

AFRICA

GLOBAL FUNDS

WHY AFRICA IS THE BEST CONTINENT TO INVEST IN NOW

MARKET: MAURITIUS REINFORCES ITS ROLE AS
AFRICA'S STRATEGIC FINANCIAL CONNECTOR

Q&A: TRANSFORMING DEBT INTO DEVELOPMENT:
AFRICA'S NEW SUSTAINABLE FINANCE INITIATIVE

COMMENT: AFRICA'S CLIMATE FINANCE SHORTFALL

NEWS: 27FOUR LAUNCHES BLENDED-FINANCE FUND

Your Insight Into African Asset Management



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Africa is poised for historic economic growth, driven by a young, expanding workforce, rapid urbanization, and a rising middle class. Improvements in business environments and infrastructure, supported by institutions like the IMF and AfDB, create strong investment opportunities in finance, healthcare, education, technology, and more. According to Albert Alsina of Mediterranean Capital Partners, the firm demonstrates success through impactful investments in healthcare and construction, expanding access and creating jobs. He argues that Africa's digital adoption, urban growth, and consumer demand fuel multi-decade growth. (p.8-10).

Mauritius is solidifying its role as Africa's strategic financial connector, linking global capital to the continent's evolving investment landscape. The island nation excels as an International Financial Centre, supporting sustainable finance, innovation, and cross-border investments, as discussed at an exclusive panel discussion hosted by IQ-EQ in Johannesburg in August. Panelists highlighted Mauritius's growing importance in ESG regulation, tech adoption, and collaboration among investment bodies. Read on p13-14.

African governments spend over \$100bn annually on debt service, limiting funds for climate and development. To address this, FSD Africa, UNECA, and CIFF launched a program to embed sustainable finance into sovereign debt management, helping countries refinance on better terms and mobilize capital for priority sectors. In this month's issue, we spoke with Cecilia Bjerborn Murai, Principal Specialist, Sustainable Finance at FSD Africa, to learn more. Read on pp.16-17.

In addition, Africa faces a \$2.5trn climate finance gap by 2030 but receives only \$44bn annually—less than 20% needed. Most funding comes from international donors, while domestic finance remains underdeveloped. Unequal fund distribution and institutional challenges hinder progress (Read on p.22).

For more up-to-date news, analysis and insights visit africaglobalfunds.com and don't forget to follow the magazine @AfricaGlobFunds on Twitter.

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

27four Launches Blended-Finance Fund



Tasneem Rajah

Head of Finance and Operations

27Four

27four has launched LoanChomi, a national township-linked economy fund aligned with South Africa's priorities for inclusive growth, job creation and broader economic participation.

Structured as a blended-finance vehicle, the fund mobilises both institutional and retail investment to provide catalytic, fit-for-purpose finance and targeted enterprise support that helps scale-ready and growth-stage businesses expand production capacity, deepen localisation and integrate into competitive value chains.

youth-owned enterprises, with a clear focus on delivering ROI—return on investment and impact—so that growth translates into decent work and measurable socio-economic outcomes alongside commercial performance.

“LoanChomi enables township-linked businesses to access appropriate finance, strengthen capabilities and reach larger markets, so growth translates into real, sustainable jobs,” said Tasneem Rajah, an executive at 27four.

The fund invests nationally and defines “township-linked” to include firms based in townships, enterprises employing township-based workers or suppliers, and businesses whose customers or value chains are rooted in township communities. Finance is aligned to business cash flows and priced transparently, with complementary

“LoanChomi enables township-linked businesses to access appropriate finance, strengthen capabilities and reach larger markets, so growth translates into real, sustainable jobs

Tasneem Rajah, an executive at 27four

LoanChomi prioritises core productive sectors where expansion is job-rich and transformational, including manufacturing, agriculture, light industry, logistics and distribution, healthcare and the green economy.

The mandate places deliberate emphasis on black-, women- and

support to strengthen financial management, compliance, operations and market access.

27four is a Level 1 B-BBEE, FSCA-licensed manager and a UN PRI signatory with a 17-year track record in inclusive finance and blended-capital programmes across South Africa.

FUNDRAISING

FCMB Asset Management and TLG Capital Fully Deploys Series 1 of the FCMB-TLG Private Debt Fund

FCMB Asset Management (FCMBAM) and TLG Capital have announced the full deployment of the oversubscribed ₦100 bn FCMB-TLG Private Debt Fund Series 1.

“This is Nigeria's first local currency private credit fund, oversubscribed by 16 of the country's leading institutional investors and fully deployed ahead of schedule,” said Zain Latif, Principal at TLG

Capital (pictured).

“We see extremely compelling opportunities in Nigeria today to finance the aspirations of farmers, doctors, engineers, and business builders. We applaud the investors that backed this first-of-its-kind fund last year, when very few anticipated the growth story we're now seeing play out,” he added.

In response to investor demand and a strong pipeline, FCMBAM and TLG Capital are set to launch Series 2 of the FCMB-TLG Private Debt Fund.

development. This aligns with FCMB's broader Purpose: To foster inclusive and sustainable growth in the communities we serve. We remain committed to working closely with our partners and regulators

"We're seeing stronger private credit opportunities in Nigeria now than at any point in the last fifteen years"

Isha Doshi, Co-Founder, TLG Capital

Series 2 will continue to provide senior secured financing to resilient mid-market businesses in essential sectors, maintaining the Fund's disciplined underwriting, covenant protection, and measurable impact framework. Further details will be announced subject to applicable regulatory approval from the Securities and Exchange Commission, Nigeria.

The Fund targets competitive risk-adjusted returns alongside tangible development outcomes, focusing on key sectors such as Healthcare, Education, Transport and Logistics, and Clean Energy.

"Providing alternative access to suitable capital by mid-sized companies in sectors that align with the United Nations Sustainable Development Goals and delivering competitive risk-adjusted return on investment to investors are the key objectives of the FCMB-TLG Private Debt Fund. The Fund successfully met these objectives under Series 1, contributing meaningfully to Nigeria's economic growth and

to continue delivering exceptional value to all our stakeholders, as we prepare to launch Series 2 of the Fund," said James Ilori, Chief Executive Officer, FCMB Asset Management.

"We're seeing stronger private credit opportunities in Nigeria now than at any point in the last fifteen years. Through Series 1, we have proven that the asset class is investable at scale so that local institutions can participate with confidence. Our partnership with FCMB Asset Management brings together their fiduciary strength with our Africa Private Credit expertise. This partnership is turbocharged by the UK Manufacturing Africa programme and McKinsey, who provide hands-on value creation for our portfolio companies. Through capital investment and capacity building, we help leading Nigerian businesses to grow, make an impact, and create jobs while delivering strong returns. For institutions with Naira liabilities, this is the best way to invest," said Isha Doshi, Co-Founder, TLG Capital.

