

# AFRICA

## GLOBAL FUNDS

### **RETURN OF THE 'REPACK' COULD BE POSITIVE FOR AFRICA DEALS**

**QA:**  
MEETING WITH BRIAN ODHIAMBO  
WASWANI, NOVASTAR VENTURES

**QA:**  
MEETING WITH ASHA MEHTA, GLOBAL DELTA CAPITAL

**OPINION:**  
THE CASE FOR INVESTMENT IN SOUTH AFRICA

**NEWS:**  
ARUWA FUND I ACHIEVES FINAL CLOSE



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**W**e can't believe that another year is almost over. In the last issue of 2022 we interviewed two investment firms focused on emerging markets and Africa. Asha Mehta, Founder and Chief Investment Officer of Global Delta Capital, and Brian Odhiambo Waswani, Partner at Novastar, told Africa Global Funds about their companies, investment strategies and opportunities they see in Africa. Read on pp.14-15 and p.17.

In this month's issue, Wola Asase and Victoria Enoc-Ahiamadu of Africa Finance Corporation write about repack programs in Africa. They say that the repack of the multilateral's loan helps to scale up billions into trillions, and aligns securities to the preferred risk-return profile of institutional investors (p.16).

In addition, Alex Davidson of Standard Bank, believes that South Africa's diverse portfolio of investment sectors continues to provide a multitude of opportunities for local and Foreign Direct Investment. Read more on p.22.

On the fundraising front, Aruwa Capital Management has closed its first institutional fund, which was oversubscribed, surpassing a target of \$20m. Meanwhile, Goodwell Investments has launched uMunthu II, aiming to raise €150m (pp. 4-5).

We at Africa Global Funds would like to take this opportunity to thank you for being our loyal readers. And we hope we can continue doing business together in the forthcoming year. In the meantime, have a wonderful Christmas and a happy holiday season!

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**If you would like to get in touch with any comments or suggestions for future issues, please  
 e-mail myself at a.lyudvig@africaglobalfunds.com**

Best regards,  
**Anna Lyudvig**  
 Managing Editor

# Aruwa Fund I achieves final close



**Najada Kumbuli,**  
Head of Investments  
**Visa Foundation**

**A**ruwa Capital Management, a Lagos based female founded and led early-stage growth equity and gender lens investment fund, has closed its first institutional fund, which was oversubscribed, surpassing a target of \$20m.

The fund's first institutional and anchor investor is Visa Foundation, followed by other investors such as Mastercard Foundation Africa Growth Fund, Nyala Venture, backed by Financial Sector Deepening Africa Investments and leading family businesses from Africa, Europe and the United States.

Najada Kumbuli, Head of Investments at Visa Foundation, said: "Visa Foundation is pleased to be the first institutional investor in Aruwa Capital Management. We deeply believe that in order to address the financing gap that women-led small businesses face, we need to empower and invest in more women led investment funds like Aruwa. We were impressed by Adesuwa's track record and her approach at tailoring the Fund's financing to small businesses' needs. We believe the team's deep commitment to driving equitable and inclusive economic growth through investments will meaningfully support the business owners and the communities they operate in."

Through its investment strategy, the Fund aims to create more sustainable and scalable pathways for economic growth and inclusion in the region.

Samuel Akyianu, Chief of Party at the Mastercard Foundation Africa Growth Fund (MFAGF), added: "We selected Aruwa Capital as one of

our first investments because we were impressed by the team's grit, conviction and depth of analysis, their value addition for early-growth stage SMEs in Nigeria, and their commitment to drive impact for women and youth. We look forward to working with the team to help make Aruwa Capital a success story."

The Fund will invest \$500k to \$2.5m in women-focused small and growing businesses in Nigeria and Ghana, targeting investments in critical sectors such as healthcare, fintech, renewable energy, and essential consumer goods.

To date, the Fund has made six investments, committing over 45% of its capital into a diversified portfolio of rapidly growing companies.

Adesuwa Okunbo Rhodes, Founder of Aruwa Capital Management, said: "Having launched the Fund in October 2019 shortly before the COVID-19 pandemic, we are very grateful for the confidence of world class institutional investors who have put their trust in us and share our vision for the continent: generating superior returns, whilst having a significant socio-economic development impact in the countries we invest in. We are also delighted to have been able to mobilise 30% of our Fund from local investors, who have a first-hand understanding of the operating terrain, as well as mobilising global capital from well respected names, a trend we hope to see continue."

"We are excited to continue to showcase the untapped potential of women in society through our investment portfolio at Aruwa Capital. Global data has shown that investing with a gender lens improves financial returns as well as providing a multiplier effect for social impact in local communities due to the role women play, we look forward to showcasing this in Africa specifically."

## FUNDRAISING

# uMunthu II targets €150m

**G**oodwell Investments has launched uMunthu II, aiming to raise €150m to finance innovative, scalable, small and medium-sized businesses that improve the access and affordability of basic goods and services for un(der)served consumers in Africa.

To date, the fund has received €50m in commitments from private investors, family offices and foundations.

The capital will be channeled into at least 35 new portfolio companies.

Despite the positive outlook for the continent as a whole, Africa's recent prosperity has not translated into better living standards for the majority of its citizens.

uMunthu II will invest in companies that deliver affordable basic high-quality goods and services to un(der)served populations.

The diversified investment portfolio will focus on financial inclusion (35%), food and agriculture (25%), and mobility and logistics (15%), with a secondary focus on healthcare, education and energy.

The fund will be co-managed by Alithea Capital, Goodwell's long-term investment partner based in Lagos, Nigeria.

Goodwell said it recognizes the immense untapped opportunity of the African market, and is expanding their commitment to ignite the growth of inclusive businesses in the region.

## Deals & Exits

In recent years, as markets shift and stagnate in most other geographies, investors are waking up to Africa's huge economic potential.

Across the continent, an increasingly favorable political environment, a young, highly motivated workforce and significant infrastructure improvements are converging to create an atmosphere of exciting possibilities.

In the first half of 2022, venture capital investments in Africa reached \$3.5bn - a 133% increase compared to 2021.

This new wave of African development is being spearheaded by local entrepreneurs with firsthand knowledge of their customers' needs and challenges.

Els Boerhof, Goodwell's Managing Partner, said: "Our mission-driven

investment philosophy delivers both financial and social returns by taking an extremely local approach. Our repeated success is directly connected to working closely with our portfolio companies, bringing together both regional expertise and access to a global business network."

Goodwell Investments has 15 years' experience leading impact-focused investments in Africa and India.

uMunthu II is expected to continue the consistent excellent results of its predecessor funds which combined significant social impact with double digit internal rates of return, including 10 exits.

To date, the company's 35 existing portfolio companies have provided over €2.5bn worth of financial services to over 30 million households, directly created 35,000 jobs and reach consumers in 47 countries.

### DEALS

# DPI and Fireball Capital co-invest in Ukheshé



**James Griffiths,**

Managing Director

**DPI**

**A** DPI III, a fund advised by Development Partners International (DPI), and funds advised by Fireball Capital, have co-led an investment in Ukheshé International, a fintech enablement partner with an expanding

footprint in key emerging markets globally.

The investment will support Ukheshé's long-term growth as the business continues to drive forward its acquisitive expansion plans.

James Griffiths, Managing Director at DPI, said: "Ukheshé is at the forefront of innovation in payments and fintech, expanding financial inclusion and increasing access to affordable digital banking and payments services to customers across Africa. The business has scaled rapidly since 2018, building a strong runway for future growth as it looks to seize opportunities internationally and deploy its portfolio of solutions into diverse markets."

"We are excited to bring our experience in the sector and extensive market knowledge to the table, working closely with Clayton and his dynamic management team to help them realise their ambitions."

Founded by four founders in 2018, Ukheshé was established to drive financial inclusion across Africa and beyond, by creating new ways for businesses to develop and grow their financial services offerings.

Since its founding, Ukheshé has scaled rapidly, and today serves over 100 customers across different sectors, including banks, fintechs, mobile network operators, and other small and medium-sized businesses.

Ukheshé also continues to expand its international footprint with operations in Mauritius, Kenya, and UAE.

The payments and fintech ecosystems in Africa are growing rapidly, however, the sector remains underdeveloped, with many communities

still lacking access to critical financial products and services.

Through its proprietary BAAS Eclipse API platform and innovative embedded finance solutions, Ukheshé is at the forefront of this fintech evolution.

Clayton Hayward, Ukheshé Founder, and CEO said: "Ukheshé's mission is to transform the lives of individuals by facilitating access to critical financial products and services that support the growth and prosperity of communities globally. We have made great progress in recent years, growing our footprint, and expanding our reach across Africa.

As we continue to grow, we look forward to partnering with DPI, who as a leading Africa-focused investor, brings international market knowledge and experience in investing and creating value across the continent. Combined with the deep local market understanding of Fireball Capital, that has a track record of seizing opportunities in the fintech space, we are excited about Ukheshé's future. As we look for new ways to build on our success, we will work together to accelerate our international strategy and reach more customers across the region."

