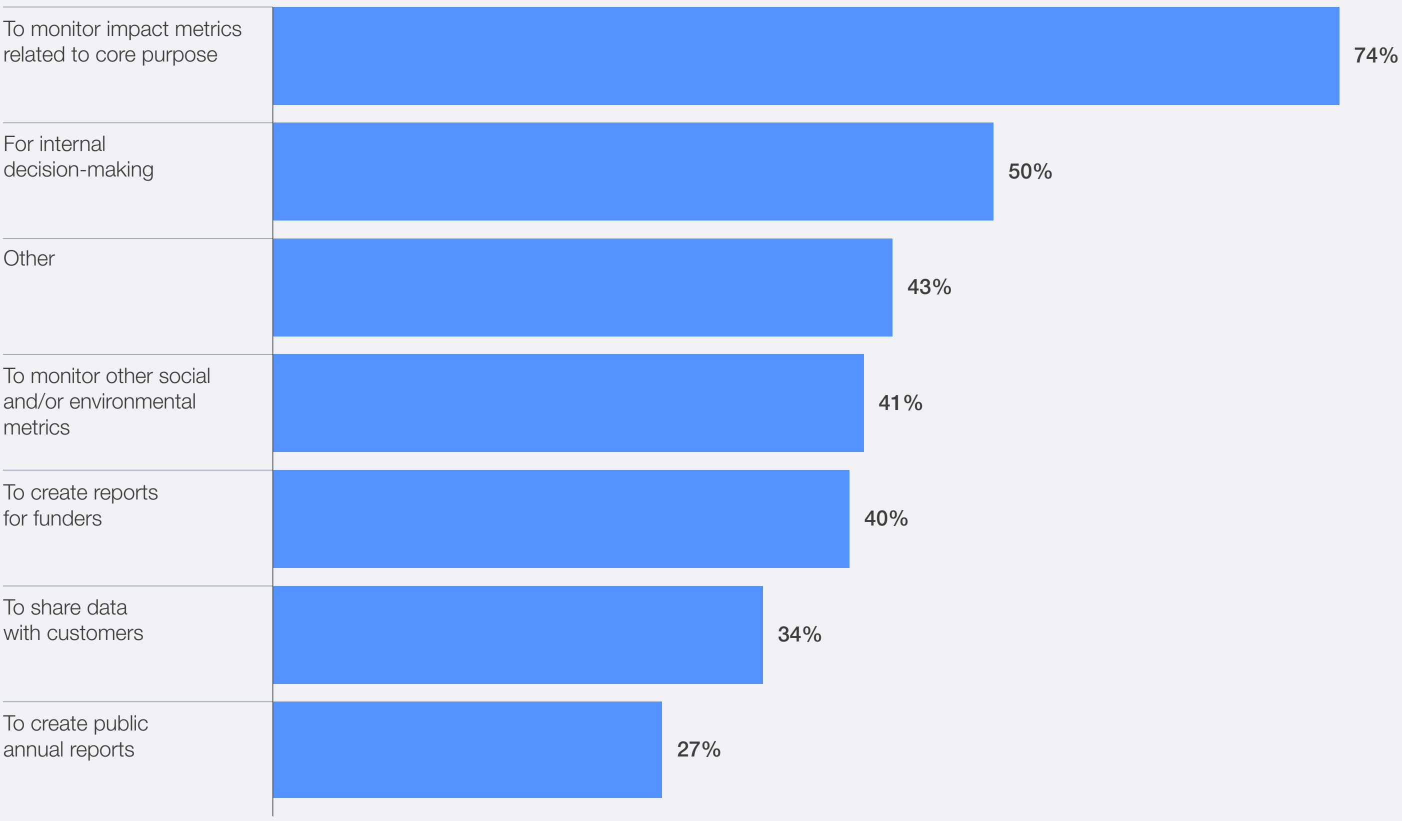
Credit: World Economic Forum / Faruk Pinjo

1.10 Impact measurement

While social enterprises are designed to deliver social, environmental and economic outcomes, many still lack robust systems to demonstrate, quantify and communicate their impacts. This gap can limit their ability to gain recognition and support from funders and financiers, partners and policy-makers but also support deeper organizational learning and strategic growth.[67]

Of the social enterprises surveyed, 98% recognize the importance of monitoring social and environmental impact, but only 50% already do so and 48% plan to do so. Almost three-quarters (74%) of social enterprises reported measuring impact metrics related to their core purpose, but using data for decision-making (50%) and external reporting to funders (40%) or customers (34%) remain areas for progress.

