



# JOURNEY IN DEVELOPING A PERMANENT CAPITAL VEHICLE



**aséli**  
impact capital



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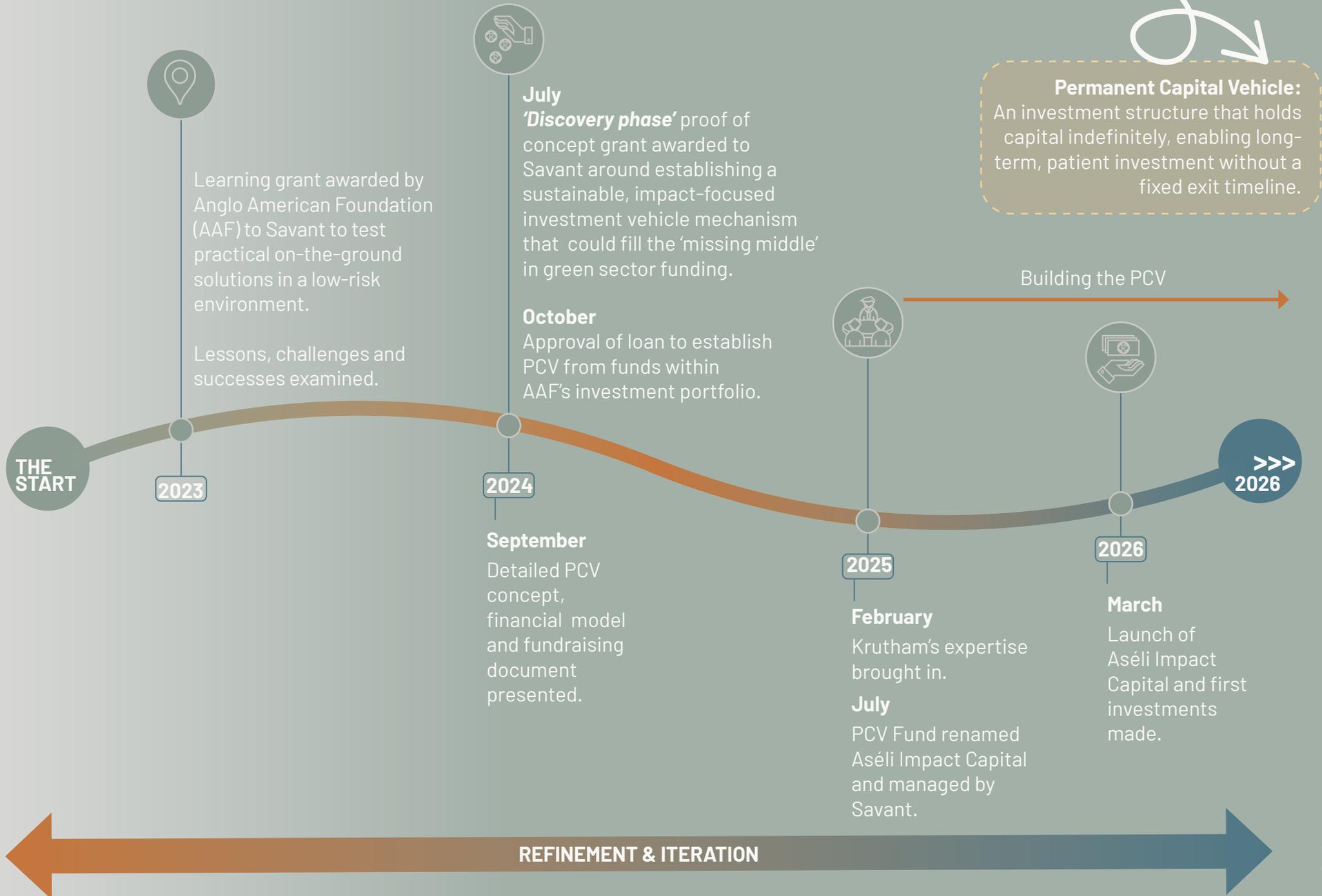
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# OVERVIEW: Journey to the development of a PCV



## ABOUT THIS REPORT

The Anglo American Foundation (AAF), in partnership with Savant and with support from Krutham, has established **Aséli Impact Capital** as an innovative finance mechanism to fund businesses that deliver measurable social and environmental impact.

Work began on developing this impact-focused permanent capital vehicle in 2023 and in doing so, AAF has gained valuable insights into the practical, operational and strategic considerations involved in setting up such a vehicle, as well as in pursuing an innovative impact investing strategy.

