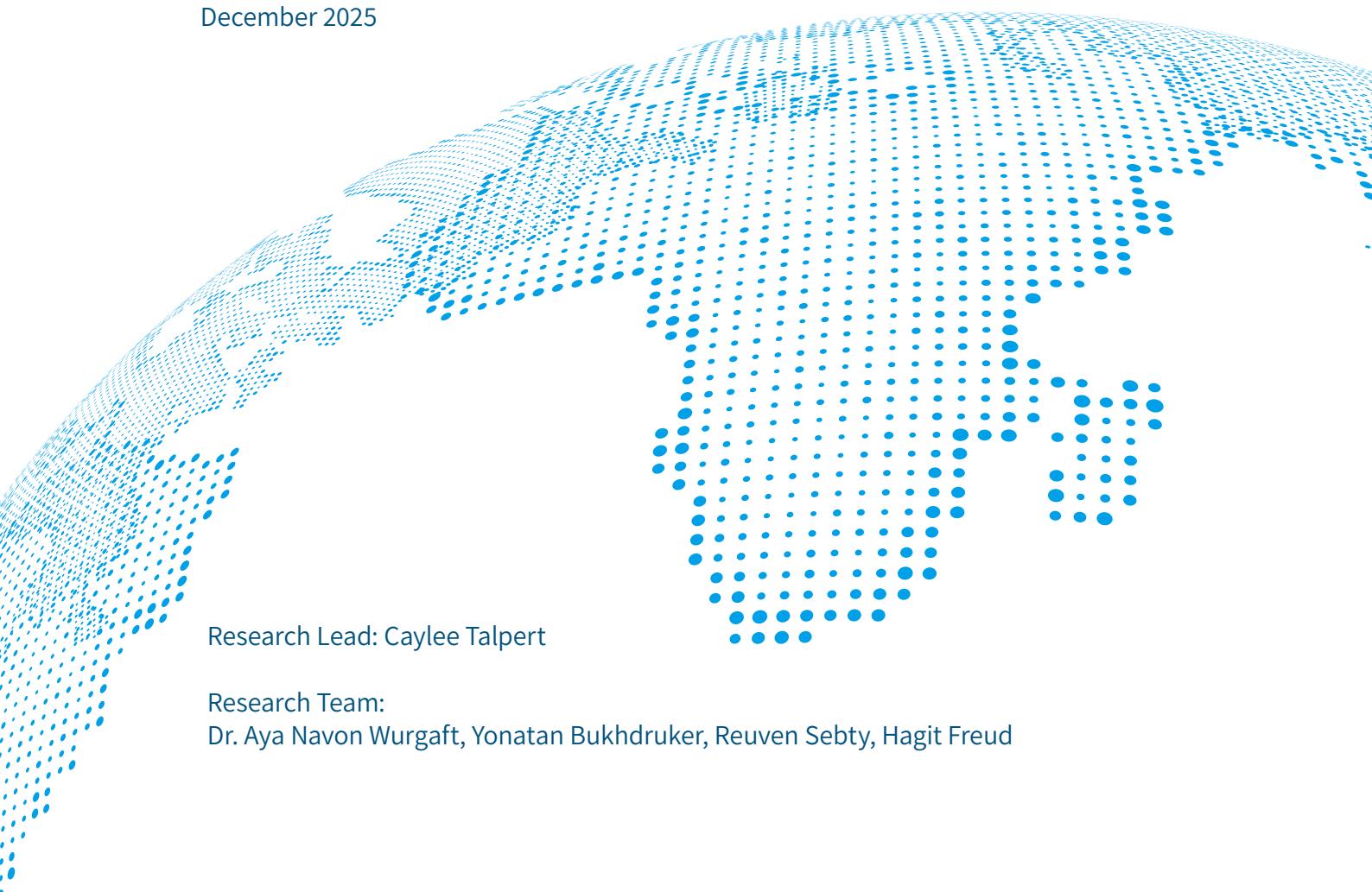


# Easier Said Than Done

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Insights from the past decade on how Israeli companies can build scalable, sustainable and financially successful businesses in Africa

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# Abstract

This paper explores the factors that contribute towards building scalable, sustainable, and financially successful technology-driven businesses in African markets. It draws on best practices and recommendations from global literature and interviews with Israeli technology companies working in Africa in sectors relating to international development (DevTech). Five themes were identified in the literature that are broadly regarded as important for long-term success in Low- and Middle-Income Countries (LMICs), these include: strategic partnerships, ecosystem creation, localization, business model innovation, and securing the right type of financing. Each of these themes is also closely related to achieving sustained development impact, in addition to business and financial goals. The interviews highlighted the complexity of applying these themes in reality, and some of the nuances of these approaches on the ground in Africa. Successful strategies, as well as the obstacles encountered by these companies, were both explored. Ultimately, this paper provides a framework for Israeli and global technology companies to maximize their likelihood of success in these often challenging but potentially rewarding markets.



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# About the Authors

## Research Lead:



**Caylee Talpert** is a business executive who has spent the past two decades driving digital transformation in emerging markets. Her work has spanned diverse sectors ranging from banking and consumer goods to agriculture, government and infrastructure, taking her from corporate boardrooms to micro-retailers across both Africa and South East Asia.

## Partner Organizations:



**Nura**  
Global Innovation Lab

**IFIE**

**Nura Global Innovation Lab** (formerly the Pears Program for Global Innovation) is an Israeli public benefit company dedicated to bridging Israeli innovation with the world's most urgent development challenges. Rooted in the vibrant Israeli innovation ecosystem and connected to a broad global network, NURA facilitates the design, adaptation, partnership building, validation, and piloting of innovative solutions tailored to the contexts of low- and middle-income countries (LMICs).

**The Israeli Forum for Impact Economy (IFIE)** is a non-profit that brings together leaders from business, government, and philanthropy to advance an economy creating social, environmental, and financial value. Chaired by Adv. Yael Almog, Chief Legal Counsel of Bank Hapoalim, IFIE serves as Israel's National Partner to GSG IMPACT, a G7-led global network spanning over 50 countries. Our mission is to foster cross-sector collaborations that drive sustainable growth, address social and environmental challenges, and position Israel as a leader in impact-driven innovation.



**SID ISRAEL**  
Society for International Development



המכון לחסי ישראל אפריקה  
Israel Africa Relations Institute

**SID-Israel** is the central hub for Israel's international development and humanitarian aid community, bringing together over 150 partner organizations - NGOs, companies, investors, academic institutions, and independent experts. The organization promotes Israeli engagement in international development and humanitarian action, working to strengthen Israel's contribution to global sustainable development.

**The Israel–Africa Relations Institute** leads a range of international activities aimed at establishing strong diplomatic, economic, and technological bridges between the State of Israel and the countries of the African continent. The Institute works to promote geopolitical partnerships designed to encourage prosperity and economic growth throughout Africa, while advancing Israel's strategic objectives on the continent.

# Introduction

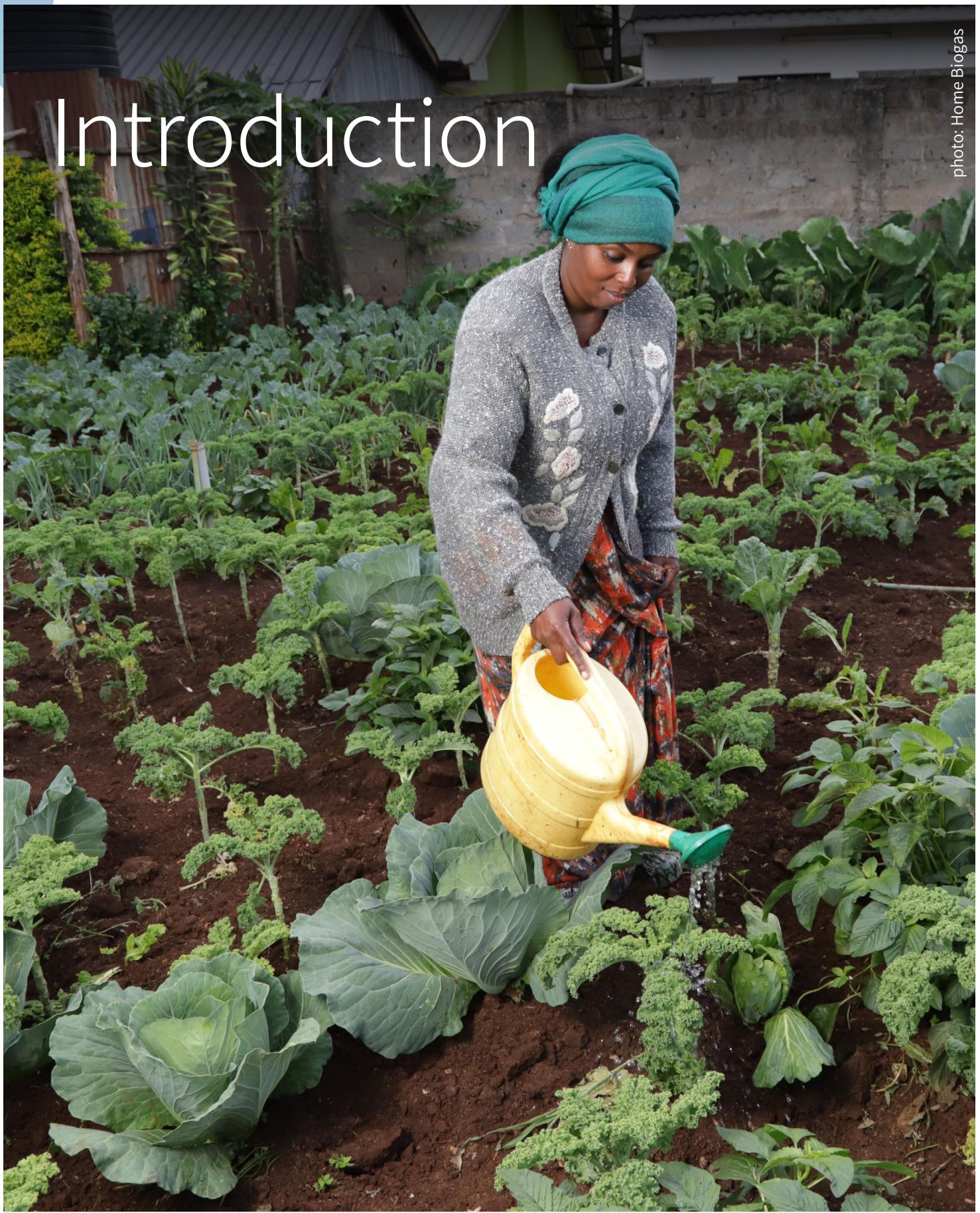


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Israel has been active in Africa since the 1950s, where already in its founding years Golda Meir recognized the important strategic opportunity Africa presented for Israeli trade and diplomacy (Bar-Yosef, 2015; Levey, 2008; Oded, 2013). Today there is wide recognition of the potential Israeli technology offers in addressing many of the challenges faced by Low- and Middle-Income Countries (LMICs) and Africa in particular. Further, Israel is widely regarded as a leader in sectors relevant to international development such as IT, water and sanitation, agriculture, energy and healthcare.

In parallel, the global development sector has come to recognize the importance of the private sector in driving economic development. Meanwhile, the conversation in Israel has shifted to a focus on how Israeli entrepreneurs and companies can harness technology and innovation to generate both meaningful impact and significant financial returns in these markets.

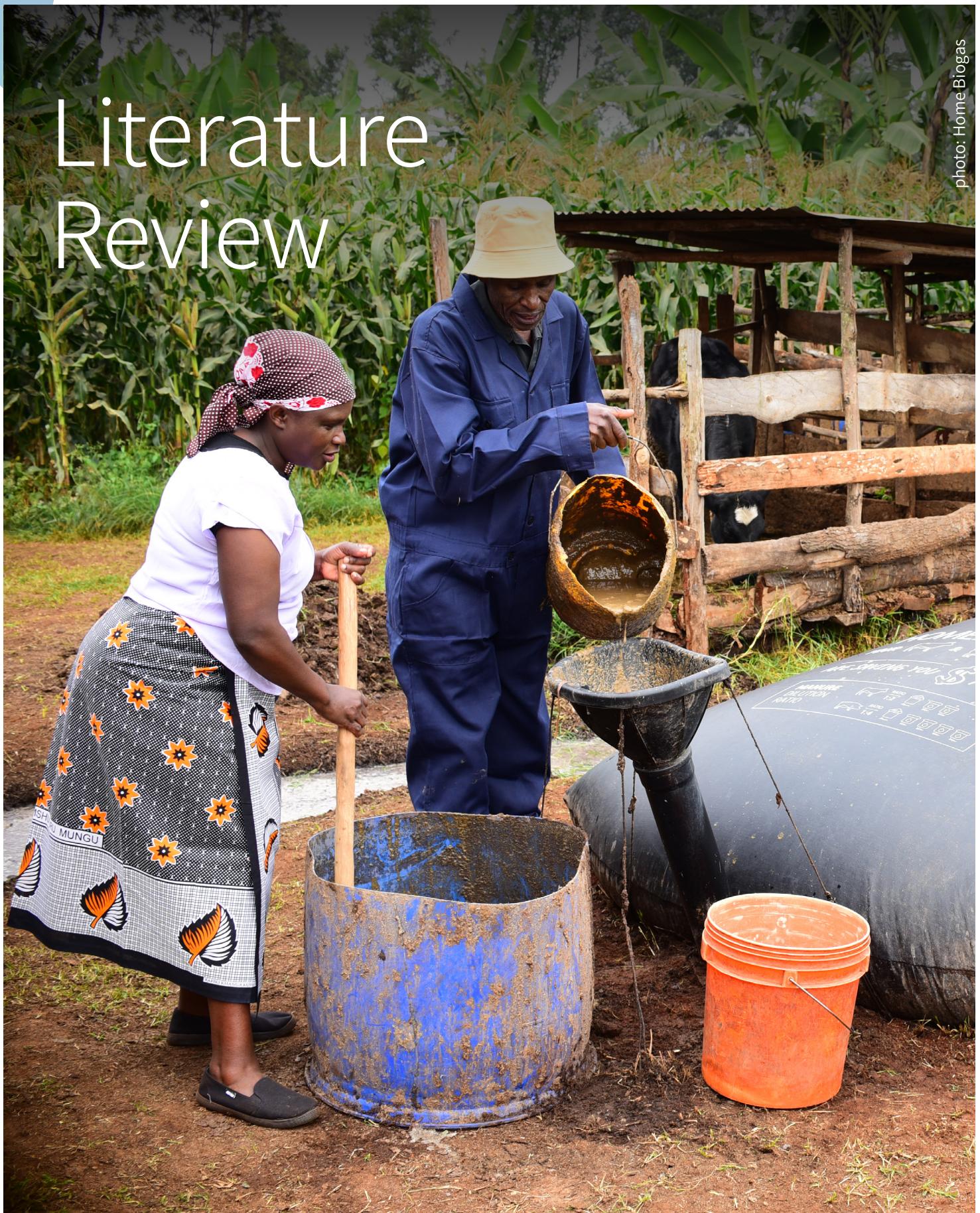
**However, there is a Kenyan saying “Vitu kwa ground ni different” (things are different on the ground), which underscores the complexities of doing business in Africa.** While these markets present significant opportunities for Israeli companies, they are not without their challenges. Past research on Israel-Africa relations has often focused on historical relations and the potential of Israeli technology and innovation in Africa (e.g. Ningthoujam, 2023; Levey, Z., 2004; Ajami, F., & Sours, M. H., 1970). This research, in contrast, focuses less on why these markets present an opportunity for Israeli companies, and looks instead at how Israeli technology companies can best prepare for success in these often-challenging markets.

