

# FSD Africa Strategy 2025-2030



A specialist development agency operating in more than 30 countries across Africa to make finance work for Africa's future.



Key

The shaded countries are those where FSD Africa has had interventions.

Set up by FCDO in 2012, FSD Africa is the UK's largest economic development programme in Africa. Uniquely, it focuses on the development of domestic financial markets, seeing these as a key enabler of economic and social transformation.

Our aim is to mobilise capital, especially domestic private capital, to provide long term financing for Africa's development needs and create systemic change in the financial markets.

Our team of 106 (almost all from Africa) operates across the continent working in partnership with governments, regulators, financial institutions, asset managers, and with the other development agencies, to build a fit-for-purpose financial system that meets Africa's needs.

FSD Africa supports market development through policy and regulatory reform, thought leadership and capacity support. Its investment arm, FSD Africa Investments (FSDAi), invests in novel financial instruments, facilities and intermediaries that strengthen the role of finance in driving sustainable economic development.



Supports market development through policy and regulatory reform, advocacy, thought leadership and capacity support.



Core grant funding from the UK



89  
Staff

Making finance work for Africa



Invests in novel financial instruments, facilities and intermediaries that strengthen the role of finance in driving sustainable economic development.



£309m

Committed funding from the UK, £135m invested



17  
Staff

## Our strategy statement

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Design, implement and invest in catalytic interventions in African financial markets and drive the thought leadership to bring about a long-lasting shift in the way capital is allocated to benefit people and planet.

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Our purpose: to make finance work for Africa's future





## Context

Africa's potential is at serious risk because of near term challenges that climate change will make more severe.

- **Growing urgency to tackle vulnerability and inequality:** Africa faces serious economic, social and environmental problems in a challenging global context.
- **Climate change makes all these vulnerabilities worse:** entrenching poverty and vulnerability, affecting women disproportionately.
- **The current financial system is failing the continent:** private capital is inaccessible, domestic markets are underdeveloped, and sovereign debt levels are unsustainable.
- **Investment, especially in green projects, could be a powerful lever for economic transformation,** but the financial system is not currently up to the task.

## Strategy

Our catalytic interventions over the next five years will respond to these challenges by accelerating private investment, especially in the green economy.

- There are opportunities to **accelerate investment flows by intervening in the financial system;** making it easier to mobilise capital for sustainable, green growth in African countries:
  - 1) **Energy transition** as a major capital unlock for large-scale private investment.
  - 2) **Adaptation finance** to build viable business models and reduce reliance on public finance.
  - 3) **Finance for Small and Growing Businesses (SGBs)** to create jobs and stimulate economic and financial innovation.
  - 4) **Debt management** to address sovereign debt distress and the high cost of capital.
  - 5) **Carbon markets** that build new revenue models.
  - 6) **Gender** to build women's empowerment with a focus on climate finance.

## Implementation

We will enhance our delivery capabilities and strengthen governance and partnerships to increase our impact.

### Enhanced delivery:

- 1) **Create 4 Centres of Expertise (COE) teams** to spearhead delivery and thought leadership in focus areas.
- 2) **Establish a Catalytic Transactions Team** to bolster pipeline generation.
- 3) **Enhance existing pillar functions** to expand impact in identified areas.
- 4) **Implement best practice "ways of working"** to foster collaboration and maximise cross-pillar synergies.

