UNDP Africa Investment Insights Report

Fourth Edition: Enabling Environment Opportunities

United Nations Development Programme
Africa Sustainable Finance Hub
UN House, 351 Francis Baard Street
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UNDP AFRICA INVESTMENT INSIGHTS REPORT

FOURTH EDITION: ENABLING ENVIRONMENT OPPORTUNITIES

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The **Sustainable Finance Hub (SFH)** brings together UNDP's financial expertise to harness public and private capital for the Sustainable Development Goals (SDGs) – supporting governments, investors and businesses in reaching climate, social impact and sustainability targets. Its work drives systemic change towards a sustainable financial architecture that benefits people and the planet. Find out more about its integrated services that ensure all finance is sustainable at sdgfinance.undp.org or follow at @UNDP_SDGFinance.

The **UNDP Africa Sustainable Finance Hub (ASFH)** harnesses the potential of sustainable finance solutions for countries, governments and the private sector to realise Africa's development objectives.

The **UNDP timbuktoo initiative** represents a bold and transformative effort to position Africa as a global innovation and entrepreneurship powerhouse. Conceived as a multi-sectoral platform, the initiative aims to address systemic challenges inhibiting entrepreneurs, enabling them to scale, thrive, and contribute meaningfully to the continent's economic growth.

Authors: Joanne Manda, David Mueller and Zain Kazmi

Support: Khombomoni Chuma, Stephanie Mukoko, Ana-Maria Beldiga and Nozipho Kumalinga
Oswald Osaretin Guobadia, Tracy Okoro Issac
Lily Murei, Romain Galgan
Syed Asfar Hussain Shah, Christopher Hughes and Tiina Turunen
UNDP Africa Inter-Practice Coordination Group (IPCG)

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UNDP AFRICA INVESTMENT INSIGHTS REPORT

FOREWORD

Africa stands not at a crossroads, but at a launching pad. In this era of global uncertainty – economic volatility, climate disruption, geopolitical realignment – we are seeing renewed opportunities: a continent ready for partnerships.

The global economy's center of gravity is shifting. Influence now flows through innovation, investment, and ideas – all resources Africa possesses in abundance. What constrains us isn't talent or ambition, but trust, capital, and environments that unleash our potential.

This fourth Africa Investment Insights Report isn't just analysis – it's a call to action. It spotlights how SMEs – the backbone of our economies – need robust infrastructure, consistent policies, patient capital, and scalable platforms.

They deserve ecosystems that recognize them as prosperity partners, not risk factors.

At UNDP, we're building these ecosystems alongside governments and private sector allies. Through initiatives like the SME Disruption Lab and Project DIGIT, we're investing in environments where African innovation thrives.

Let's be clear: Africa doesn't need saving. It needs space. Space to lead, innovate, compete, and claim its future. This report serves as both mirror and map – guiding action for those ready to bet on Africa not from charity, but from strategy.

We are ready. Are you?

maxwell gomera

Maxwell Gomera

Director
UNDP Africa Sustainable Finance Hub
Resident Representative,
UNDP South Africa

EXECUTIVE SUMMARY

SDG Investor Maps are a market intelligence tool produced by the United Nations Development Programme (UNDP) in partnership with governments to help private investors identify investment opportunities and business models with potential to advance the Sustainable Development Goals (SDGs). Their aim is to provide funds, financiers and corporations with actionable data and insights that enable them to use their capital for good while making a financial profit. This helps to mobilize the resources needed to advance sustainable development, and make private finance integral to achieving the SDGs, especially considering the existing financing gap.

UNDP's Africa Sustainable Finance Hub (ASFH) has completed 20 SDG Investor Maps across 19 sub-Saharan African countries, including a dedicated SDG Investor Map for Zanzibar. The tool has also been adopted to marginalized cross-border contexts through the Guidelines for African Borderlands SDG Investor Maps. These SDG Investor Maps have driven a shift in development financing by providing investors with access to vibrant and innovative market intelligence, along with insights into business models and investment prospects in Africa's emerging markets. In addition to providing data that enables investors to explore opportunities for generating development and financial impact, SDG Investor Maps help organizations to direct activities and capital to where they can have the most impact on the SDGs. This information is complemented by the SDG Impact Standards, which enables them to operate more sustainably and track their contributions to the SDGs.

The UNDP Africa Investment Insights Report provides valuable insights into selected African markets, drawing from SDG Investor Maps in sub-Saharan Africa. In its third edition, the annual publication offered SDG investment data and trends from 15 African countries with an emphasis on climate-related investment opportunities. In this current fourth edition, the dataset has expanded to include SDG investment opportunities from four additional SDG Investor Maps – offering greater country coverage to capture the diversity of African economies. This report's focus is on highlighting the policy, regulatory and market barriers obstructing private sector participation in critical SDG opportunities to underline the importance of catalytic interventions for unlocking the private sector's full potential.

The UNDP Africa Investment Insights Report offers the following key messages on SDG-focused investment opportunities across Africa:

- **SDG investments deliver financial profits**

  Many opportunities can provide lucrative financial returns of 15-20 percent and target significant market sizes of US$100 million and $1 billion, generating accumulated positive cash flows in 5-10 years.

- **Investments across Africa have significant impact potential**

  Most opportunities can generate a new positive outcome for underserved stakeholders, including in rural areas, addressing both basic needs (such as SDG 1 – No Poverty) and structural economic transformation requirements (such as SDG 8 – Decent Work and Economic Growth).

- **Public support unlocks private capital for the SDGs**

  While many opportunities are commercially viable, most require financing models that incorporate public support. These models call for de-risking measures, policy incentives, effective pricing mechanisms, and catalytic engagement by governments and development partners.

Diving into enabling environment opportunities from the 20 African SDG Investor Maps, the UNDP Africa Investment Insights Report highlights the following:

- **Bottlenecks limit growth of SDG investments**

  Private capital faces limitations to deliver financial returns and impact potential due to market as well as policy and regulatory gaps, especially in the Food and Beverage, Infrastructure, and Renewable Resources and Alternative Energy sectors, for example limiting the role the private sector can play in meeting basic needs as per SDG 2 – Zero Hunger and SDG 3 – Good Health and Well-being.

- **Competitiveness challenges are the critical market barrier:**

  Limited competitiveness in domestic markets, where local enterprises struggle to provide competitive goods and services, leads to low local market growth and over-reliance on international markets, showing the importance of countries harnessing their comparative advantage.

- **Policy and regulatory challenges require public-private collaboration**

  Some SDG investment opportunities are constrained by policy and regulatory frameworks, which fall entirely under the public sector's influence. This highlights the critical role of government in providing an enabling environment. Most barriers, however, emerge in interaction with the private sector, where businesses and investors have an important role to play alongside public stakeholders, such as by supporting human capital growth to address skills mismatches.

Complementing the detailed Africa SDG Investor Maps, which are publicly accessible on the SDG Investor Platform, the report showcases opportunities for private-sector partners to utilize existing data and conduct their own due diligence towards realizing impactful SDG investments.

SECTION 01

TAKING STOCK OF AFRICAN SDG INVESTMENT OPPORTUNITIES

INTRODUCTION

SDG Investor Maps are a market intelligence tool produced by the United Nations Development Programme (UNDP) and its partners to assist private investors in identifying investment opportunities and business models with significant potential to advance the Sustainable Development Goals (SDGs). Pioneered by UNDP's Sustainable Finance Hub (SFH), SDG Investor Maps aim to equip financiers and businesses with actionable data and insights to deploy their capital for good while generating financial returns. In this way, UNDP supports the financing of national development priorities by directing private resources to areas with potential for the greatest impact on people and the planet, helping to address the SDG financing gap.

Across the African continent the financing landscape is marked by heavy reliance on external resources and slow domestic revenue growth. Channeling financial assets into transformational and impactful investments will help alleviate increasing debt burdens many governments on the continent face. Within this context, based on the SDG Investor Map, the UNDP Africa Investment Insights Report provides an overview of private-sector opportunities with potential for economic, social and environmental impact across Africa. In its third edition, the report utilized market intelligence from 16 economies – Eswatini, Gabon, Ghana, Kenya, Lesotho, Malawi, Mauritius, Namibia, Nigeria, Rwanda, Seychelles, Sierra Leone, South Africa, Tanzania, Uganda and Zanzibar – offering SDG investment data and trends with a specific emphasis on climate opportunities and avenues for the private sector to support African countries' Nationally Determined Contributions (NDCs) under the Paris Agreement, drawing on UNDP's climate expertise and its global Climate Promise 2025.

This fourth edition provides economic, social and environmental insights from 20 African SDG Investor Maps (the 16 included previously plus four additional SDG Investor Maps from Angola, Côte d'Ivoire, Mauritania and Togo). All findings are available publicly on the UNDP SDG Investor Platform. This edition focuses on enabling environment opportunities that can make the private sector an even more critical agent of change. It is delivered in partnership with timbuktoo, UNDP's bold initiative sparking up the African innovation ecosystem, to place a particular emphasis on the entrepreneurial ecosystem and innovation in high-potential thematic areas, such as AgriTech and GreenTech.

