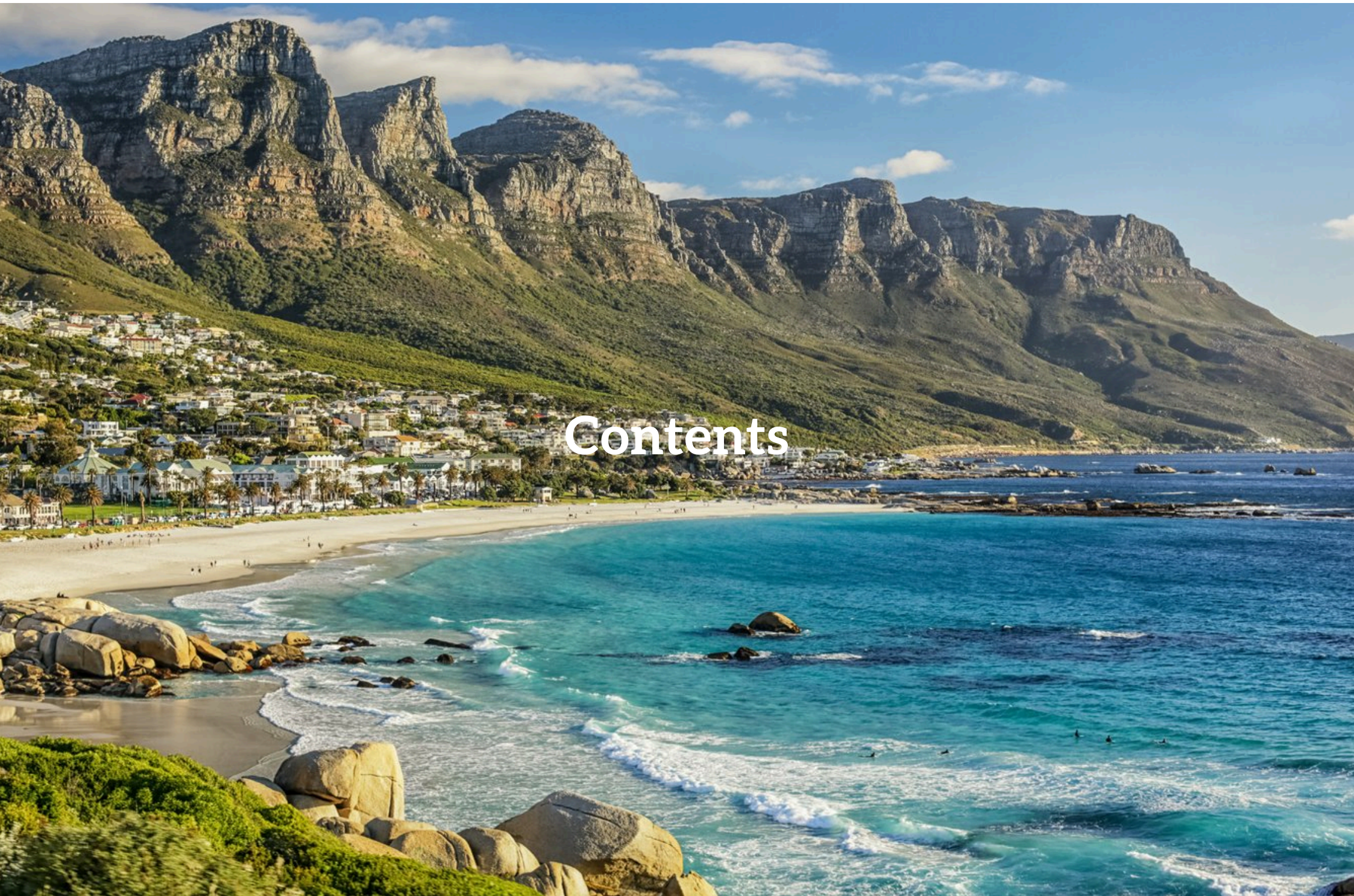


# Future leaders: 6 top insights on emerging markets

Exclusive thought leadership shaping the future of markets on the rise ahead of SuperReturn Africa



# Contents





A large elephant with a prominent tusk is positioned in the center of the frame, appearing to look out from an open wooden door. The door is made of light-colored wood and is set into a wall that blends into the savanna landscape. The elephant's head and tusk are visible through the doorway, and its body extends slightly beyond the frame. The background shows a vast savanna with dry grass, scattered shrubs, and distant mountains under a clear blue sky. The overall scene suggests a connection between the natural world and human-made structures.

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# Africa as a blue ocean: The next economic powerhouse

Eric Newman, Treasury Manager, City of Stamford, explains how Africa can reshape the global economy over the next 30 years



Africa is a blue ocean, with its transformative potential to reshape the global economic landscape over the next 30 years. Today's Africa is vastly different than thirty years ago, and thirty years forward promises even greater divergence. Africa's 54 countries are collectively larger than Europe, China, and the United States, adding to the continent's future economic force.

Africa is a blue ocean with transformative potential to reshape the global economic landscape over the next 30 years. Today's Africa is vastly different from thirty years ago, and thirty years hence promises even greater divergence.

Africa's 54 countries are collectively larger than Europe, China, and the United States, enhancing the continent's future economic power.

The continent is diverse in languages, cultures, regions, and industries. In North Africa, the largest growth. West Africa boasts Nigeria, Ghana, Côte d'Ivoire, and Senegal, while Southern Africa comprises South Africa, Botswana, and Namibia. Each region offers opportunities in technology, agriculture, healthcare, education, e-mobility, and consumer goods.

The African Union is now a member of the G20, similar to the European Union, and the recent expansion of BRICS to nine member countries has resulted in Ethiopia and Egypt joining South Africa as members. Africa accounts for 19% of the world's population today, totalling 1.5 billion, and is projected to reach

26% or 2.5 billion by 2050. This means one in four individuals will be of African descent, with an average age of just twenty-four.

Urban migration continues to surge, with 60% of the population expected to reside in cities by 2050. Consumer spending in Africa is anticipated to surpass \$2 trillion within the next few years, a 30% increase from 2015 levels. Growth sectors include food and beverages, pharmaceuticals, healthcare services, education, and transportation, with food and beverages approaching \$740 billion in spending.

The inflationary pressures of recent years have prompted global institutional allocators to explore agricultural and real asset strategies. Investing in agriculture and ag-tech companies and funds not only diversifies global portfolios

but can also protect against inflation while contributing to the region's development.

“Africa's 54 countries are collectively larger than Europe, China, and the United States, enhancing the continent's future economic power.”

**Eric Newman**, Treasury Manager, City of Stamford

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The Democratic Republic of the Congo (DRC), located in Central Africa, stands as a prime example of Africa's agricultural and real asset potential, with vast untapped resources across its landscape. It is the second largest land area in Africa and the 11th largest globally. The DRC possesses over eighty million hectares of arable land, a substantial portion of which remains underutilised. Its expansive grasslands and savannahs can support a significant livestock population, while the biodiverse

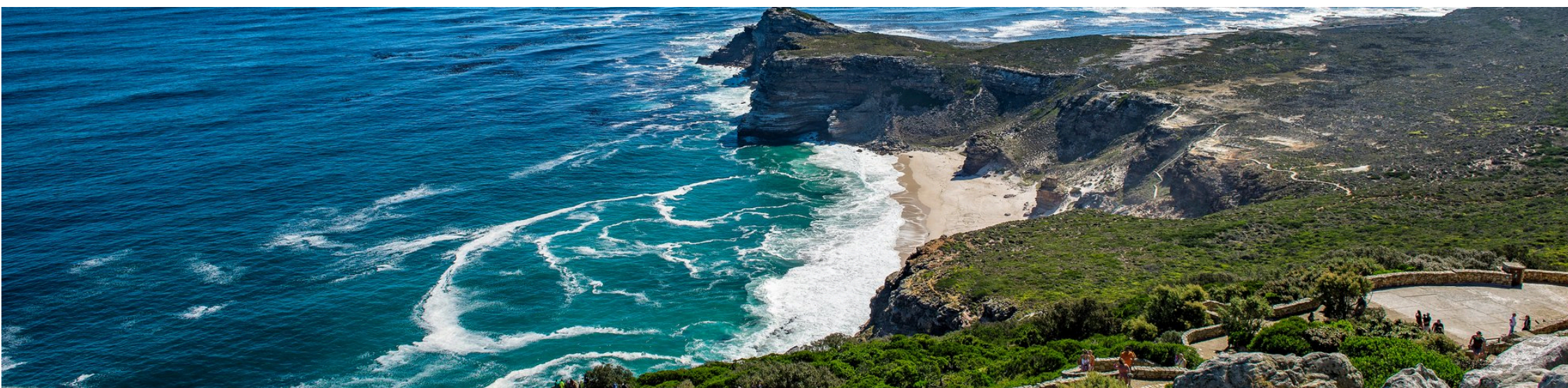
Congo Rainforests cover 52% of the country, offering opportunities for sustainable, forest-friendly products.