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Adeola Adedewe

Founder and CEO

Kredete

Kredete, a fintech company focused on helping African immigrants build credit and access financial services, has raised a \$22m Series A funding round led by AfricInvest via their Cathay

AfricInvest Innovation Fund (CAIF) and

Financial Inclusion Vehicle (FIVE) and Partech, with participation from Polymorphic Capital.

“Kredete has been focusing on serving the African diaspora and has been doing it so well that it has solved several of the key bottleneck payment operators face when they move money in and out of Africa,” said Khaled Ben Jilani, Senior Partner at AfricInvest. “It is one of these extremely rare start-ups that has been able to solve several problems at one both for the African diaspora and also for large payment companies operating in Africa.”

“Adeola and his team are driving transformative innovation in remittance and cross-border payment infrastructure,” added Lewam Kefela, Principal at Partech. “We’re excited about how their work is enabling better financial services for the African Diaspora and unlocking broader opportunities across the ecosystem. We are thrilled to partner with Kredete on this journey.”

This latest round, which brings Kredete’s total funding to \$24.75 million, will fund the company’s expansion into Canada, the United Kingdom, and key European markets.

Kredete was founded in 2023 by serial entrepreneur Adeola Adedewe. Since then, Kredete has been on a mission to help African immigrants build credit and access better financial services through stablecoin payments and responsible remittance infrastructure.

The company combines international money transfers with a proprietary credit-building engine, enabling users to send money to over 30 African countries while improving their credit history in the U.S.

and beyond. Kredete has also built API-based infrastructure to help businesses make secure and affordable cross-border payments into Africa, leveraging modern payment rails and stablecoin technology.

Kredete is doubling down on its mission to make credit universally accessible for Africans by expanding its credit-building infrastructure. The company is introducing new features like rent reporting, credit-linked savings plans, and responsible goal-based loans.

These features are designed for thin-file or no-file immigrants who have historically been excluded from traditional credit systems. At the core of this expansion is Africa’s first stablecoin-backed credit card, set to roll out across 41+ African countries, enabling users to spend seamlessly, build credit, and avoid costly FX fees.

To complement this, Kredete is launching interest-bearing USD and EUR accounts, empowering Africans globally to preserve value, earn yield, and hedge against local currency volatility. On the infrastructure side, Kredete is building the continent’s largest aggregation layer of banks and wallets — giving businesses a single API to enable secure, real-time, and affordable payouts into Africa. With this foundation, Kredete is redefining cross-border finance — helping Africans everywhere send, spend, save, and build credit on one powerful platform.

Kredete’s mission aligns with the United Nations Sustainable Development Goals (SDGs) related to Decent Work and Economic Growth (SDG 8) and Reduced Inequalities (SDG 10). Since its launch, Kredete has reached over 700,000 monthly users, facilitated \$500m in remittances, and helped raise users’ credit scores by an average of 58 points.

“Our vision is simple: if you support your family financially, that should count toward your creditworthiness,” said Adeola Adedewe, Founder and CEO of Kredete. “We’re building a system that rewards financial responsibility across borders. This raise is about scaling that infrastructure globally — and making sure that the millions of Africans abroad are finally seen, scored, and served.”

DEALS

Enabling Qapital Invests \$1.5m in Premier Credit Uganda

Enabling Qapital, a Swiss-based impact asset manager, has invested \$1.5m in Premier Credit Uganda, a subsidiary of The Platcorp Group, marking a major step on its mission to expand financial inclusion.

Olivia Fechner, Regional Manager - Africa & Middle East at Enabling Qapital, said: “This investment reflects our commitment to scalable, impact-driven initiatives. Premier Credit Uganda’s approach to financial inclusion and community development aligns

with our strategic priorities, and we look forward to supporting their continued growth.”

This investment will enable Premier Credit Uganda to scale operations, innovate its services, and extend access to finance to underserved communities across Uganda.

According to Crunchbase, this investment is the third-largest in Uganda this year, and the only fintech funding deal in the country in July.

The capital will be used to expand Premier Credit Uganda's reach, deepen its community impact and enforce strengthened financial inclusion efforts in Uganda to rural communities, women and youth that face barriers to accessing finance.

The collaboration reflects a shared vision between Premier Credit Uganda and Enabling Qapital for sustainable, inclusive economic growth and underscores the importance of working with like-minded organisations to drive measurable, long-term development.

This milestone strengthens Platcorp's leadership in impact-driven financial services in Africa and highlights its ability to deliver scalable, impactful financing in Uganda.

It has been a significant year for Platcorp as it continues its mission to break down barriers to finance for underserved communities.

In 2024, Platcorp Group, through Premier Credit Uganda, served over 140,000 clients, of which 50% were female, 32% were youth and

71% were in rural areas - underscoring their commitment to serving the underserved.

Brett Sievwright, CEO of The Platcorp Group, said: “We are thrilled to receive funding from Enabling Qapital, which is known for supporting impactful, sustainable initiatives globally, and we are looking forward to using this investment to expand financial access to underserved communities who need it the most. At Platcorp, financial inclusion is more than just a strategic objective - it is our ethos. Through our subsidiaries, like Premier Credit Uganda, and our extensive network, we have empowered over one million active clients with access to finance that is ethical, responsive and purpose-built.”

Sammy Kandie, MD of Premier Credit Uganda, added: “This is more than just investment - it's a way for us to deliver widespread community benefits and improve financial inclusion across a region which is typically shut out from traditional financial institutions. This investment will enable us to enhance our existing services, ensuring we consistently deliver the most tailored credit solutions to individuals and micro-entrepreneurs who may not qualify for conventional financial products. It's an honour to share such a vision with Enabling Qapital, and I look forward to seeing how our collaboration will drive financial inclusion for communities across the region.”

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WHY AFRICA IS THE BEST CONTINENT TO INVEST IN NOW



By: Albert Alsina

Founder and CEO

Mediterrania Capital Partners

Africa stands on the threshold of a historic economic expansion. A powerful combination of youthful demographics, rapid urbanization, the rise of a confident middle class, and steady improvements in business environments has positioned the continent as one of the most compelling investment destinations of the 21st century. Far from being a distant 'next frontier,' Africa is the frontier, and it is investable now. International institutions—from the IMF and World Bank to the African Development Bank (AfDB)—increasingly underscore the continent's structural strengths and the scale of opportunities unfolding across finance, healthcare, education, infrastructure, and technology. For investors looking for growth with impact, Africa offers a rare blend of economic potential and societal relevance.

MEDITERRANIA CAPITAL PARTNERS: PROOF THAT SCALE AND IMPACT CAN MOVE TOGETHER

Mediterrania Capital Partners (MCP) has built a strong, on-the-ground platform for value creation across North and Sub-Saharan Africa. Through several funds, MCP's portfolio companies have touched

improve the lives of more than 200 million people through investments that deliver strong financial returns and measurable social outcomes. Other portfolio leaders include **Cash Plus** (payments solutions), **UPM** (higher education), **Aziza** (food retail), **Laprophan** (pharmaceuticals) and **NatPack** (sustainable packaging), **Dislog Dispositifs Médicaux** (management and distribution of medical equipment), **Ray Lab** (digital imaging), as well as many more, all with modern, efficient, and increasingly green operating models.

