

# Everflow Capital Africa



## Sustained Impact: From Promised to Deployed Capital

We bridge Africa's structural liquidity gaps for essential development projects, transforming receivables into reliable, institution-grade assets.

## FUND TERMS

**Target Fund Size:** \$50M

**Asset Class:** Private Credit

**Fund Characteristics:**

- Limited liquidity private credit vehicle with an annual redemption window
- Annual: Optional liquidity available for investors, capped at 5% of NAV
- Full Exit: Investors entitled to pro-rata % of NAV

**Revenue Model:** Revenue is generated from the factoring fee of 6% on the face value of each receivable. The donor or government counterparty will typically repay the receivable directly to the fund.

**Target Investors:** Impact-driven investors seeking stable returns (Foundations deploying PRIs; pension funds and endowments, family offices)

**Target Returns:** 7.3% IRR; 1.81x MOIC

## KEY FEATURES

- Sovereign credit quality mispriced as African risk
- Systems-level impact: proving development receivables as an asset class
- Service continuity without debt or donor disruption
- Capital efficiency and long-term preservation of existing capital
- Creating a new asset class for development finance

## THE CHALLENGE

Sub-Saharan Africa receives over \$62 billion in Official Development Assistance each year, the largest regional share globally, funding programs from HIV treatment to smallholder agriculture. **Yet even when funding is formally committed, organizations often cannot access it when they need it.**

- Most donor funding is reimbursed after expenses are incurred, and payments move slowly through multiple layers of approval and intermediaries. In a typical year, as much as ~20% of ODA may experience untimely delays<sup>3</sup>
- For organizations, this creates structural strain:** Smaller NGOs often lack the balance sheet to fully absorb the delay, while larger NGOs sub-grant funds, introducing additional delays. Therefore, **working capital is diverted from growth to survival:** programs are slowed, scaled back, or paused due to the liquidity crisis.
- For beneficiaries, delays in critical services, whether in healthcare, agriculture, or infrastructure, mean **missed planting seasons, interrupted treatment regimens, stalled infrastructure projects, and disrupted local employment.**

Commercial lenders offer little relief, treating donor-backed receivables as high-risk loans despite being sovereign-quality invoices from donors such as the U.S. government, the UK Treasury, the European Commission, and the Global Fund. There is a **clear first-mover opportunity to provide bridge loans and turn this committed capital into deployable, revenue-generating resources.**

## WHY AFRICA?

Sub-Saharan Africa attracts the world's largest regional donor flows. **Commercial lending rates range from 12 - 25%**, and NGOs looking for working capital face rates at the higher end due to limited collateral and perceived sector or geographic risk. **This gap creates both the largest arbitrage opportunity and the greatest impact potential**, proving creditworthiness in the region most systematically underestimated by global finance.

## THE OPPORTUNITY

Recent **funding freezes, delayed disbursements, and evolving multilateral priorities have made liquidity gaps more visible**, imposed real costs on communities, and underscored the need for innovative capital solutions.

Receivables factoring can **unlock immediate liquidity:** agencies sell verified invoices at a modest discount, turning committed funds into deployable, revenue-generating capital without altering grants or waiting on donors. We expect the TAM of relevant delayed receivables to be ~\$2.7-3.2Bn annually<sup>4</sup>

## THE SOLUTION

An **upfront raise of only \$50M, recycled across 6-12 month lending cycles, delivers ~\$750M in working capital** to NGOs over a decade

- By demonstrating the asset class and building a performance track record, it **aims to attract commercial capital to a first-mover opportunity in a low risk but as yet unproven market.**
- Initially **targets sectors with robust, consistent donor flows** across Sub-Saharan Africa: **health, agriculture, and infrastructure.**