**By drawing from global insights in the academic literature and industry reports, as well as first-hand interviews with leaders of Israeli technology companies working in Africa, we have identified practical strategies and best practices that we hope will help other businesses navigate the complexities of these environments.** These insights will help others understand the need for a nuanced approach that extends beyond technology transfer and moves instead towards building innovative, impactful and scalable businesses that achieve both financial success and meaningful development impact in Africa and beyond.

This paper begins with a review of the relevant global literature; it then examines the experiences of seven Israeli technology companies working in development-related sectors (“DevTech”) that have achieved significant traction in Africa (see Methodology section for more details). The conclusion then presents important insights and practical recommendations to help other entrepreneurs and companies to navigate their journey in African markets.

# Literature Review

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Over 100 papers were reviewed from three main strands of research focusing on businesses in LMICs: (1) Emerging Market Businesses; (2) Social Enterprises; and (3) Base of the Pyramid (BoP) Literature. The emphasis on these themes differed according to the type of literature, with some nuances depending on the context and research agenda.

The following five key themes were identified across these strands of literature:



Strategic Partnerships



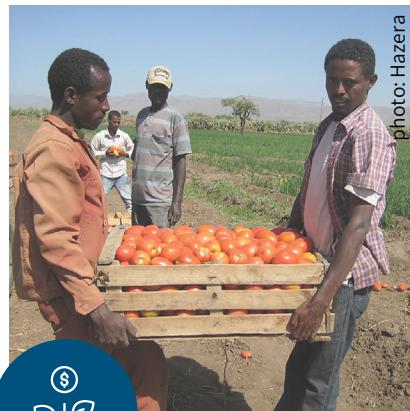
Ecosystem Creation



Localization



Business Model Innovation



The Right Financing

Achieving development impact was interwoven across these main themes and is discussed at the end along with some additional sub-themes.



## The Challenge

LMICs are often characterized as having “institutional voids” – a term used to describe “the absence of specialized intermediaries, regulatory systems, and contract-enforcing mechanisms” (Khanna & Krishna, 2006). This could range from lack of infrastructure, regulations, rule of law or distribution networks, to the absence of awareness or education about the benefits of certain products or services. Operating in these environments presents significant challenges for businesses compared to more developed markets, where strong institutions and a more enabling operating environment already exist.

## Recommendation

Partnerships are key to overcoming these challenges and building the trust which is closely associated with economic development but is often lacking in the absence of such institutions (Khanna, 2018). Such partnerships often extend beyond conventional business players as is common in developed markets (e.g. distributors, subsidiaries or local business partners) to include various non-traditional players, ranging from development agencies to local or community organizations.

These partnerships play an important role for example, in enabling companies to “embed” themselves in the local ecosystem (Kayser et al, 2025; London & Hart, 2004; London, 2016); in making social entrepreneurs in Africa more “resilient” in the face of challenges (Holt & Littlewood, 2017); and in enabling businesses to “outsource non-core functions” so that they can focus on those activities that are core to their business (Acumen, 2023).

We see the importance of partnerships for example, in one of the few empirical studies on sustainable enterprise in developing countries where Wheeler et al (2005) analyse 50 cases and note that successful enterprises “typically involved relatively dense networks of for-profit businesses, local communities, not-for-profit organizations and other actors, working in a self-organized way to create value in economic, social, human and ecological terms.” (Wheeler et al., 2005) The intentional development of strategic partnerships is seen to play a key role in business success in LMIC markets.

## Best Practices

### 1. Outsource non-core functions

Non-core functions should, where possible be out-sourced to external partners. These could range from facilitating operational activities, to access to resources, or influencing supply and demand and the overall environment in which a venture operates (London, 2016). For example, Lockwood (2014), in a study of the factors that lead to the failure of a range of public health ventures, concludes that:

**“You can’t do it Alone – In reality, successful innovators almost always partner with experienced individuals and organizations that can help them **overcome important hurdles**... Whatever methods they use, innovators must be brutally honest about what they can and cannot do well, **and about how their enterprise might benefit from outside assistance. Instead of creating their own sales and distribution channels, for example, effective entrepreneurs often find ways to leverage channels that already exist.**”**

(Lockwood et al., 2014)

### 2. Partnerships should be strategic and intentional

Partnership development should be approached from a strategic perspective as opposed to a purely opportunistic proposition. Thoughtful planning needs to be undertaken to identify and develop the right types of partnerships that correspond to the company’s current needs (e.g. market entry, market research, distribution). Further, these partnership needs will likely evolve as the business develops (e.g. from pilot to scale), thus the types of partners should also evolve.

To do this, companies should map their potential partnership needs with the ecosystem of partners available. Instead of entering into the first partnerships that present themselves, companies should make sure that all

parties' interests, resources and capabilities are aligned and complementary and actively seek out the optimal partners for their needs (London, 2016).

For example, "achieving scale" is often highlighted as a challenge for businesses in LMICs. "Scaling partners" are often key to overcoming this challenge. These could be either as "payers" (i.e. the organizations that fund scale such as foundations, development aid or impact investors) or "do-ers" (i.e. organizations that can help distribute, implement or educate about the products/services at scale such as governments, local authorities, or non-profits) (Starr, 2019).

### 3. Seek partnerships that develop trust

In the absence of many of the institutions that usually develop trust in a society (e.g. reliable legal frameworks, transparent government processes, or enforceable contracts) personal connections that establish trust can often be key enablers for business success. Foreign companies, in particular those not from the local ecosystem, need to find other ways of building trust. Khanna (2018) emphasizes how building trust in LMIC environments is often more important than the product or service itself. Partnerships are often key in this process.

**“** Smart entrepreneurs adopt the mindset that, like it or not, it's up to them to weave their own independent web of trust—with their employees, partners, clients, and customers—and with society as a whole."

(Khanna, 2018)

Strategic and intentional partnerships are therefore key in achieving core business objectives and developing trust. Partnerships also play a key role in developing the overall ecosystem, the next theme.



## The Challenge

In LMICs a key challenge is often the lack of a fully developed ecosystem or market. This may be anything from a lack of modern distribution channels (e.g. customers lack internet access or buy from the informal sector) to infrastructure (e.g. to reach rural areas) or lack of awareness or education of the need for a product or service (e.g. clean drinking water, preventative healthcare etc.). For example, Khanna & Krishna (2006) observe:

“Western organizations, for instance, rely on data from market research firms to tailor their products and marketing strategies to compete in different markets.’ They also count on supply chain partners to make and deliver products to customers and deliver products to customers inexpensively. **When these companies attempt to move into countries that don’t have sophisticated market researchers or reliable supply chain partners, they find it difficult to deploy their business models”**

This lack of an established ecosystem means that typical “business-as-usual” approaches that would be suitable in developed markets often fall short in LMIC markets. Additional resources and activities are usually required to build the ecosystem required for a successful business model. These often extend beyond the conventional scope of business activities.

## Recommendation

Companies need to view themselves and their activities within the context of the entire ecosystem. They should try to identify both “what exists” and can be leveraged to support their business and “what is lacking” and needs to be developed either internally or externally through partnerships (London, 2016). This usually requires companies to stretch their scope in order to engage in activities beyond their core business which, while potentially rewarding, brings its own risks.

**” To deliver the whole solution to your customers, you will probably need to significantly expand the scope of your business model, a risky move that can lead to substantial profits.”**

(Kayser et al., 2025)

Acumen, one of the pioneers of impact investing, similarly refers to the “duty” and “danger” in “doing it all” While such activities are often necessary for success in LMIC markets, they risk overcomplicating the business model and involve various moving parts that need to be coordinated. This complexity can also make scaling a challenge. (Starr, 2019).

## Best Practices

### 1. Leverage what is there

This involves looking at “what exists” that can be leveraged as part of the business model (e.g. local self-help groups, community organizations, social structures, trust-based relationships), then finding ways to utilize these resources to build the elements of the ecosystem that are missing.

**” Business strategies that rely on leveraging the strengths of the existing market environment outperform those that focus on overcoming weaknesses.”**

(London & Hart, 2004)

For example, savings groups (SACCOs) which are common throughout Africa can play a key part in awareness raising or education about financial products. Existing microfinance institutions often play a role in lease-to-own business models, while existing informal retail channels (e.g. wholesalers, grocery stores) can be used to distribute to the last-mile.

### 2. Consider more than just your product (including both supply and demand)

Acumen states in their 2023 Annual Report that one of their “most valuable lessons from [their] failed investments” is the importance of understanding the entire system of a problem, not just “the pieces of it.”

“

‘A single product may be necessary, but it is rarely sufficient to overcome complex problems,’ instead there is a need to ‘understand the entire system’ and how it can deliver the combination of solutions that are needed.”

(Acumen, 2023)

Acumen give examples of several agricultural companies that they invested in that provided smallholder farmers with “a single improved input, such as seeds, irrigation, or fertilizer” but that failed because they did not take into consideration key factors such as market access. Acumen concludes that companies need instead to look at the system as a whole, which in these cases included both the supply side (inputs) and demand side (willing buyers). This would have enabled them to better “manage risk, coordinate distribution, and improve the incomes of farmers.”

### **3. Develop the sector (even if it benefits competitors)**

This often involves companies undertaking activities that have positive externalities that may also benefit competitors. For example: encouraging more favorable regulation for the industry as a whole, raising awareness for the total product category, improving safety standards or building shared infrastructure. The rationale of building the industry as a whole is that the benefits to the company itself outweigh any advantages to competitors. The premise is that if the company is sufficiently “embedded” within the local ecosystem this in itself becomes its competitive advantage and can act as a type of barrier to entry to competitors that in these settings is often more effective than traditional patents or IP protection. Christensen (2019) refers to this as companies “pulling in the infrastructure” they need to run their businesses which he contrasts to development agencies that sometimes “push” infrastructure that is not sufficiently valued and therefore not adequately maintained.

Companies therefore need to look beyond the confines of their business and explore ways to develop the overall ecosystem as a whole. This often goes together with localization of the business to the needs on the ground, our next topic.



## The Challenge

While adapting products and services to local needs is important when entering any new market, this is particularly important in LMICs where the culture and business environments are often very different from developed markets, especially given the predominantly low-income populations. This frequently is not fully understood by foreign companies who do not invest enough efforts in sufficiently understanding the local needs and adapting their businesses and products accordingly:

**”** One-size-fits-all does not work. Businesses need to deepen their local market understanding, aligning their offerings with local needs and cultural nuances... Not only do locals understand the market intricacies, but they can also bridge cultural and communication gaps." (Daraojimba et al., 2023)

In an influential HBR paper, Khanna & Krishna (2006) analyze large local “emerging market-companies” compared to global companies that try to enter and compete in these markets. They highlight how local companies have “familiarity with the local context [which] allows them to identify and meet customers’ needs effectively.” For example, “product markets often turn out to be unique because customers’ needs and tastes are idiosyncratic” and there is a need to adapt to the “special characteristics of customers and business ecosystems” of these markets. Foreign companies are often less adept at doing so.

## Recommendation

The term “co-creation” is often used (particularly within BoP literature) to refer to the process of ensuring local stakeholders in LMICs are actively engaged from the start and throughout the business’s journey. Such local stakeholders have “familiarity with the local context [which] allows them to identify and meet customers’ needs effectively.” (Nahi, 2016).

Multiple players must be involved, including local governmental authorities, nongovernmental organizations (NGOs), communities, financial institutions and other companies" (Prahalad & Hart, 2002, p. 6) (Prahalad & Hammond, 2002).

The concept of co-creation recognizes that both external companies and local stakeholders have their own sets of “knowledge and capability” which together enable the development of a new product or service (Nahi, 2016).

This is also one of the few areas where there are some early empirical studies that suggest that inclusion of communities increases a company’s chances of success in LMIC markets. (London & Hart, 2004; Wheeler et al., 2005). Co-creation should involve working with local players throughout the design, development and roll-out of a new business or product in low-income communities. (C.K. Prahalad, 2004).

## Best Practices

**1. Find co-creation partners from the communities** – It’s essential to work with partners who truly understand the lived realities of end customers. A local executive or nonprofit may not fully represent these perspectives. Direct engagement with community members themselves such as through interviews or focus groups supports meaningful co-creation (Nahi, 2016).

**2. Co-creation should be more than just seeking “legitimacy”** – Often, the format that foreign companies use to engage with local populations takes more the form of seeking approval than actually building a solution together (London, 2016). Nahi (2016) refers to this as the “depth” of co-creation which ideally should involve “equal interaction that empowers poor communities and fosters social change.”

**3. Co-creation should be interactive and ongoing** – There is emphasis on the importance of co-creation being iterative where it involves “ongoing exploration, engagement and experimentation” (Simanis & Hart, 2009). This allows the company to build long-term relationships that “integrate” the different players’ “knowledge and capabilities” as opposed to a one-off interaction.



**Example:** Haier, a Chinese home appliance company, outcompeted global rivals by tailoring products to local needs. Notably, they adapted washing machines after discovering rural consumers used them to clean vegetables. They also developed a compact model for humid coastal cities, addressing frequent clothing changes while conserving electricity and water, making it an instant success (Khanna & Krishna, 2006).

There is therefore a clear recognition of the importance of gaining local perspectives and incorporating local knowledge into each stage of the business process. This needs to be incorporated into the overall business model, our next theme.