### Strengthened governance:

**Risk and internal audit functions** elevated to ensure oversight & accountability.

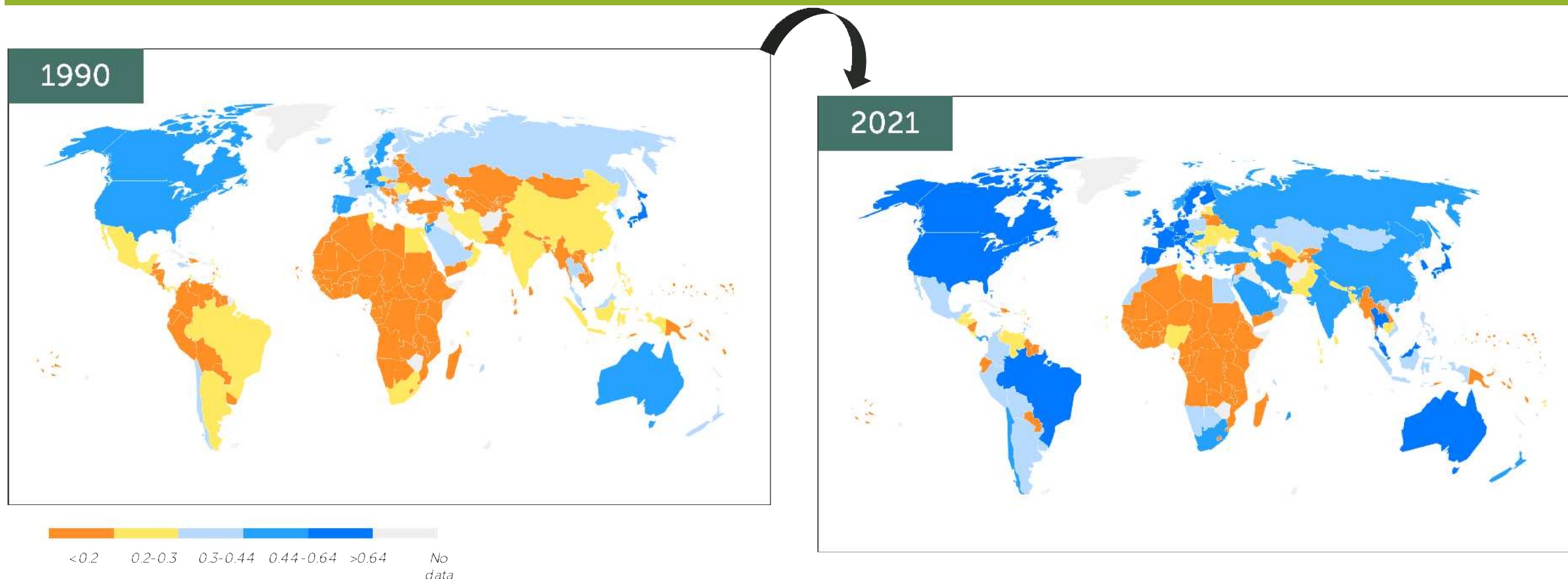
## Impact

Our objective is a financial system that can overcome the risks, imbalances and inequities that threaten sustainability.

1. **A financial system for Africa that is fit-for-purpose:** deeper financial markets that are supportive of investment and better able to address systemic risks, imbalances and inequities - such as those driven by climate change, high levels of debt, and gender disparities.
2. **Economic resilience for sustainable growth:** strengthening African economies to reduce vulnerability to external shocks and enabling countries to take greater control over their economic futures.
3. **Bringing environmental benefits and protecting biodiversity:** enhancing systems that safeguard ecosystems and biodiversity, address climate risks and promote nature-positive solutions.

Financial markets are deeper in most regions but not in Africa - globally, we need a resilient and innovative financial system more than ever - EMDEs still face ~\$3 trillion gap in financing SDGs.