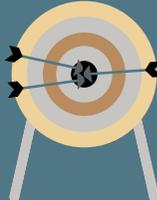
As part of its commitment to advancing impact, AAF is sharing these lessons with the broader philanthropic community. By outlining the investment journey, the steps taken from concept to investment and other key learnings, this report aims to support other philanthropies and their partners in navigating the complexities of impact investing.

Through this knowledge-sharing, AAF seeks to strengthen the capacity of the sector and encourage more organisations to adopt approaches that maximise both social impact and sustainable financial outcomes.

# REPORT OVERVIEW

### WHAT ARE WE TRYING TO ACHIEVE?

To support the growth of green sector MSMEs, to create jobs, improve livelihoods and drive environmental sustainability in South Africa. By 2030 Aséli aims to:



- INVEST in **40** companies
- CREATE **1200** jobs
- Increase livelihood **4000+**
- Avoid **10,000** tons of carbon emissions

### WHO IS IT AIMED AT?

Aséli is aimed at investing in post-pilot, early-stage commercial South African green MSMEs that deliver measurable climate and sustainable job outcomes, but are underserved by conventional debt or equity, and need patient, non-dilutive growth capital to scale.

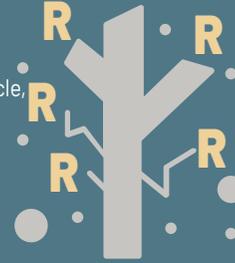


### WHAT SIZE IS THE VEHICLE?

Pilot phase is **\$4 million** envisaged to reach **\$25 million** at scale-up with additional third-party investors.

### WHAT IS ASÉLI?

It is a South African domiciled sustainable and impact-focused permanent capital vehicle, deploying capital via an innovative financing instrument.



### WHAT DOES IT DO?

It is dedicated to providing patient, flexible capital for emerging [or small] enterprises in South Africa so they can scale up.



### WHAT SECTORS DOES IT FUND?

It funds Green Sector MSMEs which includes:

- Energy & Power
- Mobility & Transportation
- Agriculture & Nature
- Construction
- Manufacturing
- Materials

## Overview of Aséli Impact Capital

In line with the Anglo American Foundation's goal to influence and unlock local capital in the countries in which it operates, Aséli Impact Capital is envisaged as a pioneering catalytic, risk-tolerant sustainable model for impact investing.

Acting as an evergreen vehicle, all returned capital will be reinvested into newly qualifying micro, small and medium-sized enterprises (MSMEs) which would otherwise typically have been excluded from conventional funding pathways. This perpetual cycle will support existing jobs and create new ones, and drive environmental sustainability in South Africa.



### WHAT ARE THE RETURN EXPECTATIONS?

**For investors:** Aséli's primary return is impact, specifically the creation of inclusive green jobs.

Financial returns are structured to preserve and recycle capital rather than maximise yield, with the fund targeting internal rate of return of approximately **5-8%** IRR for impact investors.

# About the Aséli Impact Capital collaboration



Anglo American Foundation champions youth for a green and fair future. Harnessing the power of philanthropy to shift systems and strengthen civic space, the Foundation works with locally led partners to catalyse youth agency and unlock capital and opportunity - creating the conditions for young people to shape their futures and drive change.



Krutham is a premier research and impact advisory firm that goes beyond analysis to building the financial solutions that mobilise capital for emerging markets. Krutham designs and implement investment vehicles that channel capital towards meaningful change, drawing on the insights of its own research into the financial sectors of emerging markets. Krutham's work supports investors, companies, regulators and policymakers in South Africa and globally. Krutham is based in Johannesburg, London and Cape Town.



Established in 2004, Savant is Africa's leading hardware and deep-tech venture platform, uniquely combining incubation, acceleration and early-stage funding to transform scientific and engineering breakthroughs into globally competitive businesses. Guided by the belief that the solutions to the world's most pressing social and environmental challenges lie in the commercial application of science and engineering innovation, Savant integrates technical assistance with fit-for-purpose capital to turn breakthrough ideas into scalable, investable businesses with global impact.

## The collaboration

A collaborative co-designing relationship has resulted in a strong alliance between AAF, Savant and Krutham. AAF is the founder funder; Savant serves as the implementation and operations partner for the vehicle, overseeing investment execution, technical assistance and governance support; and Krutham acts as a trusted advisor on strategy, operations and impact measurement and management.





## Definition of impact investing

### AAF follows the Global Impact Investing Network (GIIN) definition<sup>1</sup> of impact investing:

Investments that are made with the intention to generate positive, measurable social or environmental impact alongside a financial return.