The DRC benefits from rich fisheries along its Atlantic Ocean coastline, the Congo River, and numerous lakes, capable of yielding an impressive 707,000 tonnes of fish annually. This abundance of natural resources positions the DRC as a key player in Africa's agricultural and environmental sectors, with significant potential for sustainable

development and economic growth.

Throughout the continent, governments and the private sector are investing in electric vehicles and the battery and charger ecosystem. Ghana has recently joined a growing list of countries that have waived import duties on electric vehicles to develop local manufacturing. This complements Africa's concentration of essential minerals needed for renewable energy technologies, further

highlighting its strategic importance on the world stage. Senegal has launched West Africa's first 100% electric Bus Rapid Transit system, financed with local and international investors using a public-private partnership model. More than 90% of Kenya's electricity is produced from renewable sources, and by 2040, it is projected that there will be a 50%-65% adoption of electric vehicles in Sub-Saharan Africa. Venture-backed electric vehicle start-ups are now emerging in







Kenya, Zimbabwe, Ethiopia, Uganda, South Africa, and Egypt.

Today, Africa is home to three of the world's megacities, defined by populations of ten million or more. The United Nations projects that by 2050, Africa will have fourteen megacities. The migration of millions from rural areas to cities in search of high-paying jobs and a better quality of life will create opportunities for corporate and institutional investors. Historically, Africa's "big four" referred to giraffes, elephants, rhinos, and lions. Today, it refers to the four largest African tech and fintech hubs located in Nigeria, Egypt, Kenya, and South Africa. Kenya is known as the "Silicon Savannah" for its highly educated workforce of engineers working in e-commerce, cleantech, fintech, e-vehicle manufacturing, and enterprise investments. As urbanisation and a

rising middle class occur, the demand for upscale goods and services, housing, higher education, transportation, and consumer products will increase.

For investors looking to allocate capital in Africa, partnering with African managers can provide several advantages. These managers often possess local expertise, cultural insights, and established networks, enabling them to identify and capitalise on unique investment opportunities. Emerging managers tend to be more agile and entrepreneurial, allowing them to adapt quickly to changing market conditions and seize emerging trends.

Investing in Africa also comes with challenges, including political instability, regulatory hurdles, infrastructure constraints, and currency translation risks. It is



critical to conduct due diligence and risk management when selecting investment opportunities and partners. Consider reaching out to your country's State Departments, Prosper Africa, development finance institutions, and other institutional investors who are active in the region as you begin your journey. Investing in Africa and other emerging markets requires the four P's: patience, persistence, personal relationships, and partnerships.

There are many strategies and vehicles to gain exposure to and returns from venture capital, private equity, private credit, or publicly traded securities through one of the twenty-nine stock exchanges. Africa's vast untapped markets are open and seeking long-term global investors and partners.







# **A deep dive into climate tech investments in Southeast Asia**

A report by Shane Chesson and Jaclyn Seow,  
Openspace Ventures, and Claudia  
Zeisberger, INSEAD



Climate tech investing is on the rise in Southeast Asia (SEA). The sector is seeing growing interest from investors, with the share of climate tech deals as a proportion of all venture funding expanding from 3.2% in 2019 to 9.5% in 2023<sup>[1]</sup>. The volume of climate tech equity deals also saw a compound annual growth rate of over 15% from 2019 to 2023<sup>[2]</sup>, and almost 30 climate-specific funds with full or majority allocations in Southeast Asia have emerged since 2020, raising over \$830M in committed capital<sup>[3]</sup>.

Early-stage venture rounds (i.e. prior to Series B) historically account for most of the climate tech equity deals in Southeast Asia, consistently comprising an average of 85%<sup>[4]</sup> of deal volume in recent years, with only a handful of companies completing rounds surpassing US\$100M<sup>[5]</sup>. These up-and-coming startups will require mid-stage funding support as they mature in the coming years. However, most climate-focused venture funds with full or

majority allocations to Southeast Asia have an early-stage focus, with less than 15% of funds having raised more than \$100M as at end-2023<sup>[6]</sup>. Later-stage funds including Decarbonization Partners, Leapfrog Investments, and GenZero have only partial allocations to SEA.

Energy corporates are also an active part of the climate tech landscape in Southeast Asia, mirroring a global trend. For instance, Banpu<sup>[7]</sup> and Schneider Electric have through their venture arms been actively allocating to climate startups in recent years, investing in distributed solar, carbon markets, cross-market battery



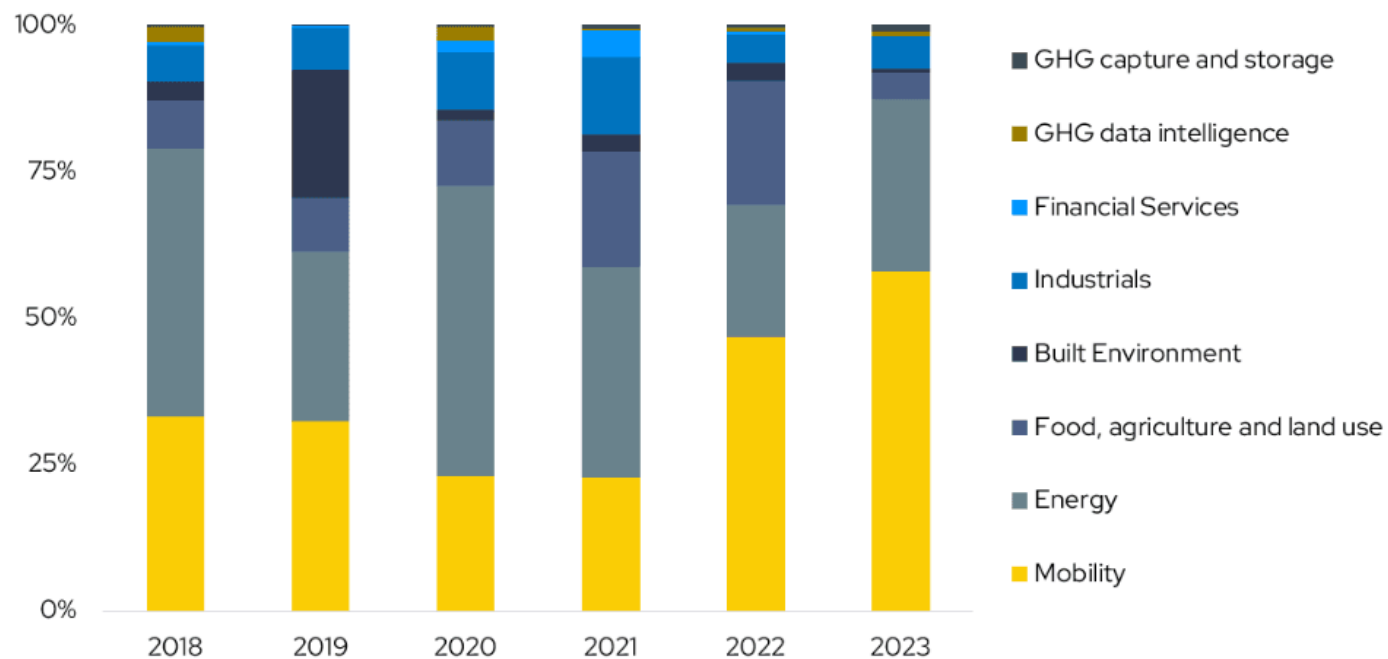


optimization, battery recycling, and automated energy trading beyond their home countries. Thailand's PTT<sup>[8]</sup> has begun joint ventures in submersible robotics, serving renewable energy corporates in offshore businesses across the region. Malaysia's Petronas<sup>[9]</sup>, Indonesia's Pertamina<sup>[10]</sup> and PTT are also actively collaborating on methane emissions measurement in the region<sup>[11]</sup>. This propensity towards cross-border coordination suggests robust intra-ASEAN cooperation in the climate tech space as all stakeholders push towards Net Zero.