<sup>1</sup>This strategy is important for LMICs but it is not unique to such markets. For example, Elon Musk takes a similar approach to developing the electric vehicle and clean energy space. His companies' Tesla & SolarCity's technology is open-source as he has the view that the development of the electric vehicle and clean energy sector as a whole is good for his businesses despite any benefits it may bring competitors (Rothaermel, 2020).



photo: Home Biogas

04

Business Model Innovation

## The Challenge

Finding scalable business models for serving low-income populations is a key challenge, particularly in Africa, given the low income levels of the majority of the population in these markets. It is estimated that ~70% of Africa's purchasing power is from BoP consumers who earn less than a few dollars a day (Hammond et al., World Bank 2009). Finding ways to generate enough revenues to make these businesses sustainable and profitable is essential to success.

**“** Serving [people in poverty] is not the same as serving existing markets .... Managers first must develop a commercial infrastructure tailored to the needs and challenges of their new customers."

(Prahalad & Hart, 2002)

This requires innovation in the overall business model which needs to take into consideration the various activities already discussed in the previous sections (i.e. strategic partnership development, ecosystem creation, localization) among others. This is particularly important given the dynamic nature of these markets:

“ Within the ever-changing and complex commercial landscape of Africa, more than the mere presence of a strategy is required. The rapid pace of market development, driven by technical advancements and shifting consumer tastes, compels organizations to prioritize innovation”.

(Onwe et al., 2024)

Entrepreneurs need to clearly understand the “unit economics of their businesses” (Acumen, 2023) and develop “organizational processes and cost structures” that enable them to sell their products “at optimal price points in emerging markets,” which is often a key challenge for foreign companies in LMIC markets (Khanna & Krishna, 2006). London (2016) explains the distinction by contrasting developed markets, where entrepreneurs engage in “Fortune Finding” compared to LMIC markets, where success depends on “Fortune Creating”—intentionally building opportunities rather than discovering them.

## Recommendation

Business model innovation is a key factor for success, requiring experimentation that is both ongoing and that tests the different aspects of the business model. This should include clearly defined metrics for evaluating and learning from these experiments. (London, 2016; Holt & Littlewood, 2017).

“ Companies need to “Identify the operational drivers of success, measure them rigorously, and do what is needed to optimize”.”

(Acumen 2023)

The concept of ongoing experimentation and evaluation is not unique to LMICs. The Lean Startup movement has made these concepts common practice, especially among technology startups that operate in conditions of extreme uncertainty (Ries, 2011). However, in LMIC settings, business model innovation becomes key also in finding the models that facilitate access and affordability.

This process of experimentation, which is usually a prerequisite for innovation, also inevitably includes failure. It’s therefore imperative that planning for and managing failure is part of this innovation process (London, 2016; Chang, 2018). This is particularly important given the vulnerability of low-income populations.

“ Failure is an opportunity to learn, not a license to do harm. Experimenting with products and services for people in poverty brings with it a special duty of care; you don’t get to “move fast and break things.” It is important for us to try new things and learn from challenges, but investors and entrepreneurs must avoid putting people or their long-term livelihoods in jeopardy.”

(Acumen, 2023)

### 1. Focus on the cost structure and unit economics

Companies should be mindful of their cost structures to make sure their financial model makes sense in reality. This includes a deep understanding of the unit economics, “to ensure that margins can support complex operations” at scale.

## Best Practices

This often involves innovative approaches to reduce costs. Many models have evolved such as “No-Frills,” “De-skilling,” or “simplifying” (commonly used by budget airlines in developed markets) which involves “stripping the product to the essentials”, making it both affordable to low-income users and scalable (Kayser et al., 2025).

Other models for reducing costs include tapping into existing networks (e.g. microfinance/self-help groups), training local sales agents (e.g. empowering local women from rural communities with entrepreneurial skills) or piggy-backing off existing channels (e.g. leveraging consumer goods distribution networks to get medicines to rural areas) to reduce the cost of distribution. Other options include focusing on the affordability side such as small package sizes (common for consumer goods) pay-as-you-go (common for digital products, utilities etc.) or lease-to-own models (common for appliances, vehicles etc.) or other micro-financing-enabled models (e.g. consignment/buy-now, pay-later).



**Example:** ‘No-Frills’ or ‘De-skilling’ - Aravind Eyecare trains local field workers to identify most common eye problems and prescribe glasses. Only complex cases are referred to qualified optometrists in the cities, enabling them to reach significant scale. Similar models are used by Narayana Health which has successful scaled low-cost heart surgery enabling them to expand beyond India to treat patients from all over the world. Various education models in Africa use similar approaches to expand their reach, such as by using technology to empower local teachers with only basic education levels.

### 1. Clearly define pilot objectives & success metrics

Pilots need to be well thought out with clearly defined success metrics (both business and impact). They should be designed to test the various different elements of the business model and should allow for, or even encourage, failure. This allows for minimizing the potential harm to low-income stakeholders while pivoting and improving the business model before scaling. (London, 2016).

### 2. Explore multiple and indirect revenue streams

Successful companies often target multiple revenue streams to reduce reliance on low-income users as a single source of income. Sometimes this involves a form of cross-subsidization (the Robin Hood model), enabling the company to reach scale in low-income markets while offering more advanced services or features to higher-end customers. Other times this may involve looking beyond direct customers to other alternative revenue streams or third parties.

Acumen (2023) explains that “Not all impactful business models are direct-to-consumer businesses, where a customer pays 100% of the cost. Expecting people in poverty to pay their way out overlooks their realities.” They explain how Acumen’s approach has evolved to recognize that “to reach people in poverty with high-quality, affordable services, third-party payers are often necessary.” These third parties could be development agencies, governments or new alternative sources of funding such as carbon credits which are increasingly being used as a supplementary revenue stream from third parties. (Kayser et al., 2025).



**Example:** Numerous lean cookstove businesses have begun to monetize their positive externalities on the environment through carbon credits, enabling them to reduce the price of their products for end consumers. However, companies should keep in mind that this comes at a cost including certification (estimated at \$36,000 annually) and significant management time and resources which can distract the enterprise from its core business. (Kayser, 2025).

### 3. Strategic use of subsidies

Companies can explore subsidies from development agencies or other parties to overcome market failures, or reach a stage of product or market development where they can become sustainable. The design of these subsidies is crucial to avoid unintended negative consequences (London, 2016). For example, subsidies can result in unscalable and unaffordable products that are not within reach of the target population, when simpler alternatives may have been sufficient (Kayser et al., 2025). Another challenge caused by subsidies is to undermine the local competition and create price instability in the market. Companies should therefore be strategic in their approach to subsidies to ensure that they support the long-term sustainability of local businesses and communities.



**For example,** Kayser et al., (2025) explains how Solar Home Systems (SHS) in Bangladesh were heavily subsidized by philanthropists who believed that they should provide a level of service equal to that enjoyed by households in rich countries. This resulted in products that were completely unaffordable. They explain that being able to produce electricity every day of the year, even during prolonged periods of cloudy weather, required large batteries and solar panels that were far too expensive for Bangladeshi households. As a result, SHSs were often poorly maintained and abandoned after a few years. Hystra (The authors of the report) worked with Grameen Shakti to develop a SHS that cost \$150, paid with \$8 monthly instalments over 1 year (on top of a down-payment).

Such a lower-cost product inevitably ran out of energy for 5 to 10 days per year but having more affordable and reliable energy access for the other 355 to 360 days was sufficient for Grameen Shakti's clients' needs. Grameen Shakti managed to sell more than 1.8 million SHS in Bangladesh between 1996 and 2020.' (Kayser et al., 2025)

It is therefore important that companies invest the time and resources into finding the right business model for serving low-income customers, through a structured approach that recognizes both the need for genuine experimentation and the importance of managing failure. Finding the right funders that are aligned and supportive of such approaches is our final theme to which we now turn.

It is therefore important that companies invest the time and resources into finding the right business model for serving low-income customers, through a structured approach that recognizes both the need for genuine experimentation and the importance of managing failure. Finding the right funders that are aligned and supportive of such approaches is our final theme to which we now turn.



05



## The Right Financing

### The Challenge

Accessing funding is often highlighted as a key challenge for entrepreneurs in LMICs.

“ An entrepreneur who is capable of ensuring long-time finance can focus on the enterprise, whereas an entrepreneur who does not have access to sufficient funding struggles on a daily basis to ensure short-term financing. (Lansink et al., 2013)

Today, there is a growing recognition of the need for funders to take into consideration the unique needs of businesses operating in LMICs. This recognizes that the return expectations and timelines of traditional investors are often unsuited to the needs of these markets. For example, such investors often push for scale without taking into account the complexities on the ground.

When companies tried to scale complicated models prematurely, they scaled their problems instead. (Acumen, 2023)

For example, while venture capital (VC) funding is usually a key source of finance for technology companies, Tony Chen, an African investor, argues that “Silicon Valley Doesn’t Work for Africa” (Munyaneza, 2024). He compares VCs to a race car in an “off-road safari race” or “Nairobi rush-hour” to demonstrate how unsuited they are to the African context:

[A race car] takes you from point A to point B really fast, but it assumes that: (1) you have smooth road; (2) you have a pit crew; (3) you have race organizers who’ve set and will reinforce mutually-agreed-upon rules; (4) you’re wearing a helmet and you’ve been training for the G-forces on those turns. But what if there isn’t even a road yet – let alone a smooth one? Why are we spending so much time talking about high-performance tires?

This analogy highlights how VCs are “a very specific financial instrument for a very specific set of circumstances” (Akinyemi et. al, 2021) that is often not well suited for African markets. Similarly, many impact investors maintain traditional return expectations and timelines, which don’t align with the longer path required for the partnership building, ecosystem creation, localization and business-model experimentation associated with success in LMICs.

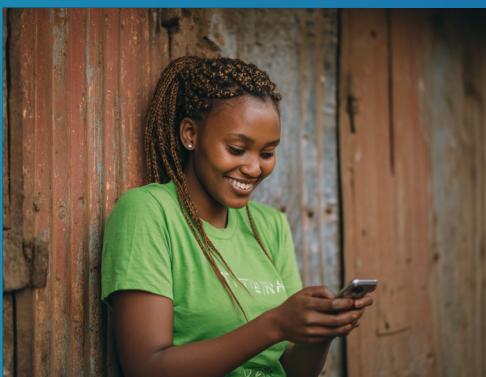
## Recommendation

It is crucial to manage the expectations of funders and identify the right type of funding that is aligned with the company’s needs and business strategy. This includes both the timelines and return expectations of investors and their appetite for risk. A mixture of different types of funding that are aligned with the different stages and needs of the business is often required. The term “Patient Capital,” first coined by Jacqueline Novogratz, the founder of Acumen, is often used to refer to the long-term approach needed by investors in order to build businesses that are scalable and sustainable in low-income markets in the long term.

## Best Practices

### 1. Consider a hybrid approach to funding

An intentional and strategic approach should be taken in order to find the right kind of funding, where investor and business goals are aligned (London, 2016). This often involves a mix of philanthropic funders and commercial investors. This may come at different stages in the businesses lifecycle but could also happen concurrently to support different aspects of the business.



**Example:** M-KOPA, a very successful for-profit Kenya-based financial services company also has a non-profit Lab that receives grants for its R&D activity. This is an increasingly common approach in these markets and while it brings its own complexity of managing the expectations between different funders, it can help unlock different sources of funding that are relevant to the different business needs. (Acumen 2023)

### 2. Differentiate between pilots (where failure is expected) and projects

Companies should be clear that in the initial stages of developing a new product/technology or business model for LMICs, funding is needed for pilots (as opposed to projects). This involves genuine experimentation, a process which inevitably includes failures. This needs to be built into the expectations of funders, particularly impact-driven funders/philanthropies who often finance pilots with the goal of achieving positive social outcomes and may be less open to failure (London, 2016). Companies should identify funders that recognize that trial and error is part of the business model innovation process. This is particularly important in LMIC settings where risks and uncertainties are even higher and thus experimenting (and failing) early is important for finding the right models, before scaling to minimize the negative impact on both the business and the populations it serves. (Chang, 2018).

### 3. Adopt an R&D-type approach

For large enterprises targeting LMIC markets, an R&D type approach is recommended. This recognizes that such initiatives take time and investment to reach breakeven. Such initiatives are best positioned for success if the parent company grants them a high level of flexibility and insulation from business-as-usual approaches while holding them accountable for clear success metrics along the way, and a sustainable model at the end of the period. (London, 2016)



**Example:** Mexican cement giant Cemex set up Patrimonio-Hoy, a business segment focusing on BoP customers, by assigning top managers, locating them outside their corporate headquarters and then giving the initiative a 4-year time horizon to become self-sustaining and eventually profitable (London, 2012). This is effectively another form of Patient Capital utilizing internal company resources.

# Methodology



This research was divided into the following stages (1) a comprehensive literature review of global recommendations or best practices for businesses operating in LMIC or African markets. (2) Interviews with selected Israeli technology companies that achieved significant traction in Africa (either currently or in the past). (3) Analysis of the findings from the interviews and the extent to which they complement, contrast or enhance the insights from the literature review.

## Literary Review

This literature review included both academic papers and industry reports that covered a broad range of papers. In general, these fell into 3 main categories:

Literature Focus	Overview	Examples
<b>Emerging Market (EM) Businesses</b>	<p>Focused predominantly on profit-driven companies operating in Africa/LMIC.</p> <p>Papers reviewed largely examined either multinational corporations (MNC) or local small and medium enterprises (SMEs).</p>	Khanna & Krishna, 2006; Daraojimba et al., 2023; Shah, 2012; Neuland & Hough, 2010; Onwe et al., 2024
<b>Social Enterprises (SE)</b>	<p>Focused on social enterprises (SEs) or companies driven predominantly by a social mission.</p> <p>Papers reviewed examined SEs in Africa, LMICs or global contexts.</p>	Lansink et al., 2013; Katzenstein & Chrispin, 2011; Thisted & Hansen, 2014; Holt & Littlewood, 2017; Iskandar et al., 2023.
<b>Base of the Pyramid (BOP)</b>	<p>The largest body of relevant literature, focusing on businesses targeting low-income customers. Many of the EM and SE papers also overlapped with BoP literature.</p>	London, 2016; Hammond et al., 2009

Most of the studies were of a qualitative nature employing interviews and case studies to infer recommendations from a subset of businesses analyzed in these markets. Many of the academic papers had a small sample size where only a handful of companies were interviewed. The industry reports were generally wider in scope and looked at lessons learned from a broader portfolio of companies or clients that the organization had funded or worked with directly (e.g. Acumen, Hystra, IFC).