The planned investment from DPI and Fireball Capital will enable Ukheshé to continue progressing its international ambitions.

Ukheshé is well positioned to expand its footprint, entering complementary markets which are facing the same complex challenges that exist in Ukheshé's core markets.

In addition to capital, DPI will look to support Ukheshé to further institutionalize the business, achieve its ambitious organic and inorganic growth plans, create quality employment opportunities, and support the financial inclusion of emerging markets.

DPI's experience in scaling industry focused platforms across multiple jurisdictions will support Ukheshé in achieving its strategic ambitions.

Paula Mokwena, CEO at Fireball, said: "Ukheshé is not only an innovative, high-growth company with a great management team,

but it is also playing a critical role in broadening affordable access to financial services to the underserved, underbanked and unbanked populations in Africa. Our planned investment in Ukheshe is in line with our investment mandate of giving South African institutional investors access to the best technology-enabled businesses that are solving real-

world problems, particularly in the financial services, education, and healthcare sectors. We look forward to partnering with the Ukheshe management team and DPI in the next growth phase of the business.”

Royal Park Partners acted as exclusive financial advisor to Ukheshe and its shareholders throughout the transaction.

## DEALS

# Enza Capital, Oikocredit and Partech Africa co-invest in Djamo



**Hassan Bourgi,**  
Co-founder, CEO  
**Djamo**

**E**nza Capital, Oikocredit and Partech Africa have co-led a \$14m equity investment round in Djamo, a Y Combinator-backed fintech building the leading personal finance company in Francophone Africa.

Janngo Capital, P1 ventures, Axian, Launch Africa and other existing investors also participated in the round.

This investment is the largest-ever equity round for a startup in Côte d'Ivoire, Djamo's home market.

“Francophone Africa offers a large integrated market, with a fast-

pay amongst the highest fees in the world but do not always receive adequate service in return and that can be extremely frustrating. The one thing that we want to achieve is to offer a product where customers get real value for their money. We have attracted more than 500,000 customers and our rapid organic growth is a testimony to that, they just love the product and tell everyone about it.”

“Hassan, Regis, and the Djamo team are redefining how consumers across Francophone Africa manage their financial lives. Driven by relentless user focus, unparalleled customer service, and a world-class product, Djamo is already providing a vastly superior user experience” said Mike Mompri Managing Partner at Enza Capital.

Djamo partners with regional banks to offer a frictionless mobile-first service, delivering a Visa card within two days of creating an account

**“Hassan, Regis, and the Djamo team are redefining how consumers across Francophone Africa manage their financial lives**

- Mike Mompri Managing Partner at Enza Capital

growing demand for frictionless services from a new cohort of digital-native young adults” said Tidjane DEME, General Partner at Partech.

“We are excited to join forces with high caliber local investors who bring sector and regional expertise to enable Djamo to unlock this opportunity”.

This fresh injection of capital will allow the company to expand to new markets and continue building a full suite of personal finance services to further empower its customers across the region.

Djamo's mission is to address a clear problem in West Africa where less than 25% of adults have bank accounts.

The two co-founders, Regis Bamba and Hassan Bourgi, decided to build Djamo because they were determined to enable access to simple, affordable and mobile first banking for the hundreds of millions living in the region.

Co-founder and CPO, Regis Bamba emphasized that Djamo's goals are very aligned with the needs of its customers: “In our region, users

without any monthly fees or overdraft charges.

Innovating at a rapid pace, the company has rolled out 3 additional services this year, all driving clear customer value: virtual accounts, automatic saving and a product to receive salaries, complementing the existing local and cross border payment offer available with the App and card.

“Many fintechs have emerged lately in Francophone Africa thanks to an increasingly friendly fintech regulatory landscape enabling innovation while protecting customers. The central bank now has a dedicated bureau for fintechs, which demonstrates how much they believe fintechs can play a key role in reshaping financial inclusion,” said Hassan Bourgi, co-founder and CEO of the company.

“Djamo's mission to provide affordable financial services to the unbanked population using fintech is well aligned with Oikocredit's goals of maximizing social impact with our investments” said Prevost Kla, Responsible for Equity Investments in West Africa.

## EXITS

# Mediterrania Capital Partners delivers 6th exit over 12 months



**Albert Alsina,**  
CEO and founder  
**Mediterrania Capital Partners**

**M**editerrania Capital Partners, a private equity firm focused on growth investments for SMEs and mid-cap companies in North Africa and Sub-Saharan countries, has delivered its

6th exit over 12 months, by partially selling its stake at Akdital through an IPO at the Casablanca Stock Exchange.

Akdital Group is the largest private clinics group in Morocco is launching an IPO at the Casablanca Stock Exchange, enabling Mediterrania's partial exit.

Founded in 2010, Akdital has a network of 15 multidisciplinary and specialised health establishments across the country.

Using advanced techniques and best-in-class equipment, Akdital provides a variety of healthcare services such as cardiology, cardiac surgery, neurosurgery, oncology, radiotherapy, intensive care, neonatal care, etc.

In November 2019, Mediterrania Capital Partners through its MC III fund, invested in Akdital providing financial, strategic and operational support to boost the group's development plans helping create more than 700 new jobs in the three years of MC III's tenure.

Through the IPO, Akdital plans to raise 1.2 billion dirhams to help fund

the group's geographical and medical services expansion plans. The offering will take place through a capital increase and a share sale with the subscription period running from November 29 to December 6, 2022.

Albert Alsina, Founder and CEO of Mediterrania Capital Partners, said: "Despite extremely challenging economic and political times in the world, our portfolio companies in Africa have continued to perform above the rest of the players in their sectors."

"The six exits in the last 12 months are the result of focused work, relentless effort and, above all, great partnerships. Our focus remains on driving liquidity events with good returns, ensuring that Mediterrania Capital Partners continues to outperform the market," he added.

While Mediterrania's objective is to create value and deliver attractive financial returns, over the years the PE firm has maintained a responsible investment mentality and worked with its portfolio companies to have a direct and positive impact on societies, economies and the environment. Mediterrania's exits in the last 12 months include: TGCC via IPO in December 2021; Groupe Cofina via secondary sale; Groupe Scolaire René Descartes via MBO in November 2022; MedTech Group via MBO in November 2022, Indigo Company -via MBO + secondary sale in November 2022.

## DEALS

# AIF4 invests in Kenya's Road Annuity Programme

**A**IIM, Africa's largest dedicated infrastructure private equity manager, has committed to invest \$34m into Kenya's Road Annuity Programme through its pan-African AIF4 Fund.

AIF4 has acquired a 74% stake in Lots 15 and 18 of Kenya's Road Annuity Programme from Mota-Engil, and its investment will fund road improvements to reduce travel times, bypass densely populated areas, lower vehicle operating costs, increase fuel efficiency and improve Kenya's flood resilience.

As most of the transport activity in Kenya occurs on a network of gravel and earth roads, the Government of Kenya (GoK) is aiming to modernise its road network by paving around 10,000 kilometres of road across the country.

To fund improvements, the GoK has embraced public-private partnership programmes to boost investment into its Road Annuity Programme by dividing Kenya's road network into investable lots.

Lot 15 and Lot 18 were tendered by the Kenya Urban Roads Authority (KURA) and awarded to the Mota-Engil and Lee Construction consortium in 2015 under an international public procurement process, achieving financial close in February 2022.

The Lot 15 and 18 projects, currently under construction, will upgrade roads from gravel to asphalt standards and cover approximately 44.9 kilometres and 35.1 kilometres of roads in central and western Kenya, respectively.

They are financed with a 75:25 debt-to-equity ratio, with Stanbic

Bank providing the required loans in Kenya Shillings, AIIF4 providing 74% of the required equity and Mota-Engil and Lee Construction Limited providing the remaining 26% equity. Mota-Engil and Lee Construction will also act as the roads' EPC and O&M contractors. These improvements will help Kenyan residents across 10 counties navigate more quickly, safely, and efficiently and create opportunities for nearby SMEs to sell road construction-related products. AIIM will also focus on improving gender equality, seeking to employ a high ratio of women during the project implementation phase.

Ed Stumpf, Investment Director at AIIM, said, "We look forward to partnering with Mota-Engil, Lee Construction, Stanbic Bank, MIGA, and the Government of Kenya in this expansive project, which will better link regional communities to neighbouring markets and national transport networks, facilitating more efficient logistics and fostering economic growth. The project will also create employment opportunities with up to 400 staff at its peak construction phase."

Roberto Ferreira, Executive Director-Business Development at Mota

Engil, said, "As an engineering and infrastructure expert with over 70 years of experience in Africa, we are proud to be involved in the Kenyan Government's Road Annuity Programme with Lee Construction and AIIM. Over a 10-year period, we will improve and maintain the Lot 15 and 18 road networks to strengthen transport links for residents of 10 counties in Kenya."