## THE STRATEGY: MULTI-SECTORAL APPROACH

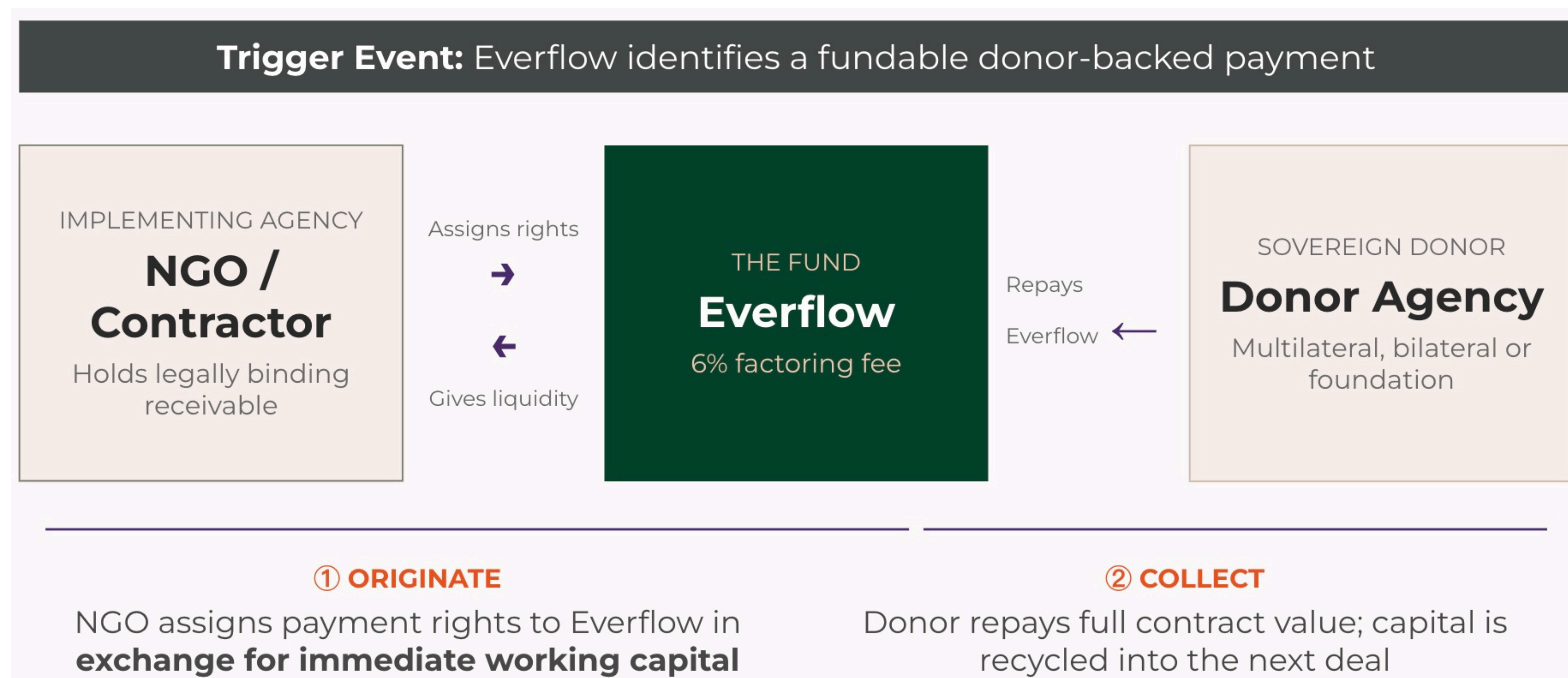
**Multi-sector targeting allows the fund to diversify across essential services** with varied payment schedules, effectively reducing concentration risk while maintaining exposure to the same underlying asset class. This strengthens portfolio resilience, enhances capital preservation, and builds a broader performance track record.

## THE SECTORS

- Health:** Keeps essential health programs running without interruption, ensuring care reaches hundreds of thousands of beneficiaries.
- Agriculture & Food Security:** Stabilizes rural supply chains and farmer incomes while strengthening organizational capacity.
- Infrastructure & Essential Services:** Maintains critical community services and builds financial credibility for local NGOs.

## FINANCIAL MECHANISM

We propose a **limited liquidity private credit vehicle** that **purchases the receivables of NGOs from donor agencies**, ensuring project continuity. This receivables-based bridge capital factoring injects cash rapidly to prevent disruptions caused by delayed disbursements and reduce further strain on the development ecosystem.