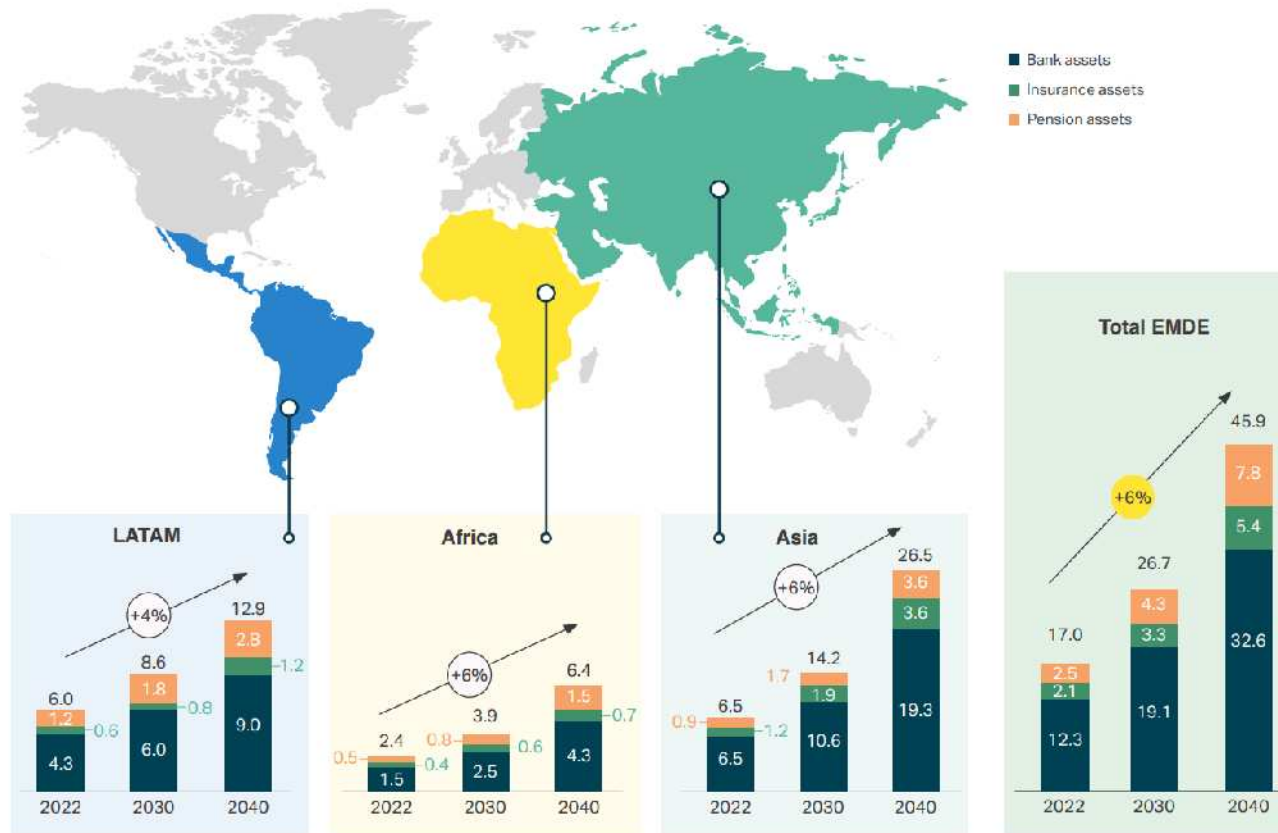
### Financial Development Index



(1) The Financial Development Index (FDI) consists of 20 KPIs across two categories (Financial Institutions and Financial Markets) and three dimensions (Depth, Access, and Efficiency)

Domestic private capital in Africa is estimated at \$2.4tn today – and could double by 2040.