MIGA has issued guarantees of \$212m covering equity by Mota-Engil Africa of Portugal and a company acquired by AIIM, through AIIF4, as well as loans from Stanbic Bank Kenya Limited to support Kenya's Roads Annuity Program (Lots 15 and 18), which aim to improve the country's national road network.

The guarantees provide protection from the risks of transfer restriction for Mota-Engil Africa and AIIM, and from expropriation, war and civil disturbance, and breach of contract for the three guarantee holders. The guarantees extend over 10 years, covering financing, design, rehabilitation and upgrade, and maintenance of road sections in Central and Western Kenya

## DEALS

# adumo raises R190m from Apis, Crossfin, Investec and IFC



**Paul Kent,**  
CEO  
**adumo**

**a**dumo, an independent payments processor operating across Sub-Saharan Africa, has successfully raised R190 million to increase its shareholding and control in some of its recent acquisitions.

The capital raise included an equity raise from its current shareholders, Apis Partners, Crossfin Holdings and IFC's Fintech division as well as a debt facility provided by Investec.

The funds will be used to increase adumo's shareholding in GAAP to 80%, which will enhance adumo's growth and expansion plans.

GAAP specialises in the international hospitality industry, providing restaurants, hotels and retail franchises integrated solutions.

CEO of adumo, Paul Kent, said: "Local consumers are following a global trend of demanding digital and flexible methods of making cashless payments, through alternative methods. Likewise, merchants require financial solutions to grow and streamline their businesses through the use of alternative payment options that are integrated into their businesses".

"The timing was therefore perfect for adumo to further finance our assets in order to develop and provide our value added financial products to our clients", he said.

He added: "We will leverage an opportunity to add further value added solutions in the form of adumo payment devices into the GAAP client network. GAAP's current 7500 client base stand to benefit as these devices can be fully integrated and embed payments into their current

point of sale software."

adumo will also increase its shareholding in Switchpay, an alternative payments provider, to 100%.

Switchpay, which was incorporated into the adumo customer facing brand in August 2022, will provide adumo with a lending technology platform for processing Buy-now-pay-later transactions and other consumer credit line options.

Humble, a cloud based Point-Of-Sale ('POS') solution has also received additional funding from the capital raise to accelerate its organic growth.

Kent noted that, "Humble was recently appointed as a POS platform partner to a major South African bank, providing the bank with a white label Point-of-Sale Software solution."

Over the past year, adumo has refined a number of payment processing solutions, in the form of devices that can be fully integrated into the merchants' business, are mobile, can operate off android and are available as different options to small, medium and larger businesses.

adumo is expanding operations into new markets and is experiencing significant growth in the South African Development Community (SADC) region over the past year. The company intends to further grow its market share into this region over the near future as merchants and customers' a like demand increased flexible and mobile cashless payment options.

Kent anticipates that the growth opportunity will require hiring an additional 100 employees, bringing the total employee complement of adumo and GAAP to over 1000 people.

# Investors back Globeleq with \$72m

The African Development Bank (AfDB) (as mandated lead arranger), the Eastern and Southern African Trade & Development Bank (TDB) and Finnfund, have provided a \$72m debt funding to Globeleq for the 35MW Menengai geothermal project in Nakuru County, Kenya.

Dr. Kevin Kariuki, Vice-President, Power, Energy, Climate and Green Growth at AfDB, said: "The Bank is proud to have led the financing of the Menengai project. The project showcases a suite of products that AfDB can bring to support our member countries to harness their geothermal energy potential."

The Bank has provided \$29.5m as senior debt and mobilized \$22.4m co-financing, having earlier invested US\$145 million to develop the Menengai steam field, according to Kariuki.

He added that in addition the Bank facilitated \$20m concessional financing from the Clean Technology Fund to support the sustainability of the tariff and, for this specific project, AfDB will provide a Partial Risk Guarantee of \$4m to enhance its bankability.

"We look forward to a successful financial close and the commissioning of the plant," he said.

Globeleq, which is owned 70% by British International Investment and 30% by Norfund, is providing equity, project development and construction management experience.

Menengai is a greenfield geothermal project and part of the first phase of the wider Menengai complex, which is the second large-scale geothermal field being developed in Kenya after Olkaria.

Construction of the project is expected to commence during the first quarter of 2023 once financial close has been reached. Globeleq will operate and maintain the power plant once it has reached commercial

operations in 2025.

Steam will be supplied to the project by Geothermal Development Company (GDC), a Kenya government-owned company under a 25-year project implementation and steam supply agreement. Once operational, electricity will be sold to Kenya Power, the national distribution company, under a power purchase agreement for the same timeframe.

The project also benefits from a signed and effective Letter of Support issued by the Government of Kenya. The project will deliver clean and cheap baseload power to the national grid and enable GDC to monetise the available steam resources from the Menengai steam field.

Helena Teppana, Associate Director, Finnfund, said: "This investment is yet another step in Finnfund's commitment to make €1 billion of new investments in climate finance by 2030. The Menengai geothermal project will provide clean and affordable power to the Kenyan grid and will be a domestic source of energy which can generate base load and will have important social and economic impacts. We are proud to be investing in the power sector in Kenya with our partners."

Mike Scholey, Globeleq's CEO, added: "As an active participant in the Kenyan energy sector for many years, the Menengai geothermal project is our first geothermal project. It fully aligns with our focus on quality investments which utilize renewable energy sources to create clean, reliable and cost-effective energy for the country and be an active part of the solution to the climate crisis. We are very excited to collaborate with our partner GDC in bringing this important project to fruition and look forward to further developing the Menengai geothermal complex."

## INVESTORS

# IFC launches new VC platform

IFC has launched a new \$225m platform to strengthen venture capital ecosystems and invest in early-stage companies addressing development challenges through technological innovations in climate, health care, education, agriculture, e-commerce, and other sectors in Africa, Middle East, Central Asia, and Pakistan.

In 2021, these regions collectively received less than 2% of \$643bn of global venture capital funding.

Access to capital has been exacerbated by a slowdown in global venture capital investment, the COVID-19 pandemic, the rise in food and supply chain costs, higher interest rates, and currency depreciation.

In addition, tech ecosystems are nascent or even nonexistent outside of more established markets such as Egypt, Kenya, Nigeria, Pakistan, Senegal, and South Africa.

The growth potential, however, is enormous across these regions.

In Africa, for example, the digital economy has the potential to contribute \$712bn to the continent's gross domestic product (GDP) by 2050.

In the Middle East and North Africa, technology could boost GDP by

40%, or \$1.6trn, and create 1.5 million manufacturing jobs in the next 30 years.

"Support for entrepreneurship and digital transformation is essential to economic growth, job creation, and resilience," said Makhtar Diop, IFC's Managing Director.

"IFC's Venture Capital Platform will help tech companies and entrepreneurs expand during a time of capital shortage, creating scalable investment opportunities and backing countries' efforts to build transformative tech ecosystems. We want to help develop homegrown innovative solutions that are not only relevant to emerging countries but can also be exported to the rest of the world."

The platform aims to strengthen the regions' nascent venture capital markets, which have demonstrated early growth potential but face challenging global economic conditions.

IFC will make equity or equity-like investments in tech startups and help them grow into scalable ventures that can attract mainstream equity and debt financing.

IFC will also use the platform to collaborate with other teams in the

World Bank Group to create and bolster venture capital ecosystems through regulatory reforms, sector analyses, and other tools. The platform will also focus on investments in low-income and fragile countries and help generate a pipeline of credible early-stage companies.

The platform will build on IFC's investments and efforts to build tech ecosystems in Africa, Middle East, Central Asia, and Pakistan through initiatives such as the IFC Startup Catalyst Program.

IFC has invested in companies like Twiga Foods, a Kenyan-based technology food distribution platform; TradeDepot, an

e-commerce startup connecting international brands with African retailers; and Toters, a leading on-demand delivery platform in Lebanon and Iraq.

The platform will be backed by an additional \$50m from the Blended Finance Facility of the International Development Association's Private Sector Window, which helps de-risk investments in low-income countries.

In addition, IFC will mobilize capital from other development institutions and the private sector to support entrepreneurs and tech companies in those countries.

## INVESTORS

# BII and African Guarantee Fund sign \$75m programme to fund African SMEs



**James Cleverly,**  
Foreign Secretary  
UK

British International Investment (BII) and African Guarantee Fund (AGF), a Pan African guarantee provider, have partnered on a \$75m re-guarantee agreement for Small and Medium Enterprises (SMEs) across Africa.

Through this facility, AGF and BII will provide credit guarantees to partner financial institutions for up to 75% of the risk on SME loans, thereby increasing access to credit and reducing collateral requirements for these SMEs.

As a result, the 8-year partnership is expected to facilitate up to \$150m in loans to 17,300 SMEs through partner financial institutions.