GIIN defines the practice of impact investing as having the following elements:

- › **Intentionality:** Impact investing is marked by an intentional desire to contribute to measurable social and environmental benefits.
- › **Use of evidence and impact data in investment design:** Impact investing needs to use evidence and data, where available, to drive intelligent investment design.
- › **Management of impact performance:** Impact investing comes with a specific intention, necessitating that investments be managed to achieve that.
- › **Contribution to the growth of the industry:** Impact investors share learnings where possible to enable others to learn from their experience.



# Anglo American Foundation's impact investing journey



“AAF saw this “missing-middle” gap as a major opportunity to lead with innovative finance by testing and proving a flexible funding model that could prove to financial markets that investments can be done differently – while still generating good returns.”

Michael Mapstone,  
CEO, Anglo American Foundation

## LEARNING BY DOING

In 2023, to test AAF's new strategy a **series of learning grants were developed** to trial practical solutions within our regions in a low-risk environment.

One of these grants was **awarded to Savant to provide technical support** to five MSMEs to strengthen their fundraising capacity and prepare them for growth. The aim was to show how MSMEs can **generate green jobs as a sustainable and scalable pathway for employment.**

## THE MISSING MIDDLE

**The pilot confirmed AAF's assumptions about a funding gap for MSMEs in South Africa.** Traditional funding routes – grants, bank loans, venture capital and corporate social investment programmes – either do not target early-stage MSMEs with a green focus or leave a gap for those moving beyond seed or grant funding but not yet ready for venture investment. **Although South Africa has well-developed capital markets, green sector MSMEs continue to face a perception of high risk among investors.**

## An innovative solution

The need was clear: to collaborate and design something that meets the needs of the “missing middle” in terms of finance and flexibility so that they could scale without the pressure of fixed-term debt repayments. It was also important to prove to the capital markets that this was a viable option. This led AAF to sharpen its focus on

innovative finance and explore how its philanthropic role could help establish a dedicated investment vehicle to create this much-needed systems shift.

Savant received a second six-month proof-of-concept grant to assess the feasibility of creating a sustainable, impact-focused investment vehicle for the green sector's missing middle. Significant work led to the design

and development of the vehicle which, because of its innovative nature, required a higher risk appetite and careful needs assessment. In a first for AAF, seed funding was provided for the newly established impact-focused investment vehicle, with part of the initial allocation structured as an investment loan—using a portion of the organisation's donation reserves—rather than a grant.

<sup>1</sup>[www.thegiin.org/publication/post/about-impact-investing/](http://www.thegiin.org/publication/post/about-impact-investing/)



# Proof of concept: Guiding questions

*Given the short proof-of-concept phase, it was essential to maximise the collaboration time. Savant met every two weeks with AAF's operational team, and with finance and governance experts when required. Together, AAF and Savant set out to answer six key questions.*

## 1. Who can help us research a flexible funding model? And what do they tell us?



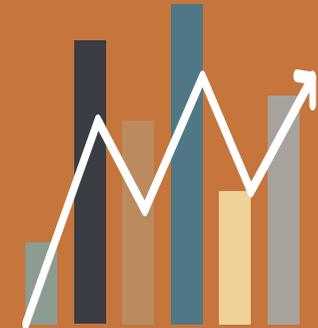
**To test the feasibility**, ensure alignment with market requirements and refine the concept of a vehicle, Savant engaged with as many stakeholders as possible through workshops and consultations. These included:

- Follow-on funders
- Entrepreneurs
- Industry consultants
- Incubators
- Accelerators
- Technical service providers

### Findings included:

- MSMEs need financial instruments that are straightforward and adaptable to their business realities.
- MSMEs – beyond loans – still require pre- and post-investment support.
- Follow-on investors require a model that can demonstrate scale, good governance and capability to repay before committing.

## 2. What should the vehicle look like?



Developing new financial instruments for **early-stage green MSMEs in South Africa presents significant tax challenges**. Aligning patient capital with uncertain future outcomes requires careful navigation of the complex tax environment.

A large part of the **complexity in the proof-of-concept phase** was engaging with legal, tax and structuring experts to help understand how a vehicle could be set up so that it ensured **compliance with South African laws and regulations**.

Eventually, **the ideal structure for a blended finance model** was developed that would allow funders to reinvest returns into new opportunities, to create a perpetual cycle of impact-driven investment; **also known as a permanent capital vehicle (PCV)**. The core components of a PCV are outlined on the next page.

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# Core components of the Aséli permanent capital vehicle (PCV)

PCVs are private market investment structures designed for extended lifespans. Unlike traditional closed-end funds with finite timelines, PCVs are perpetual, providing investors with unparalleled flexibility to hold investments for extended periods without the pressure of forced exits <sup>2</sup>.

## A non-profit company (NPC) that is reinvestment driven [Evergreen]

### Definition:

An NPC is a company incorporated for public benefit. Unlike traditional for-profit funds, the NPC structure ensures that financial surpluses directly support the ecosystem rather than benefiting shareholders.