Given these dynamics, venture capitalists actively allocating to climate startups at the venture growth stage with a strong local presence in and understanding of Southeast Asian markets, as well as intimate relationships with corporate actors, are expected to play an increasingly important role in bridging the gap between early-stage climate tech startups and late-stage capital providers.

In addition to climate-focused funds and strategic corporates, climate investing in

Share of Climate Tech Investment by Sector in APAC (excluding China), %



Southeast Asia still relies on the involvement of generalist VCs, which participated in over 80% of the climate tech equity deals<sup>[12]</sup> in 2023.

Generalist VCs primarily prioritize opportunities based on return profiles within fund lives<sup>[13]</sup> without substantially taking into consideration the abatement potential of specific technologies or platforms. The two parameters

are unfortunately not always aligned. Models with high abatement impact, such as green hydrogen and carbon capture, can face more issues with lagging traction and low Technology Readiness Level (TRL) scores than in other more technologically mature sectors such as fintech and healthtech; and market size and adoption readiness play a significant countervailing role in investment decisions.





The consequence has been a delinking of decarbonization potential with investment allocation in this space. For instance, investment into mobility continues to grow in the region, rising from 23% of total climate tech investment in 2020 to 58% in 2023<sup>[14]</sup>, taking priority over sectors with higher regional decarbonization potential such as peatland conservation<sup>[15]</sup>. SEA climate deals are also heavily skewed towards major markets, with Singapore and Indonesia accounting for over 90% of the total deal value in SEA in 2023<sup>[16]</sup>, with the balance split between the Philippines, Vietnam, Thailand, and Malaysia; even though the latter group accounts for 2.92% of the world's greenhouse gas emissions versus the combined 2.44% of the former<sup>[17]</sup>.

To propel more effective participation by generalist, returns-focused VCs in climate investing, GPs need to be steered towards decarbonization impact, propelled by Governments and other strategic capital providers leveling up the potential returns profile for investments in hard-to-abate sectors. The sector is in urgent need of diverse de-

risking financial instruments including but not limited to venture debt, working capital loans, and blended finance, coupled with strategic supporting initiatives such as Singapore's Food Tech Innovation Centre that enable product innovation and commercialization with lower asset risk.

The success of climate tech startups is furthermore more uniquely tied to regulatory tailwinds relative to other sectors, given the market-creating nature of climate regulations. Europe and the US, for instance, have seen a rise in carbon accounting and ESG reporting platforms hoping to support disclosure requirements like the EU's Corporate Sustainability Reporting Directive (CSRD) and Sustainable Finance Disclosure Regulation (SFDR), as well as the SEC's 2024 climate disclosure rules. These new mandates have accelerated investments into climate software, evidenced by the latest rounds of funding into Watershed (US\$100M Series C at a US\$1.8B valuation in 2024) and Persefoni (US\$50M C-1 in 2023, following a US\$101M Series B in 2021). In Southeast Asia, the notable acceleration in



mobility deals has similarly been fueled by favorable regulatory developments across the region, with incentive schemes in Singapore, Thailand, Malaysia, Indonesia and the Philippines and looming restrictions on ICE vehicles in Singapore (2030), Thailand (2035), Vietnam (2040), and the Philippines (2040) stoking investor interest in the space.

The climate tech space in Southeast Asia has room still to mature, with multiple uncertainties compounding risk in the space. Governments, asset owners, and investors alike play crucial but heterogeneous roles in ensuring that emerging climate innovation in the region is suitably supported and sustained.





[1] The State of Climate Tech in Southeast Asia 2023, DealStreetAsia.

[2] See footnote 1.

[3] See footnote 1. Includes VC, growth, buyout funds. Excludes private credit and infrastructure funds.

[4] Median value of early stage (up to Series A+) deals as proportion of all climate tech equity deals within the year from 2019 - 2023. Source: Crunchbase, Openspace research.

[5] Including e.g. eFishery, Sunseap, SunCable, 800Super. Source: Crunchbase, Openspace research.

[6] See footnote 1.

[7] Banpu Public Company Limited, an energy solutions company operating in Asia Pacific and listed on the Stock Exchange of Thailand (SET).

[8] PTT Public Company Limited, a majority state-owned Thai oil and energy company listed on the SET.

[9] Petroliam Nasional Berhad, a Malaysia-headquartered multinational oil and gas company.

[10] PT Pertamina, an Indonesian state-owned energy company.

[11] Source: Petronas.

[12] By deal count. Source: Crunchbase, Openspace research.

[13] Typically, 10 years.

[14] State of Climate Tech 2023, PwC.

[15] As identified in Southeast Asia's Green Economy 2024 Report, Bain & Company.

[16] See footnote 1. First 11 months of 2023.

[17] European Commission - Emissions Database for Global Atmospheric Research.





# Alpha with impact: Unlocking smarter investing

Jessica Espinoza, CEO, 2X Global, on gender  
equality and investment performance in  
emerging markets





Private capital in emerging markets has the potential to unlock strong returns and scalable impact. Despite this promise, outcomes have often been mixed, leaving some investors wondering whether returns and impact can truly coexist. For investors to fully capitalize on the opportunity of return and impact, more innovative strategies are needed.

Drawing on the latest research, data, and best practices, diversity has emerged as a key value driver. Gender equality in particular has the proven potential to unlock outsized returns and impact at scale. Funds with gender-balanced senior teams generate a 10-20% higher net IRR than male-led funds. Yet women represent only 8% of senior investment professionals in emerging markets private equity and venture capital, suggesting that conventional fund models are leaving money on the table.

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Tackling gender equality in the private sector could add US\$ 28 trillion annually to global GDP by closing gender gaps in employment alone.

Jessica Espinoza, CEO, 2X Global





Only 7% of private capital goes to women-led companies, although those who do get funded make twice as much revenue per dollar invested compared to male-led peers. Women fund managers not only contribute to stronger fund performance, but they are also 3x more likely to invest in a woman CEO and 2x more likely to invest in businesses with at least one woman founder, creating ripple effects. Tackling gender equality in the private sector could add US\$ 28 trillion annually to global GDP by closing gender gaps in employment alone, a market size bigger than the economies of the US and China combined.

Recognizing the business and impact case, development finance institutions (DFIs) launched the 2X Challenge at the G7 Summit in 2018, calling on the private sector to take up the challenge of moving

capital towards gender-smart businesses. The [2X Criteria](#) are a global industry standard for assessing and structuring investments that provide women with leadership opportunities, quality employment, finance, enterprise support, and products and services that enhance economic participation and access. They have been widely adopted by LPs, GPs and businesses.

The 2X Challenge's original investment target of US\$ 3Bn has been significantly overachieved, with DFIs and private sector co-investors having invested and mobilized over US\$ 33Bn to date. This capital has been allocated to fund managers making ambitious commitments to becoming more diverse and gender-smart in how they invest, direct investments into companies and infrastructure projects as well as investments in financial

“Funds with gender-balanced senior teams generate a 10-20% higher net IRR than male-led funds.”