### Private domestic assets under management (AUM) per region – EMDEs (excl. China)

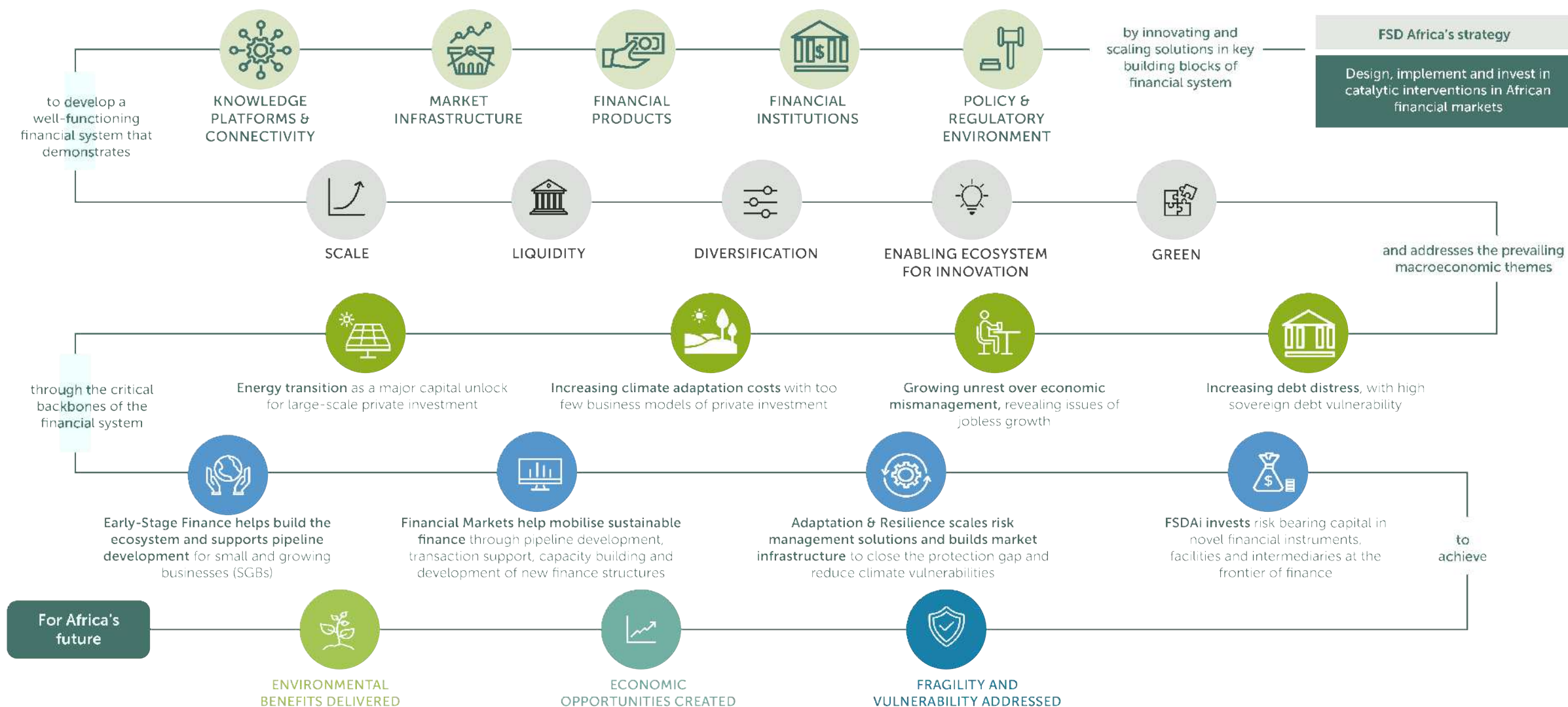


- Current AUM in Africa stands at approx. \$2.4 trillion, made up of savings, insurance and pension assets.
- The stock of Africa's AUM is 45x more than current annual FDI inflows<sup>1</sup>.
- Africa's AUM have the potential to grow by 6% p.a. to \$6.4 trillion by 2040.
- A much greater share of domestic private capital can be channeled to drive development and close the climate financing gap.

Source: Blended Finance Taskforce and FSD Africa (2023), Mobilising Domestic Capital for Climate-Positive Growth

Note: 1 FDI inflows into Africa stood at \$53 bn in 2023 (Source: UNCTAD)

Our aim is to support the development of a well-functioning financial system that works for Africa's future.





Our value proposition combines strong financial sector expertise with a clear focus on Africa and climate finance.

## Where to play



**Domestic market expert**  
*"FSD Africa has the most additionality in domestic market building".*



**Africa focus**  
*"We are rooted in the region, working side-by-side with local stakeholders, it's not a fly-in, fly-out model".*



**Climate finance**  
*"FSD Africa can bring green financing to leap-frog Africa to sustainable growth".*

## How to play



**Upstream capabilities**  
*"Their strong, long-term relationships with regulators is a unique capability to operate upstream".*



**Facilitator for scale**  
*"They can bring "big players" together around a table and engage with them on a peer-to-peer basis".*