1. DEMOGRAPHIC MOMENTUM: TALENT, SCALE, AND A LONG GROWTH RUNWAY

Africa's population, about 1.5 billion today, will continue to expand for decades, creating the largest prospective workforce on the planet. The IMF highlights a key marker: by 2035, the number of Sub-Saharan Africans of working age will exceed that of the rest of the world combined. This 'youth dividend' can translate into faster productivity and consumption growth when paired with investments in skills, digital infrastructure, and entrepreneurship ecosystems.

Digital adoption among Africa's youth is rising rapidly. Smartphones and mobile broadband are powering new markets in e-commerce, fintech, healthtech, edtech, and creative industries. MCP's portfolio mirrors this momentum: Cash Plus, a leading

"Far from being a distant 'next frontier,' Africa is the frontier, and it is investable now

Albert Alsina

the lives of an estimated 100 million people across the continent, demonstrating how disciplined private capital can drive inclusive growth. Two flagship successes illustrate the thesis:

- **Akdital**, Morocco's leading private healthcare provider, completed the country's largest IPO since 2008. Since MCP's investment, Akdital has expanded from five to more than 35 hospitals, accelerating access to quality care nationwide.
- **TGCC**, Morocco's leading construction and civil-engineering group, listed in 2021, expanded across Sub-Saharan Africa. It now employs over 9,000 people and has achieved a market capitalization approaching €2 billion.

Together these two companies now command close to US\$4 billion in combined market value—MCP's first unicorns—while setting high standards for governance, operational excellence, and sustainability. Looking ahead, MCP's new €600 million fund (MC IV) aims to help

Moroccan payments institution, has scaled rapidly in recent years, facilitating billions of euros in money transfers across Europe and Africa and helping bring the financially underserved into the formal economy. As human capital deepens and digital channels expand, Africa's demand and supply will reinforce one another, building multi-decade growth.

2. URBANIZATION: THE CITIES OF THE FUTURE ARE BEING BUILT IN AFRICA

Africa is the world region with the fastest urbanization rate. The World Bank and AfDB forecast that by 2050, around 58–60% of all Africans will live in cities—up from roughly 40% in 2015—, adding more than 700 million urban dwellers. Urban concentration catalyzes productivity, innovation, and consumption. It also triggers demand for housing, transport, logistics, utilities, healthcare, and education—all sectors



Cash Plus mobile app



Kenya

where well-structured private capital can be transformative.

World Bank research emphasizes that African cities can accelerate growth by improving connectivity, serviced land supply, and institutionally enabled densification, ‘opening doors to the world’ so firms can access global value chains. As urban infrastructure

registration, investor protections, payments, insolvency, and competition frameworks. A joint report by the AfDB, African Union, and UNIDO has highlighted how these efforts support industrial development. The cumulative effect for investors is a progressively more stable and predictable environment—crucial for scaling regional

“As disposable incomes rise, demand strengthens for financial services, health and education, formal retail, housing, travel, and digital connectivity

Albert Alsina

modernizes with ports, power, industrial parks, datacenters, and mass transit, Africa’s metropolitan regions will anchor regional supply chains and attract export-oriented manufacturing and services. MCP’s experience in healthcare, education, and digital payments shows how urban scale and rising formalization unlock investable unit economics.

3. THE RISE OF THE AFRICAN MIDDLE CLASS: A CONSUMER MARKET IN MOTION

A growing middle class underpins the continent’s consumer story. The AfDB’s landmark market brief has defined Africa’s middle class as those spending US\$2–US\$20 per person per day (2005 PPP), estimated at around 350 million people—around one-third of the population—by 2010, up sharply from 1980. Subsequent work by the IMF and the vWorld Bank points to continued expansion in the decade ahead, supported by urbanization, job creation, and human capital gains. As disposable incomes rise, demand strengthens for financial services, health and education, formal retail, housing, travel, and digital connectivity.

MCP’s portfolio reflects these preferences: UPM, the largest state-recognized private higher education provider in Morocco, serves more than 9,000 students across seven campuses in Morocco and Senegal; Aziza, a Tunisian hard discount retailer, continues to scale streamlined formats for households seeking value; and Laprophan, a Moroccan pharmaceutical leader, is expanding access to high quality medicines while lowering energy intensity through onsite solar generation.

4. A MATURING BUSINESS ENVIRONMENT: REFORM, REGULATION, AND RULE OF LAW

The past decade has seen meaningful improvements in business climates across much of the continent. Countries such as Morocco, Senegal, Côte d’Ivoire, and Egypt have advanced reforms in company

champions and accessing public capital markets.

Macroeconomic prospects are stabilizing as well. The World Bank’s Africa Overview forecasts real GDP growth in Sub-Saharan Africa will edge up from 3.3% in 2024 to 3.5% in 2025 and to 4.3% by 2026–27 as inflation eases and reforms gather pace. The IMF’s Regional Economic Outlook similarly points to gradual acceleration through 2025–26, with growth becoming more broad-based as weather shocks and external headwinds abate.

5. ESG AND FINANCIAL INNOVATION: LEAPFROGGING TO INCLUSIVE, LOW-CARBON GROWTH

Africa is pioneering practical ESG solutions out of both necessity and ingenuity. Countries ranging from Morocco and Egypt to Kenya and Rwanda are investing in utility-scale renewables, digital identity, climate-smart agriculture, and resilient urban planning. Financial innovation is amplifying that progress. Mobile money, instant payments, and open-API architectures reduce friction and enable ‘thin-file’ consumers and MSMEs to access services previously out of reach.

MCP’s companies are demonstrably part of this transition: Aziza produces roughly 72% of its electricity from rooftop solar; Laprophan meets around 40% of its energy needs from solar; and NatPack in Egypt is redesigning its product mix to promote sustainable packaging and curb plastic use. These are not Corporate Social Responsibility footnotes; they are operating strategies that cut costs, hedge energy volatility, and align with global buyers’ decarbonization commitments.

6. REGIONAL CHAMPIONS AND STRATEGIC HUBS: A PORTFOLIO APPROACH TO A DIVERSE CONTINENT

Africa is a mosaic of markets. Returns are maximized by backing regional champions in strategic hubs and then expanding along trade corridors. MCP operates across Morocco, Tunisia, Algeria, Côte d’Ivoire,



Medical lab in Africa

Egypt, Jordan, Senegal, and Gabon—countries that collectively offer gateways to the EU, MENA, and Sub-Saharan Africa. Morocco has emerged as a leader in green infrastructure and manufacturing supply chains; Egypt boasts deep financial markets and a vibrant startup ecosystem; Côte d'Ivoire is one of West Africa's top reformers; and Kenya and Nigeria remain innovation epicenters. This geographic diversification allows investors to mitigate idiosyncratic risk while compounding growth across multiple cycles.