This partnership will also encourage lending to SMEs that are women-owned or led as well as SMEs that are climate-focused.

UK Foreign Secretary, James Cleverly said: "British International Investment is already a force for good in Kenya, supporting jobs and livelihoods in Africa. This investment shows that when we go together, we can go far."

SMEs in Africa continue to face significant challenges in accessing credit. Financial institutions are often constrained by regulatory requirements, limited appetite for a segment that is perceived to be higher risk, a lack of adequate collateral available from SMEs, knowledge gaps by the lenders and skill gaps demonstrated by SME borrowers.

Risk-sharing facilities are a key tool to support knowledge gaps by the lenders and in broadening their SME lending while mitigating risk and allowing them to build capabilities and track record in serving this market segment.

As such, at least half of the overall facility will specifically target SMEs

in the most fragile African economies to support promising businesses that can contribute to productive economic development over the long term.

Constant N'zi, Deputy Group Chief Executive Officer and Group Chief Risk Officer, African Guarantee Fund, said, "Our partnership with British International Investment marks our first engagement with a UK Development Finance Institution and is the beginning of a journey that will positively impact African SMEs. Through this re-guarantee, our capacity to support lending institutions has been increased and we are certain of increased economic growth across the forty African countries wherein our guarantee products are utilized."

Jo Fry, Investment Director & Head of Intermediated Credit, British International Investment, added: "We are delighted to partner with African Guarantee Fund, a deeply impact-focused African institution, on this critical mission. This investment will increase access to finance for SMEs across the African continent, with a focus on those in the most challenging contexts. The partnership, which will also target funding at climate-focused businesses as well as SMEs owned and led by women, will contribute toward increasing inclusive and sustainable development for Africa. The programme represents BII's commitment to working with best-in-class local institutions who are deeply embedded in the countries and communities that they serve."

The joint facility contributes to the United Nations Sustainable Development Goal 8 on promoting inclusive and sustainable economic growth.

The investment also qualifies under the 2X Challenge, an initiative by the development finance institutions (DFIs) of the G7 to mobilise capital to support increased economic empowerment for women in emerging economies.

## INVESTORS

# FEDA invests \$85m in ARISE IIP

The Fund for Export Development in Africa (FEDA), the development impact investment platform of African Export Import Bank (Afreximbank), has invested \$85m in ARISE Integrated Industrial Platforms (ARISE IIP), the pan-African infrastructure developer and operator.

The fundraising was achieved through the signing of convertible loan note subscription agreement with FEDA.

The conversion of the loan notes into ordinary shares in ARISE IIP's capital can occur during the conversion periods specified under the agreement.

Marlène Ngoyi, CEO of FEDA, said: "Our investment in ARISE IIP demonstrates FEDA's ability to invest in opportunities that will drive

(September 8th 2022).

A framework agreement signed with the Democratic Republic of the Congo for the development of the Kin-Malebo industrial zone (September 16th 2022).

A framework agreement signed with the Republic of Congo for the development of the industrial zones of Pointe-Noire and Oyo (October 6th 2022).

A funding agreement signed with the Republic of Chad for the development of seven economic zones across the country (November 5th 2022).

A binding agreement signed with the State of Ogun of Nigeria for the development of the Remo Economic Industrial Cluster (November 7th

**"ARISE IIP is a key player that supports Africa's local manufacturing and trade with the rest of the world**

- Marlène Ngoyi, CEO of FEDA

the structural transformation of trade on the continent. ARISE IIP is a key player that supports Africa's local manufacturing and trade with the rest of the world. It echoes the FEDA's DNA to provide equity capital with a focus on delivering development impact in diverse sectors in Africa which are critical to driving intra-African trade and value-added export development."

ARISE IIP has recently accelerated its expansion across Africa, with the signing of five new agreements this year to develop twelve special economic zones across 5 countries, as follows:

A framework agreement signed with the Government of Rwanda for the development of an industrial zone in the Bugesera District

2022).

Headquartered in Kigali, Rwanda, the Fund for Export Development in Africa is the impact investment subsidiary of the African Export-Import Bank set up to provide equity, quasi-equity, and debt capital to finance the multi-billion-dollar funding gap (particularly in equity) needed to transform the Trade sector in Africa.

Gagan Gupta, Founder and CEO of ARISE IIP, said: "This agreement marks a new stage of Arise's development in Africa. It will lead to the creation of an African champion of infrastructure development. I would like to extend a warm thank you to our trusted partners in this project, the FEDA."

## INVESTORS

# FNB commits R200m in Vumela Fund

FNB has invested R200m in the Vumela Enterprise Development Fund, a fund established in 2009 by FNB Commercial and Edge Growth.

Gordon Little, FNB Commercial CEO, said: "Our vision for Vumela was to build a sustainable model that would strengthen South Africa one SME at a time. By providing SMEs with contextual funding and growth support relevant to their specific size and stage of business and

funding need, we can catalyse growth and provide ongoing support in the scaling journey, which is not an easy one."

The three first phases of the Vumela Fund collectively deployed R404m and created over 6 500 jobs between 2010 and 2021.

Now for the first time in the SME development space, this next phase will address two specific gaps prevalent in the SME sector, namely, to accelerate early-stage businesses and to keep SA scale-ups in their

owners' hands.

The Vumela Enterprise Development Fund is an innovative model to finance and support black-owned “missing-middle” SMEs, unlocking their potential for sustainable growth and subsequent job creation.

Phase 4 will see new, innovative alternative SME financing solutions deployed, aiming to benefit approximately 150 businesses, and creating over 1 000 jobs.

Missing-middle SMEs are those that do not fit into the traditional funding continuum provided by traditional financiers.

They are too large for microfinance, don't meet traditional credit criteria in terms of collateral and balance-sheet requirements, are too small or early stage for private equity, and don't yet generate the exceptional returns that venture capital seeks.

Heather Lowe, Head of SME Development at FNB, said: “SMEs are the engine of job creation, transformation, and reduced wealth inequality. We are exceptionally proud of the fact that through Vumela we have been able to build a model that is demonstrably sustainable and

impactful in its ability to enhance this engine.”

“Over the past decade we have analysed and mapped the South African funding ecosystem in detail, and we are becoming more confident in the potential of Vumela to effectively address the needs we have identified. Today, Vumela plays a critical role in alternative financing that is designed in the first instance to benefit and support investees.”

Edge Growth, will continue to manage all funds channeled through the Vumela Enterprise Development Fund.

“Edge Growth is proud to have partnered with FNB on the Vumela Fund since its inception and to witness first-hand the impact that this initiative continues to have on the growth of small businesses”, said Richard Rose, CEO of the Fund Management division for Edge Growth.

“We believe that backing ground-breaking businesses with revolutionary ideas can transform our world for the better and give support to small business in South Africa which is the key to driving sustainable growth and development,” he said.

## MARKETS AND INDUSTRY NEWS

# Sanlam and Absa combine investment businesses

**S**anlam and Absa have merged their investment management businesses in South Africa.

The transaction sees Absa exchanging its investment management business, Absa Investments, for a stake in Sanlam Investment.

Absa Investments comprises Absa Asset Management, Absa Alternative Asset Management, Absa Fund Managers and Absa Multi-Management.

The conclusion of the transaction significantly strengthens Sanlam's

gain from the enhanced investment offering. This partnership will allow us to deliver investment solutions that sustain future generations.”

“Scale is critical in driving the product and service innovation required to meet clients' financial goals. Combined capabilities, expertise and commitment to our clients will position us to be the preferred investment solutions provider in South Africa. Our promise is to serve our customers with pride and deliver world-class client experience and

**“Scale is critical in driving the product and service innovation required to meet clients' financial goals. Combined capabilities, expertise and commitment to our clients will position us to be the preferred investment solutions provider in South Africa**

- Sanlam Investment Group CEO, Carl Roothman

offering through enhanced scale, broader distribution reach and a more holistic range of investment solutions. This further enhances Sanlam's position as one of South Africa's largest black-owned asset managers.

Absa has also entered into a 10-year distribution agreement with Sanlam, meaning the expanded operations will utilise the distribution networks of both Sanlam and Absa, which significantly broadens market reach for the enlarged SIH.

Sanlam Investment Group CEO, Carl Roothman, said: “We are excited that the agreement to integrate the investment management businesses of Sanlam and Absa has been concluded. Sanlam and Absa clients will

solutions,” Roothman said.

Absa Group Financial Director, Jason Quinn, said: “We are delighted with the successful conclusion of the transaction, which delivers the scale, capabilities and transformation which we view as essential to achieving strong and sustainable growth. Absa remains committed to the investment management sector through its shareholding in the combined entity and a 10-year distribution agreement, which will help us to offer an enhanced customer value proposition by creating a deeper, broader range of investment solutions for our clients.”