**High risk appetite**  
*"Their ability to take on high-risk, high-complexity projects stands out in the market".*



**Ecosystem change agent**  
*"FSD Africa plays across stages and maturity of financial market".*



**Technical expertise**  
*"FSD Africa has strong talent base with knowledgeable people".*

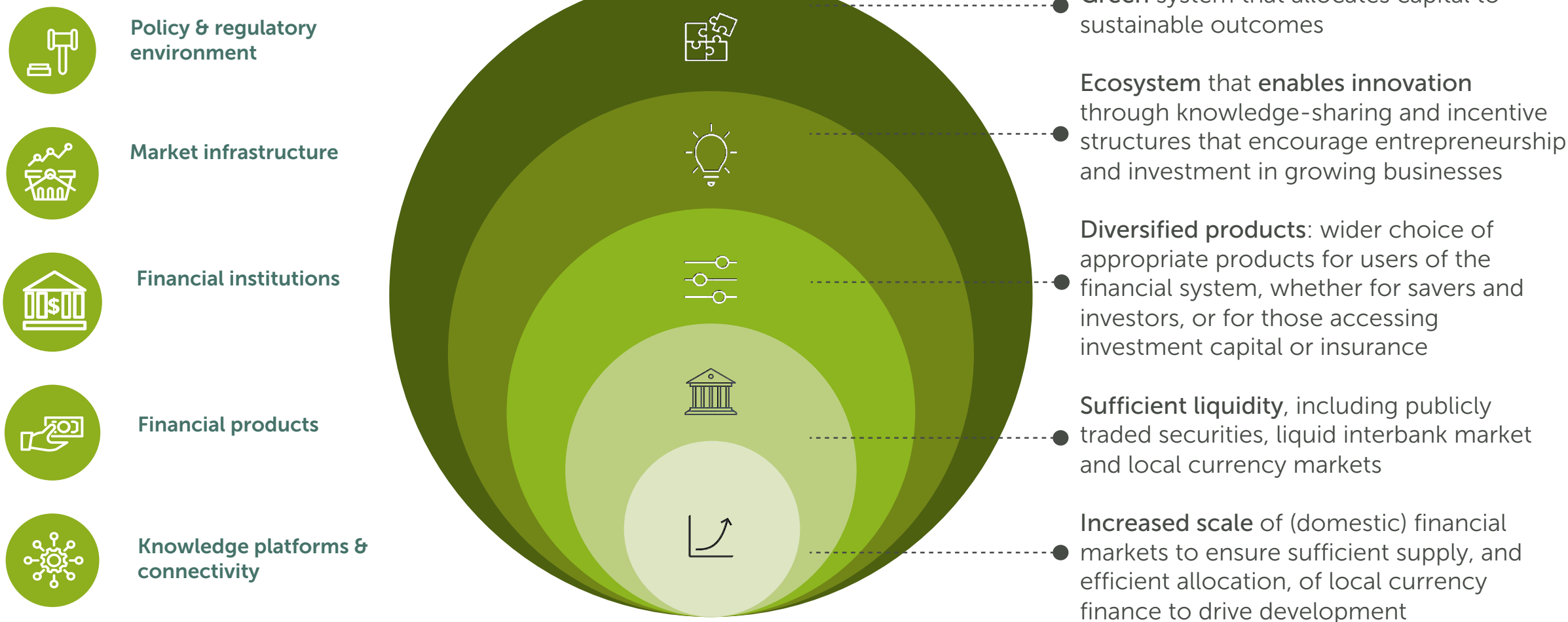


**Transaction mindset**  
*"Their capability to deploy investments and other transaction assistance set them apart from other NGOs/philanthropies".*

Our interventions drive innovation and scale solutions that contribute to a well-functioning financial system.

FSD Africa intervenes in bringing innovation and scale to the five key building blocks of the finance system...

...to build a well-functioning financial system that provides accessible and affordable funding to Africa



## The five-year strategy is designed to respond to four major contextual factors



**Increasing debt distress**, with high sovereign debt vulnerability

- African countries' public debt reached almost 70% of GDP in 2023.
- Over-indebtedness threatens countries' macroeconomic stability and overall economic development.
- Sustainable financing instruments, like debt-for-climate swaps, could ease pressure on public finances.



**Energy transition** as a major capital unlock for large-scale private investment

- Africa needs \$120 billion annually for energy transition until 2040.
- Africa has 60% of the world's best solar resources, yet only 1% of installed solar capacity (IEA).
- Renewable energy investments could unlock significant private sector financing, but market maturity remains a challenge.



**Increasing climate adaptation costs** with limited business models

- Africa's climate adaptation costs could reach \$50 billion<sup>1</sup> per year by 2050.
- Existing financial models fail to attract private investment at scale, limiting climate resilience efforts.
- Innovative models like blended finance are underutilised, slowing progress in climate-related financing.



**Growing social unrest over economic mismanagement** reveals issue of jobless growth

- Africa has the youngest and fastest growing population, which is a driver of growth but also a political threat.
- Africa's entrepreneurial ecosystem can support innovation, technology, and sustainable development.
- Digitalisation can drive socio-economic development through enhanced innovation, productivity and job creation.