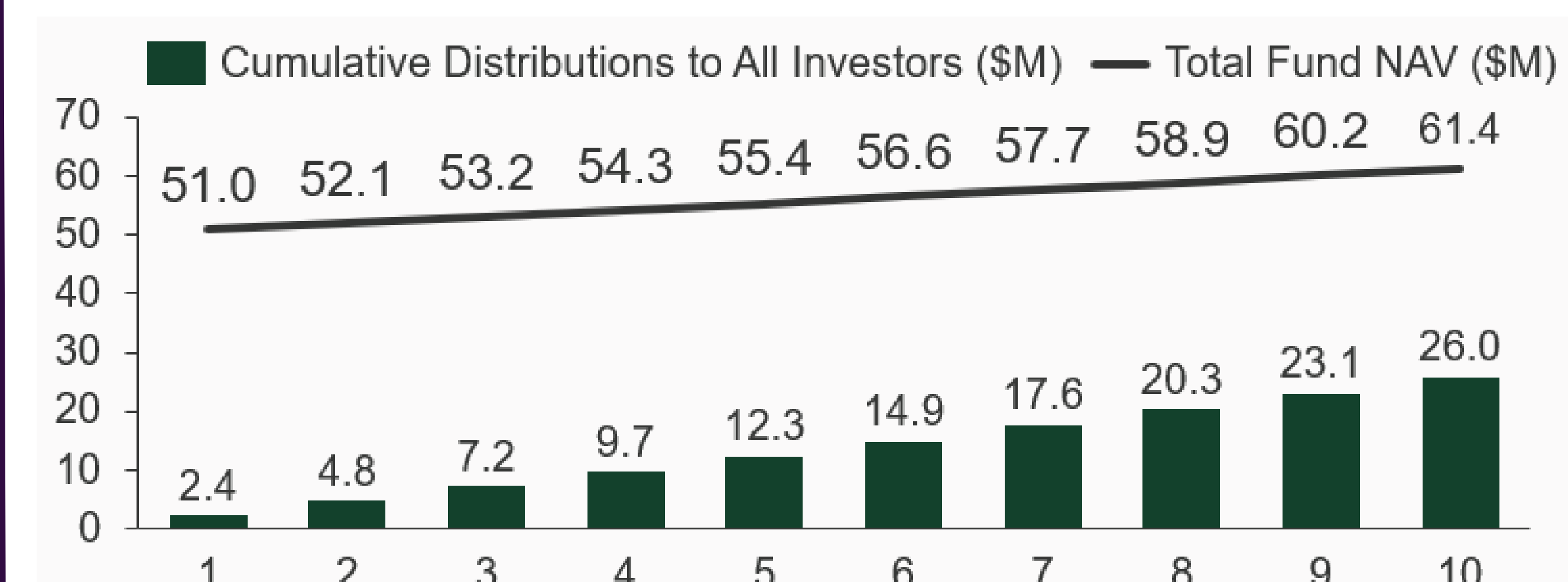


- Origination:** Fund factors the receivables through the purchase of payment rights for the contract), converting donor payments into liquidity for Implementing Agencies (NGOs/Contractors) and ensuring that these agencies can continue operations, retain staff, and maintain program momentum, directly benefiting communities served.
- Fund receives full repayment from donor agency:** Once donors process the payment of the original contract, the Fund collects full disbursement flows directly to the fund. The 6% spread between the advance paid to the NGO and the full amount collected constitutes the Fund's gross return.

**NB - Investor Liquidity:** While the Fund is structured as a closed-ended vehicle, investors can access optional liquidity up to 5% of Net Asset Value (NAV) annually as a periodic redemption window. Investors receive the benefits of flexibility whilst the Fund is able to recycle capital and Implementing Agencies experience predictable cash flows.