An NPC structure enables Aséli to prioritise impact, reinvesting every surplus to support systemic growth. The resulting perpetual funding cycle maintains ongoing impact while avoiding the limitations of traditional, time-bound fund life cycles.

## Revenue-based redeemable preference shares (RBRPS)

### Definition:

RBRPS in simple terms is when an investor gives money to a company and, in return, receives special shares that can later be bought back by the company.

These shares earn a set return from the day they are issued, similar to interest. Each month, the company pays a portion of its revenue into a separate account. Once the company reaches agreed revenue targets, it starts repaying the investor from this account. The idea is to give the company flexible, patient capital that supports growth without putting it under immediate pressure to repay.

Using this structure for Aséli avoids issuing equity and removes the rigid constraints of fixed-term debt by allowing businesses to repay based on revenue growth, rather than predefined schedules. In short, it allows businesses to repay based on a percentage of their revenue only once they begin generating steady income. This strengthens financial sustainability.

While the commercial design of the RBRPS was straightforward, this stage required adapting this mechanism to create a simplified and tax-efficient instrument. The result was a simplified, compliant and scalable financing model that addresses tax inefficiencies, legal complexities and administrative challenges. This will make it more attractive to future funders and other stakeholders.

## Capital stack

### Definition:

A capital stack is the funding or investment structure of a project or organisational setup. Think of it as an actual stack of capital, with those investors willing to take the most risk at the top of the stack, which de-risks the investments for those further down the stack. Below is an example of the types of capital that could exist within an organisation. The lower in the stack, the less risk you are taking. <sup>3</sup>



A diverse capital stack (with layers) is essential for Aséli's viability. At the top is a first-loss protection layer (consisting of about 20% of assets under management), made up of philanthropic and concessional capital at 0% or below market rates. This layer takes the full exposure of early-stage risks and enables private and commercial investors such as development finance institutions to enter only once businesses have been sufficiently de-risked and proven commercially viable.

By blending concessional and commercial funding, the PCV can then offer affordable financing tailored to MSME cashflows.

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<sup>2</sup> [www.bipventures.vc/news/how-permanent-capital-vehicles-unlock-long-term-growth-for-startups-and-investors](http://www.bipventures.vc/news/how-permanent-capital-vehicles-unlock-long-term-growth-for-startups-and-investors)

<sup>3</sup> [www.cratoday.com/whats-a-capital-stack-and-how-does-it-work/](http://www.cratoday.com/whats-a-capital-stack-and-how-does-it-work/)

### 3. What would support look like for the businesses in which we invest?

Beyond an investment loan, the PCV would need to provide pre- and post-investment support for portfolio MSMEs. Building on Savant's extensive experience of supporting MSMEs, this was designed to include tailored technical assistance encompassing aspects of strategic advisory, governance strengthening, impact tracking and access to markets. The aim was to ensure that, not only were these companies ready for investment, but also that they would be capable of scaling in the future.

### 4. What existing MSMEs could fit into the PCV model?

Alongside testing if the PCV model was valid, clarity was needed on the types of businesses most suited to the PCV's financing mechanism. As such, a pipeline of potential MSMEs for future funding needed to be identified. Building on the extensive stakeholder engagement that Savant had carried out, potential MSMEs were evaluated for their ability to align with the PCV's objectives: revenue potential, scalability and outcomes/impact potential.

This gave rise to a pipeline of roughly 15 highly vetted, investment-ready green MSMEs. The process also provided insight into the green sector where the intervention could have the most impact.

### 5. Was the PCV model valid?

Companies can repay the PCV only if they grow sufficiently; and the PCV can achieve long-term sustainability and create a perpetual cycle of impact-driven investment only if repayment happens. Thus, the critical next question was whether the envisaged model was valid.

To test this, Savant worked with three MSMEs on their portfolio to analyse business cases, financial requirements and repayment capabilities. Financial modelling on these MSMEs demonstrated that in the type of revenue-based redeemable preference share (RBRPS) setup, they could sustain the associated repayments. The modelling was also pivotal for AAF in demonstrating the potential for scaling the PCV.

### Managing expectations

Given the amount of engagement with MSMEs during the proof-of-concept phase, it was vital to manage expectations during this process and to help businesses understand the long-term benefits of the mechanism. As is natural in the MSME space, many of the businesses were in urgent need of funding to sustain or grow. Savant played a vital role in supporting these companies in securing additional external funding to address immediate needs.