FIGURE 21 **Purposes for tracking social and environmental impact**



Source: Survey data, World Economic Forum

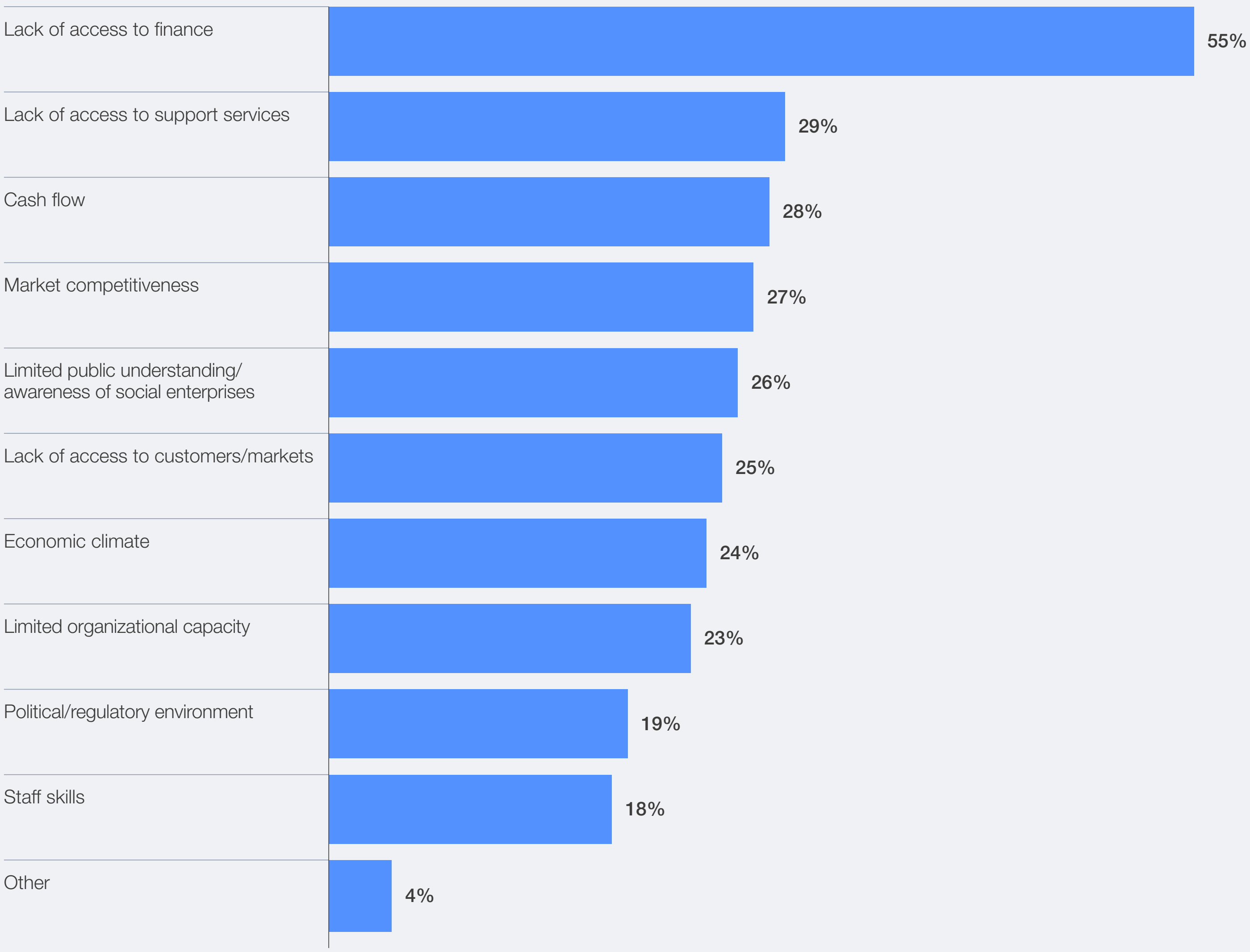
2

Barriers faced by social enterprises in Africa

Limited access to finance and support services are the largest barriers for social enterprises, with the regulatory environment playing a key role in shaping this.

While social enterprises across Africa demonstrate a high potential to drive inclusive growth, create jobs and address pressing social and environmental issues, they face a complex array of challenges. **No fewer than 87% reported significant barriers to growth or achieving objectives.** The top five barriers were: lack of access to finance, lack of support services, cash-flow constraints, market competitiveness and limited public awareness of social enterprises.

FIGURE 22 **Barriers faced by social enterprises**



Source: Survey data, World Economic Forum

2.1 Access to finance

The lack of access to finance was ranked as the top barrier in all five focus countries. These challenges permeate all stages of enterprise development but become particularly pronounced during growth phases. While access to finance is a well-known barrier for businesses across Africa, the challenge is even more acute for social enterprises. In sub-Saharan Africa, 30.8% of firms identify it as their biggest obstacle, compared to 17.3% across all surveyed economies.[68] This emphasizes that African firms experience this as a barrier more than firms in other regions. Among social enterprises in this study, the figure rises to 55%, underscoring that despite their role in driving inclusive development and job creation, social enterprises are disproportionately affected by a lack of capital.

There are substantial financing gaps, particularly for enterprises in the "missing middle" – organizations too large for microfinance but too

There are substantial financing gaps, particularly for enterprises in the “missing middle”.

small or perceived as too risky for traditional commercial financing. Limited access to growth capital forces many enterprises to scale incrementally through retained earnings, significantly slowing their expansion trajectory.[69] Reliance on international grants and informal funding reflects structural gaps in local financing ecosystems. Many domestic institutions lack the products, risk appetite or understanding needed to serve impact-oriented models, while local impact investment markets remain underdeveloped. In this context, donor and philanthropic capital often become the default source of funding, providing essential early support but rarely enabling long-term growth, financial resilience or independence.