7. GLOBAL SUPPORT AND STRATEGIC ALIGNMENT: DEVELOPMENT FINANCIAL INSTITUTIONS (DFIS) AS CATALYSTS

The AfDB, World Bank Group (IDA/IFC/MIGA), and IMF are scaling financing and policy support for Africa's priorities: energy transition, climate adaptation, human capital, digital infrastructure, and SME formalization. These institutions reduce risk for private investors through blended finance, guarantees, and policy-based lending that anchors reform. Their research also validates the macro case: Africa's Pulse (World Bank) and the IMF's Regional Economic Outlook provide proof that with predictable policy and targeted investment, Africa can deliver above-trend growth and rising incomes.

This multilateral alignment complements Africa's own integration agenda. The African Continental Free Trade Area (AfCFTA) is progressively reducing barriers, standardizing rules of origin, and enabling scale. As logistics links improve through additional ports, rail links and border posts, continental value chains in agribusiness, pharmaceuticals, automotive components, and digital services will deepen, bringing bigger opportunities for patient capital investment.

The key DFIs investing in Africa include AECID, Proparco, BPI, CDP, EIB, EBRD, FMO, DEG, IFU, Bio, Swedfund, and numerous others, and these are becoming increasingly focused and coordinated through alliances, co-investments, and information sharing.

8. RISK AND RESILIENCE: WHY LONG-TERM INVESTORS HAVE AN EDGE

It is prudent to acknowledge risks such as currency volatility,

weather and climate shocks, infrastructure gaps, and pockets of political instability. But risk is not a synonym for 'uninvestable.' In reality, these risks are increasingly manageable through disciplined portfolio construction, strong governance, and local partnerships. Diversification across countries and sectors helps balance exposure; operational value creation—through lean supply chains, digital channels, and energy efficiency—improves resilience; and prudent use of local-currency financing and hedging reduces macro sensitivities.

Notably, the region has demonstrated an ability to rebound from global headwinds. As inflation moderates and policy credibility strengthens,

debt trajectories are being stabilized in many markets. DFIs and export-credit agencies are backstopping critical infrastructure and climate investments. Investors who bring a five-to-ten-year lens—and who engage actively with management teams—are well placed to capture outsized, risk-adjusted returns.

9. FOLLOW THE CAPITAL: GLOBAL INVESTORS ARE RE-WEIGHTING TOWARD AFRICA

Global capital is already rotating. As traditional markets reach peak multiples and investors seek diversification, Africa's combination of growth, demographics, and resource endowments offers a compelling alternative. Inflows to non-US equities have been rising, with an increasing share directed toward high growth markets including Africa. Sectors in which Africa holds natural advantages—renewable energy, climate-smart agriculture, digital financial services, healthcare delivery, and logistics—are drawing particular interest. Capital market reforms and a healthier IPO pipeline in hubs such as Casablanca and Cairo are creating additional exit pathways for private investors.

THE MOMENT TO INVEST IS NOW

Africa's story is not a promising future; it is a set of investable realities converging today. A youthful workforce that will define the global labor market, cities that are expanding and formalizing, a middle class moving from aspiration to affordability, a maturing regulatory landscape, and an investment ecosystem reinforced by the AfDB, the IMF, and the World Bank—all indicate durable growth. From Morocco's green energy push to Nigeria's fintech scale-ups, from Egypt's startup dynamism to Côte d'Ivoire's governance-led expansion, all the signals are consistent: Africa is rising. Investors who recognize this inflection point and build with best-in-class partners will capture compelling returns while contributing to one of the most significant economic transformations of our time.

Founded in 2013, Mediterrania Capital Partners is a dedicated Private Equity firm focusing on growth investments in SMEs and mid-cap companies in Africa with an annual turnover of €20 million to €300 million and expansion strategies into North and Sub-Saharan African markets. With offices in Abidjan, Barcelona, Cairo, Casablanca, Valletta and Mauritius, the company takes a proactive, hands-on approach to implementing the growth strategy of its portfolio companies by driving their Value Creation and ESG processes.

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MAURITIUS REINFORCES ITS ROLE AS AFRICA'S STRATEGIC FINANCIAL CONNECTOR



In an exclusive panel discussion hosted by IQ-EQ in Johannesburg on August 20, financial industry leaders and investment professionals gathered to explore how Mauritius is fast becoming Africa's strategic connector, linking global capital to the continent's evolving investment landscape.

Held under the theme "Unlocking Africa's Potential: Mauritius as the Strategic Connector", the event brought together experts across private equity, legal, banking, and wealth management sectors. Moderated by **Lorna Pillay, Head of Corporates and Asset Owners for Africa, India, and the Middle East at IQ-EQ**, the panel featured insights from leading voices including **Tanya Goncalves (Metier), Craig Saven (ENS), Navin Ramparsad (ABSA Private Wealth), Pazani Vaitilingon (IQ-EQ), and Puseletso Mbele (Sompisi Crescent Investments)**.

By Anna Lyudvig



TANYA GONCALVES

Kicking off the discussion, **Tanya Goncalves, Head of Investor Relations and Impact at Metier**, offered a frank assessment of Africa's recent fundraising climate.

"Fundraising over the last 18 to 24 months has been difficult," she said. "The continent hasn't performed in the way investors expected, particularly in less developed countries."

With over 1,500 private equity deals executed between 2012 and 2024 but only around 500 exits, Tanya pointed to a concerning three-to-one investment-to-exit ratio, which she believes is dampening enthusiasm among limited partners. "If we can't return capital, it's difficult to bring in new funds," she noted.

She also warned of a growing prioritization of national interests among global investors, particularly in light of geopolitical shifts. "With tensions in Europe and global uncertainty, some investors are redirecting money into defense or other strategic sectors. That's making it even harder for Africa to compete for capital," she said.

While the overall sentiment on fundraising was cautious, **Puseletso Mbele, Founder and Managing Partner at Sompisi Crescent Investments**, said pockets of investor interest still exist, especially where DFIs and private investors collaborate on sectors like infrastructure, climate, and agriculture.

"The quick fundraising days are over, especially for emerging managers," Puseletso said. "But there are still areas where capital is flowing."

She noted a changing perception of South Africa's role in the regional investment landscape. "For a long time, South Africa was considered too developed for DFIs and not commercially attractive enough. That's changing. Local managers are now outperforming, and South Africa is becoming a gateway again."

Private credit and permanent capital vehicles, she added, are gaining traction as structures better suited to African market dynamics.

Craig Saven, Executive and Head of Banking and Finance Practice at ENS, cautioned that sector-specific nuances and legal complexities are often underestimated when deploying capital across Africa. He identified food security as a priority sector attracting increasing DFI interest, but noted persistent structural challenges in certain jurisdictions. "In places like the DRC or parts of West Africa, land tenure laws and/or transaction costs can be a barrier. You can't always mortgage (or easily mortgage) land as you can in South Africa and some other jurisdictions, which can limit financing options and the pool of financiers willing to provide the credit." He also flagged liquidity risks and exchange controls in countries such as Ethiopia, the BCEAO countries, Malawi, Tanzania and South Africa, warning that policy shifts can directly affect exit strategies



PUSELETSO MBELE



CRAIG SAVEN



NAVIN RAMPARSAD



PAZANI VAITILINGON

and capital expatriation.