Through this process we identified a notable gap in the literature, in that while many recommendations apply broadly across sectors, there is little focus specifically on technology companies. Such companies often encounter unique challenges in adapting not only their technologies but also their business models to LMIC contexts. Adaptations are often required to address challenges such as varying levels of technological literacy, limited awareness of the need for their solutions or lack of an enabling environment or supporting infrastructure. This research expands on existing knowledge by focusing specifically on the experiences of technology companies from a developed market (Israel) that sell technology products in LMIC markets (Africa) in sectors closely aligned with development impact (DevTech). It offers insights into the business adaptations and approaches that technology companies can take to increase their chances of success in these settings.

## Development Impact

While the main focus of this literature review was understanding the factors leading to financial sustainability, development impact was an underlying topic interwoven between these key themes. The literature generally recognizes that achieving measurable development impact is an important part of building a financially successful and sustainable business in these markets. This is based on the premise that if the business is not genuinely creating value for its customers/end-users/the community in which it operates (i.e. development impact), it will not be able to generate long-term revenues (whether from end users or other stakeholders) and become sustainable and scalable. (London, 2016; Shah, 2012).

Throughout these five themes, achieving development impact is seen as an important goal or bi-product, whether it be in (1) developing strategic partnerships that create/enhance impact; (2) developing the ecosystem which benefits the entire community/industry or understanding and amplifying the value to low-income customers through (3) localization and co-creation. Development impact is also an important component of the (4) Business model innovation process where part of the process of experimentation and testing new models is finding ways to deliver value to low-income customers or communities, while at the same time minimizing any potential harm that could be caused as a result of these experiments. Finally, there is a recognition that (5) the right type of financing usually involves funders who recognize the importance of achieving development impact as part of their business activities and that are comfortable with the longer time horizons that this often entails.

In this sense, impact metrics are essentially very closely aligned with business success metrics and should be clearly defined, measured and tracked. Thus, impact measurements should be part of a business's overall key performance indicators (KPIs) and should be used to set clear goals and drive accountability for achieving them throughout the lifetime of the business. This process should also take into account the inevitable negative impacts that often occur unintentionally when working in such environments (London, 2016).

## Additional Themes

While the five core themes discussed above appear broadly across the literature, other factors also emerge as important for success in LMICs. These include traits like resilience, adaptability, risk-taking (Jegede & Nieuwenhuizen, 2020), and resourcefulness or “making do” (Baker & Nelson, 2005; Holt & Littlewood, 2017). Ongoing learning and skill development are emphasized in response to rapid market and technological shifts (Onwe et al., 2024). The ability to improvise in the face of adversity is also seen as critical for building resilience (Holt & Littlewood, 2017), and adaptability is linked to strategic flexibility and opportunity capture (Sanchez, 1995; Shah, 2012). Good governance, especially in contexts with weak contract enforcement and limited resources, is also emphasized (Khanna & Krishna, 2006), as are clear business strategies and general business acumen (Atkinson, 2018). These examples are by no means exhaustive and each study frames and emphasizes different aspects on these themes.

Another important theme, especially in the practitioner reports, is the growing recognition of the value of learning from the challenges and failures of others. In line with broader trends in global development, recent work stresses the need to share not only successes but also the “hard-earned lessons from failed efforts,” as a vital part of accelerating progress and avoiding repeated mistakes (Lockwood et al., 2014; Acumen, 2023; Kayser et al., 2025).

“ For all the work – and money – that millions of nonprofits, social enterprises, philanthropists, and impact investors have deployed in the name of impact, too many inadequate or, frankly, plain out wrong approaches continue to hold back the speed at which we as a world could solve our toughest problems of poverty... We have to solve our biggest problems together. It is thus imperative that we share, not only our successes, but also our failures and what we learn from them.” (Acumen 2023)



# Company Interviews

Following the literature review, interviews were conducted with Israeli DevTech companies to assess how the themes and best practices identified in the literature aligned with their experiences in Africa. A list of companies was compiled based on the following definitions:

- **Technology-Based**—companies that develop or commercialize innovative tech solutions such as software, AI, data analytics, or biotechnology (excluding general distributors or non-tech firms).
- **Israel-Connected**—companies with strong links to Israel through headquarters, leadership, operations, or core functions like R&D or manufacturing.

Five criteria were used to create a shortlist of companies to interview. These criteria focused on scale and traction and were intended to exclude early-stage startups where the probability of success is low, even in developed markets. These criteria were:

**01**

### Presence in Africa

On-the-ground operations/sales already established (products in the market, local employees, offices etc.).

**02**

### Scaled in Africa

Traction beyond initial pilot phase (scaling within or across countries).

**03**

### Development Sector Focus

work primarily in a key sector connected to international development impact (DevTech).

**04**

### Financial Traction in Africa

Significant funds raised for or revenues from Africa.

**05**

### Adaptation to Africa/LMIC markets

Product has been designed/adapted specifically for African/LMIC contexts.

Over 100 companies were evaluated and rated on the extent to which they had either currently or in the past met these five broadly defined criteria. A wide range of companies was considered, spanning different sectors, technologies and geographies in Africa.

Based on these criteria seven companies were interviewed, representing a broad range of sectors including: healthcare (2), financial services (2), renewable energy (2), and agriculture (1). They differed vastly in size from startups that are specifically Africa-focused to large global companies with a significant Africa presence. It is important to note that while we conducted extensive mapping, these seven companies were selected from a shortlist of less than 10 companies that met all five of the criteria, emphasizing the challenges of building companies that are both financially sustainable and impactful in Africa.

The company review covered a 10-year timespan and intentionally also included companies that are either no longer active or expanding in Africa. This enabled us to gather insights also from the challenges that even successful companies faced in sustaining their businesses in these markets. In these cases, we interviewed the founders/CEOs from the time period when the company met the five criteria. Of the seven interviewees, five were CEOs/former CEOs, one was the CBDO and one was the company's Africa lead. Of these, five of the interviewees were also the company founders.

### FIDO

**Description:** A technology-enabled financial services provider building a mobile-first digital bank. It offers credit products using an automated end-to-end process powered by proprietary machine learning tools. The company emphasizes responsible lending practices and mobile-based access.

**Markets in Africa:** Ghana, Uganda (expanding to a third African market).

**Scale:** Over \$500M in loans disbursed in Ghana alone; over 1 million customers served, including 50,000 in Uganda; 40% of users are small businesses.

**Impact Contribution:** Expands access to finance for underserved populations through mobile-based digital lending.

**Year Established:** 2014

**Start in Africa:** 2014

### Hazera

**Description:** A seed company involved in breeding, producing, and marketing vegetable seeds, offering varieties suited to local agroecological conditions. Works with distributors and partners to support smallholder and commercial farmers. An example of a global agribusiness with deep local partnerships in Africa and adaptive varieties.

**Markets in Africa:** All across Africa, notable activity in Kenya, Ethiopia, and Tanzania.

**Scale:** 70+ African distributors, global presence in 130+ markets

**Impact Contribution:** Supports improved productivity and resilience in smallholder and commercial farming systems.

**Year Established:** 1939

**Start in Africa:** Since the 2000s



**Description:** Offers off-grid solar home systems for residential and small commercial use. The systems are sold using a pay-as-you-go model and are distributed through local telecom partnerships. One of the most scaled PAYG solar providers; useful model for integrated telecom-energy distribution. Works today as operator only, without further product expansion.

**Markets in Africa:** Nigeria, Côte d'Ivoire

**Scale:** 88,000+ systems sold, reaching over 1 million people.

**Impact Contribution:** Provides energy access for off-grid households and small businesses.

**Year Established:** 2013

**Start in Africa:** 2014



**Description:** MedTech company serving women's health by offering AI-supported diagnostic tools, including a smartphone-based colposcopy system for cervical cancer screening. The system enables frontline workers to perform diagnostics in low-resource settings. Reached multiple countries and health systems before focus shifted to the U.S. and demonstrated health tech adaptation for LMIC needs and scale achieved through public sector partnerships.

**Markets in Africa:** Initial presence across sub-Saharan Africa; products still used through distribution networks.

**Scale:** Reached multiple countries and health systems with several thousand devices distributed, performing over a million tests, before focus shifted to the U.S.

**Impact Contribution:** Supported early cervical cancer screening using AI and mobile tools in low-resource contexts.

**Year Established:** 2012

**Start in Africa:** ~2013



**Description:** Credit analytics company with a solution for financial institutions such as banks and MFIs, credit scoring, credit decision and credit monitoring tools. Specifically designed to make credit accessible for MSMEs at the BOP.

**Markets in Africa:** Kenya, Ethiopia, Rwanda, DRC, Malawi, Tanzania, and more.

**Scale:** Helps process 30,000,000+ credit decisions per month, for 50+ different financial institutions.

**Impact Contribution:** Facilitating MSMEs at the BOP access to responsible credit

**Year Established:** 2006–2007

**Start in Africa:** ~2014

### PREPEX™

**Description:** Developed a non-surgical male circumcision device used in HIV prevention programs. Worked with WHO, health ministries, and donors to integrate the device into national campaigns.

**Markets in Africa:** Rwanda, Uganda, Zimbabwe, South Africa, +10 others.

**Scale:** Operated in over a dozen countries, selling 1.5M devices with each circumcision reducing the chances of contracting HIV by 50-60%, before closing in 2019.

**Impact Contribution:** Supported large-scale HIV prevention campaigns in underserved settings.

**Year Established:** 2009

**Start in Africa:** ~2010

### HomeBiogas

**Description:** A climatech company that develops innovative, off-grid systems that turn organic waste (including food scraps and human or animal waste) into renewable energy and natural fertilizer. Their user-friendly biodigesters provide clean cooking gas and sustainable sanitation solutions for homes, farms, and institutions. In 2024 HomeBiogas was certified by Gold Standard in Kenya to generate carbon credits which has become an important part of their business model, contributing to both their economic scalability and developmental and environmental impact.

**Markets in Africa:** Offices in Kenya and active in multiple African Countries including Uganda, Zimbabwe, Ghana, Rwanda, Zambia and South Africa

**Scale:** Over 40,000 systems installed, 15 active distributors in over a 100 countries worldwide of which around 50% are developing countries. As part of their shift to Carbon Credit Projects, Homebiogas has installed 5,000 systems in Kenya with a signed agreement with the Swiss Government to install 20,000 biogas systems in Ghana and projects ongoing in both Kenya and Rwanda together with UNDP.

**Impact Contribution:** Provides clean cooking energy to off-grid users and bio-fertilizer to smallholder farmers. Each unit can produce up to five hours of cooking gas and 150 liters of liquid biofertilizer daily, contributing to improved household health, off-grid sanitation and agricultural productivity

**Year Established:** 2012

**Start in Africa:** 2018

# Interview Findings

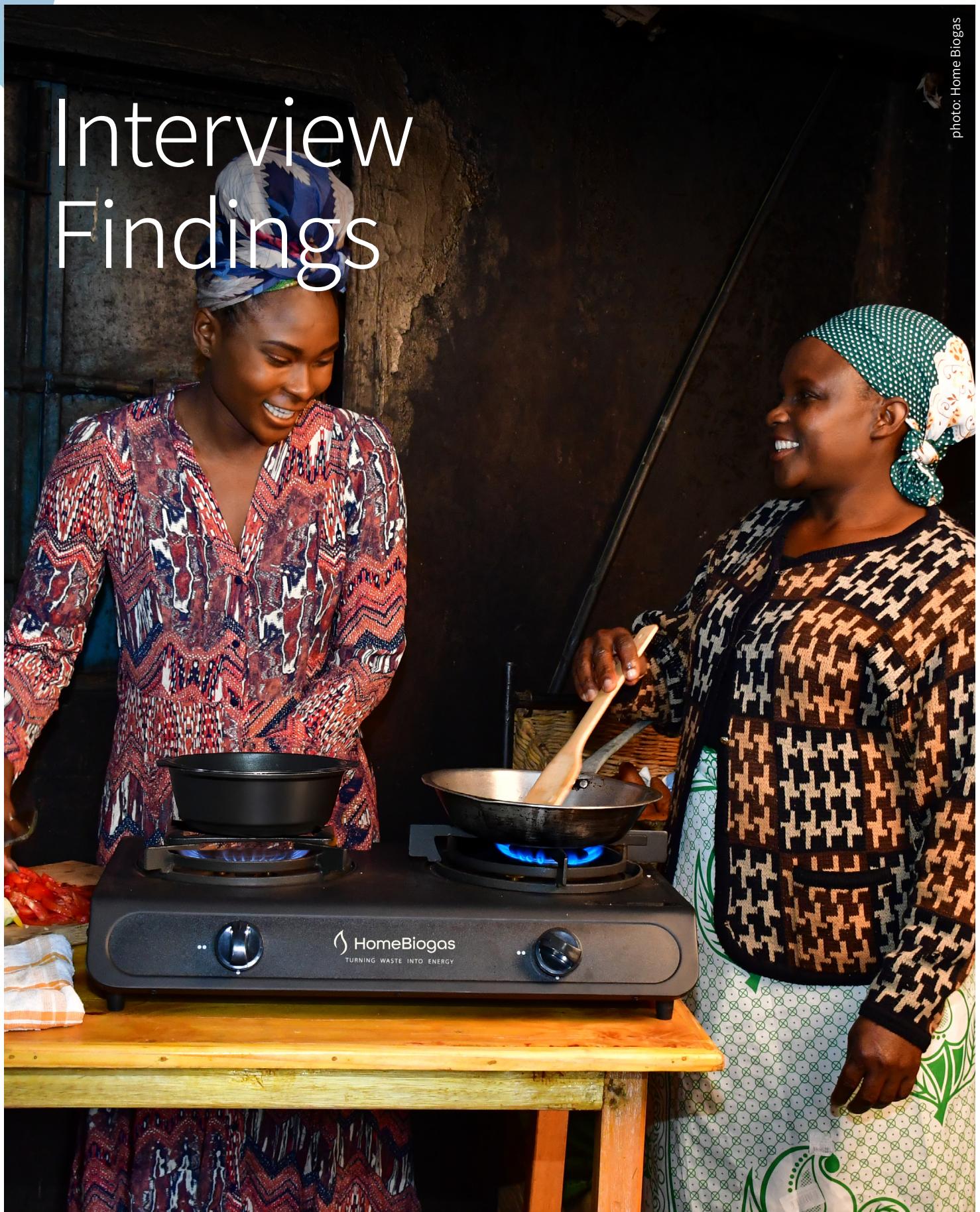


photo: Home Biogas

The interviews with Israeli technology companies provided practical insights into how the themes and recommendations identified in the literature are applied in practice. The interviews also demonstrated some of the nuances and challenges in applying these recommendations. Further, the interviews revealed new insights for the broader development and business community on how technology companies in particular have adapted their technologies, business models and practices to the unique environment of Africa.