## FUND PERFORMANCE

Key Assumptions	
<b>10-year horizon IRR</b>	7.3% <sup>5</sup>
<b>MOIC</b>	1.81
<b>10-Year Capital received by NGOs</b>	~\$750M <sup>6</sup>
<b>Fund utilisation rate</b>	95%
<b>Default rate</b>	2% <sup>7</sup>
<b>Recovery rate</b>	90% <sup>7</sup>
<b>Annual operating costs</b>	\$1M <sup>8</sup>
<b>Average loan holding period</b>	9 months <sup>9</sup>
<b>Concessional Tranche Returns</b>	2% <sup>10</sup>



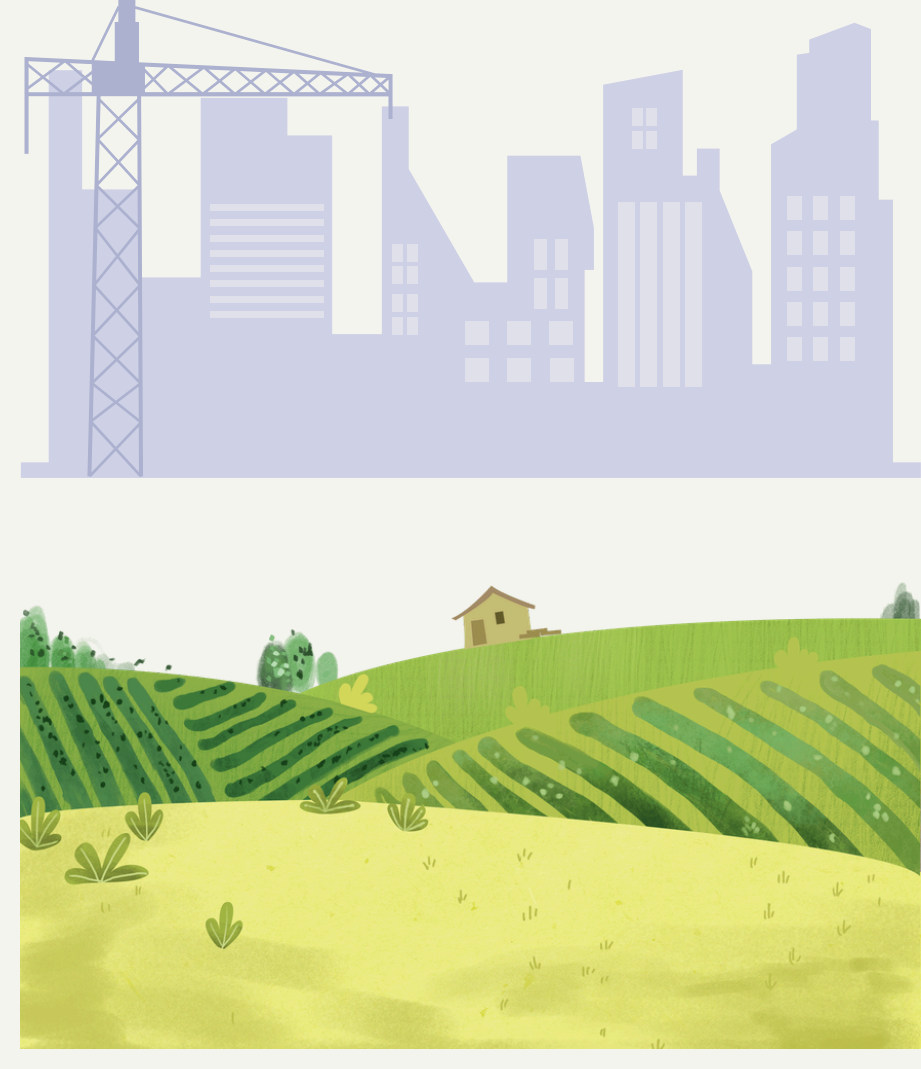
### Footnotes and assumptions for Financial Mechanism

- Assume a representative investor holds for 10 years and takes annual redemptions. Total redemptions are capped at 5% of year-start NAV and other profits reinvested.
- ~\$750M reflects cumulative cash disbursed to NGOs over the 10-year fund life (total estimated value of receivables factored assuming 95% fund utilisation, less 6% spread retained by the fund. Equivalent to recycling the capital base of \$50M ~15 times.
- Default rate based on triangulating default rate seen by expert interviewee providing bridge loans to enterprises in emerging markets with non-payment rates across MDBs, Bilaterals and Foundations. Vast majority of donors will not default on obligations or payment will ultimately be recovered. Allows for a small segment of bilaterals defaulting due to political headwinds such as funding freezes.
- Reflects a lean, primarily Nairobi-based investment team (3 FTE), SG&A, and outsourced fund administration, audit. This represents a modest ~2% of NAV at inception; increases 2% annually for inflation.
- Conservative estimate based on perspective of USAID contracts expert: in BAU scenario payment cycles average 60-180 days, can stretch to >180 days / 9 months with delays.
- Concessional tranche returns set at 2% based on average PRI return expectations at between 0-3%.