Insights in this report are based on the 250 Investment Opportunity Areas (IOAs) in SDG Investor Maps, including data on business models that show significant financial and SDG impact potential. Additionally, for the first time, the report reviews the SDG Investor Maps' 53 white spaces to provide an overview of market as well as policy and regulatory obstacles for SDG investments in sub-Saharan Africa. The market intelligence covers five low-income countries, 10 lower-middle-income countries (including Zanzibar), four upper-middle-income countries and one high-income country. These include 10 countries classified as least-developed countries (including Zanzibar). The report presents an analysis across sub-Saharan Africa as well as regional findings from Eastern, Southern and Western Africa.

This first section of the report offers updated findings on SDG investment opportunities and highlights important developments since the last edition, drawing on IOAs. The second section provides an analysis of white spaces to highlight enabling environment opportunities to SDG investment across Africa.

SDG INVESTMENT DATA AND TRENDS ACROSS AFRICA

Based on the 20 SDG Investor Maps, the regional distribution of IOAs is: 38 percent in Eastern Africa; 31 percent in Southern Africa; and 31 percent in Western Africa. Using a tailored version of the Sustainable Accounting Standards Board (SASB) Sustainable Industry Classification System (SICS), these investment opportunities are situated within 11 sectors, 38 sub-sectors and 44 industries. The most prominent sectors are: Food and Beverage (32 percent), Infrastructure (22 percent), Renewable Resources and Alternative Energy (11 percent), Health Care (10 percent), Education (8 percent), Services (5 percent) and Financials (4 percent).

The most prominent industries in which these IOAs are found (according to the SASB SICS classification) are: Agricultural Products (23 percent), Solar Technology and Project Developers (10 percent), and Waste Management (6 percent).

Regions have specific target industries of prominence, especially Processed Foods in Eastern Africa, Consumer Finance in Southern Africa, and Meat, Poultry and Dairy in Western Africa.

Most prominent target sectors (percent of IOAs)

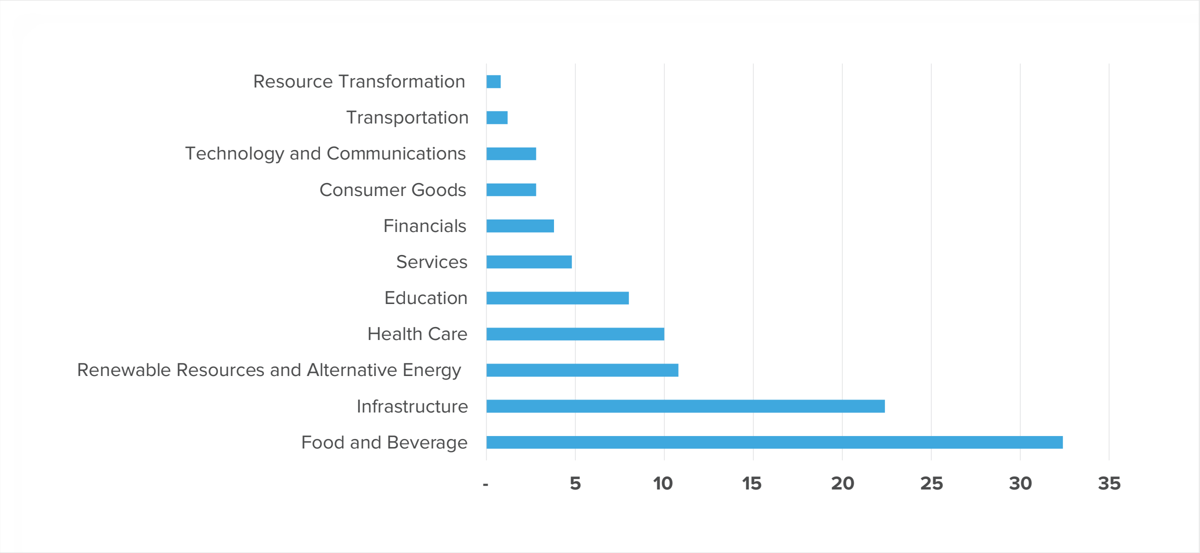

Chart 1: Most prominent target sectors (percent of IOAs)

Market size

The SDG Investor Maps indicate the market size of each IOA using metrics such as US dollar value or Compound Annual Growth Rate (CAGR).[1] Of those IOAs identifying a market size in US dollars, 36 percent have a market size between $100 million and $1 billion, 34 percent have a market size below $50 million; and 22 percent have a market size above $1 billion. For IOAs in which market size is identified using CAGR, 29 percent have CAGR ranges of below 5 percent and 5-10 percent each; 18 percent have CAGR between 10-15 percent; and 8 percent of IOAs have a CAGR above 25 percent.

In Eastern Africa and Southern Africa, more IOAs target a smaller market size of below $50 million (44 percent and 31 percent, respectively).

Market size - US$ value distribution (percent of IOAs)

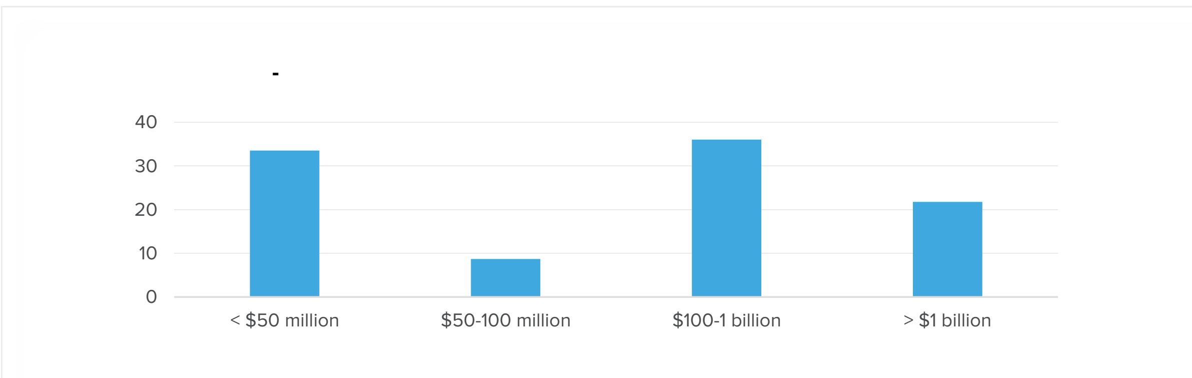

Chart 2: Market size – US$ value distribution (percent of IOAs)

Indicative return profiles

An estimated 26 percent of IOAs have an Internal Rate of Return (IRR) between 15 and 20 percent, and 38 percent have a Return on Investment (ROI) in the same range. In the 20-25 percent bracket, 24 percent report IRR, while 29 percent report ROI. Among IOAs that indicate Gross Profit Margins (GPM)[2], 47 percent expect margins above 25 percent, and 20 percent expect margins between 15 and 20 percent.

IOAs in the Food and Beverage (for IRR) as well as Financials and Services (for ROI) sectors anticipate the highest returns with 84 percent and 100 percent of the opportunities indicating return profiles of above 15 percent, respectively.

1. CAGR describes the historical or expected annual growth of revenues (or market size) during a particular period
2. GPM describes an investment's or company's net sales minus the Cost of Goods Sold.

IRR and ROI range distribution (percent of IOAs)

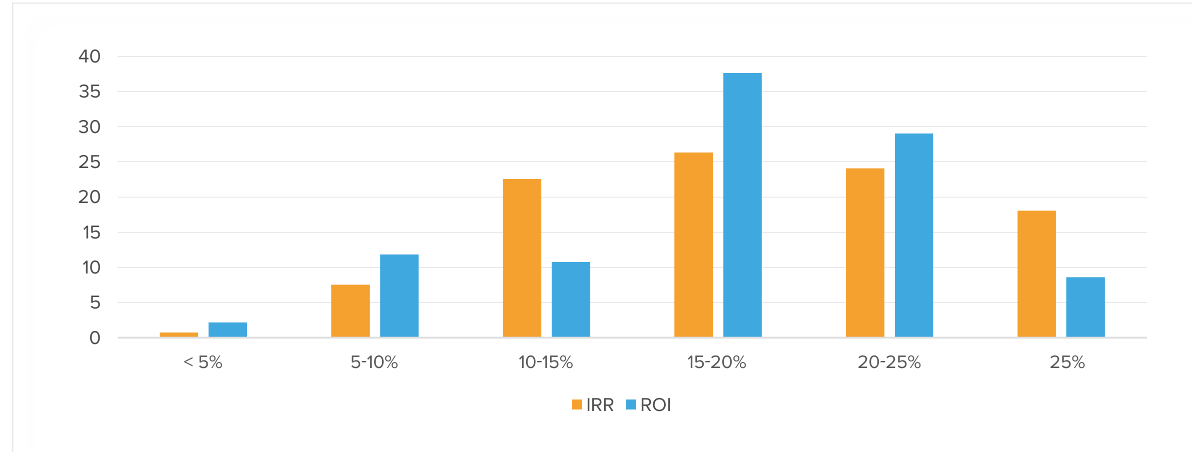

Chart 3: IRR and ROI range distribution (percent of IOAs)

Investment timeframes

Nearly half of all IOAs (44 percent) require between 5-10 years to generate accumulated positive cash flows; 36 percent expect a short-term investment timeframe of less than five years; and the remaining 20 percent of IOAs indicate a long-term timeframe of over 10 years.