The literature highlights the importance of partnerships to overcome institutional voids and recommends that companies seek strategic partnerships, often with non-conventional players to overcome many of the challenges associated with LMICs. The interviews reinforced this recommendation while also illuminating different aspects of such partnerships that at times differed from the literature. For example, beyond outsourcing key functions, such partners were also seen as key to mitigating risk. Many of the interviewees also placed even greater emphasis on interpersonal relationships than the formal partnerships themselves. Relationships

The literature highlights the importance of partnerships to overcome institutional voids and recommends that companies seek strategic partnerships, often with non-conventional players to overcome many of the challenges associated with LMICs. The interviews reinforced this recommendation while also illuminating different aspects of such partnerships that at times differed from the literature. For example, beyond outsourcing key functions, such partners were also seen as key to mitigating risk. Many of the interviewees also placed even greater emphasis on interpersonal relationships than the formal partnerships themselves. Relationships were seen as key in building trust and local cultural understanding. The importance of relationships extended beyond partners and included also relationships with local stakeholders or even their own local employees.

The interviews also highlight the companies' somewhat ambivalent approach to development or NGO partners. Despite all of the companies interviewed having engaged with such partners where relevant, many also expressed more critical views, describing challenges in such partnerships.

## Outsourcing Non-Core Functions

In line with the literature, many of the companies interviewed provided examples of how they effectively outsource non-core functions to partners. For example, HomeBiogas works with microfinance institutions (MFIs) and development agencies for financing farmers' purchases of their systems.

**“They [MFIs] provide the micro-financing. We saw it works much better than when we tried to handle it ourselves. Collections and follow-ups are difficult. Local microfinance institutions know how to manage this much better”.**

The Founder/CBDO explains that while this is “a lot of work, a lot of coordination” they have found this partnership model to be the optimal approach for financing their customers’ (mostly smallholder farmers) purchases of their products, enabling them to focus on core business activities.

Similarly, from the start, Lumos built their business model around a key strategic partnership with MTN, the largest mobile network operator (MNO) in Nigeria. Lumos recognized the importance of working with a strategic partner that could enable them to scale (MTN had at the time over 60 million customers in Nigeria) as well as “not trying to do it all” themselves. For example, “instead of trying to build [their] own payment solution” Lumos used MTN Mobile Money which was already widely used throughout Nigeria. They also saw MTN with its massive reach in Nigeria as a way to mitigate risk. They therefore built their business so that their interests were closely aligned with those of MTN. For example, their systems provided rural users a way to charge their mobile phones, thus amplifying MTN’s traditional revenue stream, and offered MTN a new revenue stream from Lumos’ home solar systems (through a revenue-share model which is common with MNOs). The founder explains:

**“They (MTN) were interested to partner with us, because they saw it will drive more revenue to their company. There was a very basic decision at the beginning, then we are not going to go to market alone. We'll go to market only in countries where we have mobile operator partnerships. There was a basic principle in the way Lumos was founded**

Partners were also seen as important for awareness raising and education, such as for public health issues. For example, MobileODT took part in different women's health fairs and worked with organizations promoting women's health workers. Similarly, PrePex partnered with the local health systems or local non-government organizations who were key in driving awareness to their products and Hazera partnered with NGO and development organizations to help train farmers and better position their products in the market.

## Relationship Building

Beyond partnerships themselves, many of the companies interviewed emphasized the importance of informal interpersonal relationships. Many of the companies started in Africa with a strong personal connection to key stakeholders that helped open doors. They then focused on building and maintaining relationships, which usually involved the leadership travelling regularly to key markets and employing locals or relocating Israeli employees (expats) or some combination of the two.

For example, Fido's CEO emphasized the importance of relationships with different local stakeholders, whether it be MNOs, regulators or local banks, as opposed to partnerships themselves. He talks about the importance of spending time "on the ground" to build and maintain these relationships.

Paretix's founder/CEO emphasizes the importance of "finding someone you trust" as a local partner to build relationships. He explains the importance of having someone to "translate" not only the language but also "what they say not in words" since "the culture is so different." Even though they already have long-term contracts with customers, these relationships remain key for upselling and cross-selling products that could bring more value. Their local partner effectively acts "like a guide" that helps them to navigate and maximize these relationships. Similarly, PrePex sent Israeli employees to live in key countries to build such relationships.



## The Complex Role of Development & NGO Partners

While the literature highlights the importance of development or NGO partners, the interviews highlighted the complexity of these partnerships. While almost all the companies partnered with such organizations in certain contexts, their experience was mixed. Many interviewees were also critical about the incentives, influence, processes and priorities of such organizations.

For example, one interviewee spoke about how he has seen projects financed by development agencies that are “now standing without any use because nobody knows how to operate it [the equipment].” However he also describes very effective and successful partnerships with other development partners, highlighting the need to evaluate each player in this sector on its own merits.

Other criticism echoed a broader question on the influence on the non-profit sector on markets. For example, NGOs support businesses that “will never be profitable,” when sustainable solutions exist. Similarly, others highlighted the potential risks of philanthropies’ oversized and potentially counterproductive influence on sectors from their perspective (e.g. Gates Foundation, PEPFAR, and WHO on public health). Interviewees also highlighted some of the challenges of what they saw as the “unpredictability” of development aid and of aligning priorities with development partners or funders, as well as the additional overhead this can require, which may detract from their core business activities.

**“** If you rely on Aid, then it’s Aid – and Aid has its own business development that isn’t always clear. Like, you work very hard on it, but it’s not always clear.

However, despite the challenges, almost all the companies worked with development agencies or NGOs in some form, either as partners or in some cases as customers, and acknowledge that they are key players in the African market which companies cannot ignore. One area where there was a general recognition of the important role NGOs played was for “initial pilots and validation” as a design partner, with presence on the ground and the type of capital and motivation to help companies make their first steps in such markets. MobileODT and HomeBiogas both give examples of such partnerships which were particularly useful when they were starting out. Similarly, the Hazera Africa lead explained how he collaborates with various NGOs and development organizations as “a strategic form of risk mitigation.” He views these partnerships not only as promoters that reduce Hazera’s reliance on commercial distributors, but also as “vital collaborators in expanding and diversifying the company’s market penetration strategy.” This collaborative approach enhances resilience, fosters innovation, and opens new channels for sustainable growth. For example, Hazera works with organizations such as JDC-TOV or Dutch development agency SNV who “have feet on the ground” which has made them very helpful in both product development and training farmers. He explains, “You need to work with several distributors, several agents, several employees all the time.” If they see that one of these third parties produces better yields than their distributors, it helps them to identify the source of the issue to make sure each market enjoys “the full potential of their [hybrid seed] products.”

The complex experience of the Israeli technology companies highlights the importance of being strategic and selective in finding the right development/NGO partners and in evaluating and managing these relationships like any business partnership, recognizing the contributions they can make while aligning incentives and goals to create mutually beneficial partnerships.

Partnership Type/Function	Examples
Outsourcing Non-Core Functions	<p><b>HomeBiogas</b> – Provides financing to customers through MFI &amp; development agencies</p> <p><b>Lumos</b> – Engaged mobile network operator MTN as an anchor partner to provide both technical (digital payments) and business (e.g. marketing, distribution) functions</p> <p><b>MobileODT &amp; Prepex</b> – Partnered with government and public health organizations for awareness raising and advocacy</p>
Relationship Building	<p><b>Fido</b> – builds relationships with key stakeholders through regular in-person interactions of their leadership and local teams</p> <p><b>Paretix</b> – Relies on a local partner to build relationships acknowledging that as foreigners they are limited in their cultural understanding.</p> <p><b>PrePex</b> – deployed Israeli employees (expats) to build relationships with ministries of health in key African markets</p>
Development/NGO Partners	<p><b>MobileODT, HomeBiogas</b> – Worked with NGOs for pilots and initial validation</p> <p><b>Hazera</b> – Partnered with NGOs/development agencies to share the distributor's responsibilities for training and product development</p> <p><b>PrePex, Paretix</b> – collaborated with NGOs either as customers or advocacy partners</p>



02

## Ecosystem Creation

Undertaking activities to develop the ecosystem in which companies operate in LMICs is a best practice identified in the literature and something that all the interviewees alluded to in some form and with some caveats. For most, this involved undertaking various activities that expand beyond what would be considered business as usual in developed markets. While the companies took on such activities primarily for business objectives, these activities inherently also had a clear development impact. Many of the companies cited education or training as being important, both for their end customers and to increase the capabilities of their own staff or business partners. This often extends beyond what is common in developed markets due to low levels of skills or education in some of these markets. Other ways in which companies contributed to building the ecosystem is through advocacy and awareness-raising. For example, the two public health companies (PrePex and MobileODT) took leading roles in such activities. Offering financing for their customers and developing safety standards for the industry were other examples of such ecosystem-building activities.

However, the interviews also highlighted nuances in the ecosystem-creation approach. For example, HomeBiogas cautioned against introducing products that require significant customer education if it doesn't actually address the customers' "daily needs" as they need to see how it practically benefits them. Another interviewee explained how for their business it does not make sense to "get too involved" in the relationships with end customers. The interviewees who did undertake ecosystem-creation activities also highlighted the significant time and investment that goes into this process. Overall, a clear takeaway from the interviewees was the need to balance building an ecosystem with avoiding the pitfalls of trying to "do it all," which can overcomplicate the business.

## Education and Training

Most of the companies emphasized the importance of education and training for their customers, partners or employees that extends beyond their practices in developed markets. For example, Fido set up Fido Academy, a 2-week onboarding process for new employees that covers a broad range of training from financial acumen to basic IT, customer experience guidelines, company culture, codes of conduct, etc. The CEO explains how this is important: in the same way Fido learns from and about the local cultures, it is also important for the company to share the "Fido way" with their local teams as well as the skills of "building a product at scale" in which the Israeli market now has considerable experience. The company's investment in training extends beyond employees. They also run a monthly educational program on financial literacy which is both "important [to them] to have a positive impact on the communities [they] work in" and is their way of "building a responsible payment culture which is in [their] best interest." Fido's CEO explains that even if this does not provide an "immediate return on investment" it's about "building the capital and resources for the future." In a similar vein, they also use field agents, radio and other communication channels to explain the benefits of financial literacy to customers. Such activities, he acknowledges, are "not as common in western B2C playbook" but are crucial for success in these markets.

Hazera similarly does a lot of training, both for their end users and distributor partners. This involves demos and field training for smallholder farmers, who typically "have plots up to one hectare" and are "the last customer in the chain." These farmers comprise around 90% of Hazera's end customers and have very low levels of education, so training is key to ensure they use the company's products correctly. Training of distributor staff is seen as equally important as they play a key role in ensuring that Hazera's hybrid vegetable seeds (a form of advanced technology) are correctly used by farmers to maximize the potential yields and quality of vegetables. This involves "when and how to plant it correctly, how to grow it, interfaces of pesticides, fertilization application, and so on." The Africa lead illustrates the importance of this by noting that, even when the product itself is of high quality, misinformation or poor guidance from distributor employees can undermine the entire year's efforts. This is in line with the literature (Kasyer et al., 2025) that highlights the importance of understanding unsatisfied customers who can have an extremely detrimental effect on businesses in these markets where word of mouth plays a crucial role.

Training is similarly emphasized by Paretix CEO/Founder, who explains that you need to have an end-to-end solution "being able to sell the whole solution to their lives." This includes "good local support," "training, knowledge and know-how". The HomeBiogas CBDO also emphasizes how the company has invested significantly in "educating the market," including both their end customers and distributor partners. He explains how in order for their customers to get the full economic benefits from their products, it requires "a lot of market education" especially since their products are relatively expensive. HomeBiogas predominantly does this through subsidiary companies that in addition to sales and implementation offer important customer support services.

## Developing the Sector

The public health companies in particular invested in advocacy and awareness raising that benefited the sector in general. For example, MobileODT built advocacy networks and as the founder explains “most of [their] marketing was meant to enrich the capacity of healthcare providers,” in this way building the overall health system. He explains,

“ Our specialty was in building advocacy networks... we built a brand itself. We called it EVA, the Enhanced Visualization Assessment system, and we developed this culture that we call the “EVAlutionaries,” which were champions of women’s health, and we created a campaign to highlight the incredible contributions of women’s health workers and associations.”

Similarly, PrePex’s local representatives worked closely with their Ministry of Health partners in developing campaigns to raise awareness of the importance of male circumcision. Even though they were “only the technology provider,” they recognized the importance of expanding their scope to include awareness activities as part of their business model. They also leveraged their representatives and anchor partners in multiple African countries to share learnings in awareness raising between countries so that they were “not starting from scratch” each time. For example, doctors and nurses from Rwanda who were experienced in the procedure trained practitioners in other countries through PrePex support.

HomeBiogas similarly engaged in activities to benefit their sector as a whole by playing a leading role in the development of “a global biogas standard.” They underwent a 7-year process which both “pushed the entire biogas field worldwide” and was important for their business. The founder/CBDO explains:

“ We have two very strong things. One, we have product liability, which many people don’t have... essentially product protection for users worldwide. And two, we comply with the international standard, of course [since they developed it].

He explains that the areas in which they work, “waste, sanitation, etc” are “grey areas” in many LMICs where there is often no clear regulation, so having international standards is particularly important. Governments and partners want to ensure product quality and safety and so having a standard “opens up international market access for their product” and enables them to sell “anywhere in the world.” While this is good for the entire industry (including competitors) it has also differentiated HomeBiogas and helped them in winning bids since they can clearly show that they comply with international standards. Such standards are also important for mitigating risks and protecting the communities they serve.

## Financing Customers

Often there is a lack of financing mechanisms for low-income customers, especially to purchase relatively expensive but highly beneficial products. Ecosystem development therefore sometimes needs to include developing credit or payment options that make such products both accessible to customers and sustainable to the companies. Lumos and HomeBiogas, companies that sell relatively expensive products to low-income customers, experimented with such models and learned through the process the complexity of such approaches.