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# Meeting With Asha Mehta, Global Delta Capital



Asha Mehta, Founder and Chief Investment Officer of Global Delta Capital, tells Africa Global Funds about the firm, its investment strategy and her recent book

## **AFRICA GLOBAL FUNDS (AGF): PLEASE TELL US ABOUT GLOBAL DELTA CAPITAL.**

**ASHA MEHTA (AM):** We are a long-only systematic investment manager with a focus on emerging markets. Our underlying philosophy is that we can use the power of capital to generate a return and build a sustainable future.

Our strategy is to invest in dynamic, emerging economies, utilizing a systematic backbone that enables us to cover dozens of countries and thousands of companies efficiently.

## **AGF: WHAT'S YOUR VIEW ON AFRICA AS AN INVESTMENT DESTINATION?**

**AM:** Africa's investment opportunities vary as widely as the profile of the continent's countries. We observe opportunities to invest in an attractive demographic, improving infrastructure, and vertically integrated technologies.

In my career, I have witnessed Africa bring exciting innovations from across the continent. While mobile money hails from Kenya, we observe promising developments in crypto in Nigeria and cleaner technologies in Sub-Saharan Africa. Given a generation of investment in schools and infrastructure as well as the fact that necessity is often the mother of invention, we anticipate future innovations in the years to come.

Africa also presents unique risks, which we will address later.

## **AGF: WHAT'S YOUR INVESTMENT STRATEGY?**

**AM:** We invest in emerging and frontier markets, which we believe are in the sweet spot of their development. They represent the bulk of the globe's footprint and population and approximately half of global trade and consumer spending. They dominate headlines, hearts, and wallets in the western world, and some of the most innovative and widely used products come from this asset class. Further, many institutional hurdles have been overcome (e.g., integration in capital flows, data access).

Still, investors continue to perceive considerable mystery and fear and therefore have maintained persistent under-allocations. Given this dynamic, we observe the opportunity for the asset class to

grow structurally in the years ahead. Further, limited institutional participation means that the asset class continues to be inefficiently traded, in that stocks often do not trade at their intrinsic value which creates attractive entry points for active investors.

In summary, we invest in emerging markets given the asset class opportunity broadly and for active managers specifically.

We target the pricing inefficiency by utilizing a systematic, data-driven approach that enables us to research over 10,000 securities. Our investment approach brings several tangible advantages: breadth of coverage, discipline in trading, and a multifactor perspective.

## **AGF: HAVE YOU DONE ANY DEALS IN AFRICA?**

**AM:** Yes. As the Global South is projected to be home to the majority of megacities within years, SSA countries are taking advantage of their freedom to adapt. Like so many emerging markets, their transition into a new world of prosperity is taking place over years as opposed to decades. What was once regarded as the Dark Continent economically may soon become a beacon lighting the way to the future for us all.

## **AGF: WHAT'S YOUR RISK APPETITE FOR AFRICA?**

**AM:** While we approach investments with caution, we observe that there is a risk of not being invested in the continent. The region is poised for growth, driven by the evolving demographic and global reopening, in the years to come. Further, allocations over a diversifying effect in our broader global investment strategy. Our most significant risk control in the region relates to liquidity, capital controls, and confidence in Central Bank policies.

## **AGF: WHERE IN AFRICA DO YOU SEE OPPORTUNITIES?**

**AM:** We observe opportunities throughout the continent. We are particularly interested in infrastructure development in East Africa, given the strong industrial platform and the region's attraction of FDIs. In West Africa, we are compelled by the rapidly growing consumer class. We see opportunity in consumer-driven themes, including in the staples, discretionary, and telecom sectors.

**“From a market perspective, a key challenge in investing locally is the lower liquidity profile of African countries as compared to many other emerging and frontier markets**

- Asha Mehta, Founder and CIO, Global Delta Capital

#### **AGF: WHAT ARE THE MOST COMMON CHALLENGES FOR INVESTORS IN AFRICA?**

**AM:** Challenges relate to both market dynamics and the broader sociopolitical ecosystem. From a market perspective, a key challenge in investing locally is the lower liquidity profile of African countries as compared to many other emerging and frontier markets. In addition, investors can be limited in the ability to invest when capital controls are introduced; without the confidence that we can expatriate capital as needed, we cannot put money to work. Sociopolitical risks are another consideration. While sociopolitical risk is often overestimated, adverse physical events that damage property (e.g., pipelines) can intimidate investors.

#### **AGF: PLEASE TELL US ABOUT YOUR RECENT BOOK POWER OF CAPITAL. WHAT IS IT ABOUT?**

**AM:** The Power of Capital includes my trip notes from traveling the globe. In the book, I walk readers around the world, traveling from China to Chile, sharing insights from both Ministers of Finance and heads of state as well as some of my most credible sources: shopkeepers and taxicab drivers.

These conversations produced not only good humor and evidence of our shared humanity, but delivered important insights on business dynamics and geopolitical forces

As I travel alongside my family and with a mission to uncover compelling investments, I explore the THREE mega themes reshaping not only the investment industry but the globe itself:

- *Technology* – which has enabled emerging markets to leapfrog to the present and in many cases develop the most leading technology
- *Globalization* – despite the west turning protectionist and China turning isolationist via covid, we fundamentally live in a global world today
- *Sustainability* - shareholders rising role in global governance and how capital is used as a tool to not only create a return but develop an ecosystem

#### **AGF: WHAT'S YOUR OUTLOOK FOR WOMEN IN FINANCIAL SERVICES, PARTICULARLY IN EMERGING MARKETS?**

**AM:** What compels me to invest in the emerging markets is the incredible opportunity for investing, I am passionate about markets that are structurally under-represented, under-valued, and rife with vast potential.

With this framework as a definition for an emerging market, it is clear that women represent the largest emerging market in the world.

Over recent years, catalytic change is occurring, driven by 1) the rising recognition of the importance of diversity, equity, and inclusion. 2) technology that levels the field and reduces the cost of innovation, and 3) capital allocation toward sustainable and equitable solutions. Sustainable investing promotes not only more women on boards and in management positions, but also women managing the investment capital itself, which has the potential to set of a virtuous cycle of equity, peace, and prosperity.

#### **AGF: WHAT CAN WE EXPECT FROM GLOBAL DELTA CAPITAL IN THE NEAR FUTURE?**

**AM:** Global Delta uses systematic tools to embrace the world of big data to not only generate alpha but also impact. In emerging markets, including Africa, we observe both outsized opportunity for alpha as well as impact.

Investing in the emerging markets gives us a clear opportunity to reimagine the role of our investment capital not just to generate a return for our investor but to do so in a way that builds a sustainable ecosystem that builds businesses, incites innovation, enables entrepreneurs to grow their workforces, and create tomorrow's customers.

Given the urgent environmental, political, and economic challenges these countries face, one framework we are following is that of the UN Sustainable Development Goals (SDGs). With the mainstreaming of sustainable assets, the rise of emerging markets, and access to technologies, we believe the SDGs have the potential to reshape the global economy in the years ahead.

# Meeting With Novastar Ventures



AGF's Anna Lyudvig speaks with Brian Odhiambo Waswani,  
Partner at Novastar about the firm and the African VC

**ANNA LYUDVIG (AL): PLEASE TELL US ABOUT NOVASTAR VENTURES AND YOUR INVESTMENT STRATEGY**

**BRIAN ODHIAMBO WASWANI (BOW):** Novastar is one of the biggest and most experienced global VC fund managers in Africa. It has over eight-years' track record of sector-agnostic investing on the continent, over \$200m of funds under management and 26 portfolio companies. With offices in Lagos, London and Nairobi, Novastar has a mandate to create financial, social and environmental value for the many, not just the few, for people and planet – for good.

Novastar helped to pioneer the venture asset class in Africa and continues to promote it globally. When Novastar began VC investing in 2014, there was no venture asset class in East Africa and the venture ecosystem on the continent was nascent. Since then, VC funding on the continent has grown 20-fold to \$5.2bn in 2021 and for every \$1 that Novastar invests, \$4.5 follows.

We partner with businesses that provide essential goods, service and economic opportunity to everyday consumers and producers in, often informal, African markets where they live, work and shop. Novastar portfolio companies have, to date, directly benefitted more than 23m customers, employees and suppliers earning \$6 per day or less.

**AL: WHAT'S YOUR VIEW ON THE AFRICAN VENTURE CAPITAL INDUSTRY?**

**BOW:** The VC industry in Africa has grown rapidly. When Novastar started investing in 2014, Nairobi and Lagos were just coming up as entrepreneurial cities and Western VCs could not fathom that a venture asset class would develop in Africa. Fast forward to today and I cannot think of a better time to be a founder or investor. We now have entrepreneurs solving difficult challenges across Africa and not just in the “big four” countries – Nigeria, Egypt, South Africa and Kenya. VC investment has grown year-on-year and we now have myriad local and foreign investors looking to deploy capital on the continent. While the African VC ecosystem is far from mature, it has certainly developed a lot faster than Silicon Valley. Once the ecosystem demonstrates that the capital deployed can be realized through significant exits, the VC cycle will be complete.