Jessica Espinoza, CEO, 2X Global

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institutions for onlending to gender-smart MSMEs. The next round of the 2X Challenge was just announced at the G7 Summit 2024 under which the full spectrum of investors is invited to join a new US\$ 20 Bn target for the coming

three years.

2X Global, a global industry body for gender lens investing (GLI), recently conducted a comprehensive mapping of private equity, venture capital and private

debt funds across global markets that pursue a GLI strategy. The market size of the 273 surveyed funds represents at least US\$ 7.9Bn, attracting capital from a broad range of LPs including sovereign wealth funds, pension funds, endowments, insurance, fund of funds, family offices, and DFIs. 78% of these funds report that their GLI strategy helps attracts investors. Interestingly, 61% of gender-smart funds also have a climate lens, leveraging the growing business case for investing at the nexus of gender and climate.

The top-quartile fund manager DPI with US\$ 3.1 Bn AUM investing across Africa was the first fund to obtain 2X Flagship Fund status and closed their third fund ADP III at a record US\$ 900M and over 500M in co-investment capital deployed alongside ADP III. The woman-founded and -led fund has

innovated the way value creation is done in traditional private equity by mainstreaming the 2X Criteria across value creation plans, making gender a value driver for business. As of today, over 50% of ADP III's portfolio companies are aligned with the 2X Criteria. DPI has made over 30 investments across its funds and never lost or had to wind down a company. DPI's loss ratio is at a remarkable <1% compared to an industry average of 17%.

Horizon Capital is the largest private equity investor in Ukraine with over US\$ 1.6Bn in AUM. The woman-founded and -led fund manager has attracted US\$ 2.4Bn in capital, debt and equity to date, backed over 172 companies employing 80,000 people. Horizon Capital raised a staggering US\$ 350M for their fourth fund HCGF IV in the middle of Russia's full-scale invasion of Ukraine, attracting a



diverse LP base with its market-based returns and strong impact thesis. HCGF IV is the first 2X Flagship Fund in Central and Eastern Europe, committed to both improving gender diversity within the fund manager and investing with a gender lens to build gender-smart portfolios using the 2X Criteria. Horizon's women-led investee company Creatio, developer of a no-code platform to automate customer relationship management and enterprise workflows, just reached unicorn status at \$1.2bn.

In recent years, emerging markets have seen established private equity fund managers mainstreaming the 2X Criteria across the investment cycle for better commercial and impact outcomes. At the same time, a new generation of fund managers has come to market with innovative GLI

strategies.

A prime example is Alitheia IDF (AIF), the first GLI fund with a strategy that has women as key success-drivers in the investment value chain at its core – from the

fund manager to the businesses in which it invests and their respective value chains. AIF spearheaded the first comprehensive GLI toolkit that has served as inspiration for the wider industry. By overlaying a gender lens on its tried and

successful investment strategy, AIF achieves enhanced returns and economic and social impact at multiple levels. AIF closed its first fund, a 2X Flagship Fund, with US\$ 100M in 2021 and has since invested over US\$ 40M in 9 growth







companies in Sub-Saharan Africa.

In Southeast Asia, Sweef Capital closed its first fund at US\$ 45M in 2023, targeting equity or quasi-equity investments in 5-6 high-growth EBITDA-positive SMEs growing at 30-40% year-on-year. Its Gender ROI™ (resilience, opportunity, inclusion) framework represents an innovative approach to impact measurement, allowing the fund to create value at the nexus of gender and climate. Sweef

is building a high-calibre set of LPs that includes pension funds, insurance companies, governments, foundations and family offices.

2X Global's emerging fund manager initiative 2X Ignite has tracked over 100 new fund managers with innovative fund models beyond traditional private equity and venture capital. Examples include ATG-Samata investing in select markets in Sub-Saharan Africa

whose first track record fund backed by a US family office reports an 87% gross IRR and 3x MOIC, combining equity, debt and revenue share for tech and non-tech businesses for greater portfolio diversification. New models also include innovative structures enabling missing middle finance for early growth stage businesses, a strategy pursued by Afrishela at the gender-climate nexus in African markets. Afrishela's fund is linked to an enterprise

development program which supports deal sourcing and due diligence across 6 African markets. Afrishela is also paving the way with new incentive structures, including impact-linked carry and incentives for portfolio companies.

Similarly, C4D Partners in India works with portfolio companies to make gender diversity a competitive advantage and has developed a proprietary gender lens toolkit to monitor, assess and guide the gender strategies of its portfolio companies. C4D has committed to investing at least 30% of the fund's AUM in women-owned/led businesses and links carry to this target – a new trend that has emerged across emerging market regions. In Latin America, Amplifica Capital has established a VC firm with a thesis focused on digital inclusion, gender and climate change, demonstrating the value of



women as entrepreneurs and investors and their key role in building a more inclusive ecosystem. Its LP base comprises individuals, family offices, corporates and institutions. 60% of investors in fund I are women compared to a 5% industry average.

For LPs and GPs alike, these trends present exciting opportunities. 2X Global and its more than 150 member institutions have advanced a suite of investment tools enabling investors to embed the 2X Criteria across all stages of the investment cycle – making gender a value driver, from origination to due diligence, structuring and value creation, all the way to responsible exits.

If you are a asset owner, asset manager or private investor and you

- Want to join the global movement of gender-smart investing
- Are keen to participate 2X Challenge and deepen your knowledge of the nexus of gender and climate finance
- Want to network and collaborate with other like-minded investors

The next 2X Challenge with a new US\$ 20Bn commitment has just been launched, providing LPs and GPs with a proven opportunity to move billions for greater impact and returns.





# Navigating risk for investing in high- growth emerging markets

With William Bao Bean, Managing General  
Partner, Orbit Startups





Emerging markets are rapidly outpacing their developed counterparts in terms of growth, offering significant opportunities for investors. According to projections from the International Monetary Fund, emerging markets are expected to grow by more than 4.2% in 2025 annually, compared to 1.8% for developed economies<sup>(1)</sup>. Despite this, the majority of capital remains concentrated in developed economies. However, as global investors recognize the potential of emerging markets, capital flows are rebalancing post-pandemic toward these high-growth regions, returning to their highest level since 2018<sup>(2)</sup>. For investors and allocators to continue to perform, they will need to follow this trend and re-balance their exposure to emerging markets to capture the next wave of global growth.

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Emerging markets are not just a place to invest; they require a mindset shift—view them as a mosaic of opportunities, each with its own unique risks and rewards.

William Bao Bean, Managing General Partner, Orbit Startups

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Emerging markets require a different investment strategy

It is essential for investors looking to tap into the high-growth potential of emerging markets to understand that investing in these regions requires a different approach than investing in



major economies like the US, China or Europe. Emerging markets are not a single market; it's a collection of fragmented and often volatile economies so a successful investment strategy must avoid both concentrating capital too much in one market and treating emerging markets together as a monolithic entity.

Localized risks such as political instability, regulatory challenges, or currency volatility can have outsized impacts on investments in any single country. Investors seeking exposure to these markets must think beyond the idea of “investing **in** an emerging market” and instead focus on “investing **across** emerging markets.” This broad exposure helps mitigate the risks inherent to any one country, while still allowing investors to capture growth.

## Positive unit economics equals resilience and attracts global capital

We believe that the best way for investors to tap emerging markets growth while managing risk is to look at businesses that can operate across multiple markets. This strategy reduces country specific risk while enabling the portfolio companies to capitalize on cross-border opportunities. While many VC funds have encouraged companies to hyper-grow at the expense of profitability, known as blitzscaling, we believe that emerging market companies should focus on scaling without becoming over-reliant on external capital. Achieving positive unit economics helps startups weather market downturns and reduces risk for investors. These companies are then better equipped to

attract follow-on investments from global capital markets and likely to survive when access to capital is constrained.