Lumos offered a pay-as-you-go Model with attractive lending terms to their clients through their Power Station in a Box solar system. They were able to lock in very attractive interest rates using agreements for debt financing in the double digits of millions, backed by OPIC and FMO (the US and the Dutch Development Agencies respectively), which they in turn passed on to their customers as a kind of micro-loan. This was expected to be repaid by the customers through easily accessible mobile money payments (through local partners MTN). However, Lumos encountered challenges because their debt to development banks had to be repaid in the foreign currency (USD/Euro), while their customers paid them in Naira (Nigerian currency). When the Naira became extremely volatile and the government was unable to stabilize the currency, this had significant effects on the foreign exchange market. “That led to a gap in the unit economics and internal rates of return (IRRs).” The Founder explains that this challenge was impossible to hedge against as currencies in LMIC typically don’t have hedging solutions.

HomeBiogas also encountered challenges in financing their customers, going through various iterations before settling on their current model of outsourcing these activities to MFI and development partners. In addition, they also rely on carbon credit to make their products affordable to the end customers and today they have a registered carbon credit project in Kenya with the organization Gold Standard. This was a major step for them towards building the financing system for their products that enabled them to be affordable to end users in Africa.

In light of some of these challenges, Hazera adopted a different strategy by deliberately choosing not to offer financing to the end farmers. They view this as outside their strategic priorities due to the associated risk and prefer to remain uninvolved in the direct financial relationship between distributors and their customers. These examples shed light on some of the complexities of “trying to do it all” and the challenges in building an ecosystem while not overcomplicating the business.

Ecosystem Need	Ecosystem Creation Activities	Examples	Limitations
Low skills or knowledge levels of employees, partners or customers	Education and training	<b>Fido</b> offers comprehensive training for local employees and monthly educational programs for customers in financial literacy <b>Hazera</b> conducts a large number of ‘Open Days’, Demos and trainings for both smallholder farmers and their distributor partners	Make sure the product responds to the “real, daily, needs” of end customers before undertaking excessive educational campaigns to sell products that may not bring sufficient value to customers to support the business model

Ecosystem Need	Ecosystem Creation Activities	Examples	Limitations
Under development of the sector (e.g. lack of public health awareness; lack of industry quality or safety regulations etc.)	Advocacy and awareness raising; Development of industry standards	<p><b>MobileODT</b> built “advocacy networks” and “created a campaign to highlight the incredible contributions of women’s health workers and associations”</p> <p><b>PrePex</b> worked with health ministries and implementation partners to build awareness campaigns, despite being “only the tech provider”</p> <p><b>HomeBiogas</b> played a lead role in developing the international home biogas standards</p>	<p>Requires leadership, board and investors who recognize the importance of these activities and the value of investing in them</p> <p>Often a lengthy process that requires a long-term view and ongoing resources</p>
Limited financing/credit options available	Financing and payment options for customers	<p><b>Lumos</b> provided financing and micro-payments as part of their product offering to customers</p> <p><b>HomeBiogas</b> partners with MFIs to finance farmers’ purchases of their systems.</p>	<p>Brings complexity and risk in trying to “do-it all”; some companies prefer to “not get involved” in the relationship between their distributors and end customers</p>





03

### Localization

The literature highlighted the importance of localization and “co-creation” for developing business models to serve low-income customers. The interviews further emphasized the importance of company leadership being actively engaged in this process. This involved spending time on the ground, listening and learning about local needs and practices. However, they also recognized the importance of combining this with global best practices which are important for business success and scale but need to be adapted to local needs.

### Be on the Ground – To Listen and Learn

Most of the companies emphasized the importance of “being on the ground” to understand the local environment as well as of hiring local employees. As we have seen, all the companies had some form of local employees or representatives, while some emphasized the importance of senior management travelling regularly to key markets and others sent expats to key markets or employed both local executives and sent key executives to build the local teams.

Fido's CEO explains how he travels regularly to local markets which he sees as important to "listen and observe" how things are being done, as well as see what is "not working" which is often hard to find out from afar. They also have "local teams work side by side with the Tel Aviv team," whether it be "product managers, operations, country managers or senior management." He explains how they "really take an effort to find and train local talent as [we] understand that we lack local perspective" and see having local teams as their way to incorporate this perspective into their business. He shares an example highlighting the importance of being on the ground: early in their journey, their customer onboarding process, designed remotely by an Israeli product manager, struggled to gain traction. After visiting Ghana and speaking directly with customers, they discovered that many small, informal businesses used local certificates or informal record keeping instead of formal registration. They adapted their process accordingly, illustrating how understanding the local context is crucial for success. He emphasizes that "the worst thing you can do as a foreigner in emerging markets is to presume what you know and project it onto locals." This includes nuances like "language and choice of words" which differs between countries in Africa. For example, when Fido entered Uganda and initially tried to use English materials and phone representatives from Ghana, they quickly realized that it needed to be further localized to the Ugandan context.

For HomeBiogas, the product itself emerged from the founder's time in India where he saw how a smallholder farmer was using biogas to both produce energy for his family and fertilizer for his crops. They initially offered similar traditional biogas systems requiring users to dig large underground pits—an expensive, time-consuming, and high-maintenance solution. User feedback quickly showed this wouldn't work.

**“** I was trying to teach the people how to build it from scratch and local materials, and it was working less well. And then I understood that for poor people, you need to have something really good, working well, looking good, and not really ask them to build something from scratch that doesn't work well and doesn't look good.

Instead, HomeBiogas realized they needed to offer a complete, high-quality ecosystem tailored to low-income users. This insight aligns with the literature which recognizes that low-income customers still expect quality, and led to the company understanding that they needed to offer "a complete ecosystem." They created what is effectively a do-it-yourself kit offering a technology product that is "safe, easy to install, easy to ship, easy to maintain and globally standardized with high quality control." This brought down the time to build a system from one month to only two hours as it "no longer required cement, bricks or any digging in the ground." It was their experience in the field that led them to develop this model, uniquely designed for the needs of low-income users.

## Combining Localization Needs with Global Business Best Practices.

The interviewees shared insights on how they had managed to localize their products to the specific needs of the local markets, while employing global business best practices to optimize their products and processes for scale. For instance, Hazera highlights a significant local challenge they encountered in Africa: the "data gap." This refers to the lack of reliable and accessible data, which poses a major obstacle to informed decision-making and effective market engagement.

**“** There is no government consolidated database or data gathering. Nobody's collecting. There are no official statistics. It's like entering a blank market.

The Africa Lead explains how "there are millions of growers, but nobody knows how to identify them" He explains how "nobody has actual, reliable data about quantities and qualities of seeds imported to the country. It's quite a

mess" and that even when data is available, it is often unreliable. This challenge of lack of data is a common challenge across sectors, and undermines companies' ability to navigate market entry and create effective localization strategies. Hazera overcomes this challenge by requiring their distributors to hire product development (PD) managers, which is common practice in the agricultural sector across global markets. Together with Hazera's local employees, these PDs are tasked to initiate market surveys, identify key players, monitor market trends and test their existing seed varieties and identify which ones are best suited to the local context, gathering data and training farmers. This global practice enables Hazera to adapt and optimize their products to local needs.

Fido similarly introduces global business best practice through a gradual, iterative process once they have a clear understanding of the local needs and practices. The CEO illustrates this by explaining how they developed their loan collection processes by first going to Ghana and "sitting with the team, shadowing them and taking notes." He stresses the importance of being "humble" and to "just sit and observe." They then combine what they have seen with "global best practices." For example, they saw how previously the local representatives were making collection calls from personal mobile devices with no scripts. Gradually they began to revamp the process where today this is a professionalized operation where the employees "sit in a collection hall, the calls are done automatically with a dialler, everyone has a script, calls are recorded, QA was introduced and a lot of automation". While today this is in line with global business best practices, they followed an iterative process to get there with "sometimes incremental improvements" to adapt to the local context. He explains why this is important in that "building for scale" is "a completely different set of skills" both on the technological side and in putting in place the business infrastructure and processes. Digital technology plays a key role in the process and their "main customer acquisition process is digital." However, he emphasizes that there is still a need for "feet on the ground" to support customers so they are not seen as "just a virtual company." A "human face" is seen as particularly important to build trust and relationships with the customers.

**“** Customers know a face, that they have a presence and a person they can call to ask questions... Solomon's phone rings all day and he just hops on a bike [when needed] to go see customers.

Insights	Actions Taken	Examples
Be on the ground and incorporate local knowledge	Hire locally Senior management travel regularly Send Israeli employees (expats) Combination of the above	<b>Fido</b> – Employs local senior management and local team members of hybrid teams and CEO travels regularly <b>HomeBiogas</b> – Developed their product from founder's first-hand experience in LMICs and feedback from local users through iterative experimentation
Combine localization needs with global best practices	Listen, observe and learn about local practices and challenges Employ global best practices gradually and where relevant to optimize processes and achieve scale	<b>Hazera</b> – requires local partners to hire a Product Developer coordinator to gather commercial and technical data in each market (a global best practice). By tailoring their approach to the unique needs of each region, this strategy enables effective product localization across diverse markets. <b>Fido</b> – listened and learned how loan collections were done locally, then gradually employed technology and processes to optimize and scale these processes



The interviewees provided insights that both enhance and contrast with the recommendations from the literature on business model innovation and experimentation. Multiple companies emphasized the importance of a “lean” approach to ensure the economics of the business make sense. This was particularly important given that the interviewees were from technology companies where R&D teams in Israel are expensive in comparison to local wages and purchasing power in Africa. Relating to this, most of the companies adopted different approaches to achieve affordability and access for their customers, often using a combination of technology and innovative business models to do so.

The interviews also highlighted how Israeli companies often demonstrated flexibility, successfully adapting their strategies over time. However, this adaptability sometimes came without clearly defined strategies or metrics to assess progress which may have enabled the companies to identify challenges and optimize their business models sooner. Related to this, while most companies experimented on their product or technology, structured testing of business models was less common, with many companies relying on trial and error. In some cases, rapid early success in raising investment or gaining market traction enabled the companies to

scale fast. However, this often came at an expense: once challenges were identified, the company was already on a trajectory that made pivots and optimization a challenge. This contrasts with the literature, which often highlights the challenge companies face in scaling in Africa.

## “Lean” Approach

“Lean” was the term commonly used by interviewees to describe their business models and processes in Africa. For example, even though Hazera have significant sales in Africa, a significant share of the products originate from the company’s diverse global development initiatives. When they do decide to run localized R&D programs, they are tailored to specific regional needs (as opposed to specific countries) making these programs more scalable and commercially sustainable. Similarly, the Paretix CEO/Founder refers to the “need to be very lean” because “the market is very price sensitive.” He highlights the high costs of Israeli tech employees and emphasizes how companies need to make sure the economics of their businesses make sense. They do this by working with local representatives where salaries are lower and partnering with local companies through revenue-share agreements. They then leverage their global team to support multiple markets, providing hands-on assistance when needed. This approach allows them to stay lean while “being there when the opportunities arrive.”

Many of the companies referred to the high cost of R&D in Israel as a challenge. For example, HomeBiogas has recently scaled back their vast R&D to focus only on major installations in Africa. The Founder/CBDO explains, “developing high-end products with high-end engineers in high-end countries costs a lot of money.” This new strategic approach allows them to optimize their operations and maximize their profits in the long run. In contrast, the MobileODT Founder explains how their VC investors took the opposite approach and compelled them to invest significantly in broad R&D for different products and markets. Ultimately this led them to shift away from Africa towards the United States. This highlights the importance of lean approaches to R&D for companies committed to African markets.



## Affordability and Access

The companies interviewed employed a combination of innovative business models and technology to make their products affordable and accessible to their customers. For example, digital technology enables Fido to both better analyze risk and scale distribution at lower cost. Mobile ODT combined hardware and software technology to reduce the price of cervical cancer screening to “a tenth of the price of a traditional colposcope,” and part of the huge initial traction of PrePex was that a circumcision could be done without surgery at a much lower cost.

Other companies whose products were considered expensive for end consumers developed innovative models to increase their accessibility. Lumos based their model on customers acquiring their home solar systems on credit, and gradually repaying using micro-payments which were enabled by their technology and partnership with mobile network operator MTN. Similarly, HomeBiogas relies on multi-revenue streams to make a relatively expensive product affordable and accessible to smallholder farmers. This includes micro-financing by partners, micro-payments by farmers and subsidies from carbon credits and development agencies. “This reduces product prices which are paid over 1–2 years, with the balance covered by carbon credits. The Founder/CBDO explains: “You need to build a process where, in developing countries, you finance a significant portion of the product so it becomes affordable for them.” Today carbon credits are an important part of their business model which also ensures long-term sustainability by covering maintenance and customer support over project lifespans of up to 10 years, enabling the company to scale to thousands of systems.

## Evolution of Strategy vs Clearly Defined Pilots

The Israeli companies’ ability to improvise, pivot and shift their strategy as they go is on one hand a key advantage in the often-unpredictable contexts of Africa. This flexibility contributed to their resilience and ability to innovate and identify solutions where others may falter. However, while most of these technology companies did significant experimentation and piloting to adapt their technologies or products, this was less structured and defined when it came to testing their business models, which often followed a much more ad hoc approach without a clear framework for decision making or metrics for evaluating.

The Hazera Africa lead stresses the need for flexibility in Africa, emphasizing the importance of dynamism and constant adaptation to market trends. He emphasizes a flexible strategy, unbound to specific partners or locations, to manage risk amid unpredictable conditions. Paretix echoes this idea, where their flexible lean approach enables them to be “there when opportunities arise.” HomeBiogas followed a similar path, evolving their strategy through “a lot of experiments” across different markets, models, and partners:

**“** We tried a lot of approaches—we attempted private customers, online sales, western customers, selling to farmers in Kenya through their savings [groups], and providing them with a credit line .... We tried many models.

While these examples highlight the flexibility and adaptability of these companies, as the literature highlights, a more structured business-model experimentation process with clearly defined business metrics might have been helpful in creating a structured framework for testing different approaches and managing the innovation process. This may also have helped the companies in identifying challenges with their models prior to scaling, as we see below.

## Scaling too Fast?

While the challenge of scaling is common for businesses in African markets, this seems to have been less of an issue for the companies interviewed. However this may have brought its own issues, since many of these companies succeeded in achieving impressive scale in a relatively short time. This perhaps can be attributed to their innovative technology, which itself opened doors, as well as having meaningful partnerships with decision makers and key figures in the markets. Multiple companies mentioned having connections to senior officials or other local players that helped them in their initial market entry. (For example, the PrePex founders worked with the Rwanda Ministry of Health which facilitated their clinical trials and initial pilots in Rwanda.)