IOAs in the Consumer Goods (71 percent) and Financials (60 percent) sectors exhibit the shortest investment timeframes, while opportunities in the Transportation (67 percent) and Infrastructure (41 percent) sectors require the longest investment timeframes.

Investment timeframes (percent of IOAs)

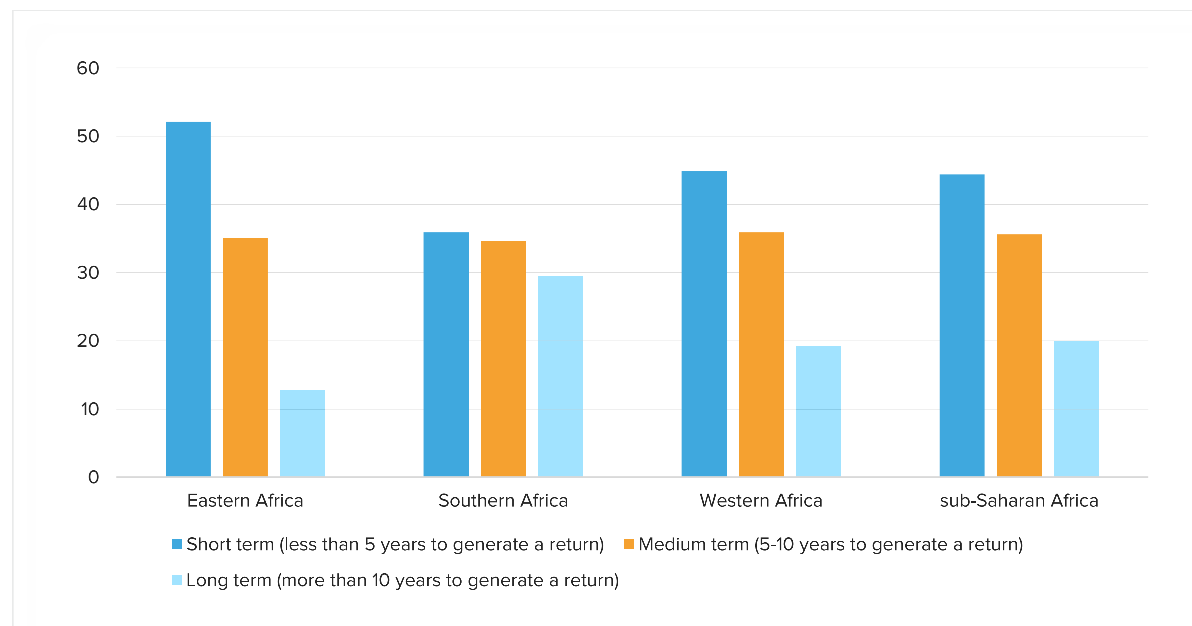

Chart 4: Investment timeframes (percent of IOAs)

Ticket size

Among all investment opportunities, 38 percent necessitate investment amounts of $1-10 million to realize the IOA's business model. Another 22 percent have a ticket size below $500,000 or above $10 million each, while 18 percent fall between $500,000 and $1 million.

Opportunities in the Infrastructure, Food and Beverage as well as Renewable Resources and Alternative Energy sectors are suitable for investments of ticket sizes ranging from less than $500,000 to over $10 million, indicating the attractiveness of these sectors.

Eastern Africa has the most IOAs with ticket sizes of under $500,000 (35 percent).

Ticket size ranges (percent of IOAs)

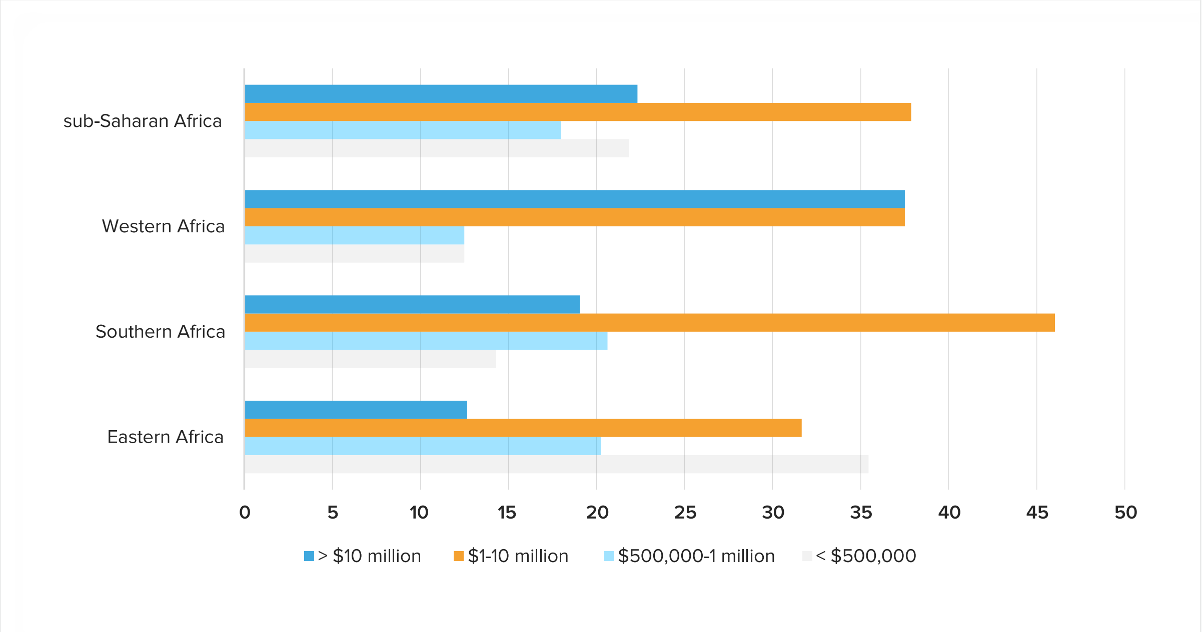

Chart 5: Ticket size ranges (percent of IOAs)

SDGs

The most addressed SDG by these IOAs is SDG 1 – No Poverty (18 percent), followed by SDG 8 – Decent Work and Economic Growth (15 percent) and SDG 2 – Zero Hunger (12 percent). In Western Africa, SDG 7 – Affordable and Clean Energy also emerges as a top target (15 percent).

The most addressed SDG indicators are: 7.1.1 Proportion of population with access to electricity (8 percent); 2.1.1 Prevalence of Undernourishment (7 percent); and 1.1.1 Proportion of the Population Living below the International Poverty Line (6 percent).

SDGs 1-3 on social impacts, especially food security and health outcomes, are linked with small ticket sizes of under $1 million. This may make it difficult for traditional investors with larger ticket size expectations to use their capital to address basic needs but can open opportunities for innovative financing mechanisms disbursing smaller loans for example via local banks.

SDGs 7-11 on economic impact, on the other hand, which are focused on energy and infrastructure opportunities, are more likely to require large investment amounts of over $10 million. IOAs impacting SDG 7 – Affordable and Clean Energy and SDG 8 – Decent Work and Economic Growth also correlate with return profiles of over 20 percent (as measured in IRR). This speaks to the ticket size requirements and return expectations of many institutional investors.