Funders and investors also need to recognize the unique nature of social enterprises. They operate in markets alongside traditional for-profit businesses and, in many cases, alongside government programmes and international non-governmental organizations (NGOs) that provide subsidized or free services. This competitive landscape can make it difficult for social enterprises to establish a sustainable market presence or to differentiate their offerings, especially when operating on tight margins and with limited resources.[70] Many investors show limited appetite or understanding of this unique nature, as social enterprises are often perceived as “too commercial” by philanthropic donors or “too impact-focused” by traditional investors. This creates a funding dilemma where social enterprises are unable to neatly align with either type of capital provider, further restricting access to critical financial resources.[71]

Demonstrating impact is critical for social enterprises to secure access to finance to support their recognition and their contributions; however, demonstrating this remains a challenge for social enterprises. This applies only to social enterprises that wish to access formal finance, noting that not all social enterprises wish to access these sources of finance or support mechanisms. For social enterprises that rely on support from friends and family or community support, impact is likely to be more informally determined by perceived and experienced community benefit.

A challenge for social enterprises is that there is little alignment among investors and grant-makers as to which impact metrics are sufficient, and this can often lead to social enterprises having to manage too many data requests to meet reporting requirements, and they can become inefficient. Potential funders and financiers often impose financial return expectations more appropriate for conventional businesses, which tends to undervalue the distinctive social impact these organizations pursue.[72]

Impact measurement and management emerged as a major capacity challenge, driven by limited staff, resources and technical expertise. Many social enterprises struggle to access affordable, user-friendly tools and lack clarity on tracking outcomes, collecting meaningful data and communicating impact effectively. These challenges are acute for early and growth-stage enterprises, which often prioritize product development or marketing. Support organizations observed that while impact measurement is valued, it frequently competes with other operational priorities. An organization in Ethiopia noted many entrepreneurs find promoting their impact “unnatural” as they see their work simply as “the right thing to do”.

2.2 Regulatory challenges

Where organizations must choose either a for-profit or a non-profit form, practical constraints often emerge in the areas of governance, taxation and eligibility for both commercial and philanthropic capital, suggesting a case for the consideration of context-specific legal structures for social enterprises. In South Africa, the lack of a dedicated legal form generates compliance complexities, with fragmented definitions forcing enterprises into “dual registration” across multiple government departments depending on turnover, income or governance structures.[73] In Cameroon, a social entrepreneur noted that the absence of a legal framework has led many to miss opportunities by self-identifying as NGOs or being required to register as “associations”.

In many rural areas, enterprises delivering social impact may not identify as social enterprises, often due to limited awareness of the concept or the absence of frameworks that offer recognition or tangible benefits. Their legitimacy instead derives from informal, community-based trust rather than formal designation.

Whether formally registered in the absence of dedicated frameworks or operating without formal recognition, social enterprises face consistent trade-offs and challenges in their access to support – finance (philanthropic and commercial), government incentives, procurement, enterprise development and technical assistance. In several countries, researchers echo this, noting the impact of weak institutional support, including the absence of targeted policy incentives, social procurement mechanisms, technical assistance programmes and formal engagement with social enterprise actors in policy-making.[74]

Social enterprises also face bureaucratic and institutional hurdles. Where institutions are weak or fragmented, unclear regulations, overlapping requirements and corruption may force social enterprises to divert scarce resources away from activities that can achieve further impact. Additionally, securing multiple licences and approvals for logistics, production, aggregation or warehousing often adds significant time and cost burdens. In South Africa, for example, entrepreneurs report lengthy registration processes and the need to comply with requirements from multiple departments, creating operational uncertainty.[75]

In certain contexts, these challenges are compounded by parallel governance structures, such as chieftaincies or other traditional authorities that exercise authority independently of state agencies. Managing relationships across multiple layers of power can cause further strains on organizational capacity and resources.

While the political or regulatory environment was cited as a barrier for only 24% of social enterprises, this ranged in ranking of significance between countries. This was ranked last and second last by Cameroon and Ghana respectively, indicating that this is potentially less of a concern compared to other barriers. However, this was ranked fifth and seventh (out of 11 categories) in Ethiopia and Kenya, indicating this is more of a concern in these countries.

2.3 Access to support services

Access to support services was a top five barrier in every focus country except Cameroon, highlighting a widespread need for mentorship, business development training and networking. Limited organizational capacity was also a concern, cited in South Africa (34%), Kenya (26%) and Ghana (21%). This shows that funding alone is insufficient, as many social enterprises need support to develop internal systems and capabilities for stability.

Access to support services was a top five barrier in every focus country except Cameroon, highlighting a widespread need for mentorship, business development training and networking.