<sup>1</sup> <https://www.unep.org/news-and-stories/press-release/costs-climate-change-adaptation-expected-rise-far-beyond-africas>

**Digitalisation as key enabler**



## We tackle the financing challenges through interventions along the continuum of finance

Our objectives				
Building blocks of finance system		Early-Stage Finance	Financial Markets	Adaptation & Resilience
	Policy & regulatory environment	Help create supportive policy and regulations which reflect the opportunities to enhance investment flows to diverse, priority SGB segments.	Enable markets through policy and regulatory reform by revamping capital market masterplans/ strategic plans and developing guidelines & listing requirements for green bonds.	Scale implementation of digital tech and data solutions to support adaptation projects, facilitate cheaper climate insurance and improve transparency/accountability for investors.
	Market infrastructure	Support pioneering market infrastructure from physical to digital to enhance shared services, data and financial flows.	Development of appropriate and well-functioning market infrastructure by building OTC exchanges, securities, credit enhancement facilities etc.	Scale implementation of digital tech and data solutions to support adaptation projects, facilitate cheaper climate insurance and improve transparency/accountability for investors.
	Financial institutions	Equip diverse financial sector stakeholders with capabilities to support enhanced SGB investment solutions.	Strengthen FIs' technical and operational readiness to integrate social and environmental factors into their operations and capitalise on climate financing opportunities.	Increase capacity of FIs to identify, measure and act on climate risks and opportunities in both their investment and underwriting portfolios.
	Financial products	Seed, prove and replicate innovative financial solutions that expand the investment frontier to reach diverse, priority SGB segments.	Develop and scale innovative financial solutions by utilising development capital to back innovative financial models and products that can transform Africa's sustainable growth.	Scale innovative financial products that boost climate adaptation and resilience investments and increase access to risk solutions for vulnerable communities.
	Knowledge platforms & connectivity	Establish knowledge platforms/learning labs to share best practices, case studies and insights on SGB financing.	Build competency of financial sector stakeholders (regulators, intermediaries, institutions) through knowledge sharing to equip them to make better investment decisions.	Facilitate influential ecosystem platforms that drive collective market action on adaptation, enhance knowledge, build capacity and advocate for change.
FSDAi: Support the key building blocks of the financial system by investing early-stage risk-bearing capital into innovative solutions				



Deploy catalytic capital & technical expertise through financial & non-financial instruments

Bring innovation and scale solutions across the building blocks of finance

Support the development of well-functioning financial markets in Africa

Mobilise and catalyse more and better capital for sustainable development

Accelerate investment, deliver environmental benefits, increase economic resilience and reduce vulnerability



FSDAi



Policy & regulatory environment



Scale



Early-Stage Finance



Financial institutions



Liquidity



Adaptation & Resilience



Financial products



Diversification



Financial Markets



Market infrastructure



Enabling ecosystem for innovation



Knowledge platforms & connectivity



Green

10bn  
GBP

Private capital mobilised/catalysed

84%

Local currency as a share of total capital mobilised/catalysed

50%

Institutional capital as a share of total capital mobilised/catalysed

2bn  
GBP

Amount mobilised for Energy sector by 2030 (out of total mobilised/catalysed)

2bn  
GBP

Amount to be channeled towards adaptation initiatives



We push the boundaries of what is possible in the financial sector so that capital will flow more effectively to underinvested and high potential parts of the green economy

- FSD Africa advised on Kenya's first green bond in 2019, raising £35.3 million for green affordable student housing. Our green bonds programme now covers 20 countries and has raised US\$ 1 billion for sustainable/climate-linked projects and assets.
- FSDAi's investment in the African Local Currency Bond Fund enabled it to grow to scale, support over 78 bond issuances across Africa, giving 4.7m people better access to basic services including energy, and mobilising \$2.2bn in domestic private capital.
- With InfraCredit in Nigeria, FSDAi developed a first-of-its-kind Risk-Sharing Backstop Facility (RSBF) which will massively cut borrowing costs for SMEs in sustainable infrastructure in Africa's most populous country.
- To drive domestic green investment FSD Africa devised and launched the Pan-African Fund Managers Association (PAFMA) and is supporting the African Pensions Supervisors Forum (APSF).

### Tools we use



Demonstration transactions



De-risking through blended finance and guarantees



Development of investment vehicles e.g., gender bonds, climate funds, SME funds



Address short-termism



Policy support and networks

We will continue to build pipeline of high-impact projects and products

Our contribution to well-functioning markets includes our commitment to creating effective demand for capital in multiple ways...