From a private wealth perspective, **Navin Ramparsad, Head of Financial Planning and Product Development at ABSA Private Wealth**, described how entrepreneurs and family businesses are increasingly seeking structured, cross-border investment solutions.

“Many of our clients are expanding across Africa. They want structures that offer capital protection while allowing for market exposure,” he said.

There’s a clear move away from traditional products like sovereign bonds and mutual funds, he added, with growing interest in structured investment vehicles and tax-efficient planning.

Navin also highlighted the vast scale of the intergenerational wealth transfer now underway. “Globally, we’re looking at \$75 trillion to \$100 trillion, with South Africa alone accounting for around \$650 billion. That demands structured governance, both locally and offshore.”

MAURITIUS: A TRUSTED GATEWAY WITH LEGAL AND TAX ADVANTAGES

The conversation repeatedly circled back to Mauritius, not just as a jurisdiction, but as a strategic ecosystem for deploying capital into Africa.

Tanya praised the country’s political stability, rule of law, and bilingual workforce as attractive features for international investors. “Mauritius gives investors confidence. The institutions are democratic, and power transitions are smooth,” she said.

She also pointed out that although compliance requirements can be demanding, they enhance credibility. “Mauritian funds benefit from rigorous procedures. That helps with both fundraising and ongoing management,” she added.

Pazani Vaitilingon, IQ-EQ’s Chief Commercial Officer for Africa, India, and the Middle East, further elaborated on the island nation’s competitive edge. “With over 30 years of experience as an International Financial Centre, Mauritius now ranks 13th globally on the Ease of Doing Business Index,” he said.

He cited key advantages like the hybrid legal system (French civil law and English common law), appeal rights to the UK Privy Council, and attractive tax policies. “There are 46 Double Taxation Avoidance Agreements and 29 Investment Protection Agreements. You’ve got no exchange controls and effective tax rates that can go as low as 3%,” he said.

The Global Headquarters regime, offering up to ten years of tax holidays, is also luring multinational firms looking to scale across Africa.

SUSTAINABLE FINANCE AND INNOVATION ON THE RISE

The panel also addressed Africa’s evolving sustainability and tech investment landscape, with ESG and DEI considerations now seen as integral to capital deployment.

Pazani reported a notable uptick in interest in carbon credits

and clean tech, alongside Mauritius’s move to formalize ESG fund regulations by August 2025. “We want to avoid greenwashing. These new rules will require regulatory approval and verified sustainability credentials,” he said.

He also pointed to the growing role of AI in fund management, stating that while African GPs lack a unified digital strategy, the majority already use platforms to enhance reporting and stakeholder management.

“The days of relying solely on Excel are fading,” he quipped, referencing a recent survey where 96% of general partners ranked digital transformation among their top three priorities.

Pazani also highlighted IQ-EQ’s Launchpad initiative, designed to support first-time female fund managers. “We offer fee waivers and mentorship, helping address barriers to entry in the investment space,” he said.

Craig added that technology is enabling compliance and efficiency even in traditional sectors. “From traceable cocoa beans to app-based transport solutions, tech is driving ESG impact,” he said. Still, he emphasized the continued importance of solid corporate governance and financial reporting.

LOOKING FORWARD: COLLABORATION, CONSOLIDATION, AND CAPITAL MOBILIZATION

Looking ahead, the panelists agreed that Mauritius’s role as a central node in Africa’s investment network will only deepen, but it must evolve with the market.

Craig sees the jurisdiction continuing to serve as a hub for holding company structures that bridge Africa with Europe and Asia. Tanya called for greater collaboration among Mauritius’s investment bodies, urging them to become active bridges to new capital pools.

Navin, meanwhile, warned that unsustainable competition in the IFC space could threaten long-term viability. “Some level of industry consolidation is necessary. We need a sustainable ecosystem,” he said.

Puseletso emphasized the importance of ecosystem-building, particularly between private equity managers and fund administrators. “To mobilize capital effectively, we need better collaboration across the board,” she said.

Closing the session, Pazani dismissed the notion of Mauritius as merely a “gateway,” framing it instead as a strategic ecosystem builder that supports new sustainable finance instruments like green bonds, tokenized assets, and virtual assets (VAITOS), that are critical to rendering investment more accessible, liquid and inclusive for all stakeholders.

Lorna echoed this sentiment, concluding: “Mauritius isn’t just a financial center. It’s a critical enabler of Africa’s investment future, providing the innovation, compliance, and trust that today’s global investors demand.”



Verdant Capital Hybrid Fund.

Verdant Capital Hybrid Fund is investing in inclusive financial institutions on a pan-African basis, with a focus on digitally enabled financial institutions providing services to micro, small and medium-sized enterprises. The Fund is investing in hybrid capital instruments including subordinated debt, mezzanine instruments, preference shares and stapled investment structures. The Fund has a size of USD 37 million with a target of USD 60 million at final close. The offering is highly additional to sources of capital otherwise available in the market and enables crowding-in of senior debt from international and local investors.

Committed Capital December 2024: USD 37 million
Targeted final close: USD 60 million

TRANSFORMING DEBT INTO DEVELOPMENT: AFRICA'S NEW SUSTAINABLE FINANCE INITIATIVE

By Anna Lyudvig



Cecilia Bjerborn Murai

Principal Specialist, Sustainable Finance

FSD Africa

Across Africa, governments are spending over \$100bn annually on external debt service — often exceeding national budgets for health or education. As debt burdens rise, fiscal space is shrinking at the exact moment when investment in climate resilience, clean energy, and sustainable development is most urgent. Strengthening domestic debt markets and embedding sustainability into debt strategies can create a virtuous cycle: easing short-term repayment pressures while unlocking long-term, affordable capital for national priorities.

In response to this growing challenge, on September 16, FSD Africa — the UK-backed financial sector development agency — together with the UN Economic Commission for Africa (UNECA) and with support from

the Children's Investment Fund Foundation (CIFF), launched a new technical assistance and institutional support programme for Debt Management Offices (DMOs) across the continent. The programme aims to embed sustainable finance principles into sovereign debt management, creating the conditions to mobilise both domestic and international capital for development and climate action.

To accelerate scaling, the partners are also inviting development finance institutions, donors, philanthropic actors, and private investors to co-create a multi-country guarantee and risk-sharing facility tailored to Africa's near-term sovereign refinancing needs. An initial target of \$10bn in guarantees and first-loss capital is envisioned to reduce execution risk, improve pricing, and attract institutional investment alongside the technical assistance provided.

Africa Global Funds' Anna Lyudvig speaks with Cecilia Bjerborn Murai; Principal Specialist, Sustainable Finance at FSD Africa, to learn more.