Formal vs. informal enterprise barriers

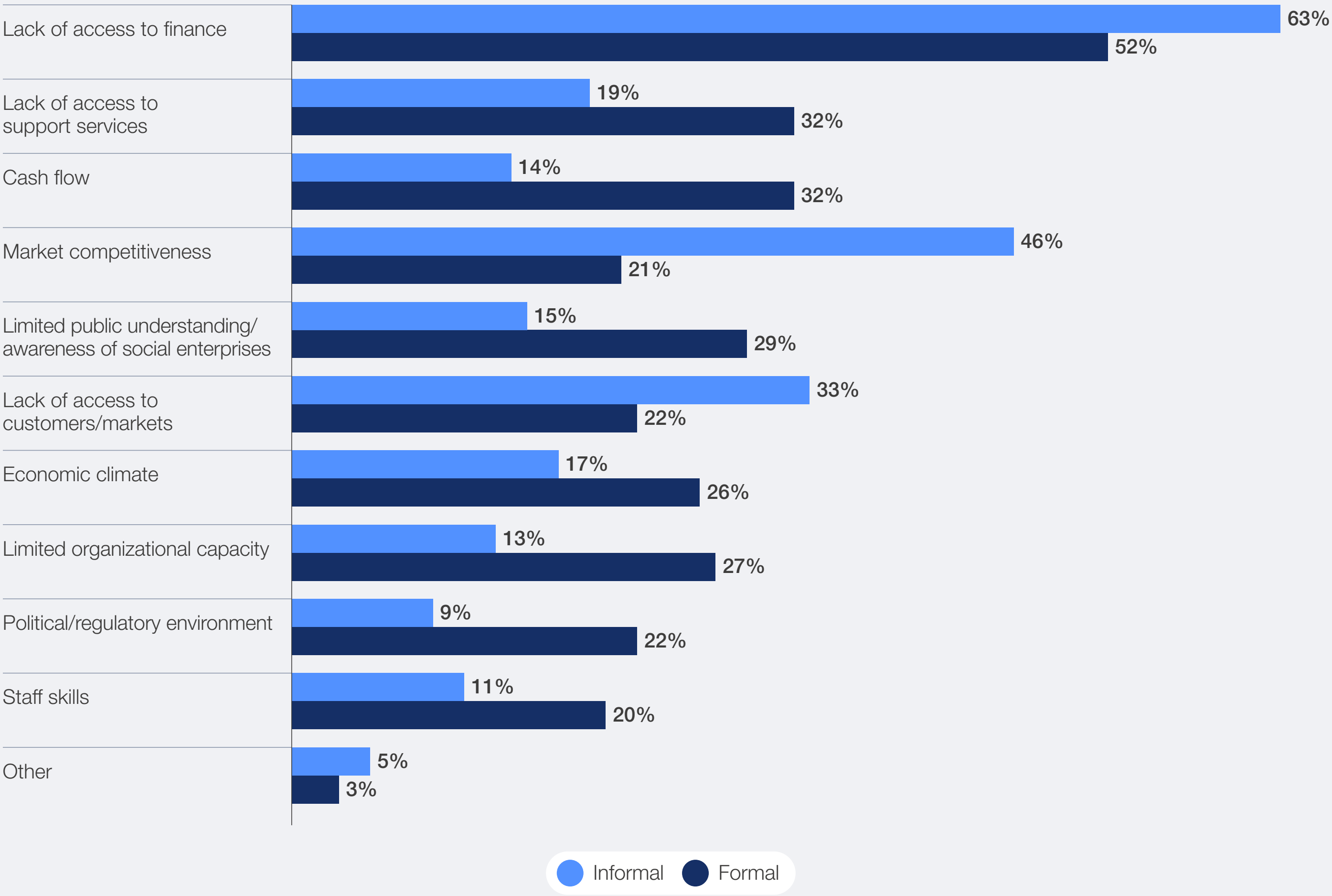
Barriers faced by social enterprises are shaped by their formal or informal status. This comparison highlights a crucial duality in the challenges faced across the ecosystem:

Formal social enterprises that indicate they face challenges are disproportionately affected by institutional and human capital challenges. They are 2.6 times more likely than informal enterprises to experience barriers related to the political/regulatory environment. They are also significantly more likely to struggle with staff skills (1.88 times), limited organizational capacity (2.24 times) and public understanding/awareness (2.09 times). This suggests that the very act of formalizing exposes enterprises to a new set of complex, often bureaucratic, hurdles.

Informal social enterprises that indicated they face challenges, in contrast, are more impacted by market-related challenges. They are 2.07 times more likely than their formal counterparts to experience barriers related to market competitiveness and are 1.39 times more likely to struggle with a lack of access to customers and markets. This is possibly because social enterprises often operate in sectors and regions that are underserved by traditional commercial players. While this allows them to address critical service delivery gaps, this also means they must navigate fragmented markets and reach populations at the base of the economic pyramid, who often have limited purchasing power.[76] Informal enterprises are only 1.14 times more likely to face a lack of access to finance, which suggests that their financing needs may be met through a combination of informal and philanthropic sources that are less accessible to more formalized businesses.

Credit: World Economic Forum / Michael Calabrò

FIGURE 23 | **Barriers faced by informal and formal social enterprises**



Source: Survey data, World Economic Forum

3 Recommendations and opportunities

The growth of Africa's social enterprise sector demands that stakeholders join in coordinated action to ensure that it realizes its full potential.

Social enterprises can play a key role in addressing national priorities, and governments can support social enterprises with supportive policies and legal frameworks.