**AL: WHAT TRENDS DO YOU SEE IN THE AFRICAN VC SPACE?**

**BOW:** Climate-tech: one of the main trends we see today is an increasing focus on building and investing in companies addressing one of the biggest threats facing humanity – climate change. At Novastar, we believe that climate change and social justice are inextricably linked.

In order for the everyday consumer to pay attention to climate change, their fundamental needs such as access to finance, access to energy, access to food among others, must be addressed. As such, we are very excited to see more attention paid to this problem on the continent by founders and investors.

**AL: WHAT'S INVESTORS' (DOMESTIC AND INTERNATIONAL) APPETITE FOR AFRICAN VC?**

**BOW:** Investment appetite for Africa continues to grow year-on-year. Increasingly, local and global investors are realising that Africa is the next investment frontier with the potential to outperform other markets in the near term. Perhaps unlike entrepreneurs elsewhere, those building solutions in Africa are solving fundamental challenges facing the everyday consumer (what we at Novastar call “The Many”).

The solutions provided by these founders are seldom a nice to have, they genuinely transform how people live and how businesses operate. Therefore, investors backing companies in Africa are rarely taking a risk on product or demand and more on the business or operating model. This context makes Africa a relatively more attractive investment market than others where investors have to take technology and product risks which are usually binary.

**AL: IN WHICH AFRICAN SECTORS/COUNTRIES DO YOU SEE INVESTMENT OPPORTUNITIES?**

**BOW:** We see investment opportunities across all of Africa although timing and investment instruments may vary across markets. While Kenya, Nigeria, Egypt and South Africa have benefitted from the majority of VC funding, we're seeing more opportunities in Francophone Africa, specifically, Ivory Coast, Senegal, Burkina Faso, Togo and Benin. Tanzania, Uganda and Zambia are also increasingly attractive.

**AL: WHAT CAN WE EXPECT FROM NOVASTAR VENTURES IN THE FORESEEABLE FUTURE?**

**BOW:** Novastar will continue to partner with entrepreneurs addressing Africa's biggest challenges. We are particularly interested in the nexus of environmental and social value. We believe that Africa is a key player in developing solutions to combat climate change through enabling access to goods and services; services that provide resilience for The Many; development of climate technologies that decarbonize Africa's rapid economic growth and; climate technologies for our natural assets. Using this framework, we will continue to help founders build great businesses across the continent for years to come!

# Return of the 'Repack'

## Could Be Positive for Africa Deals



By Wola Asase, Head of Syndications, and Victoria Enoc-Ahiamadu, Senior Analyst in the Syndications team, Africa Finance Corporation

**R**epack programs have recently been gaining renewed momentum as a de-risking instrument for multilateral financial institutions to crowd in private institutional investors and scale-up lending for Africa's most critical infrastructure projects.

Multilaterals such as the Africa Finance Corporation (AFC) can help to bridge the infrastructure deficit in Africa with these repack structures, playing a catalytic role in attracting and securing scalable private capital, and contributing positively to the UN's Sustainable Development Goals (SDGs).

Demand has been increasing from institutional investors as repacks offer alternative sources of yield, as well as harder-to-access assets that would not normally be available to them. They also allow institutional investors to benefit from the preferred creditor status of multilateral financial institutions.

A repack involves an asset seller (in this instance we focus on multilaterals) selling a portion of its participation in an underlying loan to a special purpose vehicle (SPV). This portion of the loan is then structured as a note and is issued by the SPV to an institutional investor. The notes can be issued via a private placement or through a clearing house such as Euroclear or Clearstream.

To further de-risk, the note could be wrapped with guarantees from an investment-grade rated insurer prior to its issuance to institutional investors. The funds received from the sale of the asset are combined with the multilateral's participation to fund the borrower, with the overall effect of widening access to a larger pool of funding for the borrower.

The repack of the multilateral's loan helps to scale up billions into trillions, and aligns securities to the preferred risk-return profile of institutional investors. As each of the repack notes are bespoke, this allows investors greater flexibility in picking currencies, maturities and coupons (fixed or variable rates). Once a repack program is in place, issuance is relatively straightforward as the documentation is in a pre-agreed format and is unlikely to warrant any significant negotiation by counterparties.

In 2018, the World Bank's Maximizing Finance for Development (MFD) program called for all sources of finance, expertise and solutions to be systematically leveraged in support of sustainable growth in developing countries. One such solution yet to be fully exploited, especially in Africa, is repack programs. Given their bespoke nature, repack programs could become a key financing structure to help draw in the \$170bn needed annually by 2025 to finance the huge infrastructure gap in Africa.

### EXAMPLE OF A REPACK IN ACTION IN AFRICA

A year ago, AFC made its first foray into the repack financing space by successfully closing its inaugural deal, a €187.5m term loan facility to a West African government.

Also known as an A/B bond structure, the loans were repacked into note format through a credit enhanced SPV. The ultimate effect was to transform non-investment grade loans into investment grade notes issued to institutional investors.

The proceeds of the financing were used to renew road infrastructure, with partners Aegon Investment Management B.V (Institutional Investor), Trade Asset Securitisation Company S.à.r.l. (SPV/Issuer), Tradeteq (Program Manager) and Texel Europe B.V (Insurance Broker) playing the following unique roles:

- AFC, the seller, was the lender of record of the underlying loan to the West African government and was responsible for the origination and structuring of the underlying loan facility;
- Trade Asset Securitisation Company S.a.r.l, the SPV, purchased the loan from AFC through a Master Participation Agreement, and also issued the note and subsequently paid the coupon to the investor;
- Aegon Investment Management B.V., the institutional investor, purchased the note from the SPV and provided additional capital, which freed up more headroom for AFC for the West African sovereign. Also, through this structure, Aegon benefitted from AFC's preferred creditor status in the West African country;
- Tradeteq, the program manager, provided general operational oversight of the program, carrying out key calculations under transaction documents relating to the underlying asset and investor cashflows;
- Texel, the insurance broker, was responsible, in conjunction with AFC, for developing and structuring much of the documentation to facilitate the insurance market's participation in the program.

As a result of the successful close of this transaction, AFC plans to replicate this structure with Aegon and other institutional investors and build on its existing partnerships to catalyze additional private capital to help bridge the infrastructure deficit in Africa.

With the re-awakening of structured vehicles, repack programs remain a useful approach to mobilize private capital, particularly to African assets, and helps create the necessary headroom to enable multilaterals to do more on the African continent.

# AFRICAN MARKETS PERFORMANCE

## AFRICA SOVEREIGN BOND INDICES (TOTAL RETURNS USD %)

Country	November	3-Month	1-Year
Botswana	4.53%	-0.72%	-4.45%
Egypt	-0.60%	-19.37%	-30.68%
Ghana	5.39%	-28.48%	-59.75%
Kenya	-0.19%	0.89%	-1.28%
Mauritius	-1.68%	1.56%	-1.58%
Morocco	2.23%	-4.20%	-15.16%
Namibia	10.64%	3.12%	2.96%
S&P/FMDQ Nigeria	0.66%	-6.44%	-4.65%
South Africa	12.29%	3.04%	0.39%
Tanzania	0.28%	1.16%	17.95%
Uganda	4.69%	1.91%	1.71%
Zambia	-3.49%	-2.95%	21.81%

Source: S&P Dow Jones Indices

## AFRICA EQUITY INDICES (BMI GROSS TOTAL RETURNS USD %)

Country	November	3-Month	1-Year
Ghana	-1.62%	-28.96%	-58.50%
Kenya	-2.08%	-7.02%	-19.55%
Malawi	12.63%	48.79%	50.21%
Mauritius	1.11%	3.29%	1.90%
Morocco	3.87%	-10.92%	-26.24%
Namibia	11.12%	17.87%	6.10%
Nigeria	7.70%	-3.24%	-3.04%
Rwanda	-1.71%	-2.47%	15.89%
South Africa	17.68%	11.15%	5.50%
Tanzania	0.94%	-1.45%	19.14%
Tunisia	0.00%	-4.12%	-2.67%
Uganda	1.11%	0.67%	-3.24%
Zambia	-3.06%	2.87%	66.48%

Source: S&P Dow Jones Indices

## MARKET FOCUS:

# AfDB predicts economic slowdown in East Africa in 2022, but bounce back in 2023

**T**he African Development Bank (AfDB) has released East African Economic Outlook, predicting a slow recovery in the region in 2022 at 4.0% against 5.1% in 2021.

The slowdown is due to the lingering effects of COVID-19; the adverse impacts of geopolitical tensions; climate change and devastating locust invasion, together with regional conflicts and tensions.

The report notes that because of these obstacles, countries in the region have experienced heightened inflationary pressures, particularly on food and fuel, leading to rising cost of living. This has resulted in weakening national currencies, floods and drought, contraction in agricultural production; depressed business activity, and falling revenue collection, among others.