ANNA LYUDVIG (AL): FSD AFRICA CALLED SUSTAINABLE FINANCE A "FISCAL STRATEGY—NOT JUST A LABEL". WHAT DOES THAT MEAN IN PRACTICE FOR AFRICAN GOVERNMENTS?

CECILIA BJERBORN MURAI (CBM): Sustainable finance is not a niche add-on or a branding exercise — it is a **core fiscal strategy**. To maximise its benefits, it must be embedded into sovereign debt management and liability management operations so that every refinancing or new issuance contributes both to **fiscal stability** and to **long-term development and climate goals**.

IN PRACTICE, THIS APPROACH ENABLES GOVERNMENTS TO:

- **Lower refinancing risk and extend maturities**, creating predictability in budgets.
- **Redirect fiscal savings** toward priority sectors such as energy transition, resilient infrastructure, and social investment.
- **Broaden the investor base** by attracting ESG-focused funds, development partners, and other long-term capital providers who value credible sustainability commitments

AL: HOW WILL THIS PROGRAMME HELP COUNTRIES REFINANCE DEBT ON BETTER TERMS AND FREE UP SPACE FOR CLIMATE AND DEVELOPMENT SPENDING?

CBM: The programme integrates sustainable finance directly into **liability management operations (LMO)**, helping governments

refinance upcoming obligations into **cheaper, longer-term instruments**. Tools such as **sustainability-linked bonds and debt-for-development swaps**, paired with guarantees and risk-sharing mechanisms, allow governments to smooth maturity profiles, reduce near-term redemption pressures, and lower the cost of capital.

This not only **reduces debt service** pressures but also **creates fiscal space** for climate and development spending. Importantly the impact on the country's overall debt sustainability is measured to ensure that the financing mix supports an improvement in the overall debt sustainability (DSA) of the country.

AL: LOCAL CURRENCY FINANCING IS CENTRAL TO YOUR STRATEGY. WHAT'S THE PLAN TO DEEPEN DOMESTIC DEBT MARKETS ACROSS THE CONTINENT?

CBM: When we look at debt and debt markets overall, there are multiple dimensions that must be addressed in tandem: the macroeconomic environment, debt sustainability, the cost of capital, project preparation and de-risking, and capital market development that can support a **range of asset classes** — not just government securities. Otherwise, there is a real risk of **crowding out private sector capital** rather than catalysing it.

Deep and resilient domestic markets are essential for reducing foreign-exchange risk and mobilising long-term savings for development. But building them is a **gradual journey** that requires

“Sustainable finance is not a niche add-on or a branding exercise — it is a core fiscal strategy. To maximise its benefits, it must be embedded into sovereign debt management and liability management operations so that every refinancing or new issuance contributes both to fiscal stability and to long-term development and climate goals

Cecilia Bjerborn Murai, FSD Africa

balancing **short-term costs with long-term gains**. Domestic borrowing may initially carry higher yields and shorter maturities, but it creates the foundation for a **robust benchmark yield curve**, effective price discovery, and **long-term resilience**. Governments must therefore manage their **external and domestic exposures holistically**, calibrating the balance in a way that fits their country context.

Supporting domestic market development is core to FSD Africa’s mandate and as we continue our focus on building domestic debt and capital markets, the sovereign debt advisory programme is addressing several priorities that directly strengthen domestic markets;

- **Investor relations** - Helping DMOs and central banks coordinate more effectively, while maintaining clear and distinct mandates, with predictable issuance calendars, transparent communication, and strong investor engagement.
- **Market infrastructure** - Supporting the creation of **liquid benchmark bonds, functioning secondary markets, reliable data/monitoring systems, and strong legal frameworks** to reduce risk premia over time.
- **Capacity and strategy** - Building DMO capability to design and implement **Medium-Term Debt Strategies (MTDS/ALM)**, advise on benchmark issuance, and integrate sustainable finance instruments.

By improving transparency, deepening market infrastructure, and engaging consistently with investors and rating agencies, our programmes helps governments **shift more financing into local currency**, reducing exposure to FX shocks while fostering a **broader domestic savings and investor base** that can underpin both sovereign and private sector growth.

AL: MANY DMOS LACK CAPACITY FOR COMPLEX INSTRUMENTS LIKE SUSTAINABILITY-LINKED BONDS. HOW HANDS-ON WILL YOUR SUPPORT BE?

CBM: The support is highly practical and embedded and seeks to support the capacity and institutional strengthening over time including:

- **Institutional support** - Including technical resources within DMOs, supporting implementation of debt management tools, and added capacity and tools in investor relations and credit rating agency engagement.
- **Transaction preparation** - Supporting the analysis of the strategic product mix, instrument preparation and structuring, develop KPIs, prepare pipelines, and engage investors throughout roadshows and issuance.
- **Partnerships and risk-sharing** - Working alongside DFIs, donors, and philanthropic partners to provide guarantees and risk-sharing instruments, lowering execution risk, improving pricing, and attracting investor demand.

AL: WHAT CONCRETE OUTCOMES DO YOU EXPECT IN THE FIRST 12 TO 18 MONTHS OF THE PROGRAMME?

CBM: In the first year to 18 months, our focus is on demonstrating proof of concept and laying the foundations for scale. We expect to see participating countries advance **national sustainable finance strategies**, supported by the programme’s technical assistance, and begin executing **transactions that contribute to improved debt sustainability**.

At the same time, we aim to put in place **efficient models and partnerships** that make these solutions replicable across markets — including early frameworks for **guarantees and risk-sharing instruments** that can reduce execution risk and improve market access.

Finally, we expect to see the beginnings of a shift in the investor landscape, with **new classes of investors — particularly ESG-focused and impact investors — engaging more actively in African sovereign debt markets**. These early outcomes will provide the momentum needed to scale solutions and build long-term confidence in Africa’s capacity to align fiscal stability with sustainable development.