The path forward is defined by five cross-cutting priorities. There is a need to:

- Build enabling ecosystems by strengthening the policies, legal recognition and physical and digital infrastructure on which social enterprises rely
- Unlock capital at scale through blended finance, strategic social procurement and impact-linked instruments to address persistent funding gaps
- Invest in people and skills, focusing on entrepreneurship development, staff training and digital inclusion to boost organizational capacity
- Foster partnerships for scale by promoting public–private partnerships (PPPs), cross-sector coalitions and regional cooperation to extend reach and impact
- Strengthen data and evidence by supporting harmonized mapping, monitoring and public dashboards to inform better policy and investment decisions

Public sector

Social enterprises can play a key role in addressing national priorities, and governments can support social enterprises with supportive policies and legal frameworks. A compendium of policy recommendations for the broader social economy can be found in the World Economic Forum report *Unlocking the Social Economy: Towards an Inclusive and Resilient Economy*. In addition, the data and insights from this report on social enterprise in Africa highlights several areas through which governments can provide support to the sector.

A. Institutional anchoring and coordination

Governments can support the sector by:

- Anchoring social enterprise policy within one or more lead ministries, selected in line with national priorities and the anticipated effects on support for social enterprises.[77]
- Assessing options using evidence and consultations, drawing on social enterprise data, labour market and SME studies, engagement with ministries, social enterprise networks and development partners to weigh trade-offs. For example:
  - Trade/industry: well placed to expand market access and procurement opportunities, but may place lower emphasis on social outcomes than other ministries
  - Labour and social protection: strong at advancing inclusion and decent work, but may provide less attention to enterprise development services
  - Finance: ensures alignment with fiscal incentives and access to credit but may focus more on capital flows than enterprise development or inclusion
  - Dedicated Social and Solidarity Economy (SSE) unit: provides coherence across the spectrum of SSE actors but may become siloed if not closely connected to other ministries
- Creating an inter-ministerial coordination mechanism, bringing together key ministries to coordinate policy and align key performance indicators (KPIs), budget lines and timelines.
- Convening a national social enterprise council, co-governed with social enterprise networks, civil society, the private sector, philanthropy and academia. The council should set priorities, track progress, collect data and act as a forum for problem-solving and course correction when policies or programmes underperform.
- Maintaining accountability and visibility through an annual progress report to cabinet/parliament on jobs, inclusion, access to finance and social-value procurement, underpinned by agreed data standards.

Why it matters: Clear institutional anchoring provides stability, while inter-ministerial coordination prevents fragmentation. A multistakeholder council ensures that the perspectives of business, philanthropy, academia and social enterprises are integrated into national strategies. Together, this architecture aligns incentives, strengthens accountability and creates a credible platform for scaling social enterprises as part of national development agendas.

B. Legal and policy frameworks

Governments can:

- Understand how social enterprises leverage existing legal frameworks and how they register under company, cooperative or non-profit laws. Identify the barriers or gaps they face, particularly around accessing finance, procurement and tax incentives.
- Where gaps persist, consider creating an optional social enterprise status or embedding provisions within broader social and solidarity economy legislation.[78] Assess both the benefits and limitations of such approaches (such as access to procurement preferences, tax treatment for reinvested surpluses and eligibility for blended finance), and ensure they are designed to adequately support social enterprises.
- Make formalization easy and inclusive by simplifying registration,[79] offering model statutes and reducing barriers through temporary fee waivers and proportionate compliance

↑ **Credit:** Zlto

requirements. Ensure that pathways are accessible to women- and youth-led micro-enterprises and informal actors, so that formalization expands opportunity without excluding vulnerable groups.

– Open up existing funding or support mechanisms to social entrepreneurs. As many social entrepreneurs operate on a hybrid model between for-profit and non-profit, existing government schemes to support economic development may preclude applications by social entrepreneurs. Designing these schemes with social enterprises in mind facilitates access without creating net-new fiscal commitments (e.g. Germany's opening of the ERP Startup Loans for charitable limited liability companies).[80]

Why it matters: An enabling legal and policy framework provides clarity and predictability, lowers barriers to participation and ensures that incentives and protections reach enterprises delivering social and economic value.

C. Public social procurement

Governments can:

– Embed social value in tenders by adding social and environmental criteria or quotas, encouraging commercial suppliers to collaborate with social entrepreneurs and/or offering set-asides or scoring preferences for verified social enterprises.[81]

– Pilot priority categories such as school meals, health services, waste management and last-mile logistics, where social enterprises are well placed to deliver.

– Lower entry barriers to public procurement for social enterprises through supplier-development measures such as pre-tender training, standardized templates, maximum 30-day payment terms and alternatives to large performance bonds, to reduce barriers to entry and improve solvency.

Why it matters: Revenue is the most sustainable form of financing for social entrepreneurs. What's more, public procurement is often the largest market in any economy, where even modest targets can create predictable demand and unlock investment for social enterprises.

D. Public finance and incentives

Governments can:

– Deploy targeted financial instruments such as seed grants[82] and challenge funds to test new models, credit guarantees to de-risk bank lending and concessional loans via development finance institutions and microfinance institutions to address solvency and "missing middle" financing gaps.

– Provide tax incentives for social enterprises that reinvest surpluses into their mission, rewarding organizations that prioritize impact over profit distribution.[83]

– Encourage corporate training investments by offering tax relief or credits to companies that provide certified training and apprenticeships, strengthening skills pipelines and employability.

– Adopt outcome-based and results-based financing so that public resources are tied directly to verified results aligned with development priorities (e.g. households gaining sanitation access, students improving learning outcomes), while giving enterprises flexibility in how they deliver them.