### 6. How will we measure impact?

It was vital to ensure that impact measurement and management was designed from the get-go. AAF and Savant conceptually explored and crafted a draft impact measurement and management framework that demonstrated the potential social, environmental and financial metrics that could be used to measure the outcomes of the PCV. This framework was built using practical sectoral experience, in-depth research on other similar models, and assistance from comprehensive indicator repositories such as IRIS+ (a system of tools and guidance developed by the GIIN to help impact investors measure, manage and optimise their impact).

### Available indicator repositories

- IRIS + [www.iris.thegiin.org/metrics/](http://www.iris.thegiin.org/metrics/)
- Global Reporting Initiative (GRI) Standards [www.globalreporting.org/standards/](http://www.globalreporting.org/standards/)
- B Impact Assessment (BIA) [www.bcorporation.net/en-us/programs-and-tools/b-impact](http://www.bcorporation.net/en-us/programs-and-tools/b-impact)
- Robin Hood [www.robinhood.org/our-work/our-approach/](http://www.robinhood.org/our-work/our-approach/)

Draft targets along key metrics such as potential jobs and carbon emissions avoided were created as part of the proof-of-concept to understand the potential impact that the PCV could have.

*The outcome of this proof-of-concept phase was the creation of a detailed PCV concept, financial model and fundraising document. This culminated in AAF awarding the PCV USD 4m as a loan towards the pilot in October 2024. The PCV was renamed the Aséli Impact Capital in July 2025.*



# Practically building Aséli Impact Capital

Post approval, there were still major hurdles to be overcome. These included formalising the fund's governance structure, practically fleshing out the impact measurement and management framework and developing a brand identity and communication strategy. This had to be done before moving to the deployment of initial capital.

This phase was where theory met practice and involved deep, hands-on engagement. Three essential strategies were engaged:

Bringing in technical expertise, co-designing, and splitting up the expertise into workstreams.

## Technical expertise

Once AAF had approved the PCV Aséli Impact Capital (Aséli), AAF and Savant needed a credible advisory partner with solid technical expertise in the impact investing sector. Krutham was brought in to assist on the final design and legal structure of Aséli – spanning from governance to impact measurement and

management – acting as an impartial sounding board to ensure that Aséli was effectively executed.

## Co-designing

The entire process involved co-working and co-designing. Regular workshops dedicated to brainstorming evolved into supportive environments where participants felt comfortable expressing uncertainty, fostering collaborative problem-solving that led to the team developing novel and innovative solutions.

## Just a Note

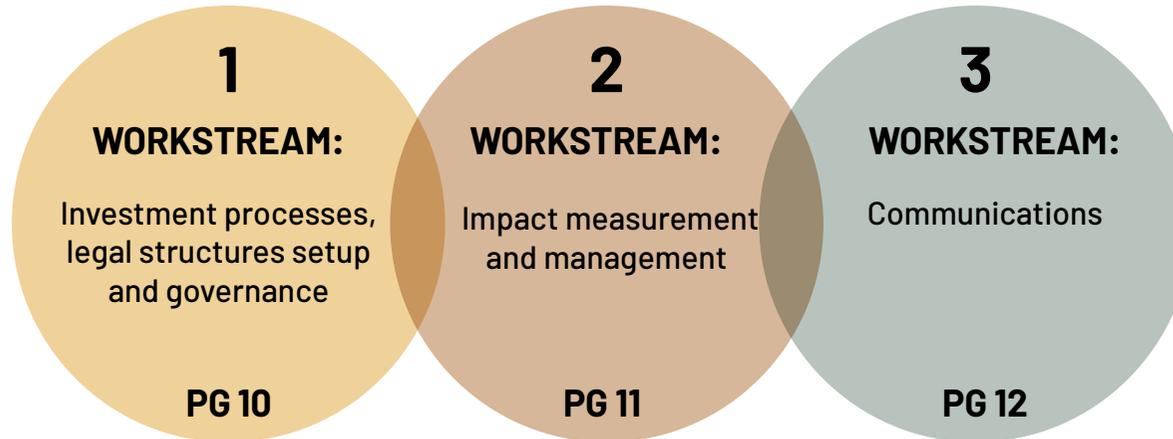


It is worthwhile acknowledging that in the process of co-designing, there is no substitute for getting together around a table in person.



## Split up the expertise into workstreams

A core steering-committee was set up between AAF, Savant and Krutham that met every six weeks. Further, implementation was divided into three workstreams. Each work stream had an accountable lead and two or more specialists in that area. These are briefly discussed below.