However, the continued reopening of economies globally could mitigate these adverse effects in 2023 with a projected growth rate of 4.7%, repositioning East Africa as the top-performer in growth among the regions of the continent, according to the report.

Marcellin Ndong Ntah, Lead Economist at the Bank, said that increased debt service costs, depreciating domestic currencies macroeconomic imbalances, a prolonged Russia-Ukraine conflict, widening income inequality, political instability and vulnerability to climate change and natural disasters are key domestic and external downside risks affecting the region's medium-term.

Dr Rose Ngugi, Executive Director of Kenya Institute for Public Policy Research and Analysis (KIPPRA) encouraged countries of the region to intensify their efforts to increase their annual growth rate at a least 7%, the minimum rate required to ensure the achievement of Sustainable Development Goals (SDGs). To this end, countries should achieve internal and external macroeconomic stability, she said.

Reflecting on the theme of the report - climate resilience- Edward Sennoga, Lead Economist at the Bank, noted that East Africa has the second lowest resilience to climate change in Africa, with most countries in the region also characterized by high vulnerability and low readiness to respond to climate change. He said there was the urgent need for innovative financing approaches to bridge the huge gap in climate change financing.

According to the report, the climate financing gap for East Africa is estimated at an average of about \$60bn per year for the period 2020-2030. The report cites Public -Private partnerships, Green Bonds, partial risk and partial credit guarantees, carbon offsets, and regional energy trade as some of the measures that can provide alternative financing for climate change. Teddy Mugabo, CEO Rwanda Green Fund echoed this perspective by stressing on need for innovative financing instruments and the effective use of carbon market.

# PRIVATE EQUITY FUNDS & DEALS

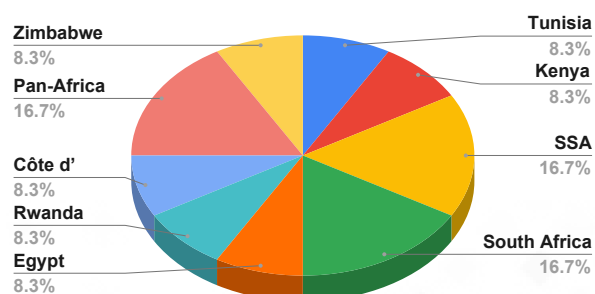
(as of 30th November 2022)

## DEALS

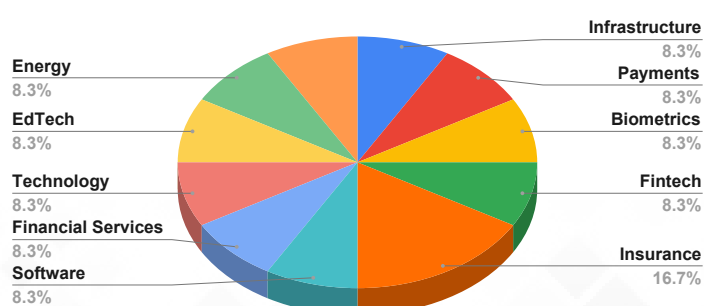
For more information on each transaction, visit Africa Global Funds's website

Company	Investment	Industry	Country	Deal Type	Deal Value
Admaius Capital Partners	Power Brands	FMCG	Tunisia	Buyout	Undisclosed
AIIM	Road Annuity Programme - Lots 15 and 18	Infrastructure	Kenya		Undisclosed
Apis // Crossfin // Investec // IFC	adumo	Payments	Sub-Saharan Africa	Growth Capital	R190 m
Arise	iIDENTIFii	Biometrics	South Africa	Growth Capital	Undisclosed
CommerzVentures // Middle East Venture Partners // Arzan Venture Capital	Money Fellows	Fintech	Egypt	Series B	\$31m
DOB Equity // Seedstars International // Norrskan Foundation // Bathurst Capital	Eden Care	Insurance	Rwanda	Pre-Seed	Undisclosed
Enza Capital // Oikocredit // Partech Africa	Djamo	Fintech	Côte d'Ivoire	Equity	\$14m
Flexcap Ventures	Ramani	Software	Pan-Africa	Series A	\$32m
Norsad Capital	Central Africa Building Society Zimbabwe	Financial Services	Zimbabwe	Medium-term Credit Facility	\$10m
ROX Equity Partners	SilverBridge	Technology	South Africa	Buyout	Undisclosed
Sanabil Investments // Global Ventures // Endeavor Catalyst // 500 Global // Sukna Venture // Seedra Ventures	Classera	EdTech	Sub-Saharan Africa	Series A	\$40m
The Facility for Energy Inclusion // Oikocredit // AfricaGoGreen Fund	Solarise Africa	Energy	Pan-Africa	Growth Capital	\$33.4m

## DEALS BY COUNTRY



## DEALS BY INDUSTRY



## FUNDRAISING

Company	Fund	Geography	Style	Sectors	First Close	Target	Date Announced
Goodwell Investments	uMunthu II	Pan-Africa	Venture Capital	Financial inclusion, food and agriculture, mobility and logistics		€150m	24 November 2022

## EXITS

Company	Divestment	Industry	Country	Buyer	Nature of exit
Actis	Sigma Pensions	Financial Services	Nigeria	First Ally Asset Management // First Guarantee Pensions	Trade
Mediterranea Capital Partners	Groupe Scolaire René Descartes	Education	Tunisia	GSRD's management	MBO

Source: AGF

YTD (%)	1 Month	1 Year	3 Year	5 Year	AUM (\$m)	Strategy	Focus	Domicile	Type	Start
<b>337 Frontier Capital - Kimberlite Frontier Africa Fund (as-of 2022-11-30)</b>										
-13.68	2.77	-10.02	-2.45	-5.02	326.00 (04/21)	Equity	Africa ex-SA	Cayman Isl.	Open-End	06/14
<b>Absa Africa Equity Fund (as-of 2022-12-15)</b>										
-13.34	2.22	-12.78	-0.61	0.29	9.05 (11/22)	Equity	African region	South Africa	Unit Trust	10/16
<b>African Domestic Bond Fund (as-of 2022-11-30)</b>										
	3.1	-15.7	-3.5		43.00 (07/22)	ETF - local currency FI	African region	Mauritius	Open-End	9/18
<b>African Lions Fund (as-of 2022-10-31)</b>										
2.22	-0.13	5.17			18.10 (10/22)	Equity	SSA ex-SA	BVI	Open-End	10/20
<b>Allan Gray Africa Bond Fund (as-of 2022-11-30)</b>										
-11.7		-10.4	-0.6	3	326.00 (11/22)	Fixed Income	Africa ex-SA	Bermuda	Open-End	3/13
<b>Allan Gray Africa ex-SA Equity Fund (as-of 2022-11-30)</b>										
-20	2.22	-16.94	3.49	-0.55	459.00 (07/22)	Equity	Africa ex-SA	Bermuda	Open-End	1/12
<b>Alquity Africa Fund (as-of 2022-11-30)</b>										
-11.66	-2.24	-16.4	-2.77	-4.58	3.38 (11/22)	Equity	African region	Luxembourg	SICAV	6/10
<b>Bellevue Funds Lux - BB African Opportunities (as-of 2022-12-15)</b>										
-2.45	-3.6	-7.05	-3.05	-3.59	49.64 (11/22)	Equity	African region	Luxembourg	SICAV	6/09
<b>Commonwealth Africa Fund (as-of 2022-12-15)</b>										
-3.81	13.48	0.33	2.46	-1.84	3.29 (11/22)	Equity	African region	USA	Open-End	11/11
<b>Coronation Africa Frontiers Fund (as-of 2022-11-30)</b>										
-27.67	3.98	-25.36	-3.82	-3.98	274.20 (08/22)	Equity	Africa ex-SA	Ireland	Unit Trust	10/08
<b>DWS Invest Africa (as-of 2022-12-15)</b>										
-6.24	-0.98	-10.56	-0.56	-2.77	28.25 (11/22)	Equity	African region	Luxembourg	SICAV	07/08
<b>EFG-Hermes MEDA Fund (as-of 2022-12-15)</b>										
25.21	-8.91	20.52	20.78	13.16		Equity	Africa & Middle East	Bermuda	Open-End	12/11
<b>Emerging Africa Bond Fund (as-of 2022-08-31)</b>										
-18.13	2.9				1.70 (08/22)	Fixed Income	African region	Mauritius	Open-End	09/16
<b>Enko Africa Debt Fund (as-of 2022-11-30)</b>										
-2.48	12.78	-2.17	10.71	12.96	516.20 (11/22)	Fixed Income	Africa ex-SA	Mauritius	Open-End	10/16
<b>Fidelity Funds - Emerging Europe, Middle East and Africa Fund A (as-of 2022-12-15)</b>										
-45	-5.03	-47.91	-12.4	-7.56	249.26 (11/22)	Equity	EMEA	Luxembourg	SICAV	06/07
<b>Imara Africa Fund (as-of 2022-11-30)</b>										
-24.54	7.76	-21.6	-3.6	-3.67		Equity	African region	Cayman Isl.	Open-End	04/09
<b>Imara African Opportunities Fund (as-of 2022-11-30)</b>										
-27.68	7.13	-25.51	-5.81	-8.06		Equity	African region	BVI	Open-End	6/05

**DISCLAIMER:** All data is provided "as is" for your information and personal use only, and is not intended for trading purposes or advice.