– Explore frontier innovations for financing, such as tradeable impact, to create a step-change in how social enterprises and impact in general are financed and incentivized. A detailed discussion of tradeable impact can be found in the Forum white paper [Redefining Value: From Outcome-Based Funding to Tradeable Impact](#).

Why it matters: Access to affordable capital and predictable cash flow are persistent barriers for social enterprises. Public instruments can reduce risk, attract private investment and link funding directly to verified outcomes that align with development priorities.

“ Governments can adopt outcome-based and results-based financing so that public resources are tied directly to verified results aligned with development priorities.

E. On-ramps for informal social enterprises

Governments can:

– Acknowledge informality in the sector and recognize the contribution of informal social enterprises to the economy and societal issues, while continuing to create incentives for formalization.

– Create low-barrier entry points such as provisional IDs or light-touch registration, giving informal enterprises access to services without imposing full compliance immediately.

– Fund or require the inclusion of informal social enterprises in support programmes, ensuring enterprise support organizations (ESOs), municipalities and donor-funded projects open access to informal actors through micro-grants, bookkeeping kits and access to markets.

– Align with national informal-to-formal strategies, linking on-ramps to decent work, youth and women's empowerment priorities.

Why it matters: Stepwise, incentive-based pathways allow informal enterprises to access support, expanding opportunities for women and youth who are disproportionately highly represented in the informal economy, while building a stronger pipeline for access to finance.

F. Data, evidence and skills development

Governments can:

– Integrate social enterprise into existing surveys (business, SME, NGO) and, in partnership with universities and ministries, develop a public registry or dashboard that tracks jobs, revenue mix, inclusion and SDG-related outcomes.

– Adopt a short, harmonized set of core indicators (with optional sector-specific add-ons) to make data useful for decision-making while keeping reporting requirements light.[84]

– Support research partnerships with universities and networks to generate evidence on barriers, opportunities and the wider contribution of social enterprises to national priorities.

– Integrate social entrepreneurship, impact management and social procurement readiness into technical and vocational education and training (TVET) and university curricula.[85]

Why it matters: Reliable and comparable data legitimizes the sector, informs better policy and builds confidence among investors and buyers who need credible evidence to engage.

Companies can set sourcing targets for social enterprises, by spend and supplier count in selected categories, and adjust procurement criteria so contracts are awarded based on impact as well as price and quality.

Private sector

The private sector can be a powerful partner in scaling social enterprise and benefiting from the impact perspectives and market access that social enterprises provide. Companies bring assets that complement what social enterprises often lack: capital, market access, technical expertise and distribution networks. Social enterprises, on the other hand, offer value to companies directly by supporting resilient supply chains, creating deep customer value or providing credible impact claims. By opening financing and procurement opportunities, sharing skills and co-creating products or services, businesses can help social enterprises grow more sustainably.

A. Finance partnerships

The private sector can:

– Co-create patient-capital vehicles[86] such as impact funds, revenue-based finance or guarantee facilities, with development finance institutions and foundations targeting the "missing middle" through mid-ticket growth capital.

– Ensure clear eligibility and impact criteria so that financing reaches social enterprises, delivering both commercial viability and measurable social outcomes.

– Use a blended financing approach; for example, combining debt from local banks — potentially supported by equity injections or guarantees to enable better lending terms and a higher risk appetite — with equity investments from impact investors and philanthropic contributions, aimed at de-risking investments or absorbing first losses.

– Offer results-based payments for verified impact, generated by social entrepreneurs. In turn, the verification mechanism provides an auditable impact claim for companies, and an opportunity to address material social or environmental issues in their supply chains. More details about this opportunity can be found in the Forum report *Beyond Compliance: Embedding Impact through Innovative Finance*.

– In the case of commercial banks, launch dedicated "impact loan" products and advisory services that significantly adapt traditional SME lending. This adaptation may incorporate social impact performance and stable public–private contracts (e.g. social procurement) into credit risk assessment and collateral requirements to provide longer-term, flexible debt that better accommodates the hybrid revenue models and non-linear growth of scaling social enterprises.

B. Social procurement and supplier integration

Companies can:

– Set sourcing targets for social enterprises, by spend and supplier count in selected categories.

– Adjust procurement criteria so contracts are awarded based on impact as well as price and quality.

– Make processes friendly for small enterprises, with smaller lot sizes, simpler quality checks, gradual compliance with procurement requirements and preferential payment terms.

– Use aggregator models to bundle demand and offer multi-year contracts, giving social enterprises stability and offering buyers reliable supply.

Why it matters: Shifting even a small share of category spend creates durable revenue for social enterprises and diversifies corporate supply chains, improving resilience and relevance in local markets.

How to begin: Publish a social procurement playbook and open a rolling expression of interest (EOI) for social enterprises, develop supplier development programmes (pairing onboarding with support to navigate documentation and quality requirements), making it easier for social enterprises to meet procurement standards. A generic social procurement manual is available from Yunus Social Business.[87]

C. Skills and operational support

Beyond finance, companies can position themselves as capacity-building partners, helping social enterprises strengthen the systems and skills needed to grow and deepen their impact. They can:

– Establish pro bono or part-time programmes where corporate teams provide targeted expertise in finance, quality assurance, supply chain, digital adoption, impact measurement and more.[88]

– Offer short-term (e.g. three- to six-month) placements where employees work directly with social enterprises, solving operational challenges while gaining exposure to new markets and business models; for example, SAP's Flagship Social Sabbatical Programme.[89]

– Sponsor or co-design supplier-readiness accelerators, focused on high-spend categories (e.g. food, textiles, logistics, healthcare), giving social enterprises the training and certification they need to meet corporate standards.