Primary SDGs addressed (percent of IOAs)

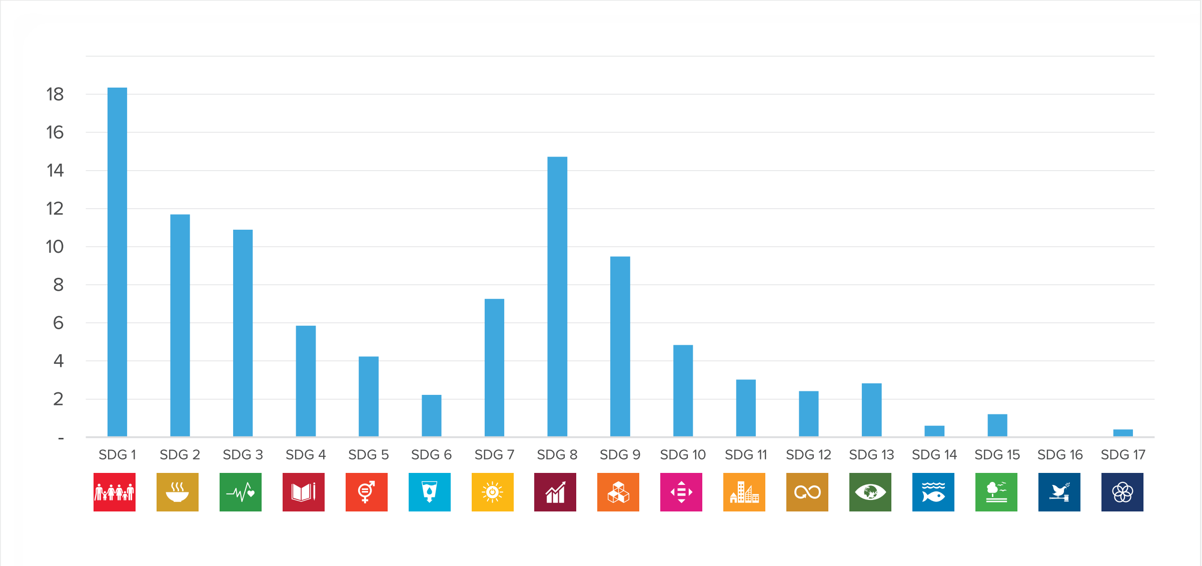

Chart 6: Addressed SDGs (percent of IOAs)

Impact classification

Utilizing the ABC Impact Norms developed by the Impact Management Project and incorporated by Impact Frontiers, 56 percent of IOAs “contribute to solutions”, which means they generate a new positive outcome for a stakeholder who would otherwise be underserved. Thirty-eight percent of IOAs “benefit stakeholders” and are therefore maintaining or improving a positive outcome. The remaining 6 percent “act to avoid harm”, which reduces or mitigates a negative outcome.

“Contribute to solutions” IOAs are predominantly found in the Infrastructure and Food and Beverage sectors (24 percent each). Eastern Africa has the largest share of “contribute to solutions” IOAs (63 percent).

Geographic focus

Semi-urban areas are targeted by 38 percent of IOAs, followed by 34 percent targeting urban areas and 28 percent targeting rural areas.

Urban opportunities show greater tendencies for higher impact classifications and “contribute to solutions”. They are also more likely to achieve higher returns, as measured in ROI. This may reflect the scalability of opportunities in urban contexts and the presence of proven business models that perform well in such environments.

FINANCING SDG INVESTMENT OPPORTUNITIES AND THE CASE FOR PUBLIC SUPPORT

Financing models

Looking at predicted financing options for the SDG investment opportunities across geographic areas, 47 percent of IOAs are appropriate for financing at ordinary market conditions through commercial instruments.

Another 36 percent of IOAs necessitate a blended financing model that includes risk-sharing arrangements, and 17 percent rely on a concessional financing model such as concessional infrastructure loans, with conditions that are more generous than standard market rates. In all, 53 percent of investment opportunities with SDG potential require a financing model that necessitates public support.

By sub-region, Southern and Western Africa have larger shares of commercial financing IOAs (49 percent and 48 percent of investment opportunities, respectively) than Eastern Africa. By ticket size, IOAs requiring above $10 million have the lowest share of commercial financing (35 percent), and the highest share of blended financing models (50 percent).

Financing models (percent of IOAs)

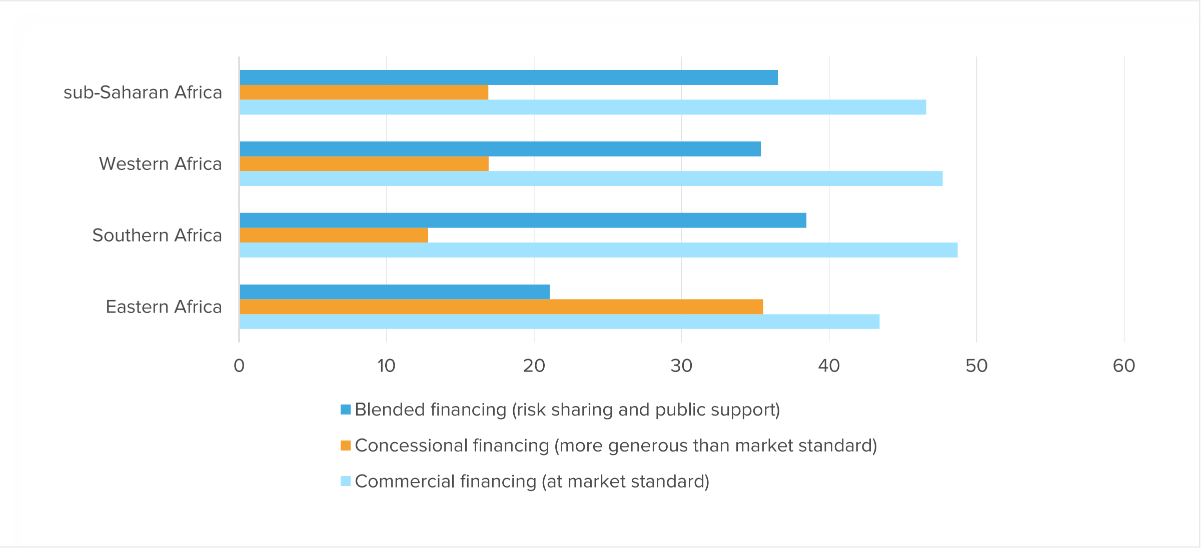

Chart 7: Financing models (percent of IOAs)

Market risks

Supply chain constraints constitute the greatest market risk for investment opportunities, affecting 29 percent of all IOAs. Capital intensity emerges as the second most prominent market risk at 19 percent, followed by regulatory challenges at 16 percent.

The IOAs and their compositions signal abundant opportunities for transformational investments across the African continent. However, many investment opportunities could not be included as key policy, regulatory or market barriers limit their viability. The next section analyses these barriers and pathways for growth with the ambition to unlock additional resources for Africa’s sustainable development progress.

SECTION 02

ENABLING ENVIRONMENT OPPORTUNITIES FOR SDG INVESTMENTS IN AFRICA

UNDERSTANDING WHITE SPACES

In addition to the IOAs that deliver investable solutions to pressing SDG needs, SDG Investor Maps diagnose complementary white spaces that identify policy, regulatory and market barriers obstructing private sector participation and growth in critical SDG opportunities. If addressed, these white spaces can unlock additional private capital to advance sustainability objectives. They therefore form enabling environment opportunities of significance to governments and development partners given that catalytic interventions can achieve impact at scale.

Within the 20 African SDG Investor Maps, 53 white spaces show potential for private sector-led development impact once the market as well as policy and regulatory environments progress alongside evolving market dynamics, and an enabling environment for private sector contributions is established.

Twenty out of the 53 white spaces face market gaps (market white spaces), and 18 white spaces feature policy and/or regulatory challenges (policy white spaces). The remaining 15 white spaces include both market as well as policy and/or regulatory issues (dual white spaces), indicating the interdependence between market as well as policy and regulatory dynamics.

This section first provides an overview of the white spaces, and then discusses the market and policy barriers they face. For the critical gaps identified, learnings from UNDP's timbuktoo initiative are applied to showcase country experiences that offer enabling environment solutions impacting real economies through entrepreneurial ecosystems and innovation.

KEY BARRIERS TO SDG INVESTMENTS

Food and Beverage (24.5 percent), Infrastructure (19 percent) and Renewable Resources and Alternative Energy (17 percent) feature the most white spaces overall. For market white spaces and dual white spaces, most opportunities are in the Food and Beverage sector (35 percent and 27 percent, respectively) and relate to food production, processing and distribution, including mechanization. For policy white spaces, Infrastructure (28 percent) is the most prominent target sector, concerning mostly support infrastructure for energy and agricultural production and distribution, as well as manufacturing and housing infrastructure.

WHITE SPACE SPOTLIGHT

LOCAL AGRICULTURAL PRODUCTION IN SEYCHELLES

Draft business model: Produce nutritious crops, particularly for local households and the hospitality industry. Applying the concept of climate-smart agriculture, the model should prove resilient to climate change impacts. It can use intensive agriculture techniques, notably for high-tech vertical farming.

Development need: In Seychelles, agricultural contribution to the GDP amounts to only 1.89 percent, which is low compared to other African countries, particularly in East Africa where 20 percent of GDP comes from agriculture. In addition, in most of Africa, the agricultural sector employs on average between 60 percent and 80 percent of the labour force, compared to 3.7 percent in primary production agriculture in Seychelles. The total land size of the islands is limited and amounts to 455 square kilometres, of which 46 percent is legally protected for conservation purposes.