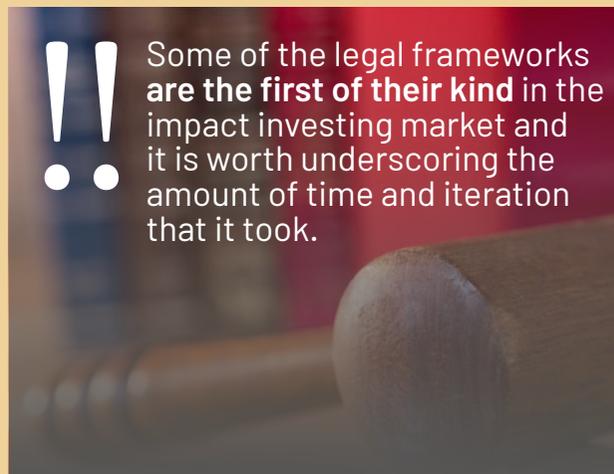


## 1 WORKSTREAM: Investment processes, legal structures setup and governance

Following extensive collaboration with Anglo American's legal team, formal agreements were drafted and finalised. These established the capital structure, governance model and investment framework necessary for Aséli to transition from its initial setup phase into full operational investment activity.

### The final loan structure is a 15/85 model:

- **85%** of the facility is interest-bearing and designated strictly for investments in green MSMEs using revenue-based instruments such as the RBRPS.
- **15%** is non-interest-bearing and ring-fenced for operationalisation: staffing, legal, governance, technical assistance and due diligence systems.



Legal agreements and governance documents that were critical to success include:

- The loan agreement between AAF (as the lender) and Aséli (as the borrower)
- The memorandum of incorporation (MOI) for Aséli
- Permanent capital vehicle management agreement between Savant and Aséli

A brief overview on each of these is found in the Annex to this report. It is important to note the emphasis on good-faith negotiations and the flexibility of the fixed repayment date, including the possibility of complete forgiveness.

# 2

## WORKSTREAM: Impact measurement and management

Moving from the conceptual impact measurement and management stage, the next priority was to develop a comprehensive measurement framework, grounded in reality, but that could stand the pressures of scaling up. To achieve this, three questions needed to be answered:

### How will we measure success?

AAF, Savant and Krutham brainstormed a “wish list” of each of the quantitative and qualitative indicators that could be used to measure the impact and success of Aséli. Over time, and after much debate, this was whittled down into a more practical and manageable set of indicators. The team attempted to keep the indicators as broad as possible in order to suit a wide range of future funders, acknowledging that, for example, for some funders social indicators would have more relevance while for other funders, environmental indicators would be the priority.

Having clear, consistent definitions for each of the indicators is critical. When it comes to measuring impact, nuance matters. Debating, iterating and refining upfront what was meant by impact in the case of each indicator was an intensive process, but time well spent. This included identifying which indicators were best suited to short-, medium- and long-term impact objectives.

### How will we collect and verify the data?

Means of verification for each indicator is always a burden that tends to fall on the MSMEs. After refining the indicators and definitions, AAF, Savant and Krutham spent a full-day workshop with representatives from a selection of Savant portfolio MSMEs. Without raising expectations for future funding, the team went through each indicator, what it meant for an MSME, and what means of verification would be required for each indicator.



### Leveraging technology for data collection and verification

AAF has partnered over the past 18 months with AI company Outcome to explore how AI can strengthen programme learning, test assumptions and generate evidence that supports both strategic and operational decisions. Outcome’s AI-driven verification platform helps AAF understand what is happening on the ground by bringing together data from people, sensors, satellites and the web – connecting the dots across complex systems. This process presented timely insights which supported smarter, faster decisions, strengthening the programmatic impact.

Through Aséli, AAF is testing Outcome’s accessible mobile app, Orixia, which is designed to ease the burden of verification on MSMEs through a tool that works with and for them. Business owners can easily upload documentation, take a photo or speak into the app. By capturing data in real time, the Orixia app builds a verified record of work and income, and offers built-in accounting tools and AI-driven insights to help MSMEs grow their businesses with confidence.

### How and where would we report on our data?

Understanding stakeholder needs, including AAF’s Board, when it comes to reporting **was a critical input into the design of the impact measurement and management framework** as it provided a guide for timelines of measurement and focus in communication of impact.



# 3

## WORKSTREAM: Communications

Communications to both funders and MSMEs is equally important for Aséli. From the beginning, it was vital to understand the needs, perspectives and requirements of each segment.

Detailed thinking was required about the PCV's name and brand identity. The eventual name, Aséli Impact Capital, was chosen to reflect the intention to blend catalytic purpose with disciplined investment – something which speaks clearly to both audiences.

Brand identity continues to be key as Aséli launches, and as AAF subsequently continues to share findings and learnings across the sector.

