



## Impact Investing

### MAPPING OF AFRICA'S IMPACT INVESTORS METHODOLOGY

The Foundation for Studies and Research on International Development, through its Impact Investing chair, conducted a study on impact investors in Africa in order to identify who they are and to analyze their characteristics. The database mobilized by this study is freely accessible on FERDI's website via the following link <https://ferdi.fr/en/indicators/mapping-of-africa-s-impact-investors>

This document outlines the methodology used to build the database, which objectives are to identify impact investors operating in Africa as exhaustively as possible and to collect basic information on them. The database has been designed to facilitate updates and allow the addition of further information on each impact investor. The methodology is based on 2 consecutive steps:

- 1- Impact investors' identification
- 2- Data collection on each identified impact investor

Although the database is freely accessible and downloadable, its use should not be commercial. Moreover, for any use, users have to cite the original study in its English or French version:

- Léon, F. and Rabary, S. (2024). "Impact investing in Africa: a 2024 analytical map", FERDI Report, 76 p.
- Léon, F. et Rabary, S. (2024). « L'investissement d'impact en Afrique : enseignements d'une cartographie du secteur », Rapport Ferdi, 84 p.

The study is available via the following link: <https://ferdi.fr/en/publications/impact-investing-in-africa-a-2024-analytical-map>

We invite each user to read carefully this methodology file before mobilizing the database. All comments and questions can be addressed to the authors of the study: F. Léon ([florian.leon1@ferdi.fr](mailto:florian.leon1@ferdi.fr)) et S. Rabary ([sitraka.rabary@ferdi.fr](mailto:sitraka.rabary@ferdi.fr)).

# 1. Impact investors' identification

The first step involves defining criteria that allow for the identification of impact investors. In the second step, various sources have been screened to identify potential investors. If they meet the predefined criteria, they proceed to the next phase, where their accuracy is validated by sector specialists. Based on their feedback, we adjust the list by either including new actors or excluding others.

## 1.1. Identification criteria

In order to only consider impact investors, we looked at the following criteria for their identification:

- (1) Seek of financial return.
- (2) Ex-ante seek of extra financial returns.
- (3) Will to measure and publish the created impacts.
- (4) Existence of a dedicated team for the impact investor's own activities, different from the asset managers' team (standalone entity with its own board of directors and employees).
- (5) Effective activity in Africa: at least one investment on the African continent.

These 5 criteria are based on the three major principles defining the impact investing: the intentionality (implicit aim to generate impacts), the additionality (orienting and attracting funds to projects and sectors under financed) and the measurability (willingness to measure and publish their investments' extra-financial impacts, whether negative or positive, and indirect or direct).

## 1.2. Collection of potential impact investors

The primary sources used to identify these investors are:

- In-depth online search in order to identify as far as possible the impact investors operating in Africa through website, investment platform, specialized database, reports and papers.
- Specialized sources of impact investment in Africa such as academic research papers, and market research. These sources provide detailed information of impact investors, their operation, their strategies or even their impact thesis.
- Institutional database and reports from different actors such as the GIIN (Global Impact Investing Network), or other foundations, financial institutions, governmental agencies providing information on impact investment and activity related in Africa.

The main sources mobilized are the following:

**The "Preliminary research" category** is a combination of multiple unique sources. This category gathered **20 investors** already known by the impact investment Chair Team prior to the mapping project and 31 other investors identified through in-depth online research.

**IETP** is a fund-of-funds and 6 impact investors are partners with IETP, we retained **these 6 investors** as they meet the impact investment criteria.

**Collaborative for Frontier Finance** has a network of impact investors, among the investors they are listing, we retained **34 investors**.

**JETRO (2022)**, the Japanese government's foreign trade department, realized a mapping initiative of impact investors in Africa. Their last version listed 40 impact investors in Africa with exhaustive information on their portfolios (Countries, SDGs, sectors, amounts, exits). We retained **16 investors** out of 40 to be part of our database.

The **project led by Burton et al. (2021)**<sup>1</sup> is a capitalization and enrichment of different existing financial databases. They were based on the GIIN database, the list of impact funds from the Community Development Venture Capital Association, the list of "Impact assets 50", data from Preqin, members of the Impact Capital Managers and the Private Equity International Awards listing the Impact Investment Firm of the Year. Their database gathers information on 445 impact investors. A part of these impact investors' list is available in another paper written by the same authors (Cole et al., 2022<sup>2</sup>), we were able to rely on this work. We initially checked their list of investors and by excluding impact investors with no activity in Africa and those who do not meet the criteria we defined in order to be qualified as an impact investor. Among the 275 investors listed in the article, we retained **61 investors**, which are impact investors operating in the African continent.