Emerging private sector market potential: Seychelles is heavily dependent on food imports for domestic needs, and hence vulnerable to shocks such as the COVID-19 pandemic and the war resulting from the Russian Federation's invasion of Ukraine. Seychelles relies exclusively on importation to supply the local market with onion, potatoes, carrots, garlic and ginger. Due to a lack of arable land on Main Island Mahe, Praslin and La Digue, agricultural production can be promoted for development on the outer islands. Islands such as Desroches and Coëtivy can produce the whole range of vegetables, indicating that a variety of crops can grow under local climatic conditions. Onion, potatoes, carrots, garlic and ginger have an annual import value of around $40 million.

Policy/regulatory momentum: In 2018, the Government of Seychelles developed an Agricultural Comprehensive Plan, in which 15 core local products were identified. These include tomatoes, lettuce, capsicum, cucumber, eggplant, Chinese cabbage, cabbage, chili, banana, cassava, sweet potato, herbs/spices, pumpkin, beans and pawpaw. Despite the government's objective to assess the sustainability of agricultural lands and their crops, and its commitment to developing a policy to enhance productivity and efficiency, no such policy has yet been implemented. If policy and regulatory gaps are addressed, Seychelles can substitute fruits and vegetable imports and enhance its self-sufficiency.

See Seychelles SDG Investor Map Summary Report for additional information and individual references.

Opportunities in the Health Care sector almost exclusively feature market gaps, rather than policy and regulatory gaps, highlighting challenges in delivering services and products to markets underserved by the public sector. This may also indicate a concentration of private sector activity in urban areas, neglecting the communities most in need.

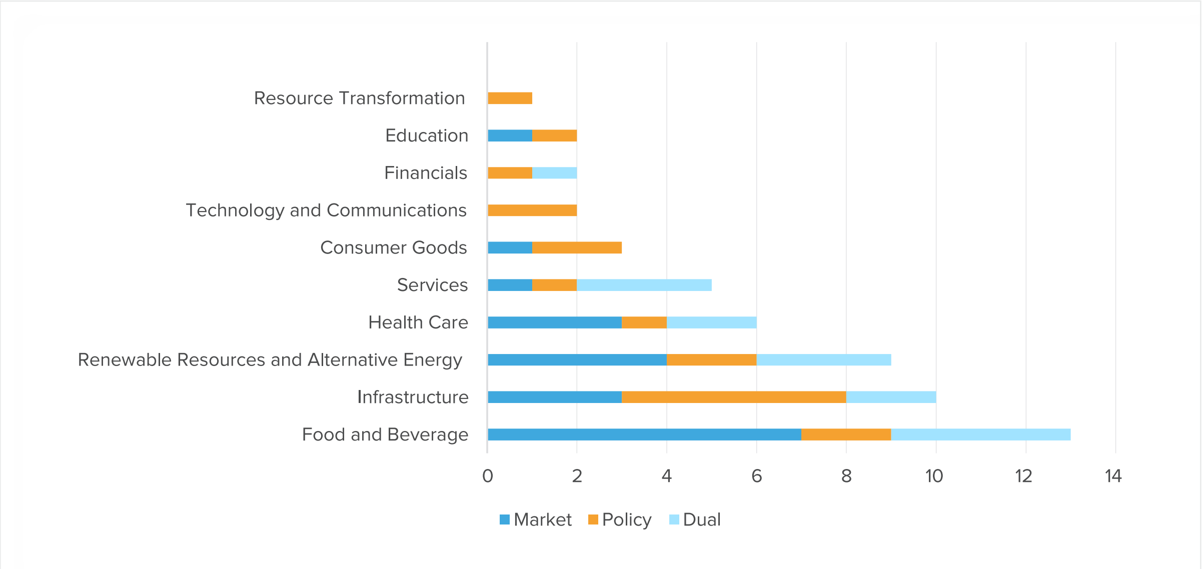

Chart 8: Sectors (number of white spaces)

In terms of regional distribution, 24 white spaces have been identified in Southern Africa, compared to 15 in Eastern Africa and 14 in Western Africa. In Western Africa, most opportunities are market white spaces, alluding to additional market potential in the region. In Eastern Africa, however, policy white spaces are more numerous, suggesting strong market dynamics that are limited by policy and regulatory challenges.

At the country level, Malawi, Sierra Leone and Lesotho show the highest number of market white spaces, indicating significant market potential in emerging economies. Zanzibar and Seychelles are among the countries with the highest numbers of policy white spaces, highlighting the importance of a strong enabling environment for small island economies with unique market and development dynamics. In Angola, dual white spaces are the most prevalent, pointing to close ties between policies and private sector activities in the country.

Across all white spaces, the opportunities with the greatest potential contribution target SDG 12 – Responsible Consumption and Production (14 percent), followed by SDG 8 – Decent Work and Economic Growth (12 percent) and SDG 9 – Industry, Innovation and Infrastructure (11 percent).

SDG 2 – Zero Hunger and SDG 3 – Good Health and Well-being are among the top targets for market white spaces and dual white spaces. This reflects the persistent challenge of meeting basic needs – particularly for marginalized communities, often traditionally served by governments – through private sector interventions.

SDG 13 – Climate Action is the leading target SDG for dual white spaces, underscoring the interplay between market and policy dynamics in enabling the private sector to support efforts to combat climate change and its impacts.

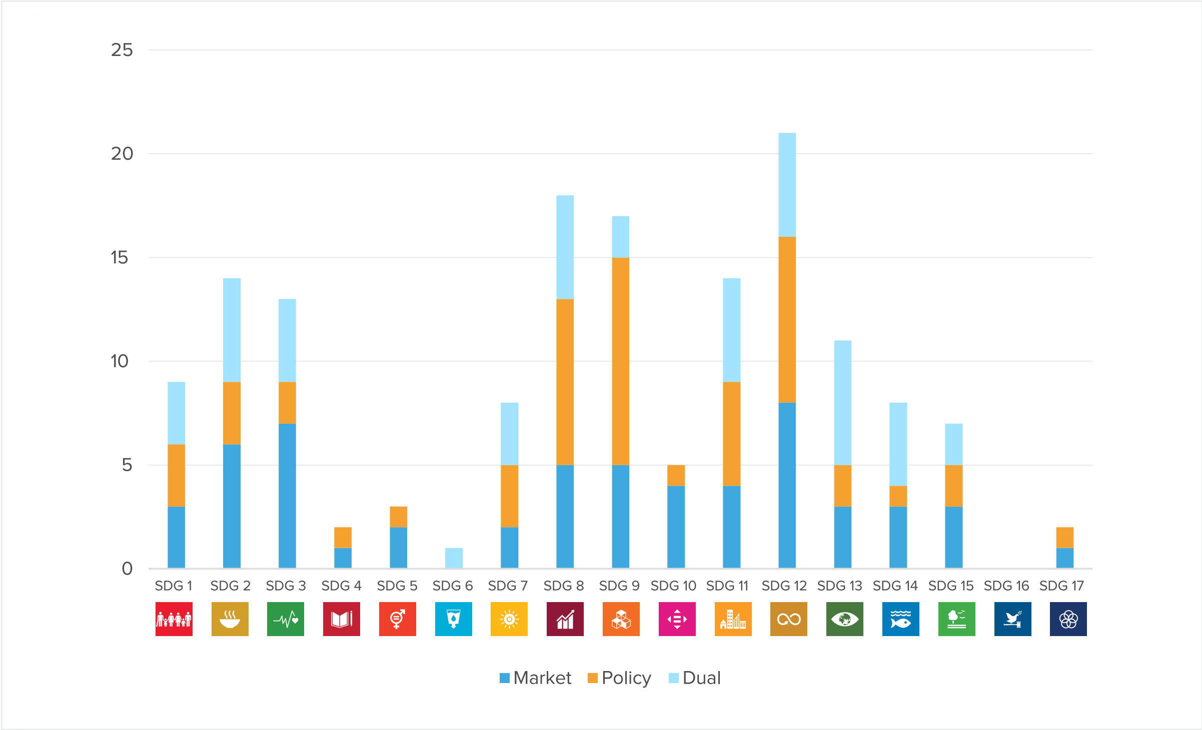

Chart 9: SDGs (number of white spaces)

Thematically, most white spaces relate to food systems (25 percent), energy transition (19 percent) and trade (16 percent).

Opportunities with trade relevance are more prominently represented among policy white spaces than market white spaces, demonstrating the critical importance of coordinated policy and regulatory action for cross-border investment and business activity – as pursued through the African Continental Free Trade Area (AfCFTA).