AFRICAN MARKETS PERFORMANCE

AFRICA SOVEREIGN BOND INDICES (TOTAL RETURNS USD %)

Country	August	3-Month	1-Year
Botswana	-1.75%	-1.23%	-3.91%
Egypt	2.71%	6.06%	26.08%
Ghana	-8.07%	7.33%	152.46%
Kenya	1.20%	3.66%	32.82%
Mauritius	2.35%	1.43%	3.67%
Morocco	1.46%	3.28%	15.43%
Namibia	2.27%	4.90%	11.03%
S&P/FMDQ Nigeria	-0.65%	14.02%	33.57%
South Africa	3.04%	8.11%	15.49%
Tanzania	6.95%	16.12%	36.27%
Uganda	2.81%	8.72%	18.18%
Zambia	-1.55%	17.73%	59.92%

Source: S&P Dow Jones Indices

AFRICA EQUITY INDICES (BMI GROSS TOTAL RETURNS USD %)

Country	August	3-Month	1-Year
Botswana	2.27%	4.02%	19.25%
Cote d'Ivoire	6.18%	7.93%	30.97%
Egypt	4.54%	13.17%	18.96%
Ghana	-3.30%	10.95%	139.70%
Kenya	9.17%	30.04%	77.02%
Malawi	46.92%	113.84%	376.74%
Mauritius	2.83%	2.76%	12.96%
Morocco	3.46%	16.27%	57.18%
Namibia	2.56%	8.23%	20.18%
Nigeria	-6.14%	32.02%	84.61%
Rwanda	-0.52%	-2.55%	11.35%
South Africa	4.86%	10.25%	25.40%
Tanzania	9.56%	30.29%	47.29%
Tunisia	3.24%	8.28%	28.72%
Uganda	8.94%	26.00%	65.93%
Zambia	5.47%	36.00%	64.51%

Source: S&P Dow Jones Indices

Exchange Rate (bid) vs US Dollar

Source: Haver Analytics

Country	US dollar	4 weeks	52 weeks	Country	US dollar	4 weeks	52 weeks
	Latest	% change			Latest	% change	
Algerian dinar	129.66	0.01	2.10	Mauritian rupee	45.30	0.77	1.26
Angolan kwanza	921.16	0.49	1.80	Moroccan dirham	9.06	-0.53	6.83
Botswana pula	13.24	0.60	-0.79	Mozambican metical	63.89	0.03	0.00
CFA franc	558.57	0.46	5.31	Nigerian naira	1,491.52	2.63	9.95
Comorian franc	418.93	0.46	5.31	Rwandan franc	1,447.40	-0.17	-6.75
Congolese franc	2,855.00	0.00	-0.57	Seychellois rupee	14.91	-1.00	-1.16
Egyptian pound	48.16	0.75	1.14	South African rand	17.32	1.46	0.03
Ethiopian birr	145.26	-2.10	-17.82	Sudanese pound	601.50	-0.17	0.00
Ghanaian cedi	12.35	-10.93	27.13	Tanzanian shilling	2,465.00	1.62	10.55
Kenyan shilling	129.15	0.04	-0.12	Tunisian dinar	2.91	-1.19	4.10
Libyan dinar	5.40	0.36	-12.09	Ugandan shilling	3,495.00	1.95	5.87
Malawian kwacha	1,734.01	-0.04	0.00	Zambian kwacha	23.63	-1.27	12.59

PRIVATE EQUITY FUNDS & DEALS

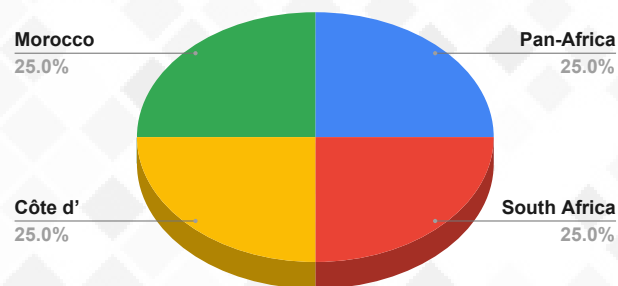
(as of the end of August 2025)

DEALS

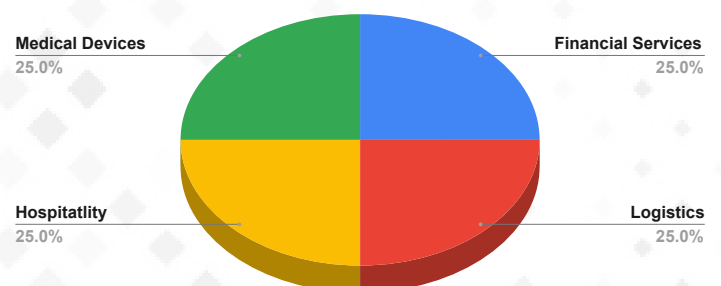
For more information on each transaction, visit Africa Global Funds's website

Company	Investment	Industry	Country	Deal Type	Deal Value
Bosquet Investments	Ecobank Transnational Incorporated	Financial Services	Pan-Africa	Secondary Share Purchase	Undisclosed
Creation Capital	Quest Capital Solutions	Logistics	South Africa	Debt	R75m
Cygnum Capital	Kasada	Hospitality	Côte d'Ivoire	Debt	€15m
Mediterrania Capital Partners // CDG Invest Growth	Dislog Dispositifs Médicaux	Medical Devices	Morocco	Capital Increase	DM540m

DEALS BY COUNTRY



DEALS BY INDUSTRY



FUNDRAISING

Company	Fund	Style	Sectors	Final Close	Target Size
Africa50	Alliance for Green Infrastructure in Africa Project Development Fund	Early stage investments in green infrastructure projects	Energy, sustainable transport, and ICT	\$118m	up to \$400m

EXITS

Company	Divestment	Industry	Geography	Buyer (s)	Nature of exit
Nedbank Group	Ecobank Transnational Incorporated	Financial Services	Pan-Africa	Bosquet Investments	Secondary Share Purchase

Source: AGF

YTD (%)	1 Month	1 Year	3 Year	5 Year	AUM (\$m)	Strategy	Focus	Domicile	Type	Start
337 Frontier Capital - Kimberlite Frontier Africa Fund (as-of 2025-06-30)										
24.16	6.24	44.84	19.86	14.86		Equity	Africa ex-SA	Cayman Isl.	Open-End	06/14
African Domestic Bond Fund (as-of 2025-07-31)										
	0.7	25.5	-0.2	-0.5		ETF - local currency FI	African region	Mauritius	Open-End	9/18
African Lions Fund (as-of 2025-08-31)										
43.98	6.16	69.28	23.76		45.16 (06/25)	Equity	SSA ex-SA	BVI	Open-End	10/20
Allan Gray Africa Bond Fund (as-of 2025-07-31)										
14.00		17.6	15.5	8	366.00 (07/25)	Fixed Income	Africa ex-SA	Bermuda	Open-End	3/13
Allan Gray Africa ex-SA Equity Fund (as-of 2025-07-31)										
39.3		41.3	12.9	15.7	532.00 (07/25)	Equity	Africa ex-SA	Bermuda	Open-End	1/12
Commonwealth Africa Fund (as-of 2025-07-31)										
		16.24	8.03	11.85	4.79 (06/25)	Equity	African region	USA	Open-End	11/11
Coronation Africa Frontiers Fund (as-of 2025-07-31)										
36.7	9.8	41.5		14.5	484.60 (07/25)	Equity	Africa ex-SA	Ireland	Unit Trust	10/08
EFG-Hermes MEDA Fund (as-of 2025-08-20)										
-2.18	2.59	6.47	7.43	21.31		Equity	Africa & Middle East	Bermuda	Open-End	12/11
Enko Africa Debt Fund (as-of 2025-08-31)										
19.7	2.5	31.62	28.85	15.1	895.60 (08/25)	Fixed Income	Africa ex-SA	Mauritius	Open-End	10/16
Fidelity Funds - Emerging Europe, Middle East and Africa Fund A (as-of 2025-08-20)										
19.72	3.42	26.13	15.15	2.83	291.56 (07/25)	Equity	EMEA	Luxembourg	SICAV	6/7
Imara African Opportunities Fund (as-of 2025-04-30)										
0.7	3.56					Equity	African region	BVI	Open-End	06/05
Laurium Africa USD Bond Fund (as-of 2025-05-31)										
4.2	5	9.8	7.4		42.70 (05/25)	Fixed Income ex South Africa	African region	Ireland	UCITS	04/21