## Very early stage

Build supporting ecosystems and develop markets to test, prove and scale new solutions.

*Examples: Venture Platform, BimaLab*

Capacity building support for innovative enterprises and their leaders.

*Examples: Catalyst/TECA, Holocene Ventures Fund*

Provide early-stage, risk-bearing capital to establish a pipeline of bankable green projects.

*Examples: Cavex, Catalyst Fund, ACAF-AIIM*

Engaging third party advisers to provide project support and implementation.

*Example: Lagos Climate Adaptation and Resilience Plan (LCARP)*

Investor engagement and amplification support to demonstrate feasibility and promote replicability

*Example : Africa Pensions Supervisors' Network Programme*

FSD Africa pillars

FSDAi

...a proposed Catalytic Transactions Team will identify, develop and amplify a pipeline of investible transactions

## Catalytic Transactions Team

Identify financial products and transactions to unlock capital in different sectors and regions

Support development, piloting, and implementation of products and transactions

Drive uptake of new products and best practices, acting as a leader in innovation

FSD Africa pillars + FSDAi

We set ambitious targets against our financial sector development KPIs where we can have direct influence

### Financial sector development goals for 5-year strategy period

#### Market building



**115**

Number of new/refined upstream guidelines and regulations/policies.



**10**

Number of new financial market facilities/infrastructure introduced.



**52**

Number of financial intermediaries engaged in new sustainable finance initiatives.



**700**

Number of institutions reached by capacity building & TA.



**84**

Number of financial sector greening initiatives underway.



**51**

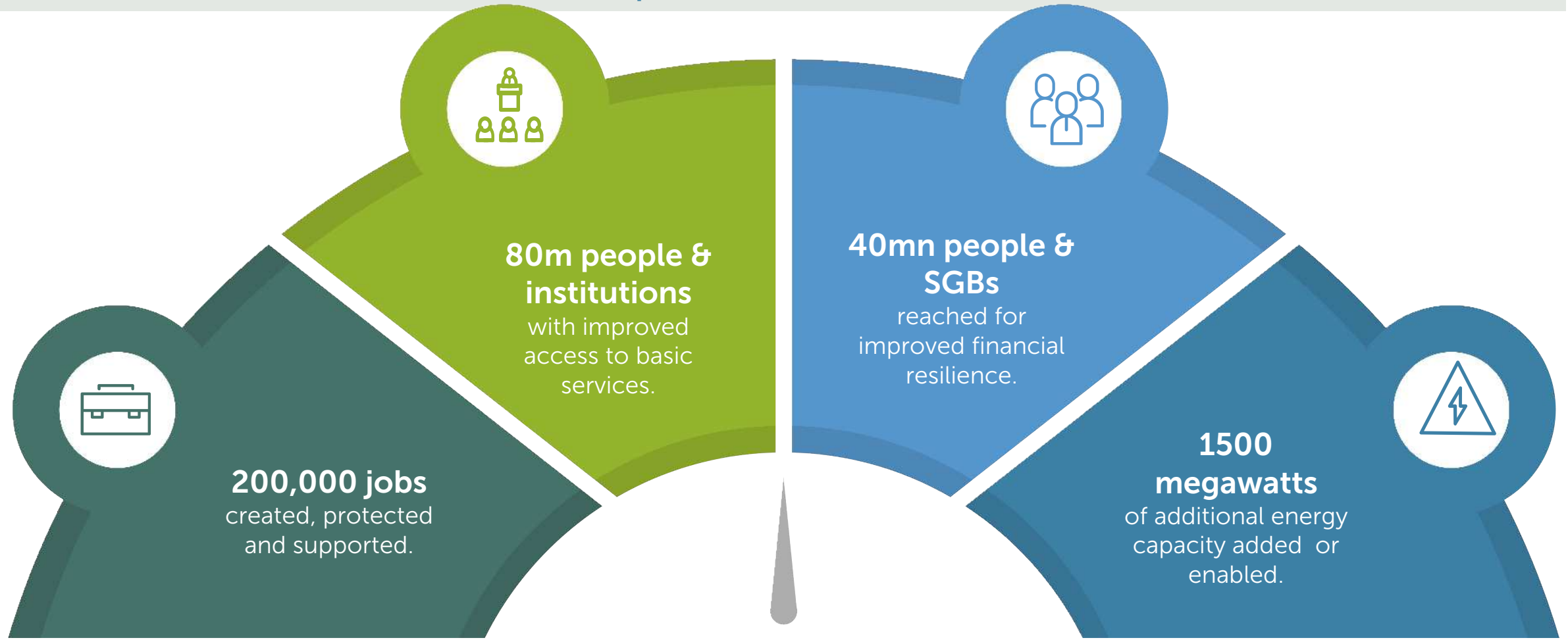
Number of transactions supported.