However, this quick initial traction may have come at a price, since challenges were identified at a later stage and therefore had a much greater impact. For example, Lumos explains how once they recognized they had a challenge in their risk assessment, they were already in a situation where they had “built this machine” that “you have to scale up all the time” and so it was difficult to adjust manufacturing to modify their model once demand started growing fast. They did however learn from and implement many of these lessons when the company expanded to their second country, the Ivory Coast.

Similarly, PrePex was so successful in their initial steps towards their single goal of circumcising 25 million males to prevent the spread of HIV-AIDS in 12 countries in Africa that when challenges surfaced with this approach, they had not developed alternative revenue streams that could have become viable business models (e.g. infant and child circumcisions, which they had identified as a potentially attractive market). MobileODT similarly explains how after they raised funding, they “were on a trajectory,” manufacturing and selling at scale that prevented them from re-evaluating their pricing or business model.



Insights	Explanation	Example
Lean approach	Efficient approaches that minimize resources/investments are important to ensure business sustainability in the long-term	<b>Hazera</b> – Global R&D breeding programs for hot and dry regions generally are used for Africa.(i.e. seeds are not specifically bred for any single African Market)  <b>Paretix</b> – Lean team dedicated to Africa, rely mainly on local partners for sales and marketing while Paretix employees focus mainly on implementations and technical support  <b>HomeBiogas</b> – recently scaled back their R&D to focus only on large-scale installations
Affordability and access	Both innovative technology and business models were employed to drive affordability and access	<b>Fido</b> – Digital technology for risk reduction and scalable distribution  <b>MobileODT</b> – Hardware and software (mobile phones) reduce the cost of cervical cancer screening  <b>PrePex</b> – Technology to enable non-surgical circumcision, lowering the costs substantially with clear proof of value of cost reduction.  <b>Lumos, HomeBiogas</b> – Offered financing and micro-payments to make relatively expensive products more accessible
Evolution of strategy vs. clearly defined pilots	Flexible approaches are important, however more structured experimentation could expedite learnings and enhance business outcomes	<b>Hazera</b> – Recommends companies expand their partnerships to reduce risk and increase innovation  <b>Paretix</b> – Have a flexible approach that allows them to “Be there when the opportunities arise”  <b>HomeBiogas</b> – Experimented with many different business models before focusing on their current strategy
Scaling too fast?	Innovative technology and/or personal connections enabled fast initial traction; however, at scale, new challenges arose that companies were sometimes not operationally structured or agile enough to respond to	<b>Lumos</b> – “Built this machine” that “you have to scale up all the time”  <b>PrePex</b> – Invested in “single segment” and goal without developing alternative options  <b>MobileODT</b> – After receiving VC funding, they were “on a trajectory” that prevented a re-evaluation of their pricing model

<sup>2</sup> There is an obvious selection bias, as only companies that had succeeded in achieving a degree of scale were interviewed.

<sup>3</sup> Specifically, the discovery of tetanus cases which might have been associated with their device and the subsequent withdrawal of WHO pre-qualification. This resulted in African Ministries of Health being unable to use global public health funding to purchase their devices.



05

### The Right Financing

The interviews supported the literature's emphasis on finding the right type of funding, aligned with the needs and stages of the business as well as the long-time horizons often required for financial success in Africa. The interviews further highlighted both the profound influence of investors and the importance of strategic investors with experience in Africa who can help guide company decisions. This was demonstrated in part by interviewees highlighting some of the challenges and sometimes suboptimal decisions they made as a result of investor pressure. Some of the companies also shed light on innovative approaches they have adopted to self funding their Africa operations, enabling them to lengthen their investment time horizons.

### Influence of Investors on Businesses Success

The interviews highlighted the profound impact that investors often have for “better and for worse” on the company’s success and the importance of finding the right strategic investors that align with both the stage of the business and the timelines needed for success in Africa.

HomeBiogas had a diverse mix of funders over the years which aligned with its evolving needs at the various stages of the business. For example, over time they received funding from philanthropy/development agencies (e.g. USAID, GIZ); government (e.g. Israeli Innovation Authority/Chief Scientist); VCs (e.g. Closed Loop Ventures) and institutional investors (e.g. Migdal), listing in 2021 on the Tel Aviv stock exchange. As a result, “different investors connect[ed] to different points” and they developed multiple products and models across many different geographies, creating at times a lack of business focus. Now they have cut R&D costs for new products and have streamlined their business model to focus predominantly on large-scale carbon credit projects in Africa, recognizing that they need “to direct [themselves] to be very, very focused towards net profitability” instead of being reliant on investors.

Fido, on the other hand, took a strategic approach from the start in identifying and approaching potential investors aligned to its sector and geography focus. The CEO explains how they created a shortlist of funders that had already invested in Africa because they did not want to have to educate investors on the opportunities and realities there. The company therefore focused their energies on investors experienced in the continent who could also support them with strategic decisions. He demonstrates this by highlighting the role that their impact-driven investors (E.g. FMO, the Dutch Development Bank) have had in shaping the business such as by requiring Fido to have “responsible pricing,” limiting the interest rates they can charge. He recognizes that while this may reduce profit margins in the short term, it is good for the long-term sustainability and ultimate success of both their business and the communities they serve.

On the other hand, the interviews also highlighted the substantial negative effect “the wrong type of investors” can have on the companies, especially when they are unfamiliar with African markets. For example, the MobileODT founder explains how one of their key funders was a VC which invested in them because they were convinced by the idea “that Africa was the next big market” but did not have prior experience on the continent. This resulted in decisions that were suboptimal for the business. For example, the VC investor compelled them to “spend an inordinate amount of money doing R&D” and “on trying to get into all these different countries that we didn’t necessarily have to get to” as well as pushing them on their pricing and other business decisions. He explains how he believes “the pressures of venture capital are the wrong pressures” for public health companies in Africa and that institutional investors would have been a better fit for their needs. Their VC investors ultimately were the reason the company later pivoted to focus on the United States, “because they didn’t feel that sales in Africa were fast enough.”

Similarly, PrePex’s initial investors had no prior experience in Africa or global health but rather were inspired by the founders’ vision and the opportunity “to bring a great idea to the market.” They later became frustrated by the challenges created by the conduct of WHO and withdrawal of its approval, and there was little interest to pivot or explore other revenue streams since this was not the purpose of the original investment. Some investors claimed that this was “their first and last time [they] invest” in the public health space in Africa, and in general. Lumos’ founder similarly mentions pressure from partners and investors to scale, when they should have focused on optimizing their products in response to the market reality. He explains, “it’s kind of a chicken or the egg – you need to expand, but on the other hand, you are still learning market dynamics and as a result products need optimization.”

So for companies looking for investment, strategic investors, with both prior experience in Africa and an understanding of the complexities and trajectories, are important as they have both the understanding and patience required for the long and often challenging journey required to achieve financial success in these markets.

## Internal Investment for Extending Time Horizons

Given the long timelines and unpredictability of doing business in Africa, some companies opt for internal financing to take a long-term view. Hazera’s experience in Ethiopia illustrates this. They introduced the Galilee tomato series to East Africa, where previously only “basic old genetic, soft, small-sized tomatoes” were grown. Over 12 years, they invested heavily in farmer education to drive adoption.

“ Dozens of PD trials, hundreds of hours of training, countless demo days, hundreds of field days, hundreds... we invested and financed programs in near and far desert villages, just to show them that [compared to] the current product... they can have a much, much better product.

Over time, Hazers successfully persuaded the market, and although the process required significant effort and patience, it ultimately proved financially rewarding. During the early stages, profits from other crops, such as onions, helped compensate and subsidize the initiative until it became self sustaining. Today, they boast a broad portfolio in Ethiopia, including Galilee tomatoes, onions, and chili peppers, and proudly regard the endeavor as “a major success.”

Similarly, Paretix took a long-term approach which led them to the decision not to take funding from external investors. They realized there are no “quick wins” in Africa and decided instead to adopt a “bootstrapping” model, relying on “money from the customer and on [their] own resources” to fund their Africa operations. Despite this lean approach they have managed to close significant deals in Africa. They do this by “planning 4-8 years ahead,” which they are able to finance because of the lean approach discussed.

These are effectively different models of Patient Capital, funded by internal resources and recognizing that business in Africa often takes many years to generate attractive returns.

Insights	Explanation	Example
Influence of investors on businesses success	Investors or funders have a profound effect on business decisions, strategic investors with prior experience in Africa can be a key advantage	<p><b>HomeBiogas</b> – Had a diverse range of funders that initially took them in many directions</p> <p><b>Fido</b> – Was strategic in selecting investors with experience in Africa, who have guided them in making good long-term business decisions</p> <p><b>MobileODT</b> – Original Investors had no prior experience in Africa which impacted their decision to pivot to the US market</p> <p><b>PrePex</b> – Recognized their initial investors' limited experience in Africa and brought in Acumen as an investor to help bridge the gap</p> <p><b>Lumos</b> – Succeeded in bundling debt and equity investors (e.g. VCs, and OPIC). However this also brought challenges in that such investors have different KPIs and interests which is “not easy to manage”</p>
Internal investment for extending time horizons	Utilized internal resources and alternative revenue streams to fund their Africa operations enabling a long-term approach to return on investment (ROI)	<p><b>Hazera</b> – Spent 12 years adapting and introducing their tomato products to the Ethiopian market, even at times when they offered marginal profitability</p> <p><b>Paretix</b> – Take a lean approach to their Africa business that enables them to optimize their resources for the long term and be present when opportunities arise</p>

# Development Impact



photo: General

Through the interviews our primary aim was to understand the approaches and strategies that the companies took to create financially successful and sustainable businesses in Africa. However, a key motivation was also to understand the intersection of financial success and development impact.

### DevTech Sector Focus

We selected only companies working in DevTech, based on the premise that their technologies inherently have the potential to create a positive development impact. While measuring the extent of that impact is beyond the scope of this study, we did consider the companies' traction and scale as a good proxy for their potential impact. For example:

- **Fido** has distributed over \$500 million worth of credit to over 1 million customers
- **Hazera's** diverse seed portfolio has significantly boosted yields for farmers working with over 70 distributors across multiple countries in Africa.
- **HomeBiogas** has installed over 40,000 biogas systems worldwide, predominantly in developing countries.
- **Lumos** has sold over 88,000 solar home systems, reaching over 1 million people in Nigeria and the Ivory Coast.
- **MobileODT** sold several thousand units enabling over a million tests for cervical cancer.
- **Paretix** has closed significant contracts with major banks and financial institutions in Africa, reaching over 30 million new credit decisions per month
- **PrePex** sold 1.5 million devices, with each male circumcision reducing the chances of contracting HIV by 50-60%

## Impact as a Key Driver

Through the interviews it became clear that while all the companies were for-profit entities, pursuing what they considered an attractive economic opportunity, achieving some form of social impact was a key motivation for their work in Africa. As Fido's CEO explains, "anyone investing in Africa has some sort of impact angle," Fido "also wants to do something meaningful." All the companies referred to their inspiration to address some form of unmet challenge. For example, the Lumos founders were initially inspired by the challenge of energy access in Africa, the PrePex founders by the prevention of the spread of HIV-AIDS on the continent, and the founder of Paretix explains how the recognition that there are millions of people in Africa without access to credit was a key motivation for their entry into Africa. He explains, "We came to Africa as a technology company that recognized we have something important to offer. This is a strong driver." The Hazera Africa lead underscores that the company is more than just a provider of commercial products, they see themselves as "responsible partners in development, committed to driving positive change in the markets they serve." Similarly, HomeBiogas has always been deeply motivated by social and environmental goals, even acknowledging that if it was motivated only by short-term financial goals, it may not have selected to work in Africa to begin with. The MobileODT founder captures these sentiments when he explains,

**“**I didn't choose those markets because I thought that they were going to make us the most money, but because I believed in the mission to save as many lives as quickly as possible [which] could still yield a billion-dollar business.

<sup>4</sup> For more details on impact measurements, some of the companies include comprehensive impact reports on their website (See: HomeBiogas Impact Report; Fido Impact Report)

<sup>5</sup> <https://www.unaids.org/en/resources/presscentre/featurestories/2007/february/20070228mcpt2>

This was an overarching theme, where the founders identified a significant economic opportunity, but stressed that their key motivation for pursuing that opportunity was not just financial returns but rather the desire to have a profound social impact at scale. They recognized that building a sustainable business model was key to achieving both objectives: attractive financial returns and scalable development impact.

## Embedding Impact into the Business Model

The interviews further demonstrated how impact-enhancing activities are often deeply embedded into the company's business model. This extends beyond the products themselves having a positive impact and is often a by-product of the companies' activities bringing genuine value to their customers and end users. As discussed, such activities can range from education and awareness-raising to offering financing to customers or developing industry safety standards. The interviewees recognized the importance of these activities for their business success, while also having a positive impact on the communities in which they operate.

The companies are often very intentional in ensuring that their social efforts and business goals are closely aligned. Fido runs monthly financial education programs that aim "to have a positive impact on the communities" while also "building a responsible payment culture," benefiting both customers and the business. Similarly, the Hazera Africa lead explains that while "the outcome of our products is improving the agricultural community," the company also engages in philanthropic activities that extend beyond their direct business activities, such as by donating seeds and equipment. He explains that these social initiatives are undertaken in part because they are sharing the joint efforts of developing these communities" but they are also aligned with their strategic interests, targeting areas important to long-term business sustainability.

In addition to intentionally designing their community and development impact activities to align with their business needs, a further insight that emerges was the extent that the impact side of their business also played a role in attracting funding. All companies interviewed had received some form of finance from impact-driven funders who recognized the development impact inherent in their businesses or products. This also highlights the importance of such companies being able to identify, track and measure their impact so as to unlock these impact-driven partners and sources of funding.

## Challenges

That said, the interviewees also recognized the challenges of trying to achieve both financial success and development impact, especially when working with low-income populations. The HomeBiogas founder describes the challenge of "running a business in developing countries" that affects "the lives of poor people." As a result, the company's business model went through multiple iterations until they arrived at their current carbon-credit driven model which today enables the company to become profitable while maintaining its environmental and development focus. Lumos's founder similarly points out some of the challenges and widespread misconceptions around impact work in Africa. He explains, "People think about the good. They think about the need [but not], the macro environment. Sometimes it's just so hard to handle." He explains how unexpected barriers (such as the devaluation of the Naira and unexpected political and economic changes) often present challenges, where "You're just going to hit the wall for reasons that you never thought about." These examples highlight the challenges in developing sustainable business models against the backdrop of trying to achieve development impact in Africa.

Paretix's CEO offered another perspective, explaining how they encountered challenges less on the financial side of the business but rather because they had expected to have a much more significant social impact. He explains how, although they could offer tailored financial products that are adapted to the needs of the end customers in these markets, both their business and NGO customers are often conservative and weary to try new products.