## A de-risked ecosystem approach to emerging market investment

Orbit's approach has been to invest across regions and apply lessons learned in one market to other similar markets. While we don't believe businesses can simply be cloned from one emerging market to another, we see that these markets are often similarly resource constrained i.e. low connectivity, financial trust, infrastructure or political stability. Companies should take learnings from more mature emerging markets that have already benefited from a technology driven economic





transformation such as China and India to understand what **did** work and as important what **didn't** work and apply it in their local market. Solutions to these common problems in low resource environments should be local, but companies who can learn from other markets will have a competitive advantage.

### Emerging market problems require emerging market solutions

Developed markets have the advantage of access to huge amounts of capital to put towards technology driven transformations such as the move from fossil fuel to electric transportation. Billions of dollars have been invested up front into charging infrastructure in

North America. Countries such as India do not have a similar capital intensive path to adoption and so an emerging market solution must be brought to an emerging market challenge. In India, the startup ecosystem works together to drive EV adoption. One startup launched a business to business (B2B) last mile delivery service for ecommerce and food delivery with 2-3-4 wheelers and charging stations. These vehicles and stations were then turned into an asset backed financial product by another startup where small and large investors pool capital and are paid for each charge and delivery. After breaking even the investors receive an attractive return. Startups are creating a national electric vehicle charging infrastructure, enabling not just B2B delivery

but also supporting consumer adoption of EVs in a staged manner requiring zero up front capital. We are now migrating this same model to Africa. using what we call “cross-border innovation arbitrage”.

### Investors need to take notice of emerging markets

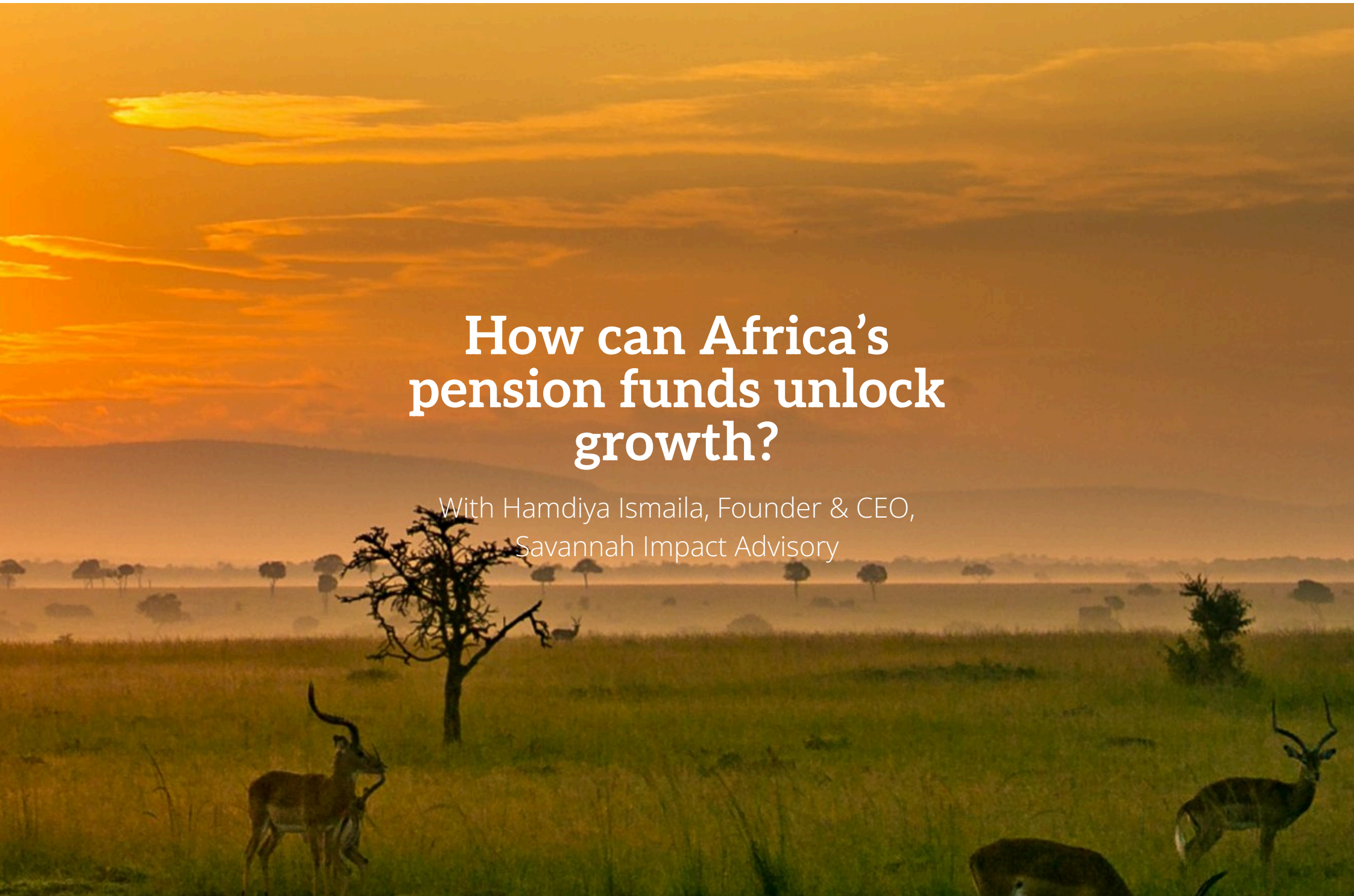
Emerging markets are the fastest growing economies in the world and investors and allocators need to take notice or be left behind. As capital rapidly flows towards these high-growth regions, investors wanting to capture this opportunity need a different approach, as emerging market problems require emerging market solutions.





# How can Africa's pension funds unlock growth?

With Hamdiya Ismaila, Founder & CEO,  
Savannah Impact Advisory





A full-page background image showing a sunset over a desert landscape. The sun is a bright, glowing orb in the upper left, casting a warm orange and yellow light across the sky. Below the horizon, which is marked by a distant body of water, are rolling sand dunes. The foreground dunes are covered in fine, wavy ripples, and their shadows are cast in a darker orange hue. The overall scene is serene and expansive.

The pension industry in Africa has been developing since the introduction of private pension schemes across many countries, including Ghana, Nigeria, and Kenya. These private pension funds have led to the ballooning of local pension assets across the continent, prompting practitioners to explore ways to leverage this capital for good. Mobilizing domestic capital for African development offers numerous advantages.



An aerial photograph of a city street featuring a roundabout with a central green island. Several cars are visible on the road, and buildings of various heights line the streets. The lighting suggests it might be late afternoon or early morning.