↑ **Credit:** Easy Solar

- Pair financial support with advisory services, ensuring capital is not only available but effectively absorbed into stronger operations.
- Align with social enterprises on a small, co-designed set of common indicators and measurement frameworks, ensuring that they reflect social enterprise priorities.

Why it matters: Many social enterprises face operational hurdles in areas such as market competitiveness, financial management and impact measurement. These challenges often limit their ability to grow and integrate into larger markets.

D. Partnerships, market access and awareness

Companies can:

- Develop co-branded products and distribution partnerships that leverage the market reach of companies to deepen the impact of social enterprises in their communities.[90]
- Showcase partnerships publicly in reports, investor days and brand campaigns to position social enterprises as credible business partners rather than fully donor-dependent projects.
- Highlight success stories across categories to demonstrate scalability and attract interest from other buyers and investors.

Why it matters: When companies showcase partnerships with social enterprises, they normalize inclusive business models, increase confidence among partners and funders and build consumer trust in products and services that deliver social value.

Philanthropy, development partners and impact investors

Philanthropy, development partners and impact investors are essential enablers of the social enterprise ecosystem, but their roles differ. Philanthropy and development partners (e.g. multilateral agencies, bilateral aid agencies and global funds) bring grant-making, advocacy and long-term ecosystem investment, while impact investors mobilize risk-tolerant, return-seeking capital that can take social enterprises from early traction to scale. Together, they can ensure that social enterprises are supported across all stages – from informal to growth-ready businesses – while also funding the "public goods" of the ecosystem such as data, networks and technical assistance.

A. Philanthropy and development partners

Philanthropy and development partners can:

- Provide funding, preferably unrestricted, at different stages of enterprise growth, from small grants for early-stage and informal actors to more substantial, flexible support for organizations preparing to scale and de-risking promising enterprises.
- Combine funding with bespoke hands-on support and technical assistance facilities, such as mentoring, training on impact measurement and organizational development for social enterprises to choose from and strengthen their capacity to build and sustain impact.
- Fund ecosystem infrastructure – including social enterprise networks, incubators, accelerators, market platforms and research initiatives – that are vital for collective learning, visibility and market access, but often lack sustainable finance.

Governments, business associations and social enterprise networks should co-develop a national social supplier registry that verifies social enterprises.

- Support advocacy and policy reform, using philanthropic convening power to amplify social enterprise voices, promote enabling laws, secure tax relief on reinvested surpluses and advance social procurement standards.

Why it matters: Philanthropy and development partners can take risks that others cannot, ensuring grassroots and early-stage actors are not excluded, while building the infrastructure that allows the entire ecosystem to thrive.

B. Impact investors

Impact investors can:

- Commit to impact-first, patient investments that allow flexibility in repayment terms or exit options and ensure mission-lock for social enterprises.
- Deploy catalytic instruments such as first-loss tranches, guarantees and revenue-based finance to crowd in banks and commercial investors.
- Structure blended finance vehicles that combine concessional and commercial capital, expanding the pool of growth finance available to social enterprises.
- Support outcome funds that pay for verified results in key areas such as education, health, water, sanitation and hygiene (WASH), climate or livelihoods, aligning incentives across funders and service providers.
- Pair investment with technical assistance, ensuring social enterprises strengthen finance, governance and operations as they scale.
- Promote common impact metrics jointly with social enterprises by aligning portfolios to lightweight, standardized indicators and supporting independent verification.

Why it matters: Impact investors bring disciplined capital and market practices, but by blending this with concessional support and shared standards, they can expand financing options for growth-stage enterprises while improving credibility with buyers and governments.

Public–private partnerships (PPPs) and coalitions

Properly designed, PPPs pool the mandate of governments, the resources of companies and the innovation, efficiency and community trust of social enterprises to deliver impact at a greater scale than any actor could alone. These partnerships work best when roles are clearly defined, risks are shared transparently and outcomes are measurable. The following are recommendations for structuring PPP initiatives to strengthen social enterprise ecosystems.

A. Shared infrastructure for innovation and enterprise support

Governments, companies and development partners should:

- Co-invest in innovation hubs that provide affordable workspace, laboratories, internet, mentorship and shared services, reducing duplication and lowering entry costs for social enterprises.
- Blend public and private resources, with governments funding facilities and connectivity and companies contributing equipment, digital tools and logistics infrastructure.
- Design hubs as shared-value platforms, where enterprises gain access to services, networks and capabilities that improve their resilience and growth potential.
- Include informal and community enterprises as users, giving grassroots innovators practical pathways into finance, skills and support systems.

Why it matters: By pooling resources to develop shared infrastructure for innovation and enterprise support, this ensures for governments that infrastructure spending delivers wider social and economic value; for companies it strengthens future supply chains; and for social enterprises it provides the affordable services facilities, tools and services they need to grow.