### What's in a name?

#### Aséli Impact Capital

"Aséli" is derived from the Swahili word Asili, meaning origin, foundation or essence – fitting for a vehicle designed to be a starting point for a new way of investing in South Africa's green economy. Paired with "Impact Capital", the name reflects the intention to blend catalytic purpose with disciplined investment.

## Lessons learnt along the way

Pioneering a new approach is inherently challenging, requiring significant time, effort and conviction. It also demands a commitment to experiential learning. In the process of establishing Aséli, AAF, Savant and Krutham have gained valuable insights that may be useful to aspiring impact investors. We present the key insights below.

### Start with a clear vision

A clear, shared vision is essential to guide decision-making. Understanding what the problem is that you are aiming to solve, what you want to achieve and how this aligns to your mission is critical in securing stakeholder buy-in, establishing robust impact measurement and management practices and defining what success looks like from the outset. A well-articulated vision provides a compass for both strategy and execution, ensuring that all parties remain aligned and accountable.

### Develop an appetite for risk and innovation

Pursuing innovative impact investing approaches often involves stepping into uncharted territory. There is an inherent risk that an idea may not be the right fit or may not work as planned. However, calculated



risk-taking is essential to drive meaningful change. Organisations need to be willing to experiment while maintaining a clear understanding of potential downsides.

**Risk and innovation in practice:** Be mindful that the process of working in unchartered territory is finance- and resource-intensive and needs to be incorporated in the budgeting process.

### Slow and steady

Patience is critical. Setting up an impact-focused permanent capital vehicle is a long-term endeavour that cannot be rushed. There is a need to move deliberately, balancing persistence with agility. Having conviction in the approach while remaining open to adjustments helps navigate inevitable delays and setbacks.

**Adjustments in practice:** One setback for the vehicle was an initial grant of USD 650,000 for technical assistance for portfolio MSMEs, was to be funded through USAID. US Government's dismantling of the organisation in 2025 meant this grant would no longer be awarded. The slow and steady approach taken throughout the process enabled AAF to adjust and restructure the loan to incorporate elements of technical assistance for portfolio MSMEs (85% for investment; 15% for technical assistance and its associated operational costs).

## It takes a village

Collaboration is a central factor for success. Developing this kind of vehicle emphasises the value of partnerships – including bringing in support experts and trusting their guidance. Co-creating both the vision and the vehicle's structure ensures alignment among stakeholders. The process is iterative, requiring flexibility and ongoing dialogue to adapt to new insights or challenges.

**Collaboration in practice:** Collaboration works when people know their responsibilities and accountabilities. Knowing who is paying for what also removes any element of surprise and allows people to concentrate on the job at hand.

## Start small and scale

It is not advised to make substantial financial commitments at the outset. Rather initiate pilot projects or smaller-scale investments, which provide an opportunity to test strategies, evaluate initial outcomes and scale operations in a more informed and effective manner.

## One size does not fit all

Impact investing approaches must be tailored to the context, objectives and resources of the organisation. There is no universal model; each impact investing vehicle requires bespoke design to address its unique goals and operational realities.

## It is not possible to be all things to all

**people:** Aséli is a specialised vehicle. While the original intention was to dovetail Aséli's investment focus with AAF's Circular Economy value chain programme, upon exploring this, it was found that the areas of alignment were limited. It is important not to try and solve for too many things using a single vehicle. Focus is key to success.

## Be ready to get your hands dirty

This is a very hands-on process. While this was a collaboration with the relevant technical expertise to help with all

aspects, and while separate workstreams were set up to help with the workload, AAF had to have oversight at all levels as the project funder.

## Reflect and learn

Continuous reflection and learning is critical to improving outcomes. Regular review cycles are important for capturing lessons and applying insights to refine both strategy and operations. This mindset helps evolve the approach over time, increasing the likelihood of sustainable impact.





# What is next for Aséli?

## Understanding our starting point

The immediate next step is baselining the businesses that will form part of the Aséli vehicle.

Baselining<sup>4</sup> involves gathering data that measures the established indicators before the start of a programme for later comparison. It is critical to inform programme planning, and to understand what real impact has been achieved over time.

Once again, the collaboration requires a co-working and co-designing approach, in person, to tackle this task. Part of the baselining also includes testing Outcome's mobile app, Orixia.

## Proving the model

Aséli, in its current form, has always been conceived as a pilot vehicle. It is intended both to attract additional third-party follow-on investors over time and to serve as a deployable model that AAF could replicate, or adapt, in other geographies. AAF also viewed Aséli as a potential exemplar of the type of impact investment company it could support as part of its longer-term endowment sustainability strategy.