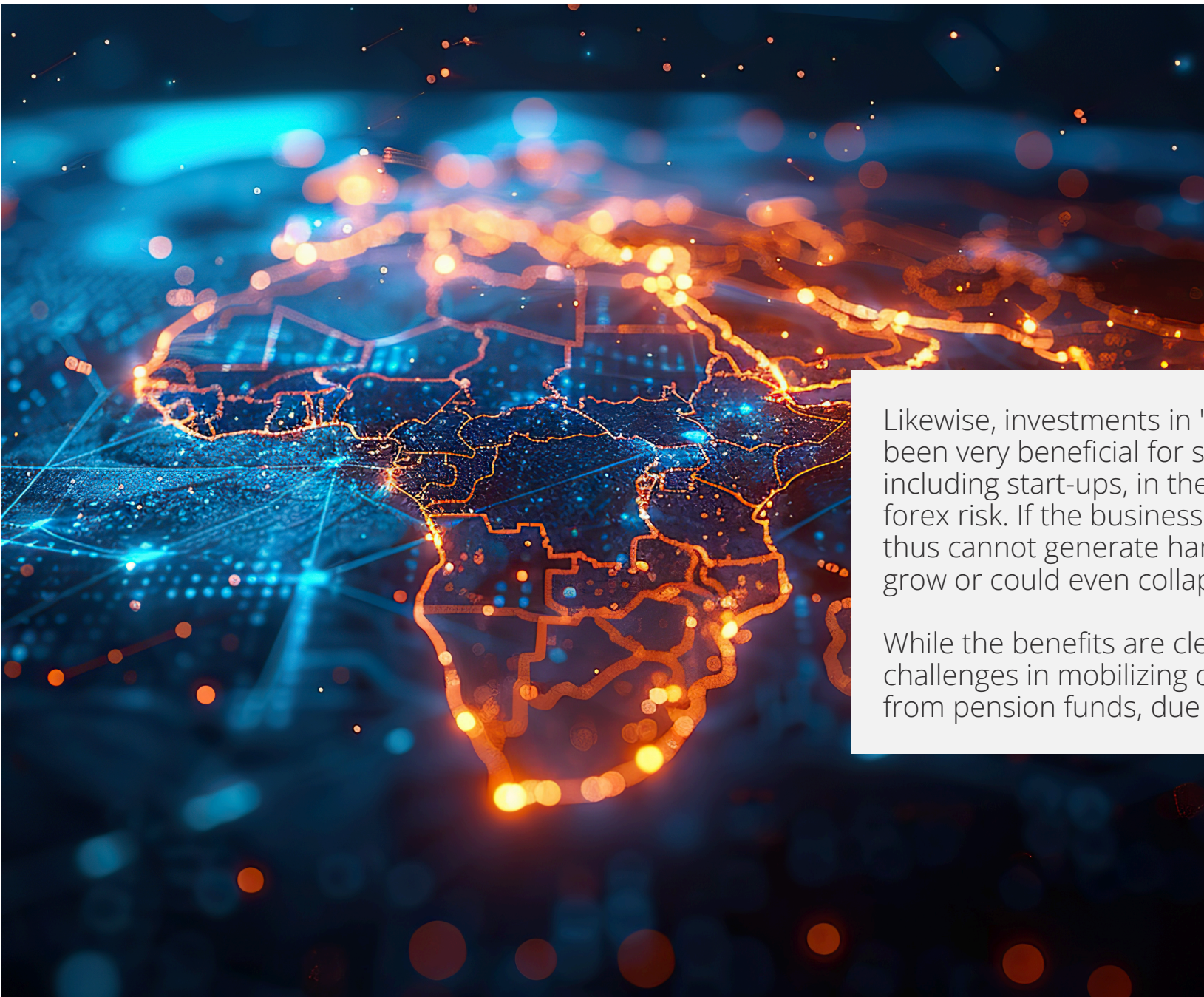
First, when leveraged properly, domestic capital could provide a significant boost to the development of the VC/PE ecosystem. It could attract smaller funds within the continent and offer a local context to how investments are viewed more generally. For instance, Africa still has many small and medium enterprises that require smaller ticket-size investments, much lower than what most larger PE funds are currently offering in the market.

Second, domestic capital could enable local currency investments, which would significantly support investments in the real sector of African economies. This, in turn, could foster the growth of small and medium businesses, innovations, and ultimately lead to job creation, new technologies, and economic growth.

Third, domestic capital could also encourage local fund domiciliation, as most domestic institutional investors, such as pension funds, have limitations on how much of their assets they can invest outside their jurisdictions. This means VC/PE practitioners need to be creative in designing structures that can unlock pension funds to invest in sectors that make sense for Africa.

Fourth, domestic capital could help determine the actual performance of fund managers, as currency fluctuations tend to erode the gains made by managers in Africa. Typically, funds are raised in hard currency, invested in local currency, and then converted back to hard currency for returns. This process has negatively impacted the return profiles of most managers, not because they underperformed, but because currency fluctuations significantly reduced their gains.

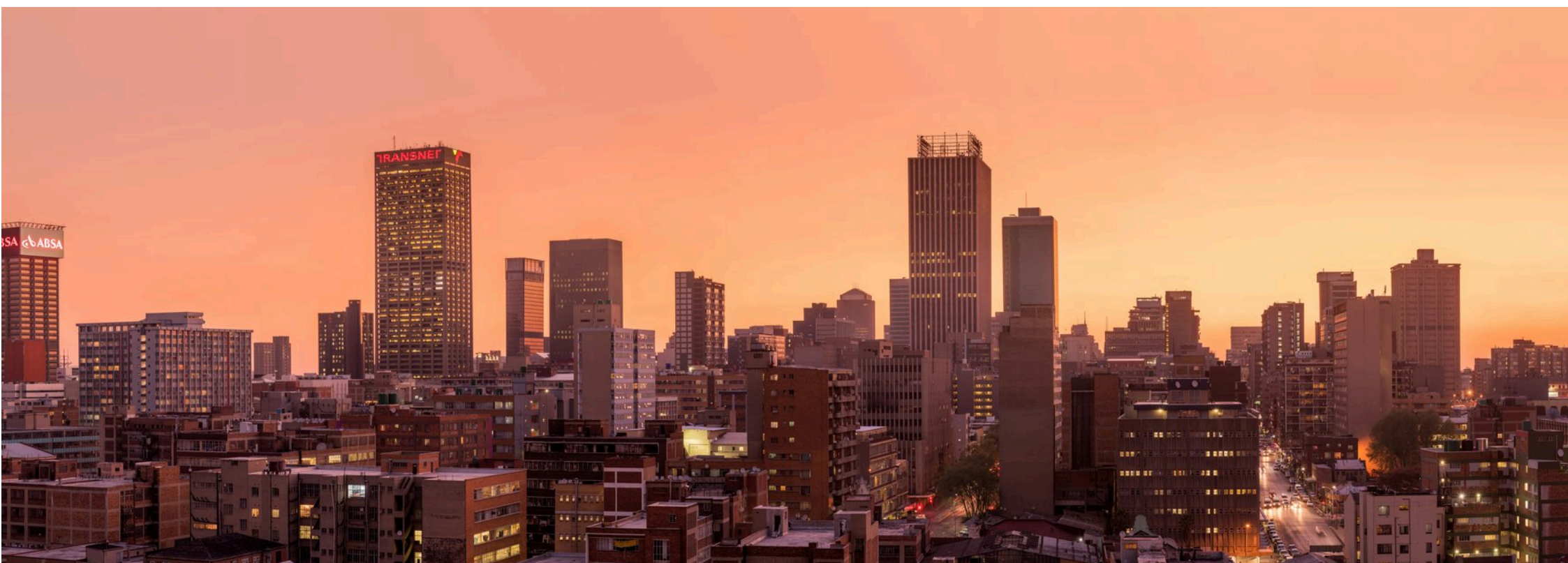




Likewise, investments in "hard currencies" have not been very beneficial for small and medium enterprises, including start-ups, in the continent, as they bear the forex risk. If the business is not export-oriented and thus cannot generate hard currency, it is unlikely to grow or could even collapse.

While the benefits are clear, there are significant challenges in mobilizing domestic capital, particularly from pension funds, due to the following reasons:






First, pension funds are regulated in ways that stifle innovation in investment decision-making. For instance, pension funds have restrictions on how much they can invest outside their jurisdictions, with some countries allowing as little as 5% in "external" investments. To address this, there is a need to explore local domiciliation of different structures that work within the local context.

Additionally, there is a general lack of understanding of the VC/PE asset class. Education is therefore crucial, but instead of a generic training approach, localized and targeted training is essential. It's also important to note that many trustees have limited tenures, and some schemes experience high turnover rates in trusteeship. Continuous training will be more effective than one-off sessions. Trustees should also be educated on the importance of investing in the real sector for the broader economy.