YTD (%)	1 Month	1 Year	3 Year	5 Year	AUM (\$m)	Strategy	Focus	Domicile	Type	Start
<b>JPMorgan Funds - Africa Equity Fund (A) (as-of 2022-11-30)</b>										
-15.96	14.75	-14	-3.95	-3.87	101.97 (12/22)	Equity	African region	Luxembourg	SICAV	5/08
<b>Laurium Limpopo Master Fund (as-of 2022-11-30)</b>										
-19.86	6.21	-17.19	-8.08	-4.56	125.40 (09/22)	Equity	Africa ex-SA	Cayman Isl.	Open-End	01/14
<b>Mazi Capital Africa Fund (as-of 2022-11-30)</b>										
-21.51	6.24	-19.95	-8.63	-5.83	92.00 (03/21)	Equity	Africa ex-SA	South Africa	Open-End	01/16
<b>MCB Africa Bond Fund (as-of 2022-11-30)</b>										
-22.7	2	-21.6	-4.1	0.2	8.34 (11/22)	Fixed Income	African region	Mauritius	Open-End	2/14
<b>Ninety One Premier - Africa Fund A (as-of 2022-11-30)</b>										
-32.74	14.84	-32.77	-29.92	-17.14	0.61 (11/22)	Equity	African region	Guernsey	Open-End	01/07
<b>Old Mutual African Frontiers Fund (as-of 2022-11-30)</b>										
-27.56	3.39	-23.73	-7.16	-2.11	291.00 (04/21)	Equity	Africa ex-SA	Ireland	Open-End	5/10
<b>Optis African Frontier Fund (as-of 2022-11-30)</b>										
-23.33	8.67	-18.9	-6.78	-4.34	32.03 (08/22)	Equity	African region	BVI	Open-End	8/09
<b>Robeco Afrika (as-of 2022-09-30)</b>										
-15.1	-4.08	-10.49	2.85	-0.49	22.50 (09/22)	Equity	African region	Netherlands	Open-End	6/08
<b>Rudarius Africa Fund (as-of 2022-11-30)</b>										
-30.9	-4.15	-29.2	-12.32	-8.73	30.00 (03/21)	Equity	Africa ex-SA	South Africa	Open-End	06/14
<b>Sanlam Africa Equity Fund (as-of 2022-11-30)</b>										
-13.98	3.44	-9.93	1.35	-1.12		Equity	Africa ex-SA	Ireland	Open-End	07/15
<b>Sanlam Centre Africa Equity Fund (as-of 2022-11-30)</b>										
-13.44	4.08	-10.93			57.41 (11/22)	Equity	Africa ex-SA	Cayman Islands	Open-End	05/19
<b>Sanlam Centre Sub Sahara Africa Equity Fund (as-of 2022-09-30)</b>										
-11.67	-4	-14.68	-5.12	-6.47	47.33 (09/22)	Equity	Sub-Saharan ex.SA	Cayman Islands	Open-End	07/08
<b>Steyn Capital Africa Fund (as-of 2022-11-30)</b>										
-11.41	1.79	-8.65	0.78	-4.09	138.00 (11/22)	Equity	Africa ex-SA	Malta	SICAV	09/11
<b>Sustainable Capital Africa Alpha Fund (as-of 2022-11-30)</b>										
-12.85	5.06	-11.15	2.39	-4.52	300.30 (04/21)	Equity	Africa ex-SA	Mauritius	Open-End	02/12
<b>TCM Africa High Dividend Equity (as-of 2022-11-30)</b>										
-20.01	7.43	-18.18	-8.59	-6.54	9.60 (04/21)	Equity	Africa ex-SA	Holland	Open-End	03/08
<b>Threadneedle Lux - Stanlib Africa Equity (as-of 2022-12-15)</b>										
7.28	-2.9	1.78	-0.98	-0.09	1.53 (11/22)	Equity	African region	Luxembourg	SICAV	8/14
<b>T. Rowe Price Africa &amp; Middle East Fund (as-of 2022-12-17)</b>										
-2.1	3.32	2.88	8.64	5.11	141.47 (11/22)	Equity	MENA & SSA	United States	Open-End	10/11

Source: Company Data

# The Case for Investment In South Africa



By Alex Davidson, Standard Bank, Global Markets Head of SA Clients

**I**n the wake of global economic headwinds, eagle-eyed investors are turning to sector-specific quality assets in emerging markets to generate long-term, healthy returns. South Africa is one such example – the country's diverse portfolio of investment sectors continues to provide a multitude of opportunities for local and Foreign Direct Investment (FDI).

South Africa-based companies account for 35 out of the 50 largest companies by US dollar turnover on the continent – the JSE playing host to pan-African giants like MTN, Naspers, Anglo American Platinum, Standard Bank, and Shoprite.

The country's post-pandemic recovery enjoyed a positive outlook at the end of 2021, with the local JSE All-Share Index enjoying its best performance in more than a decade, with FDI inflow from across the globe being R27.2bn in the same period, widening from R22.7bn in the previous quarter.

The first half of the year also saw an uptick in mergers and acquisitions (M&A) activity in the region, with significant deals having already been announced, including a joint venture between Sanlam and Allianz; Digital Realty's acquisition of a majority stake in Teraco; Suez's acquisition of EnviroServ; Heineken's acquisition of Distell and Namibian Breweries, as well as the recent acquisition of Ethos Private equity by US Asset Manager Rohatyn Group.

A large part of South Africa's attractiveness as an investment destination is due to its highly favourable demographics. The country has also worked to strengthen investor protection, adopting stringent auditing and reporting standards, legal frameworks, and a robust fiduciary environment bolstered by a solid financial services sector.

Additionally, the country has a well-established and effectively regulated banking system characterized by well-regulated, highly capitalised, liquid, and profitable financial institutions, which are supported by a robust regulatory and financial infrastructure. South Africa has sophisticated equity, insurance, and credit markets, bolstered by a robust savings industry and well-managed pension funds, which helped to earn the local financial sector its top-20 global rating as a financial hub.

But the investment landscape in the country is not without impediments. Business and investor confidence have both taken a knock in recent months in the wake of global supply chain disruptions, skyrocketing inflation, and structural issues in electricity generation resulting in widespread loadshedding.

Another challenge is the country's dilapidated rail network, which is forcing more freight onto the country's already overwhelmed roads,

increasing risk, and resulting in transit delays.

These are major deterrents for investors seeking opportunities in agriculture, agro-processing, consumer goods, retail, mining, manufacturing, and tourism – all of which are leading sectors in South Africa's economy.

However, these challenges also bring future invest opportunities – especially in renewable energy and digitization.

25 renewable energy projects have been selected for development in the fifth bid window of the country's Renewable Energy Independent Power Producer Procurement Programme (REIPPPP), which aims to secure more than 2,500MW of renewable energy primarily from onshore wind farms and solar photovoltaic plants.

As a testament to the appetite for sustainable energy solutions in South Africa, Standard Bank recently acted as a mandated lead arranger and underwriter to support Scatec and H1 Holdings in bringing three renewable solar and battery storage projects valued at over R16bn that each target 50MW of dispatchable generation capacity.

The carbon market in South Africa is also growing, with voluntary carbon credits directing private financing to climate-action projects that would not otherwise get off the ground. These projects support investment into the innovation required to lower the cost of emerging climate technologies.

We also project that South Africa's technology, media, and telecommunication sectors are expected to see the most M&A activity in the foreseeable future, with investments in non-traditional sectors harnessed on digital infrastructure and Environmental, Social, and Governance (ESG) values.

Investors – especially foreign investors – are increasingly considering the long-term impact on the environment, society, and the performance of the businesses they are directing their money to. Being a responsible investor is surely gaining momentum in South Africa, with ESG factors being a mainstay in most valuations and portfolio formations. This is expected to be a recurring trend into the future and South African businesses will have to quickly adapt in order to stay relevant within the investor landscape.

South Africa has large market potential, well developed infrastructure, and a competitive domestic economy. The country's democracy is well-established, and there is a strength within key institutions viz. the Judiciary and the Reserve Bank, which brings calm, confidence and reassurance to seasoned emerging market investors. As a productive pole, it is the most industrialised, technologically advanced, and diversified economy on the African continent. This makes the country an exciting investment destination for investors looking for long-term returns and impact investing opportunities.



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