Central to proving this model is Savant's

role as the fund manager and operator during the pilot phase. Savant is responsible for translating the investment design into day-to-day practice: originating and doing due diligence on investments, structuring and managing transactions, monitoring performance, and actively working with investee companies over time. Through this active management approach, Savant enables the testing of the investment mechanism in real-world conditions and generates practical evidence on what works, what does not, and what needs to be adapted.

The pilot stage is therefore not only about deploying capital, but about demonstrating that the model can be operated with rigour, good governance, and credible oversight. This is particularly important given the long repayment horizon of eight to twelve years, which is too extended to wait for full capital recycling before engaging future funders. Instead, confidence must be built through early signals of performance: disciplined portfolio management, transparent reporting, credible impact measurement, and evidence that investee companies are being supported to grow sustainably and repay over time.

As Aséli looks to scale, any follow-on investors will require assurance

that the model is both investable and manageable in practice. Savant's role in actively operating the fund during the pilot phase is therefore critical to demonstrating operational capability, governance strength, and the credibility of the repayment and impact thesis. This operational track record is what underpins Aséli's ability to attract follow-on funders and supports AAF's broader ambition to validate and scale this approach beyond the initial pilot.

## Crowding in investment for scale-up and replication

Aséli will seek to raise funds to grow. This will require fundraising with additional third-party investors to reach the USD 25m for scale-up. Ticket sizes are envisaged to range between USD 300 000 to USD 2.5 million.

Preparing for scale-up involved getting governance structures, including supporting policies and frameworks and legal documentation, in place to support onboarding of co-funders.

## Creating an enabling environment for impact investing

Impact investing will not become a mainstream solution for philanthropic

capital without an enabling environment for impact investing in South Africa. This requires extensive advocacy, which AAF will pursue. The South African regulatory environment presents challenges to impact investing, which is limiting the potential for investment to support achieving the country's development objectives.

AAF is actively involved in supporting the creation of a more conducive environment for impact investing in South Africa through Krutham's Accelerating Impact initiative. This initiative explores a pathway to foster a supportive regulatory environment for impact investing, focusing on three critical areas: instrument design and disclosure, tax regulation, and the B-BBEE framework.

Read more at: [www.krutham.com/projects/accelerating-impact/](http://www.krutham.com/projects/accelerating-impact/)

## Sharing and learning

AAF is committed to sharing its learning to enable other foundations and philanthropic organisations to get involved in impact investing. This report is our first step in sharing these learnings, with more to follow. We encourage our peers to reach out to us as you explore impact investing in your context.

<sup>4</sup> [www.betterevaluation.org/sites/default/files/Baseline\\_Basics\\_2013.pdf](http://www.betterevaluation.org/sites/default/files/Baseline_Basics_2013.pdf)

## Talk to us

**We'd love to hear your feedback on this report. Please contact either:**

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**For an overview of the work we do please review the following websites:**

- Anglo American Foundation:  
[www.angloamericanfoundation.org](http://www.angloamericanfoundation.org)
- Aséli website:  
[aseli.capital](http://aseli.capital)
- Savant:  
[www.savant.co.za](http://www.savant.co.za)
- Krutham:  
[www.krutham.com](http://www.krutham.com)



# Annex:

## Critical Aséli legal agreements and governance documents

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The **loan agreement** between AAF (as the lender) and Aséli (as the borrower) records AAF's catalytic funding to establish Aséli and provide the first pool of capital. It ensures that the RBRPS mechanism is viable and practical not only from a management perspective, but from an investee perspective in terms of repayment and is structured to support both operational setup and pilot investments, with repayment linked to future cashflows. This document contains a number of high-level agreements of interest to future investors.

- Payment tranches
- Agreement on interest rate terms
- Repayments start from the 8th anniversary, but with an emphasis on flexibility
- Acknowledgement that 12 years from the first advance date represents a reasonable reference point for overall performance evaluation and potential repayment of the outstanding amount in full
- Agreement that Aséli will seek further funding to grow
- Reporting requirements
- Events of dispute

The **memorandum of incorporation (MOI)** for Aséli sets out Aséli's non-profit structure, governance and board composition. This ensures long-term mission alignment, funder participation, and reinvestment of surpluses.

### The document discusses:

- The objectives of Aséli
- Aséli's governance and accountability
- Composition and responsibilities of board of directors (currently two from AAF and one from Savant; this can go up to five directors at a later stage)
- Committees established to assist the board to support effective governance and operational oversight. These will include:
  - ❑ An independent investment committee
  - ❑ Advisory committee
  - ❑ Audit and risk committee

The **Permanent Capital Vehicle management agreement** between Savant and Aséli appoints Savant Analytic to manage Aséli's operations and investments. It covers responsibilities for pipeline building, investment execution, impact reporting and ongoing vehicle administration.



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