“[THE FUNDING DELAY] BECAME SO DIRE THAT THE DIRECTOR OF A LOCAL NGO... TOOK OUT A PERSONAL LOAN TO PAY STAFF SALARIES, USING HER RESIDENCE AS COLLATERAL” - UK PARLIAMENT, SELECT COMMITTEE ON INTERNATIONAL DEVELOPMENT

## BENEFITS OF APPROACH

- For NGOs:**
  - Rapid, non-dilutive liquidity to bridge disbursement gaps and ensure uninterrupted project delivery.
- For investors:**
  - Credit exposure anchored to sovereign-backed donors, not NGO balance sheets.
  - Legally contracted receivables with defined payment obligations reduce default risk.
  - Short-duration structure limits capital lock-up and enhances portfolio predictability.
  - Optional liquidity mechanisms provide flexibility without compromising return integrity.
- For donors:**
  - Ability to maintain standard disbursement timelines without disrupting project execution or fiscal burden, payment obligations remain unchanged.
- For system health:**
  - Perpetual impact through capital recycling: a \$10M initial investment can generate approximately \$154M in receivables financing over 10 years.
  - Standardized receivables agreements create replicable market infrastructure, reduce diligence costs, and signal viability to broader private capital.



## DIRECT + SYSTEMIC IMPACT

Metric	Without Fund	With Fund	Measure	SDGs
<b>Project-Level Impact (Immediate &amp; Tangible)</b>				
<b>Service delivery continuity</b>	Projects completely halt or scale back within weeks of payment delays	Uninterrupted service delivery maintained across 3-6 month gaps	# beneficiary-days of service protected per loan cycle	1 NO POVERTY, 2 ZERO HUNGER, 3 GOOD HEALTH AND WELL-BEING, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
<b>Access to working capital</b>	Commercial loans at 23% interest in Africa, or no capital at all	NGO takes on no debt	Average cost of capital before vs. after Fund engagement	10 REDUCED INEQUALITIES, 17 PARTNERSHIPS FOR THE GOALS
<b>Health Service and Treatment Continuity</b>	Staff layoffs, treatment and supply chain delays	Continuity of staffing & supply chains for funded health programs	# workers retained; # patients continuously on treatment	3 GOOD HEALTH AND WELL-BEING
<b>Systems-level Impact (Market &amp; Institutional)</b>				
<b>Private Capital mobilized</b>	\$0 private capital currently flowing to this gap	Follow-on capital attracted as performance track record established	\$ private capital mobilised per \$ of Fund deployed	10 REDUCED INEQUALITIES, 17 PARTNERSHIPS FOR THE GOALS
<b>Perceived risk of receivables</b>	Market assumes 10%+ default rate; capital withheld	Blended default rate published, removing perceived risk	Default & recovery rates published annually	10 REDUCED INEQUALITIES, 17 PARTNERSHIPS FOR THE GOALS
<b>NGO creditworthiness</b>	Local NGOs have no credit history; locked out of capital markets	Auditable repayment history created; DFI engagement pathway opened	# agencies accessing new financing after Fund engagement	10 REDUCED INEQUALITIES, 17 PARTNERSHIPS FOR THE GOALS