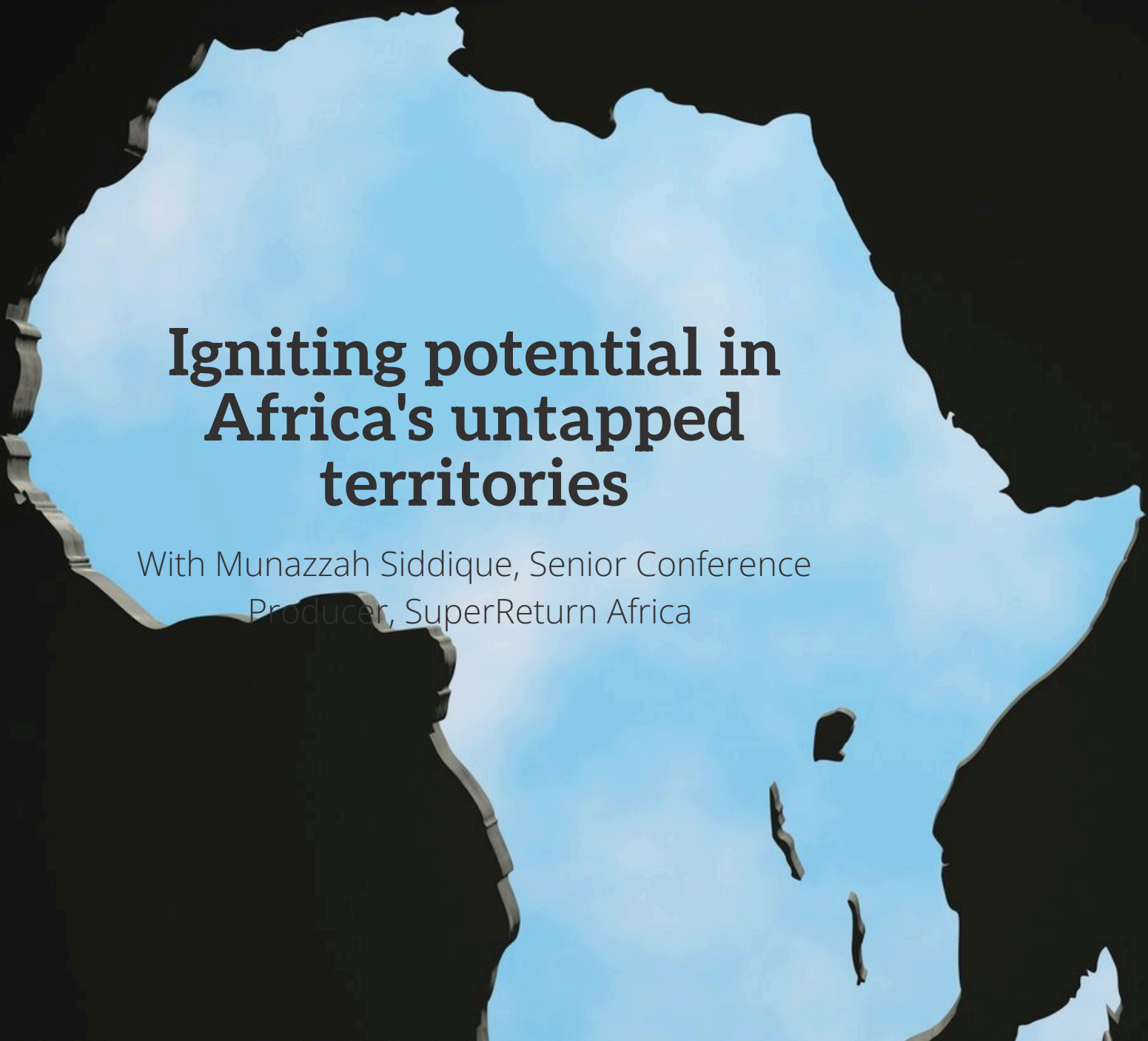
Furthermore, there is a strong fear of losing money, as pension funds are very risk-averse. This is where catalytic capital can be a game-changer in many forms. Whether through guarantees or first-loss structures, catalytic capital can help unlock pension fund investments into the domestic economy.





In conclusion, Africa's pension assets will continue to grow, driven by its youthful population. It is essential to find ways to leverage these assets to invest in the real sectors of African economies. Risk aversion and a lack of understanding of the asset class are key barriers to pension investments in the VC/PE ecosystem. Therefore, more capacity building and the use of catalytic capital are needed to unlock this potential. However, training must be tailored to the local context, and promoting local currency funds should be the starting point.





# **Igniting potential in Africa's untapped territories**

With Munazzah Siddique, Senior Conference  
Producer, SuperReturn Africa





Private markets investment in Africa has seen its share of ups and downs. However, with the right strategies—and a firm understanding that the continent's 54 countries each have unique economic conditions, regulatory environments, and political circumstances—the region can offer significant returns for those willing to embrace its dynamic landscape.

## Geopolitics and Macroeconomics: Navigating 2024's Uncertain Terrain

As 2024 comes to a close, Africa's private capital landscape faces a complex mix of geopolitical and macroeconomic challenges. Global tensions—rising oil prices, logistical bottlenecks, and trade disruptions in the Suez Canal—are driving up costs and impacting African businesses. Regional elections in Mali, Mauritius, and Ghana add further uncertainty, with potential shifts in policies and government leadership. Meanwhile, the upcoming U.S. elections, with Harris and Trump as contenders, could significantly influence U.S.-Africa relations, depending on who takes office. Investors must develop robust contingency plans to navigate these evolving risks and opportunities.

At SuperReturn Africa, keynote speaker Arne Elias Corneliusen, Founder & CEO of Norwegian Risk Consulting International (NRCI), will address these challenges and answer key questions in his presentation on *Navigating Business in an Era of Geopolitical Instability: A Global Panorama and Implications for Africa*:



- To what extent are global tensions impacting Africa's economic outlook?
- How are current macroeconomic conditions affecting raw material prices, and how can businesses and governments de-escalate the situation?
- How have African countries developed contingency plans in response to the rerouting of hundreds of cargo ships away from the Suez Canal?
- Reflections on the 'Super Election Year': What are the results, revelations, and ramifications?



## “ The most important event in the African private equity industry for GPs and LPs to connect

Kunaal Mehta, Executive Director, Clearwater Capital



### New Entrants to the Market: Breaking Barriers

What does all this mean for emerging managers in Africa? Is all hope lost?

While established funds face their own obstacles, first-time funds in Africa are encountering unprecedented challenges in the private capital landscape. Development Finance Institutions (DFIs) are increasingly skeptical about the institutional quality of new funds, leading to a reluctance to invest or protracted



decision-making timelines. However, many Limited Partners (LPs) are now exploring ways to provide working capital to these nascent teams, recognizing that deal-making capability is critical to their long-term viability. The pressing question remains: How can emerging managers attract investment and prove their value in a crowded market?

The landscape for emerging managers in Africa has evolved dramatically, with a surge of new faces entering the General Partner (GP) universe. Many first-time funds are seeking guidance and support in raising capital,



increasingly turning to private investors and focusing on smaller funds to build their track record. Some funds are innovating by pooling internal resources to deploy capital without the constraints of formal fund structures, allowing for greater flexibility in their investment approaches. This shift highlights the importance of grounding return expectations in hard evidence to gain credibility with investors.

For those seeking to refine their strategies, Audrey Verhaeghe, CEO of Anza Capital, will lead a workshop at SuperReturn Africa in Cape Town this December titled *Stand Out from the Crowd: The Emerging Manager's Handbook*. Key themes include:

- An overview of the current landscape for emerging managers in Africa
- Insights into what makes investors reluctant or eager to invest
- Non-traditional entry strategies for the market
- Evolving LP priorities in fundraising

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"For private market investors, Africa presents a frontier of growth where early movers can capitalize on the continent's potential. Success will depend on a deep understanding of local contexts, strong partnerships, and a long-term investment horizon."