For example, he recalls how bank management declined to offer a product that could have had substantial social benefits, preferring to stay with the status quo. This highlights another challenge in finding partners who are aligned with both financial and social goals, as well as the importance of working with risk-averse partners to gradually adopt new and untested products.

## Summary

As we have seen, development impact is, to an extent, closely aligned with the scale and traction of the businesses interviewed, given their products are technologies for solving challenges in sectors, closely associated with development impact (DevTech). Further, the interviews all highlighted social impact goals as a key motivator. Impact was deeply embedded in their business models where value-enhancing activities were seen as important for business objectives, while also creating positive impact for the communities in which the companies operate. However, the interviewees also highlighted the challenges in trying to achieve both impact and business success. Perhaps an overarching takeaway is that while achieving some form of development impact is a key driver for all the companies, this is not at the expense of sound economics and financial sustainability. Interviewees stressed the need for a strong business case and careful economic planning. Even when philanthropic-type activities were undertaken by the companies, this was generally done in a strategic manner, in line with the company's core objectives and business competencies. To conclude, while not easy, achieving strong financial performance and positive development impact is often not only aligned but also necessary to ensure long-term business sustainability in Africa.

<sup>[1]</sup> For more details on impact measurements, some of the companies include comprehensive impact reports on their website (See: HomeBiogas Impact Report; Fido Impact Report)

<sup>[2]</sup>[https://www.unaids.org/en/resources/presscentre/featurestories/2007/february/20070228mcpt2?utm\\_source=chatgpt.com](https://www.unaids.org/en/resources/presscentre/featurestories/2007/february/20070228mcpt2?utm_source=chatgpt.com)

# Conclusion



## Importance and Limitations of This Study

A major contribution of this research is its insights for technology companies, particularly those from high-income countries operating in LMIC contexts, where we found limited prior research. However, it is important to note that some of these findings may be unique to the Israeli context. Specifically, Israel has a highly developed high-tech ecosystem and startup culture that historically has been predominantly focused on developed markets and North America in particular, where there is often a strong network of connections, prior experience, knowledge and funding available. The Israeli tech ecosystem's connections to Africa, by contrast, are extremely limited. Few Israelis have experience in these markets, where there is minimal funding or government support and few success stories. This highlights the importance of this research for identifying avenues for further developing the Israel-Africa technology and business ecosystem. However, further research on technology companies from other markets could build on the findings from this paper.

## Summary of Key Insights from the Interviews

Themes identified in the Literature	Key Insights from Interviews with Israeli technology companies
Strategic Partnerships	<p>Prioritize meaningful relationship-building—<b>trust and personal connections are just as vital as formal partnerships.</b></p> <p>Align priorities and be international about developing relationships with development partners, ensure incentives are aligned—they can add value but come with their own complexities.</p> <p><b>Engagements should be strategic as opposed to opportunistic.</b></p>
Ecosystem Creation	<p>Education and training of both customers and employees is often important—but <b>first validate there is a real need.</b></p> <p>Developing the sector as a whole can become a key business advantage but this <b>requires long-term resources and commitment.</b></p> <p>Understand your own business and unit economics; <b>sometimes “Doing it all” is not the right approach.</b></p>
Localization	<p><b>Be physically present</b>—nothing replaces listening and observing for understanding customer needs.</p> <p>Adopt a hybrid approach that <b>combines local insights with global best practices</b>—this helps tailor products to local needs while ensuring efficiency and scalability.</p>

### Themes identified in the Literature      Key Insights from Interviews with Israeli technology companies

Business Model Innovation	<p>Adopt a <b>Lean approach</b>—minimize R&amp;D and other expenditures and make sure the economics of the business are sound</p> <p><b>Both technology and business model innovation</b> can be used to improve customer access and affordability.</p> <p>Adaptability and flexibility are advantages—however <b>clearly defined and measured experimentation with the business model can expedite the identification of both problems and solutions.</b></p> <p>Avoid premature scaling—<b>scale what works</b>, not just what gets early traction.</p>
The Right Financing	<p>Seek <b>patient and strategic investors with Africa-specific experience</b> who understand the market's nuances and timeframes.</p> <p>Consider <b>internal sources of funding</b> to extend time horizons and reduce dependency on short-term funding.</p>

## Key Takeaways

While it's impossible to draw definitive conclusions of what activities result in sustained success in Africa, given the many variables and uncertainties, the goal of this research was to gather insights and best practices that can increase companies' chances of building sustainable and scalable businesses on the continent. By interviewing companies currently growing their businesses in Africa, as well as those that, while initially successful, are no longer active or expanding there, we tried to identify factors that may help others better understand and overcome the challenges of these complex markets. Below are some final takeaways that we hope will be useful for other entrepreneurs starting their journey in Africa.



### 1. Unexpected, external factors are to be expected

All the companies referred to some form of unforeseen external factors that influenced their businesses (e.g. wars, political instability, economic upheavals, COVID). These factors amplified the importance of some of the approaches discussed, and particularly the importance of the company having a lean business model that allows them to pivot and iterate as the circumstances change, and of their investors taking a long-term view. In particular, the three companies which are no longer actively expanding in Africa spoke about the combination of external challenges and pressure from investors for scale and profitability that limited their ability to optimize their business models to withstand some of these challenges.

**Key Takeaway:** Expect the unexpected –build lean and adaptable business models and find investors with long-term horizons that will withstand external challenges.



### 2. Innovative technology is necessary but not sufficient

Given this research's focus on technology companies, technology was central to the companies' value proposition. Many initially entered Africa because they had developed or identified a technology that addressed a key need there. Their innovative technologies were also likely a key factor in these companies' initial success and traction.

However, while an innovative and relevant technology was necessary, in and of itself it is often not sufficient. Technology helped open doors but having the correct business model that takes into account the many other factors was crucial for scaling and long-term success, regardless how innovative their technology was.

**Key Takeaway:** Tech entrepreneurs entering Africa should spend as much time thinking about the non-technical aspects of their business model as the technology itself.



## 3. Success requires moving beyond best practices

All the companies interviewed referred to numerous challenges of working in Africa, ranging from economic and political risks to the low levels of education, lack of reliable data, or different cultures and expectations. While the companies' ways of dealing with these challenges often corresponded to the best practices identified in the literature, the interviews also made clear that even if you do everything right, other factors can derail your plans. While it's important to understand what the best practices are, it's perhaps equally important to have a good understanding of the local environment and the economics of your business to know when not to apply best practices.

**Key Takeaway:** Know the best practices in the field, but also exercise discretion to adapt when economic considerations or practical realities require other solutions. (Know the rules before you break them).



## 4. Achieving impact should be aligned with financial objectives

Development impact was a key motivator for the interviewees. Activities that promoted development impact were often an important part of their business models, undertaken to achieve key business goals (e.g. awareness raising, education, financing, and customers) but also had a positive impact on the end users or their communities. While the challenges associated with this approach were highlighted, they also emphasized some of the business benefits, such as long-term stability or access to impact-related sources of funding. Companies should therefore be strategic in their community activities, engaging and investing in those that are closely aligned with their business.

**Key Takeaway:** Impact is important but cannot be at the expense of financial sustainability. Focusing both on financial performance and development impact, while not easy, is often necessary for building sustainable businesses in Africa.



## 5. Africa is a long-run play; look elsewhere for quick wins

“Time” was a central theme that came up in most of the interviews. Companies should not go into Africa expecting a quick win. Some of the interviewees caution that if profit is the only motivation, then this goal may be achieved faster and more easily elsewhere. The companies adopted different approaches to enable them to achieve profitability despite the challenges, while also lengthening their return expectation time horizons in Africa. This was particularly important in terms of investor expectations.

**Key Takeaway:** Endurance and perseverance are key but so is finding patient investors or developing innovative approaches that can finance the business over a long-term horizon.



## 6. There is no substitute for feet on the ground

Almost all companies emphasized the importance of being present in the markets. This usually involved leadership themselves spending time in the field observing and understanding their customers and the environments in which they operate. Local employees, partners, representatives or expats can also support this process.

While all the companies focused their business on Africa after identifying an economic opportunity there, some of the most successful companies interviewed had founders who had spent considerable time in the market. They started their business after having first-hand experience of a specific opportunity or need, as opposed to identifying a need through secondary sources. There seems to be a correlation between founders having lived or spent extensive time in Africa, gaining a deep understanding of the local needs and context, and their long-term business success.

**Key Takeaway:** Invest time and resources in being on the ground. This is key in understanding the local culture, building trust and maintaining relationships.



## 7. Africa has its challenges, but also advantages

While all interviewees highlighted the challenges of working in Africa, some also highlighted advantages with respect to both developed and other LMIC markets. For example, less regulation and bureaucracy made it easier to run tests or Beta sites and the relationship-based nature of interactions sometimes made market entry easier once they had the right partnerships and contacts on the ground. East Africa and Ethiopia were also highlighted in a few cases as easier than other LMIC markets, particularly for Israelis, given the geography, time zones and language. The many untapped opportunities Africa presents were also mentioned.

**Key Takeaway:** Africa has advantages, particularly for companies with innovative and relevant technologies who succeed in establishing strong relationships with key stakeholders

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# Glossary

Term / Acronym	Definition
<b>Acumen</b>	A non-profit impact investment fund supporting early-stage companies with a focus on poverty alleviation in LMICs.
<b>base of the pyramid (BoP)</b>	The largest and poorest socio-economic group globally, often living on less than a few dollars per day.
<b>carbon credits</b>	Certificates earned by reducing emissions, tradable in carbon markets; used to subsidize eco-friendly products or models.
<b>chief business development officer (CBDO)</b>	Executive responsible for driving business growth, strategic partnerships, and market expansion.
<b>co-creation</b>	Collaborative process where companies work with local stakeholders to design or adapt products/services based on local needs.
<b>DevTech</b>	A term describing technology companies that work in development-related sectors in LMICs.
<b>development agencies / partners</b>	Organizations (e.g., USAID, SNV, GIZ) or NGOs that support development efforts, typically through funding, training, or partnerships.
<b>impact investing</b>	Investments made to generate both financial returns and measurable social/environmental impact.
<b>institutional voids</b>	Gaps in formal structures such as regulations, legal systems, and intermediaries that complicate business in LMICs.
<b>lean startup</b>	A methodology emphasizing rapid experimentation, minimal viable products, and iterative learning to find viable business models.
<b>LMICs</b>	Low- and Middle-Income Countries, as defined by the World Bank based on per capita income.
<b>microfinance institution (MFI)</b>	Organizations offering small loans and financial services to underserved low-income populations.
<b>mobile network operator (MNO)</b>	Companies offering wireless communications services, such as MTN in Nigeria.
<b>non-governmental organization (NGO)</b>	Non-profit organizations operating independently of governments, often in humanitarian or development sectors.
<b>Patient Capital</b>	Long-term, risk-tolerant capital that allows businesses time to become sustainable before expecting financial returns.
<b>pay-as-you-go (PAYG)</b>	A flexible payment model allowing users to access services/products through small, incremental payments.

Term / Acronym	Definition
<b>research &amp; development (R&amp;D)</b>	Company activities related to innovation, improvement, or development of new products or services.
<b>savings and credit cooperative organization/society (SACCO )</b>	Community-based financial organization that provides savings and loans to members.
<b>social enterprise</b>	A business that pursues social or environmental goals alongside financial sustainability.
<b>technology transfer</b>	The process of adapting or applying technology developed in one context (e.g., Israel) to another (e.g., Africa).
<b>unit economics</b>	Analysis of revenue and cost per unit (e.g., per customer or product) to evaluate business viability.
<b>venture capital (VC )</b>	Private equity financing provided to startups with high growth potential in exchange for equity.

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# Appendix

	<b>Explanation</b>	<b>Metrics we looked for</b>	<b>Comments</b>
<b>Already working Africa</b>	On the ground operations/sales already established	Products in the market, local employees, offices etc.	This was the first level to distinguish between companies with Africa aspirations, vs those already active on the ground.
<b>Scaled in Africa</b>	Africa operations have scaled beyond initial pilot phase	Number of users reached, revenues from local markets, number of countries products are available etc.	This differs significantly between sectors, so we did not define specific numbers, rather our focus was some form of scaling beyond a pilot phase.
<b>Works in a sector connected to international development impact</b>	Potential impact sector related to international development challenges	Water, Agriculture, Energy, Health, Education, ICT, Financial Inclusion, Infrastructure	For the shortlist we did not look to establish/measure actual impact. We did look to see which of the companies reported on their impact however this was not part of the criteria.
<b>Financial Sustainability of Africa business</b>	Succeeded in raising financial capital beyond seed/Series A stage / Generating substantial revenues	Amount Raised/Number funding rounds, Annual/Monthly Revenues etc.	Given the sensitivities in sharing this information this was broadly defined looking either at their ability to raise substantial funding or generate substantial revenues from Africa.

<b>Product/service has been designed/adapted specifically to African/LMIC markets</b>	Offering is unique to Africa/LMIC markets	Either adaptations in product itself or business model/distribution process etc. is unique to the African/Developing market context	For example, Waze works in Africa but there has been no specific design for these markets so it would not meet criteria. However, a Consumer Goods company working in these markets may be selling the same products but would need to adapt either the products themselves or their distribution model to reach scale (e.g. small packages/ agency models etc.)
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## Methodology for selecting companies:

In order to select a subset of companies for interviewing we underwent the following process:

- 1. High Level Scan of Israeli Companies operating in Africa in sectors related to potential development Impact** – This was the very initial stage of our research and was not designed to provide a comprehensive overview of all Israeli companies operating in Africa. Rather we sought to compile a shortlist of potential companies to interview working in Devtech related sectors. This process was undertaken using online databases (e.g. IVC, SNC Startup Finder, Crunchbase) and companies that were familiar to the Pears Program or other Research Partners.
- 2. Shortlisted Focus Companies** – From this broad scan we defined a list of 5 criteria to create a shortlist of companies, based on publicly available information or information known to the Research Partners (see below). We included in the list also companies that in the past met these criteria but have since either closed/scaled down/pivoted to other markets. We defined these as successful companies with ‘initial traction’.
- 3. Selected Companies for In Depth Interviews** – From the above list we created a shortlist that comprised both of the companies that currently have maintained good traction in Africa (‘Sustained Success’ Companies) and ‘Initial traction’ companies. We interviewed companies from this list that met the 5 criteria broadly defined and intentionally included both ‘Sustained success’ and ‘Initial traction’ companies.