For example, in Zanzibar, sustainable aquaculture production for export shows strong market potential, but lacks a dedicated aquaculture policy and the necessary regulations for the production and trading of relevant products, particularly Eucheuma spinosum and Kappaphycus alvarezii (commonly known as cottonii) seaweed, as well as sea cucumber and mud crab. If addressed, sustainable aquaculture could help leverage Zanzibar's rich blue economy and comparative advantage, positioning it as a leading horticulture export hub within the AfCFTA. This would be especially relevant through the Trade in Goods Protocol, supported by harmonized cross-border policies such as taxation frameworks.

Box 1: Kenya-Uganda Borderlands SDG Investor Map and enabling environment findings

As a pilot conducted in partnership with the UNDP Resilience Hub, the Kenya–Uganda Borderlands SDG Investor Map identifies cross-border SDG investment opportunities and bottlenecks. Draft results indicate, for example, significant potential in the honey value chain in the Karamoja–West Pokot borderland, enabled by coordinated policy action and investment in value addition. The region's acacia woodlands and semi-arid landscapes provide ideal conditions for high-quality honey production, which has evolved from traditional practices to modern apiculture techniques with support from the Governments of Kenya and Uganda in harvesting, processing and packaging. On both sides of the border, cooperatives have played a key role in organizing beekeepers, improving quality standards and expanding market access. With honey recognized for its unique flavor and medicinal properties, branding efforts under the "Pokot Honey" label, standardized by the Kenya Bureau of Standards, have strengthened its market position regionally and beyond. Additional value generation can result in increased income for local communities, where private sector partners are needed to realize this potential.

By contrast, the commercialization of aloe vera remains constrained by uncoordinated policies and weak regulatory frameworks, despite its promise as a cross-border investment opportunity in the Karamoja–West Pokot region, where strong demand exists from medicinal, cosmetic, and pharmaceutical industries. In West Pokot, aloe vera harvesting has been largely informal, dominated by black-market traders from Nairobi, leading to unsustainable exploitation and prompting the Kenya Wildlife Service to impose a temporary ban.

While this measure aims to protect natural aloe stocks, it has also hindered legitimate investment and the development of a structured value chain. Stringent regulations, combined with a lack of clear land-use policies and commercial-scale propagation initiatives, have limited investor engagement. If local and national governments align regulations to support responsible cultivation, aloe vera could become a high-value commercial crop, offering economic benefits alongside environmental advantages such as soil conservation in arid regions.

For market white spaces, there are comparatively more circular economy opportunities, highlighting the potential to embed circularity into core business models or to integrate circular practices into existing operations.

For example, in Malawi, solid waste-to-energy power plants in urban areas require additional infrastructure to improve the efficiency of waste collection and would benefit from incorporating informal waste pickers into cooperatives to support a steady supply chain.

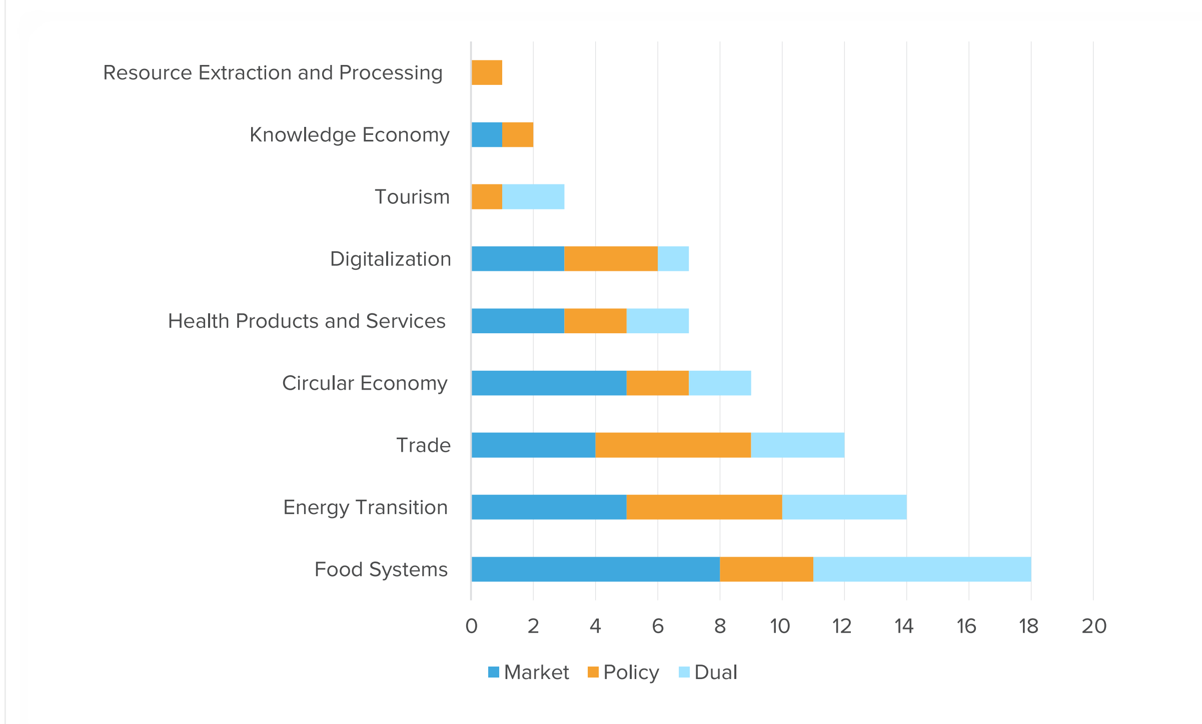

Chart 10: Themes (number of white spaces)

MARKET, POLICY AND REGULATORY OPPORTUNITIES

Across the white spaces with market gaps (covering both market and dual white spaces), all identified barriers to private sector SDG contributions relate to competitiveness challenges in domestic markets, where local enterprises struggle to deliver goods and services that are cost-effective, high-quality and innovative. This results in limited local market growth and over-reliance on international markets.

These market barriers are primarily associated with supply side (47 percent) and structural (45 percent) challenges. This shows that enterprises are unable to compete effectively along the value chain due to business-related supply constraints and institutional or infrastructural limitations. For example, in Lesotho, the country relies entirely on the import of climate shade nets and irrigation equipment, which limits the adoption of new smart-agro technologies that could improve crop production and yields. Similarly, in Angola, the production of health food and food supplement is constrained by the limited scale of the domestic market and a reliance on imported of chemical inputs.

WHITE SPACE SPOTLIGHT

SMART MANAGEMENT AND RECYCLING OF BIOMASS AND SOLID WASTE IN MAURITANIA

Draft business model: Invest in the management, recovery, and processing of municipal, livestock and agricultural solid waste, integrating technologies that enable value creation. Recovery solutions include biogas, electricity generation, compost, building materials and other value-added outputs.

Development need: Mauritania produces approximately 63.6 million kilograms of livestock waste and 540,000 tonnes of municipal solid waste annually. Management and recovery strategies remain limited across both sources.

Emerging private sector market potential: Estimates indicate that Mauritania could generate 2.45 billion cubic metres of biogas and 14,640 GWh of electricity annually from livestock manure, while agriculture waste could generate an additional 3.7 GWh of electricity. For example, a local start-up founded in 2021 produces biogas from livestock manure and agriculture waste. The company sells the product at $5 per 12 kilograms of biogas to female-headed households in rural Bassikounou.

Market momentum: Despite the enactment of Law No. 2023-031 on solid waste management that allows private-sector operators to recover value from waste by reusing, recycling, transforming and any other action aimed at obtaining reusable materials or energy from waste, this opportunity is not fully established in the market and the operations remain at a small-scale. Emerging enterprises face several challenges:

1. Limited waste collection services and transportation networks, which increase operational costs.
2. Limited access to financing and training in design, marketing and strategy.
3. Limited upstream waste separation by households, companies and municipalities, which reduces the efficiency of specialized products and services.
4. Competition with established and imported goods—particularly butane gas, in the case of biogas companies.
5. Low population density, which makes centralized waste collection logistically challenging.

See Mauritania SDG Investor Map Narrative Report (expected before the end of 2025) for additional information and individual references.

Only a small share of market white spaces (9 percent) face demand-side competitiveness barriers – situations in which consumer demand exists, but the private sector is unable to respond effectively. For example, in Malawi, only a fraction of the off-grid population can afford stand-alone solar energy products. This represents a missed opportunity for both development impact and economic growth .

Collectively, these market gaps underscore the importance for countries to enhance their domestic competitiveness by harnessing their comparative advantages. Doing so can increase the efficiency and resilience of enterprises, reducing dependence on international markets and mitigating exogenous shocks – both of which are major obstacles to innovation and long-term economic growth.

For example, Tanzania's high-value leather manufacturing market has been identified as a high-impact investment opportunity, supported by the country's abundant livestock population. The Government of Tanzania has implemented the Leather Sector Development Strategy to improve the quality and value addition of raw materials by modernizing tanneries, upgrading certification systems and strengthening regulatory enforcement. These policies aim to address structural barriers, enhance productivity and increase export volumes to international markets.