## FIRST MOVER ADVANTAGES + DIFFERENTIATION

- Untapped, sovereign-backed asset class:** Converts committed, donor-backed receivables in Sub-Saharan Africa into a structured, investable market largely overlooked by commercial capital.
- Predictable exit, amplified impact:** Donor-backed receivables provide a guaranteed repayment pathway, ensuring a reliable exit while enabling NGOs to sustain programs, scale operations, and reach more beneficiaries.
- Track-record creation for a new asset class:** Builds performance data and a credible history of repayment, establishing proof of concept for commercial capital in underutilized development finance markets.
- Faster deployment with structured risk:** Shortens capital-to-impact timelines and provides clear risk controls, distinguishing the fund from traditional aid, philanthropic advances, or conventional lending.
- Proven operational model adapted to development finance:** Applies a receivables-factoring model successful in other markets (e.g., U.S. government receivables) to Sub-Saharan Africa, combining tested mechanics with unmet development demand.
- Strong risk-returns balance:** Provides a strong 10-year horizon IRR of 7.3%, compared to other, potentially higher risk private debt funds. Estimated 26% of private credit funds have returns ranging from 1-5%<sup>11</sup>

## INVESTMENT CRITERIA + DEAL SOURCING

- Target Sectors:** Health, agriculture, and infrastructure, areas with predictable donor flows and historical impact aligned with SDG-type essential services.
- Counterparty Quality:** NGOs, cooperatives, and networks with 3+ years of operations, demonstrated service delivery at scale, measurable outcomes, and a history of working with DFIs or multilaterals.
- Contract Quality:** Partnering donors and multilateral banks ensure receivables are verified, reducing credit risk for investors: only donor-backed or government/utility contracts, outcome-based payment agreements, or blended revenue models with contracted base payments. Only applies to active projects with established payment schedules and ongoing beneficiary impact; does not advance funds for projects that haven't started or lack confirmed payments.
- Legal & compliance readiness:** Registered, licensed, and fully compliant with donor and local regulations.
- Monitoring & reporting capacity:** Systems to track, verify, and report program outcomes and expenditures.
- Liquidity Profile:** Receivables with defined payment timelines to ensure fund recycling and predictable cash flow.
- Finance & Governance:** Clean audited financials (2-3 years), basic internal controls, transparent cost structures, and clear governance.



## RISKS + MITIGATION

The Fund's credit exposure sits with AAA-rated multilateral development banks and sovereign-backed donors with historically low annual default rates. These are legally contracted payment obligations, ensuring repayment obligations are verified and binding. **Therefore, the primary risk is the timing of disbursement, not creditworthiness.** Commercial lenders have systematically mispriced donor-backed receivables as high-risk; our solution captures the resulting inefficiency, effectively generating returns anchored to sovereign-quality cash flows while preserving capital allocated in the past and present.

Risk Category	Likelihood	Mitigation Strategy	Impact	Risk Category	Likelihood	Mitigation Strategy	Impact
Donor Default	Low-Med	60-70% Tier 1 MDBs; max 40% per donor	HIGH	Concentration	Low	Max 40% per sector; min 5 countries; diversified across health, ag, infrastructure	MEDIUM
FX Volatility	Medium	USD/EUR receivables only; geographic diversification	HIGH	Operational	Low-Med	Donor-verified contracts; min 3-yr track record; audited financials required	MEDIUM
				Cash Flow Mismatch	Medium	Staggered maturities; cash reserve buffer maintained	MEDIUM
Political/Sovereign	Medium	Max 25% per country; monthly risk monitoring; exclude highest-fragility contexts	HIGH	Regulatory	Low	Legal review prior to deployment; standardized enforceable loan agreements	LOW

## PROJECT EXAMPLES

Illustrative examples of donor-funded projects experiencing disbursement delays that represent potential future pipeline opportunities for the Fund.

<b>Health</b>	A HIV treatment program across three districts in Kenya, where bridging payment delays enables 45,000 patients to remain on continuous antiretroviral therapy without interruption. (Example donor: Global Fund)
<b>WASH Infrastructure</b>	A rural water and sanitation program across 45 communities in Tanzania, where bridging payment delays enables 75,000 people to maintain access to clean water without reverting to contaminated surface sources. (Example donor: AfDB/World Bank)
<b>Agriculture</b>	An agricultural extension program in Uganda providing training and inputs during planting season, where bridging payment delays enables 12,000 farming families to plant on schedule and avoid a lost harvest. (Example donor: UK FCDO/SIDA)

## ILLUSTRATIVE PROJECT

Illustrative example of the numbers & actors involved in a typical transaction:

- NGO:** FHI 360, well-established global health nonprofit with audited financials and extensive experience.
- Receivable:** \$1 million approved PEPFAR reimbursement from the U.S. government, subject to a typical 60-180 day payment cycle.
- Fund Transaction:** The Fund purchases the approved receivable
- Immediate Impact:** FHI 360 receives \$940,000 upfront from Fund instead of waiting up to 180 days >> **Program delivery continues** uninterrupted without drawing on reserves or slowing operations.
- Donor Repayment:** USAID pays the full \$1 million to the Fund at the end of the payment cycle.
- Fund Return:** The Fund earns a \$60,000 factoring fee (6%) on the \$1 million deployed, reflecting compensation for providing liquidity against a sovereign-backed receivable.
- Capital Recycling:** Upon repayment, the \$1 million is redeployed into the next approved receivable, enabling continuous capital turnover within the evergreen structure.

## SCALABILITY

- Proof of Concept:** Generate audited performance data across health, agriculture, and infrastructure, demonstrating <2% default rates and predictable payment cycles, validating the receivables asset class and reducing reliance on concessional capital.
- Pipeline Institutionalization:** Establish standing agreements with high-capacity NGOs and anchor donors to streamline receivables sourcing, reduce transaction costs, and accelerate deployment as the fund scales.
- Donor Channel Diversification:** Broaden funding sources to include private foundations (e.g., Gates, Wellcome) and vetted corporate social investment contracts, capturing faster payment cycles while maintaining high credit quality.
- Local Ownership Pathway:** Gradually prioritize locally-led African NGOs, building their financial capacity and credit history while maintaining disciplined risk management. A modest concessional tranche can support early-stage or higher-risk organizations, enabling “by Africa, for Africa” impact without compromising market-rate returns for core investors.

## LEGAL + COMPLIANCE SAFEGUARDS

All receivables are fully vetted for assignment, compliant with donor and local regulations, and enforceable under local law. Legal complexity around receivables assignment varies by donor and jurisdiction. Our underwriting requires: (1) agencies demonstrate legal capacity to assign receivables, (2) written donor consent where required, (3) local counsel confirmation of enforceability. We do not purchase receivables with unresolved assignment restrictions.

## CONCLUSION

The Africa Systems Continuity Fund will unlock committed but chronically delayed capital across Sub-Saharan Africa's development sector, converting sovereign-backed receivables into a standardized platform for sustainable returns. Beyond the financial returns, this Fund will build the repayment infrastructure required to present a long-term fix to the persistent liquidity problems present in development finance.

1. World Bank Net ODA figure (World Bank)  
2. 9-Year average taken from USAID report on % of funding commitments facing delayed expenditures; defined as % obligations unexpectedly not distributed by the end of the fiscal year following the commitment being made (USAID)  
3. Across African countries where data is available, commercial bank lending rates averaged approximately 11% over the past four years, reflecting short- to medium-term financing costs for private-sector borrowers and the perceived risk of local markets. (Calculated using International Monetary Fund (IMF), International Financial Statistics Database)  
4. Based on a total value of \$820m in ODA flowing to Sub-Saharan Africa, of which 22-26% is in relevant sectors and up to 20% will experience payment delays  
5. Assume a representative investor holds for 10 years and takes annual redemptions. Total redemptions are capped at 2.5% of year-end NAV and other profits reinvested.  
6. Default rate based on triangulating default rate seen by expert interviewees providing bridge loans to enterprises in emerging markets with non-payment rates across MDBs, Bilaterals and Foundations. Vast majority of donors will not default on obligations, but allow for a small segment of bilaterals defaulting due to political headwinds such as funding freezes.

7. Reflects a lean, primarily Nairobi-based investment team (3 FTE), SOGA, and outsourced fund administration, audit. This represents a modest ~2.5% of NAV at inception; increases 2% annually for inflation  
8. Conservative estimate based on perspective with USAID expert; in BAU scenario payment cycles average 60-180 days, can stretch to 180 days / 9 months with delays  
9. World Bank Group President Penname (WB)  
10. World Bank, headline interest rate (WB)  
11. IMF Private Debt Fund Survey 2020