B. Social procurement platforms

Governments, business associations and social enterprise networks should:

- Co-develop a national social supplier registry that verifies social enterprises, tags them with quality, impact and SDG attributes and integrates with both public e-procurement systems and corporate sourcing portals.
- Build supplier capacity by offering pre-tender academies and clear documentation templates so smaller enterprises can meet procurement standards.
- Improve liquidity with measures such as fast payment rails and alternatives to large performance bonds, reducing cash-flow risks for social enterprises.

Why it matters: Verification and visibility reduce costs and uncertainty for buyers, while pre-tender support and fairer payment terms enable more social enterprises to compete successfully. For governments this broadens the vendor base delivering social value; for companies it develops reliable, impact-driven suppliers; and for social enterprises it opens pathways to stable, larger markets.

↓ **Credit:** Sanergy Collaborative / Creativey Productions

C. Blended funds and outcomes contracts

Governments, development finance institutions (DFIs), corporations and philanthropies can:

- Establish social enterprise growth funds that combine public concessional finance (e.g. first-loss tranches, guarantees) with private capital to expand affordable growth finance.
- Pilot outcome-based PPPs, such as development impact bonds in sanitation, health, skills or green livelihoods, where investors pre-finance delivery and governments repay based on verified results.
- Ensure transparent design and shared risk so that financing structures remain credible, affordable and aligned with measurable development priorities.

Why it matters: Blended funds expand the pool of capital available at terms social enterprises can afford, while outcome-based contracts ensure that public money is tied to verified improvements in people's lives. For investors this reduces risk; for governments it secures value for money; for social enterprises it provides flexible, performance-linked finance.

Conclusion

Governments, companies, investors, donors, civil society and academic institutions must work together to unlock the full potential of the social enterprise ecosystem in Africa.

Africa's social enterprises are not a niche – they are a backbone for inclusive growth, jobs and development. This report shows that there are an estimated 2.18 million social enterprises, generating at least $96 billion in annual revenue, creating at least 12 million jobs, with over half led by women and more than a third led by youth. Social enterprises are engines of dignity, delivering affordable services, unlocking livelihoods and advancing progress in education, agriculture, health and civic life.

However, this potential remains constrained. Many social enterprises face low solvency, limited policy recognition and difficulty in accessing finance – precisely at a time when demand for their solutions is increasing. Realizing their full potential requires coordinated and intentional action across the ecosystem.

Governments can anchor enabling frameworks – tailoring legal and policy recognition – and open procurement markets to social value. Companies can diversify their supply chains through social procurement, co-create products for underserved markets and invest in skills and capacity-building for social enterprises. Investors can scale catalytic finance that blends grants, patient capital and working capital, and align risk, return and time horizons with real economy needs. Networks, donors and research institutions can build the capabilities and evidence required to strengthen the ecosystem. Together, these actions can unlock the promise of social enterprise in Africa.

If ecosystem actors translate this evidence into coordinated action, the potential impact is significant: the creation of more decent jobs, faster progress on the SDGs and communities better equipped to adapt to economic, climate and other shocks. The evidence presented in this report delivers a clear and actionable message: Africa's social enterprises are ready to scale and deepen their impact. The challenge now is for ecosystem actors to commit the vision, recognition, resources and partnerships needed to unlock it.

Overview of methodology

This report presents the findings of primary data collection, academic articles, policy documents and other reports published between 2017 and 2025, existing datasets covering more than 10 countries in Africa and a market-sizing activity of nine additional countries. This is an abridged overview of the methodology, but for a detailed account please see the extended methodology in *The State of Social Enterprise: Unlocking Inclusive Growth, Jobs and Development in Africa*.

The data collection serves as a pilot application of the principles and practices set out in *Collecting Data on Social Enterprises: A Playbook for Practitioners*, a collaborative initiative by the Schwab Foundation for Social Entrepreneurship's Advisory Group on Social Enterprise Data.[91] This was developed in response to recommendations from *The State of Social Enterprise: A Review of Global Data*,[92] which highlighted the need to address gaps in the availability, quality and comparability of data on social enterprises. This Africa report builds on these by applying a standardized set of core survey questions that were further contextualized, with the guidance and input of a regional advisory group.

The market sizing informed the findings on the size of the social enterprise landscape in Africa. Applying a desk-based methodology that applied an annual growth rate, using proxies such as economic and SME growth, to the identified base number of social enterprises in each country determined the market size in 2025. A limitation of this approach is the reliance on proxy growth rates, which do not fully reflect the unique dynamics of social enterprises or account for the full impact of external factors on market growth. Another limitation is the comparability of the survey against other data sources, as different data was available for different countries and different years.

The survey was conducted via the Good Market platform[93] to create a living dataset. This design allows social enterprises to be verified, discover opportunities and retain ownership of their information by updating their profiles. Country networks played an essential role in dissemination: they contacted enterprises by telephone, conducted surveys with enumerators and hosted in-person events, including in rural areas, to maximize accessibility and reach.

In Cameroon, Ethiopia, Ghana, Kenya and South Africa, the survey yielded 1,980 usable responses after data cleaning. The findings were further enriched by insights from 45 experts representing academia, business, government and civil society. These stakeholders were pivotal in this research and report and are credited in the Acknowledgments section.

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