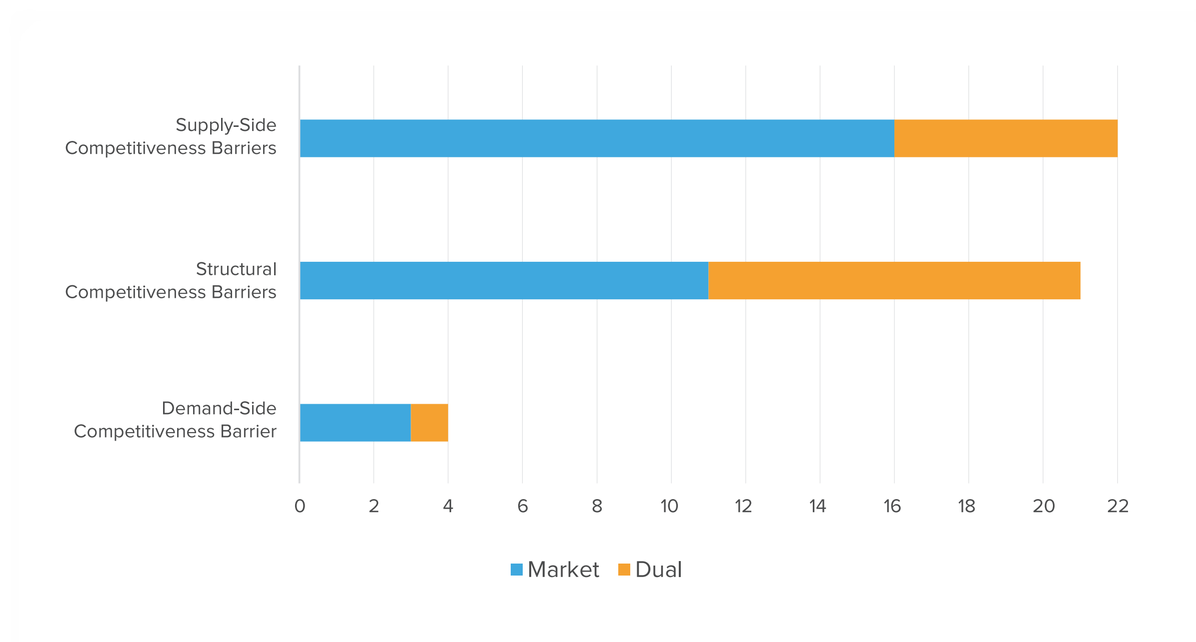

Chart 11: Market Issues (number of white spaces)

Box 2: timbuktoo thematic and policy area

AgriTech plays a critical role in advancing food security, improving productivity and promoting sustainability across Africa. By leveraging supportive policies, AgriTech can facilitate the adoption of smart farming technologies, strengthen agricultural value chains and position Africa as a global agricultural leader.

Agricultural productivity:
In South Africa, the use of mechanized farming and export-oriented policies has significantly boosted agricultural productivity – particularly in the production of fruits, wine and grains. These policies aim to support emerging farmers, improve access to land and resources and promote innovation and technology adoption. Across countries, key initiatives have included land redistribution programmes, financial support schemes and investment in research and development. While some progress has been made in increasing agricultural yields and supporting African farmers, significant challenges remain in achieving equitable land distribution, addressing infrastructural constraints and ensuring the long-term sustainability of AgriTech initiatives.

For white spaces with policy and regulatory gaps (covering both policy and dual white spaces), more than one-third of the opportunities (38 percent) face policy and regulatory framework constraints that fall entirely within the remit of the public sector. In some cases, the required policies and regulations exist but are not implemented or enforced sufficiently (16 percent), or the available frameworks are outdated or not sufficiently tailored to the opportunity (16 percent).

For example, in Zanzibar, the opportunity for sustainable aquaculture production builds on the Blue Economy Policy, published in 2021 by the Ministry of Blue Economy and Fisheries. However, it is hindered by the absence of supporting regulations governing the production and trade of aquaculture products. In Mauritania, cold storage infrastructure for fish products lacks a clear legal framework to incentivize private operators to invest in commercial cold storage facilities for fish landings at ports. The government-owned company, Société Nationale de Distribution de Poisson (SNDP), is currently the only approved entity entitled to receive a predefined share of the landed catch.

WHITE SPACE SPOTLIGHT

DEVELOPMENT OF LIMESTONE MINING AND PROCESSING IN MALAWI

Draft business model: Establish an open-cast limestone quarry and processing facility to supply domestic industries and serve export markets.

Development need: Malawi has historically underperformed in attracting foreign direct investment (FDI), partly due to legal and regulatory barriers. The Government of Malawi has outlined ambitious plans to accelerate economic growth and reduce poverty, including through the development of an integrated national financing strategy. The Malawi 2063 vision seeks to achieve an average annual GDP growth rate of 6 percent and transition Malawi into an upper-middle-income country by 2063. This vision includes a pillar focused on strengthening the manufacturing sector, driven by vibrant agriculture and mining industries. While Malawi's economy has long been agro-based, the agricultural sector alone has not generated sufficient growth to meet national development targets. As part of efforts to diversify the economy, the government has committed to promoting the extraction and processing of mineral resources.

Emerging private sector market potential: The global limestone market was valued at $73.02 billion in 2019 and is projected to grow at a compound annual growth rate (CAGR) of 4.4 percent between 2020 and 2027. Increasing infrastructural developments globally is expected to drive demand for limestone in the coming years. Currently, the African region produces only 50 percent of its limestone requirements, with the remainder imported from overseas. Limestone has a wide range of applications, including in agriculture, construction, environmental protection, steel manufacturing and water treatment.

Policy/regulatory momentum: The growth of Malawi's mining sector stands to benefit significantly from investments in energy and transport infrastructure. While infrastructure gaps continue to affect operational costs, legislative reforms are also under way. The recently gazetted Mines and Minerals Bill of 2023 aims to replace the Mines and Minerals Act of 2019 with legislation that would establish an independent regulatory authority for the mining sector. This authority would be responsible for issuing mining licences, inspecting operations and advising the government on policy matters related to mineral development. Currently, long and complex procedures for obtaining permits, licences and agreements delay projects such as limestone mining and processing, leading to cost overruns and operational uncertainty.

See Malawi SDG Investor Map Narrative Report for additional information and individual references.

An additional few policy white spaces (5.5 percent) are faced with incoherent and inconsistent policy and regulatory frameworks. For example, in Eswatini, to enable pharmaceutical manufacturing and packaging, especially for antiretroviral therapy (ART) medicines, streamlined processes need to be introduced for obtaining permits, and overlapping mandates of various ministries (with the Ministries of Health and Finance both in charge of granting licenses, including for pharmaceutical imports), must be addressed.

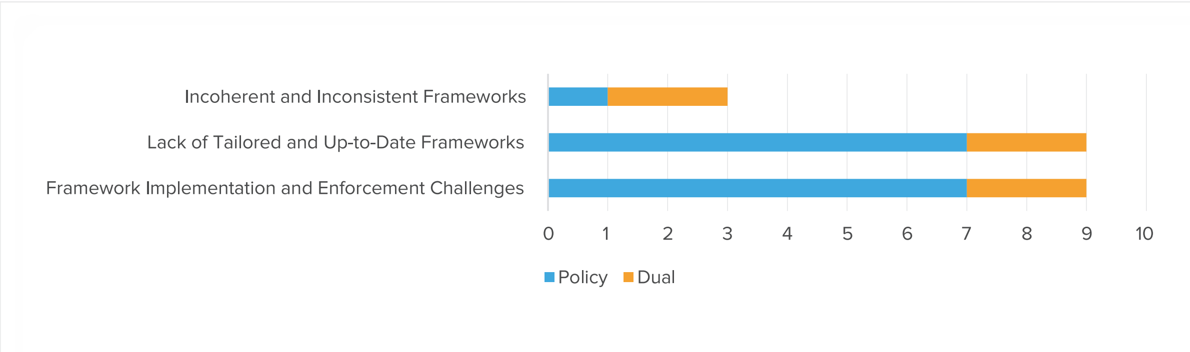

Chart 12: Public sector framework issues (number of white spaces)

Box 3: timbuktoo thematic and policy area

HealthTech is a critical enabler of improved healthcare delivery in African countries, where population growth and limited infrastructure heighten the need for innovative solutions. With supportive policy environments, HealthTech can help address pressing health care challenges by enabling digital health solutions, expanding access to services and protecting patient data.

Approval process for medical devices and software: In Rwanda, the Rwanda Food and Drugs Authority (Rwanda FDA) oversees the registration and approval of medical devices and software through a structured regulatory framework. The government has introduced streamlined processes to accelerate innovation, such as enabling the deployment of drone technology by Zipline to deliver essential medical supplies. The approval process for HealthTech innovations in Rwanda is built a comprehensive approach that includes needs assessments, policy formulation by the Rwanda FDA, consultations with private sector stakeholders and health care institutions, pilot projects to test feasibility and the creation of expedited review pathways. These efforts have been supported by capacity-building initiatives and ongoing monitoring to ensure that policies are practical, safe and effective in improving health care delivery.

