WAVE 2 · EPISODE 10 · THE DEPLOYMENT LAYER

Capital In Motion: From First Check to Continent-Wide Flow

One company, followed closely: how a first catalytic check and a continent-wide investor network moved it from intent to deployment, and what it would take for ten more companies to do the same.



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Venture philanthropy · Catalytic capital · Unrestricted funding · Investor networks · Local founders · Joint diligence · Capital In Motion · Edition 01

CORE INSIGHT

Wave 2 has looked at the deployment gap from the philanthropy that moves first, the corridors capital travels, the instrument that carries it and the system trying to reform itself. Episode 10, the series' first with two guests, looks at both sides of early-stage capital in Africa. Kanini Mutooni of the DRK Foundation writes an early, high-risk check and does the hands-on work: **her case, Kenyan cold-chain company Keep IT Cool, went from a single hands-off investor on its cap table to an Earthshot Prize and the path to financial sustainability in about three years.** Dr. Frank Aswani's AVPA works with the investors themselves: **building their capabilities, pipeline, data and networks, so that one funder's conviction can find follow-on capital and private money reaches places it would not go on its own.**

> *"When you invest in a local founder who really understands the problem, there's a much higher likelihood of success. So for me, I see it as a risk mitigation."*
>
> — Kanini Mutooni · Africa Director & Senior Managing Director, DRK Foundation · EP10

> *"We don't necessarily want free things. We want affordable, reliable services. And if your business can give us one of those, it will grow and thrive."*
>
> — Dr. Frank Aswani · Chief Executive Officer, African Venture Philanthropy Alliance · EP10

18 mo.
Time it took for three new catalytic impact investors to join Keep IT Cool's cap table after DRK invested at pre-seed.
Source: Kanini Mutooni, on Keep IT Cool · EP10 discussion

30%
Share of seats AVPA reserves for African players in its catalytic capital collaboratives, so they learn by doing alongside experienced investors.
Source: Dr. Frank Aswani, AVPA · EP10

$4T
Domestic assets on the continent, set against an annual SDG financing gap of about $300 billion. "We're not short of money, we're short of risk capital."
Source: Dr. Frank Aswani, AVPA · EP10

THREE THINGS WORTH KNOWING FROM THIS CONVERSATION

1. **With little track record to go on, the first check backs problem-solution fit.**
DRK expects early revenue, not profitability. Mutooni looks for three things: a solution designed for the right problem, a founder resilient and open enough to take feedback from a very hands-on investor, and a founder who understands what raising capital takes. The first can look straightforward, she said, but it is the most difficult.

2. **Other investors follow a catalytic check when hands-on work comes with it.**
DRK invested in Keep IT Cool through a convertible note, then helped with financial modeling, a talent strategy and hiring, forming a board and setting KPIs. "When people see DRK on a cap table, they know that we're going to do a lot of the hands-on work." Three catalytic investors followed within 18 months, and the original Japanese VC later sold its stake out of confidence that the company was in the right hands.

3. **Networks turn one funder's conviction into continent-wide capital flow.**
AVPA works with investors, not entrepreneurs, because "there's enough enterprise support ecosystem" already. It builds investors' capabilities, connects them to investable pipeline through a deal-share platform, tracks capital flows and co-investors across the continent with a new AI data tool, and convenes investors online and in person. It also amplifies proofs of concept from pioneers such as DRK, links them to follow-on debt and equity so early backers can exit, and carries the evidence to policymakers: "We're now seeing governments starting to talk impact investing language." Mutooni: "I don't think AVPA can do without us, and we can't do without AVPA."

WHAT IS WORKING

Local founders raising capital: a decade ago, Mutooni found pipelines where 80% of companies were run by expatriates. DRK now invests only in founders local to the context, and tests how local they are, as a deliberate risk mitigation. More women investment decision-makers are also, she observes, bringing more women founders through.

The African customer is investable: businesses are being built profitably around customers earning under $5 a day, with models such as pay-as-you-go matched to their cash flows. Capital is also being directed beyond South Africa, Kenya and Nigeria to markets such as the DRC, Burkina Faso and Benin.

Domestic capital stepping in: AVPA sees more domestic capital entering the impact space than ever, enrollments in its training programs growing sharply this year, and, with aid cut, more grant makers asking how to multiply the effect of their money.

WHAT IS STILL MISSING

Hands-on catalytic investors, at scale: both guests independently named it as the one thing to accelerate. Many impact investors still avoid anything that sounds capex-heavy, which is exactly where Keep IT Cool's problem sat.

Shared diligence: co-investors running separate diligence on the same company slows deployment. Mutooni's fix: "Let's do joint diligence together and we'll be able to accelerate more capital being deployed."

Investor readiness: when DRK found Keep IT Cool it had no board, no talent strategy and no clear unit economics. Aswani says many African entrepreneurs still need that kind of mentorship, with technical assistance to build their capabilities.

Founders ready to pivot: Mutooni sees founders fail when they cannot change direction or take feedback, in markets where seasons, regulation, capital and talent keep shifting.

RAPID INSIGHTS — KANINI MUTOONI & DR. FRANK ASWANI'S VERBATIM CLOSING ANSWERS

The best sign that a check is going to the right person, before there's a track record to prove it, is... **(Mutooni)**	"The right attitude and the right mindset."
The clearest proof that AVPA's network is actually working, not just meeting, is... **(Aswani)**	"We have a lot more people asking us, who can I work with in your network?"
Unrestricted capital works better than restricted capital because... **(Mutooni)**	"It is flexible and it is patient."
The most exciting pattern of capital moving well right now that most people outside Africa don't know about yet is... **(Aswani)**	"There's a lot more domestic capital willing to come into the impact space. More than we've ever seen before."
The moment you know a founder is ready to absorb serious capital is...	Mutooni: "When the founder really understands the size and scale of his or her market and has the right team in place to address it." Aswani: "When the founder is patient enough to say no, when he doesn't feel he's ready to absorb all the money being given to him."
One condition I'd accelerate overnight to move more capital from intent to deployment is...	Aswani: "Just execute: test different things, start small, fail fast, fail cheaply, build the evidence." Mutooni: "Joint diligence with co-investors. Let's all stop doing our own separate diligence."

ONE IMPLICATION FOR CAPITAL ALLOCATORS

If you are a foundation, family office or institutional investor looking at Africa from Asia, the Gulf, Europe or the Americas: the hardest part is being the first hands-on investor, or co-investing right behind one. Keep IT Cool's first backer was a Japanese VC with no team on the ground; the company moved once a catalytic investor with a team on the ground did the hands-on work and other investors followed. Co-invest alongside hands-on catalytic funders, use networks such as AVPA to find aligned co-investors and see where capital is already moving, join a collaborative or a joint diligence process, and plan the follow-on round on the day of the first check.

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