We will monitor progress against our development impact against a set of market-level KPIs.

### Development impact indicators

#### People, Businesses and Planet



# Our team – Executive team



**Mark Napier**  
Chief Executive Officer

**Mark Napier,**  
**Chief Executive Officer**

Early career in corporate finance and investment banking, City of London, and more than 20 years in African financial sector development



**Dr. Evans Osano**  
Chief Financial Markets Officer

**Evans Osano**  
**Chief Financial Markets Officer**

Over 25 years in capital markets with DFIs, asset management and exchanges



**Kelvin Massingham**  
Director Adaptation & Resilience

**Kelvin Massingham**  
**Director, Adaptation and Resilience**

Over 20 years in inclusive insurance



**Anne-Marie Chidzero**  
Chief Investment Officer

**Anne-Marie Chidzero**  
**Chief Investment Officer**

30 years in African development finance and investments with MDB, DFIs and investment funds



**Juliet Munro**  
Director Early Stage Finance

**Juliet Munro**  
**Director, Early-Stage Finance**

Over 20 years in financial sector development

## Leadership of Centres of Expertise



**Dorothy Maseke**  
Lead Nature

**Dorothy Maseke**  
**Lead Nature**

Dorothy is a respected financial services and nature leader with over 15 years' experience and an author in nature.



**Reshma Shah**  
Lead Carbon Markets

**Reshma Shah**  
**Lead Carbon Markets**

Reshma is a strategic and impact-driven leader with over 20 years' experience spanning sustainability, finance, tax, risk management, and business strategy.



**Arjmand Banu Khan**  
Lead Gender

**Arjmand Banu Khan**  
**Lead Gender**

Arjmand has over 2 decades of experience working in the international development sector with a keen interest in advancing gender equality.

## Our team - Board of directors



**Dr. Frannie Léautier**  
Chairperson

### **Dr Frannie Leautier** Chairperson

Senior Partner and CEO SouthBridge Investments, an investment firm that works across Africa. Frannie has held senior positions at the World Bank and the African Development Bank.



**Arunma Oteh**  
Non-Executive  
Director

### **Arunma Oteh** Non-Executive director

Arunma is a member of the Global Leadership Council of Saïd Business School, University of Oxford, and sits on corporate boards such as the Afreximbank Pan-African Payment System and Settlements Initiative.



**Tokunboh Ishmael**  
Non-Executive  
Director

### **Tokunboh Ishmael** Non-Executive Director

**Tokunboh is** Managing Director and co-founder of Alitheia Capital, an investment management and advisory firm focused on private equity investments in SMEs in West Africa.



**Greta Bull**  
Non-Executive  
Director

### **Greta Bull** Non-Executive Director

Greta is the Director, Women's Economic Empowerment, at the Gates Foundation. She has 20 years' experience in development finance, primarily in SME finance, microfinance, and digital financial services.



**Kanini Mutooni**  
Non-Executive  
Director

### **Kanini Mutooni** Non-Executive Director

Kanini is a UK Chartered Accountant and former investment banker, currently responsible for the Africa portfolio of DRK, a US foundation that invests in early and growth-stage entrepreneurs



**David Muchoki Kanja**  
Non-Executive  
Director

### **David Kanja** Non-Executive Director

David is a former Assistant Secretary-General for the Office of Internal Oversight Services at the UN and brings over 27 years of oversight experience.



**Rob Rudy**  
Ex-officio representing  
FCDO

### **Rob Rudy** Ex-officio representing FCDO

Rob is a senior private sector development specialist with over 20 years' experience in FCDO/DFID, mostly managing UK government supported programmes in Africa.



# FSD AFRICA - FIVE YEAR STRATEGY

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