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
Laurium Limpopo Africa Fund (as-of 2025-06-30)										
23.21	4.6	39.37	20.28	9.67	239.20 (06/25)	Equity	Africa ex-SA	Cayman Isl.	Open-End	01/14
Mazi Capital Africa Fund (as-of 2025-06-30)										
20.53	6.42	31.16	1.81	1.11		Equity	Africa ex-SA	South Africa	Open-End	01/16
MCB Africa Bond Fund (as-of 2025-07-31)										
	2.3	8.3	-20.5	-23		Fixed Income	African region	Mauritius	Open-End	02/14
Old Mutual African Frontiers Flexible Income Fund (as-of 2025-07-31)										
	2.2	19.8	17.9		24.10 (07/25)	Fixed Income	African region	Ireland	OEIC	5/22
Old Mutual African Frontiers Fund (as-of 2025-07-31)										
		44.2	18	10.6		Equity	Africa ex-SA	Ireland	Open-End	05/10
Robeco Afrika (as-of 2025-07-31)										
33.68	5.06	50.29	14.89	14.84	27.00 (07/25)	Equity	African region	Netherlands	Open-End	06/08
Sanlam Africa Equity Fund (as-of 2025-06-30)										
21	3.5	28.06	11.34	10.54		Equity	Africa ex-SA	Ireland	Open-End	7/15
Steyn Capital Africa Fund (as-of 2025-07-31)										
47.54	8.2	68.16	22.2	20.06		Equity	Africa ex-SA	Malta	SICAV	09/11
Sustainable Capital Africa Alpha Fund (as-of 2025-06-30)										
25.33	13.15	28.27	13.39	14.36		Equity	Africa ex-SA	Mauritius	Open-End	02/12
TCM Africa High Dividend Equity (as-of 2025-06-30)										
23.56	9.76	48.37	7.54	5.45		Equity	Africa ex-SA	Holland	Open-End	03/08
T. Rowe Price Africa & Middle East Fund (as-of 2025-06-30)										
12.79	3.87	15.32	9.01	14.82	100.47 (06/25)	Equity	MENA & SSA	United States	Open-End	10/11

AFRICA'S CLIMATE FINANCE SHORTFALL

By Anna Lyudvig

Africa faces a climate finance gap of \$2.5trn between now and 2030, according to the United Nations Environment Programme (UNEP) and the African Development Bank (AfDB). Yet, the continent currently receives only about \$44bn per year in climate-related finance—less than 20% of what is needed to effectively confront the mounting climate crisis.

This vast disparity underscores a critical challenge: Africa contributes less than 4% of global carbon emissions but suffers disproportionately from the effects of climate change. Without sufficient investment, Africa risks falling further behind in its development goals.

The \$2.5trn figure reflects the investment required to transform

products tailored to climate projects, and perceptions of high risk discourage greater involvement. For Africa to close its climate finance gap, unlocking domestic capital will be crucial.

A further complication is the uneven distribution of climate finance across the continent. South Africa, Nigeria, Egypt, and Kenya account for the lion's share of funds, reflecting stronger financial markets and better-developed project pipelines. In contrast, many low-income and highly climate-vulnerable countries—especially in the Sahel region and small island states—receive far less funding despite facing severe climate risks. Efforts by development banks and donors to direct more funds to these under-resourced countries are underway, but persistent challenges—such as weak

“The \$2.5trn climate finance gap is daunting, but it also represents an unprecedented chance to rethink growth and resilience on the world’s fastest-growing continent

Africa's economies through renewable energy, climate-smart agriculture, resilient infrastructure, and ecosystem restoration. Adaptation alone—helping vulnerable communities cope with climate impacts—needs roughly \$70bn annually. But current funding falls far short. The Climate Policy Initiative reports that Africa's climate finance flows increased from about \$30bn in 2019/20 to \$44bn in 2021/22, a notable rise but still only a fraction of what's needed.

Much of the finance Africa receives today comes from international public sources: bilateral aid agencies, multilateral development banks like the AfDB, and climate funds such as the Green Climate Fund. In 2024, the AfDB itself committed over \$11bn towards development projects, nearly half of which are climate-related. And the Green Climate Fund (GCF) approved \$917.4m for 10 new private sector projects in 2023, mobilizing an additional \$17.5bn in private capital.

Development Finance Institutions (DFIs) play a pivotal role, offering capital and risk mitigation to encourage private investors to enter African markets. For instance, British International Investment (BII), the UK's development finance institution, committed over £1.09bn to African firms in 2024, with 62% of its total investments directed towards the continent. Notably, BII invested \$903m in climate finance that year, representing 41% of its overall commitments and marking a significant increase from previous years. Meanwhile, the U.S. International Development Finance Corporation (DFC) has been active in backing African climate resilience and renewable energy projects, committing over \$1bn in recent years to support sustainable development.

Still, domestic sources of climate finance remain underdeveloped. Governments, pension funds, insurers, and other African financial institutions hold significant assets but have yet to engage deeply with climate investing. Regulatory uncertainties, limited financial

institutional capacity and political instability—limit progress.

Bridging this financing gap demands urgent action on multiple fronts. International donors and multilateral institutions must scale up commitments and embrace innovative financing models like blended finance, which combine concessional loans, grants, and private capital to reduce risk. African governments, meanwhile, need to create enabling environments by strengthening governance, enhancing transparency, and enacting clear regulatory frameworks that incentivize green investment.

Mobilizing domestic resources is equally vital. Improvements in tax systems and public financial management can release funds for climate priorities, while instruments such as green bonds and infrastructure funds can channel local capital into sustainable projects. Capacity building—helping countries develop bankable projects and strengthen institutions—is essential to attract and absorb investment effectively.

The stakes could hardly be higher. Without closing this climate finance gap, millions across Africa face heightened vulnerability to droughts, floods, food shortages, and displacement. Economic growth risks stalling, and hard-won development gains may be reversed. The Sustainable Development Goals depend heavily on a green and resilient future, which cannot be achieved without adequate climate finance.

Despite these challenges, there are signs of cautious optimism. Impact investors, DFIs, and development partners are increasingly focused on Africa's climate opportunities. The decisions taken now will determine whether the continent can lead a green transformation that delivers economic opportunity while safeguarding its people and ecosystems. The \$2.5trn climate finance gap is daunting, but it also represents an unprecedented chance to rethink growth and resilience on the world's fastest-growing continent.



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