**The Rockefeller foundation (2011)**, is also a mapping initiative of impact investors around the world, that haven't been updated since its launch. They produce a list of more than a hundred actors in impact investing in addition to issues on the supply and demand side of impact investing. We retained **36 investors** out of 194 to be part of our database.

**ISF Advisor**<sup>3</sup> is the leading strategic and financial advisory group committed to raising capital for a more sustainable, equitable and productive global food system. They produced a database of investors engaged in financing agricultural field around the world. Of the 178 funds identified, 140 declare operating in Africa or in multiple areas. Of these 140, we have so far, after consulting their database on august 2023, identified **8 investors** who met our impact investor's identification criteria.

**ImpactYield** is an online database created for the professional committee of the impact investment field. They have a list of 514 funds, 348 assets managers and 1129 other actors worldwide. Their database allowed us to identify **24 investors**. It also helped supporting information on 35 investors already identified, particularly on the funds' size.

**The GIIN (Global Impact Investing Network)** is a non-profit organization dedicated to enhancing the scale and effectiveness of impact investing. They produce different reports in order to

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<sup>1</sup> Burton, M.D., Cole, S.A., Dev, A., Jarymowycz, C., Jeng, L., Lerner, J., Mashwama, F., Xu, C., Zochowski, R. (2021). The Project on Impact Investments' Impact Investment Database. Harvard Business School Entrepreneurial Management Working Paper, pp. 20–117.

<sup>2</sup> Cole, Shawn, Leslie Jeng, Josh Lerner, Natalia Rigol, and Benjamin N. Roth. "What Do Impact Investors Do Differently?" (2022) Harvard Business School Working Paper, No. 24-028.

<sup>3</sup> <https://isfadvisors.org/fund-database/>

highlight the investment approaches in the impact investment field. Through their annual surveys, they identified 367 impacts investors, we **retained 19** who meet our defined criteria qualifying an impact investor operating in Africa.

### 1.3. Validation of the impact investor's status

Each investor listed in the consolidated database, identified through the previous sources, has been subject of in-depth research based on the aforementioned criteria. A dummy variable was used to validate each criterion and those that did not meet the 5 criteria were removed from the mapping.

A cross verification of the collected information was realized, when possible, in order to guarantee its coherence and exactitude. This comparison allows the identification of divergence or similitude in the collected information. However, when some divergence or contradiction is met, we rely primarily on the information provided by the investor himself.

We present below the result of the identification:

**Table 1: Investors' identification based on the primary sources**

Main sources	Retained	Initial	% retained	% in the database
<i>Preliminary research</i>	51	51	100%	20%
<i>IETP</i>	6	6	100%	2%
<i>Collaborative for Frontier Finance</i>	34	83	41%	13%
<i>Impact investing in Africa (JETRO)</i>	16	40	40%	6%
<i>Burton et al. (2021)</i>	61	275	22%	24%
<i>Impact Investing in West Africa - Rockefeller Foundation</i>	36	194	19%	14%
<i>ISF Advisors</i>	8	140	6%	3%
<i>ImpactYield</i>	24	514	5%	9%
<i>GIIN</i>	19	367	5%	7%
<i>Regional west Africa impact investment</i>	5	75	7%	2%
<i>Sizing the impact investing market 2022</i>	14	292	5%	5%
<b>Total</b>	<b>255</b>	<b>1670</b>	<b>15%</b>	<b>100%</b>

Note: "Retained" is the number of investors retained in the database. "Initial" is the absolute number of investors provided by the source. "% retained" is the ratio of the "Retained" to the "Initial" columns. "% in the database" reports the share of each source in the final database.

In most of the general sources mobilized to create our database, including those presented previously, the main challenge was to determine whether:

- (i) the investors listed have the African continent within their scope of action
- (ii) the investors meet the defined criteria with regard to the definition retained
- (iii) the investors are actually private actors and not public ones<sup>4</sup>.