Munazzah Siddique, Senior Conference Producer,  
SuperReturn

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## From Risk to Reward

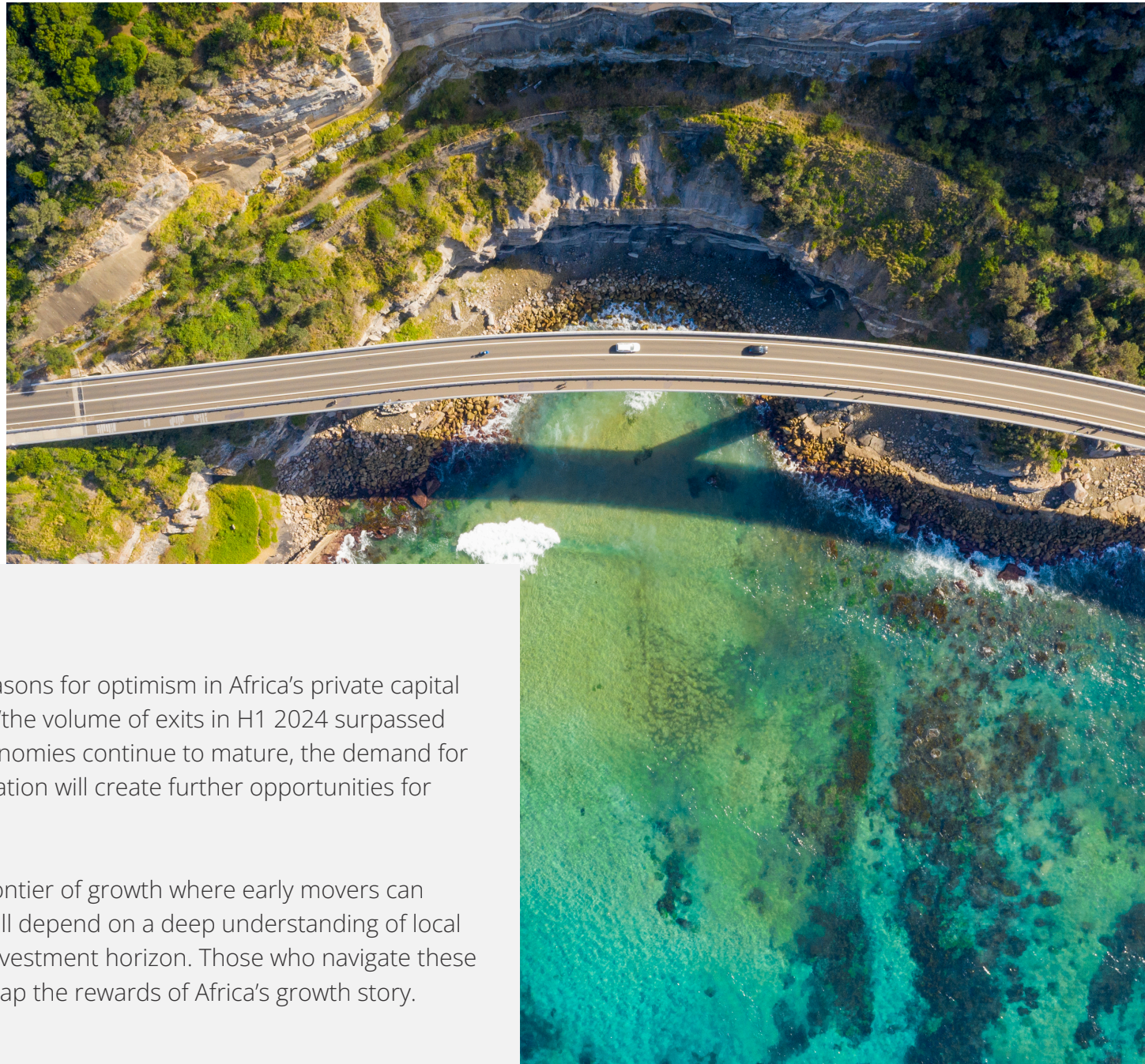
Despite the setbacks, Africa remains rich in resources and home to some of the world's fastest-growing economies. Opportunities in fintech, renewable energy, and healthcare are abundant, driven by the continent's youthful population, urbanization, and expanding technological ecosystems. Investors who take a long-term view are well-positioned to tap into these growth areas. The key to success lies in navigating regulatory complexities, currency volatility, and supporting local entrepreneurship and sustainable initiatives.

Hany Assaad, CEO & Managing Director of



Avanz Capital Egypt, and Oumnia Benaddi, MENA Equity Lead at the EBRD, will discuss these topics during the *Crisis Control* fireside chat at SuperReturn Africa. Key questions to be addressed include:

- How can investors diversify their portfolios to build resilience despite external risk factors?
- How are firms managing regional and cross-border crises, such as foreign exchange risk?
- What innovative solutions exist for managing political risk in African markets, and how can investors integrate these most efficiently?



## The Road Ahead

While risks abound, there are also compelling reasons for optimism in Africa's private capital landscape. According to AVCA's Q2 2024 report, "the volume of exits in H1 2024 surpassed that of the similar period in 2023." As African economies continue to mature, the demand for infrastructure development, inclusion, and innovation will create further opportunities for investment.

For private market investors, Africa presents a frontier of growth where early movers can capitalize on the continent's potential. Success will depend on a deep understanding of local contexts, strong partnerships, and a long-term investment horizon. Those who navigate these challenges effectively will be well-positioned to reap the rewards of Africa's growth story.



# Emerging voices

Watch exclusive interviews with industry experts in emerging markets



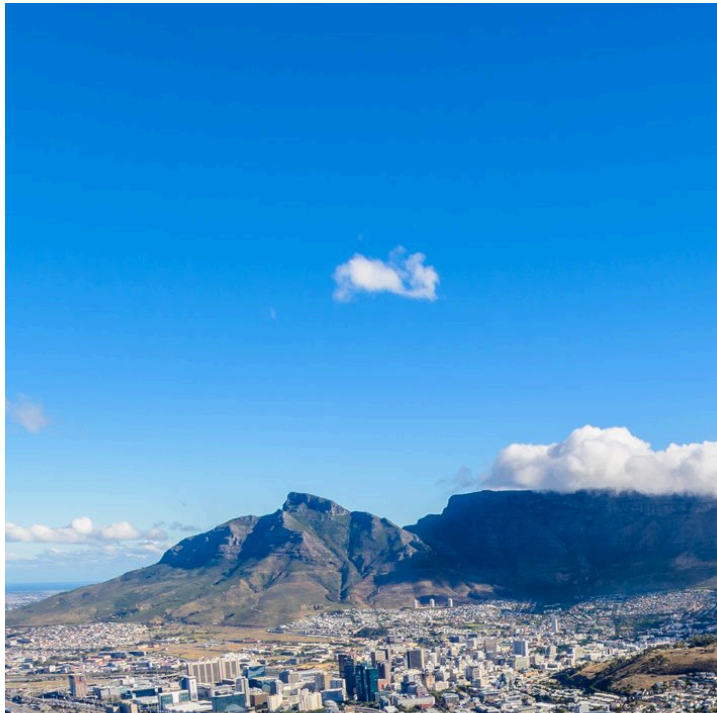


## Unlocking potential in emerging markets

In this exclusive interview, **Jennifer Regehr**, Managing Partner, Sophora Unternehmerkapital GmbH, shares her unique investment strategy, the secret to her firm's success, and the lessons learned while navigating the challenges of emerging markets. From the importance of value-driven partnerships to advice for first-time fund managers, Jennifer provides a candid look at what it takes to thrive in high-growth, untapped regions.







## Opportunities in emerging market secondaries

**Chad Zidow**, Partner at Seine Capital, delves into the firm's strategic approach to small-cap secondaries in emerging markets. He highlights their focus on lesser-known funds, finding high-quality assets at attractive prices, and tailoring investments to suit regional dynamics. Chad also shares key lessons on adapting strategies to different investors and navigating market cycles in these growing economies.





**Megha Okhai**

**Emerging markets**  
What's shaping  
investments in Africa  
and Asia?

**SuperVenture**

What's shaping the investment landscape in Africa and Asia?

Hear from **Megha Okhai**, Investment Manager at British International Investment, as she shares her expertise in emerging markets at SuperVenture. Megha delves into the evolving secondaries landscape across Africa and Asia, the challenges and benefits of co-investments, and how these strategies can align with the goals of founders, VCs, and LPs.





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