While the government has the ability to independently address the framework barriers previously described, most policy white spaces (56 percent) are shaped by challenges at the intersection of the public and private sectors.

Four critical enabling environment issues emerge:

Human capital gaps
(18 percent)

1. These opportunities face a mismatch between the skills and knowledge available in the workforce and the needs of enterprises. For example, in Togo, energy efficiency services in construction and real estate face challenges in accessing qualified professionals. This highlights the need for vocational training, including engagement with the country's diaspora, to scale these opportunities into viable business interventions.

Lack of incentives
(16.5 percent)

2. Some opportunities are limited by insufficient policy and regulatory motivators to encourage enterprises to enter markets and achieve market growth. For example, in Zanzibar, favourable incentives are available for the real estate sector that benefit foreign investors. However, its policy environment lacks incentives to enable local populations access to affordable eco-friendly housing opportunities, such as mortgage financing and insurance schemes, to mitigate the risks associated with housing financing. By only incentivizing foreign investment, the market is imbalanced.

Absence of public (support) infrastructure
(14.5 percent)

3. These opportunities are hindered by the lack of essential systems, services and facilities needed by enterprises. For example, in Côte d'Ivoire, efforts to establish eco-lodges in less-developed regions are constrained by the absence of infrastructure and basic services. Regional disparities between the north and south continue to limit growth along the value chain.

Limited public-private collaboration
(7.5 percent)

4. In these cases, a lack of effective partnerships between the public and private sectors constrains enterprise development. In Seychelles, for example, public–private partnerships are needed to support agricultural production. The government could help by developing key infrastructure through models such as Build–Operate–Transfer or Design–Build–Operate. Establishing vocational training centres to build capacity and financial literacy among agricultural entrepreneurs could strengthen the sector, and comprehensive assessments of potential crops and plantation models could support more sustainable production.

These challenges present key opportunities for public and private actors to advance shared objectives. They also underscore the important role the private sector plays in shaping a conducive enabling environment.

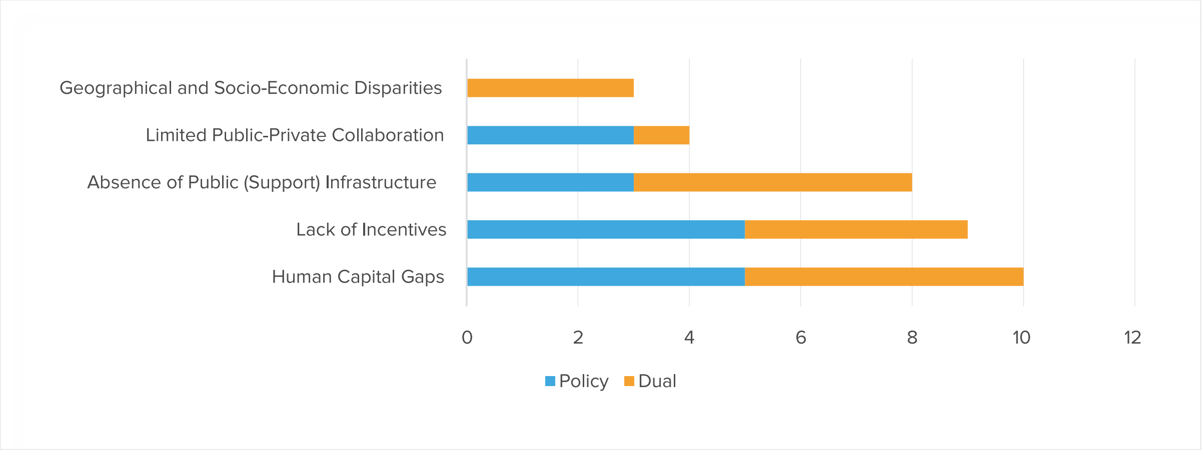

Chart 13: Public-private interplay and geographic and socio-economic disparities Issues (number of white spaces)

Box 4: timbuktoo thematic and policy area

ManuTech is pivotal for economic development, contributing significantly to GDP and employment. Policies can promote advanced manufacturing, workforce development and industrial competitiveness.

Skills development and workforce training: In Kenya, a focus on vocational training has led to higher employment rates in manufacturing. Originally, the country's manufacturing sector faced significant skills gap deterring its ability to leverage on industrial opportunities and compete globally. The government addressed this by prioritizing vocational education training programmes aimed at building the capacity of the workforce with relevant practical skills for the modern manufacturing processes. These initiatives involved collaboration among the government, private sector and training institutions to align curricula with industry needs. They also expanded access to apprenticeships and internships, supported technology transfer and strengthened workforce readiness – ultimately boosting employment and enhancing the sector's competitiveness.

A final sub-set of white spaces with policy gaps specifically concern business models that may be successful in some settings, such as in urban contexts or for the middle class, but face challenges to reach those targets most in need, especially in rural areas and low-income clients. These are opportunities characterized by geographic and socio-economic disparities (5.5 percent), where there is an uneven distribution of resources, services and opportunities between urban and rural communities and marginalized groups.

For example, in Malawi, the use of liquefied petroleum gas (LPG) as an alternative energy source for cooking and heating is viable primarily for middle- to high-income households and is concentrated almost entirely in urban areas. LPG remains expensive compared to the global average. Its unaffordability limits most households' access to clean cooking fuels, resulting in reduced development outcomes and a large underserved market with unmet energy needs.

White spaces pertaining to geographic and socio-economic disparities represent critical opportunities to use catalytic public support to unlock private sector interventions for targeted development gains. By using innovative financing mechanisms, such as guarantees, governments and development partners can de-risk investments and enable private sector actors to operate in areas that would otherwise remain underserved.

Box 5: timbuktoo thematic and policy area

EdTech is transforming learning experiences across Africa by offering innovative solutions to persistent challenges such as access, inclusivity and quality. Through digital learning, teacher training and a focus on education equity, EdTech is reshaping how education is delivered and received.

Accessibility and inclusivity: In Ghana, initiatives such as iCampusGH provide online educational resources tailored to secondary school students – particularly those in last-mile communities who face barriers to quality education due to geographic, economic or social constraints. The platform offers digital materials including e-books, video lessons and interactive quizzes, which can be accessed via computers or mobile devices, helping to overcome the limitations of traditional textbooks and classroom-based learning. To support the reach of iCampusGH and similar EdTech solutions, the government has introduced enabling policy measures. These include investments in internet infrastructure in rural areas, subsidized data plans for students and teachers, and digital literacy training programmes. Together, these efforts help ensure that even the most remote communities can benefit from inclusive and high-quality learning opportunities.

CONCLUSION

Data from the 20 SDG Investor Maps show that the private sector has a critical role in advancing development objectives across national and regional priorities in sub-Saharan Africa. The 250 IOAs demonstrate the potential for economic, social and environmental impact – highlighting an investment landscape that enables both financial returns and measurable development progress.

However, structural barriers remain. As illustrated by the 53 white spaces identified across the African SDG Investor Maps, market, policy and regulatory constraints continue to limit growth in emerging sectors. This results in capital being concentrated in more mature markets, where risk is perceived to be lower, while high-impact business models remain underfunded. Country experiences captured through initiatives such as timbuktoo underscore how enabling environments – especially those that foster innovation and entrepreneurship – can support meaningful private sector engagement in the real economy.

To bridge investment gaps and align capital with development priorities, key reforms are needed. An effective interplay between public and private actors is essential for unlocking transformative investment. Integrated National Financing Frameworks (INFFs) are supporting countries to overcome financing challenges by strengthening policies and systems that channel financing towards impactful, SDG-aligned opportunities. INFFs also enable the development of appropriate financing tools and mechanisms to crowd in private capital.

In sub-Saharan Africa, 37 countries are using INFFs to shape financing strategies, implement reforms, and build the financial instruments, tools and institutional capacities needed to mobilize private sector investment. Many of these countries also have SDG Investor Maps, which help identify and align investment opportunities with national development priorities. Measures supported through INFFs include blended finance models, updated public-private partnership (PPP) laws, risk-sharing arrangements and concessional instruments to reduce barriers to investment. Notable opportunities emerging from INFF implementation include, among others, the use of remittances as a strategic source of development finance, as seen in Benin's Government-Diaspora Partnership Pact, and the application of FDI to national priorities, such as Tanzania's PPP-linked agriculture investments that channel private capital into local economic development.

United Nations Development Programme
Africa Sustainable Finance Hub
UN House, 351 Francis Baard Street
Pretoria, South Africa

sdgfinance.undp.org