## 2. Information collected

- When the consolidated version of the impact investors list has been edited, we collected basic information about them. Thus, the current database considers the following information:
- The **structure or funds' official name** as it is referred on their official website or other relevant sources when applicable.
- The **asset manager** when the funds' manager is not the investor.
- The **inception date**: the year when the structure or fund was legally formed.
- The **type of investors**: a categorization based on the financial instruments they use to invest and according to their status (private, public or linked to a foundation).
- The **funds' size** in USD represented by the most recent amount of asset under management (AUM). This variable should be treated with caution for different reasons. First, the amount is reported at a precise moment. Second, as this information is often lacking, we consider the **total of current assets** which is already managed or will be managed by the investors at the end of the fiscal year; and the **funds' size** representing the total amount of assets that the investors can manage. The currency referred is the US dollar, the exchange rate used is from XE<sup>5</sup> and are those on December 31, 2023 in order to have an idea of their actual amount.
- The **funds' size category**: a classification of the funds' size into 4 groups related to their amount in USD: micro (assets under management less than \$1 million dollars), medium (assets under management between \$1 and \$250 million dollars), large (assets under management between \$250 million and \$1 billion dollars) and mega (assets under management over \$1 billion dollars).
- The **geographical area of interest** representing the areas where investors invest. This information is classified by region: austral Africa, east Africa, west Africa, central Africa and north Africa. Whether the investors declare a country of investment/ portfolio included in one of these regions, the region in question is counted. The list of countries classified in these regions are as follows.

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<sup>4</sup> In our database, we excluded Development Finance Institutions considering them as another category of actors financing development although they are supporting the private sector.

<sup>5</sup> From <https://www.xe.com/en/>

- The **activity sectors** as declared by the investors or the sectors of interest of their portfolios. However, when this information is not available, the sector declared on the database is “multiple”.
- **Investors’ headquarters:** the country and continent where the investor is located.
- **Website link:** in order to refer the information sources facilitating the quality control procedure and their updates.
- The **primary data sources** for the sake of the quality control procedure.

**Table 2: Countries classification per area**

North Africa (5)	West Africa (16)	Austral Africa (12)	East Africa (12)	Central Africa (9)
Tunisia	Benin	South Africa	Burundi	Angola
Libya	Burkina Faso	Botswana	Djibouti	Cameroon
Morocco	Ivory Coast	Comoros	Ethiopia	Gabon
Egypt	Gambia	Eswatini	Eritrea	Equatorial
Algeria	Ghana	Lesotho	Kenya	Guinea
	Guinea	Madagascar	Rwanda	Central African
	Guinea-Bissau	Malawi	Seychelles	Republic
	Cape Verde	Mauritius	Somalia	Democratic
	Liberia	Mozambique	South Sudan	Republic of
	Mali	Namibia	Sudan	Congo
	Niger	Zambia	Tanzania	Republic of
	Nigeria	Zimbabwe	Uganda	Congo
	Senegal			Sao Tome and
	Sierra Leone			Principe
	Togo			Chad
	Mauritania			

### 3. Limitations and extensions

It is appropriate to raise several limits and possible extensions to this scalable database.

*Exhaustivity:* The database developed by FERDI's Impact Investing Chair has some limitations related to the completeness of the available data. Since the data collected is based on freely available data collected from various online sources, such as the Impact Investors Direct website, and the database of foundations and organizations, our database is probably not exhaustive despite efforts to ensure broad coverage of impact investors operating on the African continent.

*Classification as impact investor:* the 5 criteria used to identify the impact investors' characteristics- the search for financial returns alongside social and environmental ones, and the willingness and ability to measure their impact - are based on declarative information.

*Quality of collected data:* each data entry is sensitive as it is based on the publicly available data provided by the investors. Ideally, each data entry should have been validated by the investors themselves.

*Comparability:* The comparability of data, particularly financial data, should be approached with caution due to the diversity of sources and indicators used. Additionally, it is sometimes difficult, if not impossible, to determine how often the data is updated.

*Survivor bias:* As the database was built from data collected in 2023 and early 2024, the impact investors identified are those who survived until this period. Likewise, it is possible that new funds are too recent to be already visible (online or in other resources). The database is therefore imperfect for studying the long-term dynamics of the sector and above all produces a snapshot at *t* time. Regular updates of the database during the following years should reduce this problem.

*Extension(s):* The database is evolving and various additional information is being collected. Thus, the Impact Investment Chair plans to collect information on the measurement of impact used by investors and their capital providers. Alongside these additions, a current extension of the database consists of identifying the portfolio of each investor. To do this, we use public information provided by investors on their website or in official documents. To date, we have studied 150 investors. For 74 of them, we were able to extract granular information about their portfolio, which represent 1,148 investees.