



FSD AFRICA ANNUAL IMPACT REPORT 2025

Unlocking Africa's Capital to Transform its Future: Five Years of Impact

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A WORD FROM OUR CHAIRPERSON



A WORD FROM OUR CEO

Welcome to FSD Africa's 2025 Impact Report. As our 2021–2025 strategy period concludes, this report reflects on the progress we've made and the lessons that will guide the implementation of our strategy for the next five years.

Africa's resilience

The past year has been marked by uncertainties. Aid cuts from development partners have widened the funding gap in Africa, and the region has faced political unrest sparked by economic mismanagement. But despite its mounting public debt and underdeveloped financial systems, Africa has demonstrated impressive resilience. The World Economic Outlook affirms a stable growth rate of 4% this year for the continent, rising to 4.3% in 2026. This creates opportunities for blended finance, institutional capital and long-term, climate-resilient development.

Our commitment

FSD Africa remains committed to strengthening Africa's financial markets. We're doing this in several ways. We continue, for example, to support the mobilisation and catalysation of capital, to finance infrastructure development and other transformative initiatives. This year we provided technical and financial support to help build Ethiopia's first securities exchange, which is projected to raise over \$4.4 billion (£3.4 billion) in its first decade.

We also partner with private sector players to help transform markets. The technical assistance we provided to BURN – a clean cookstove manufacturer – has helped the company raise \$110 million (£85 million). BURN has now expanded

its presence from eight to 14 African countries, added almost 1,000 new employees and more than tripled its manufacturing capacity.

Our support for early-stage climate innovations has helped test new, scalable models that can be replicated across the continent. The start-ups we've supported have gone on to raise \$15 million (£11.6 million) in follow-on funding. They're providing climate solutions to over 1.3 million people and businesses.

Looking ahead

As we look ahead, our 2025–2030 strategy will build on all this work. We'll continue to leverage strategic partnerships to design, implement and invest in catalytic interventions in Africa's financial markets, while promoting thought leadership to influence a shift in the way capital is allocated – for the benefit of people and the planet.

Our funders and partners

I acknowledge the unwavering support of our primary funder, the UK government's Foreign, Commonwealth & Development Office. Their continued commitment has enabled our progress. My gratitude also extends to the dedicated FSD Africa team, whose efforts are central to transforming the continent. I warmly welcome our new funding partners: the Gates Foundation, the Children's Investment Fund Foundation (CIFF) and the Shell Foundation. I sincerely appreciate their trust and support for the work we do. We'll continue to welcome new funders and partners who seek to collaborate in transforming Africa's financial markets.

Mark Napier
CEO, FSD Africa



A WORD FROM OUR PRINCIPAL FUNDER

THE FOREIGN, COMMONWEALTH & DEVELOPMENT OFFICE

Africa is poised for continued growth and meaningful development in the years to come. The continent boasts abundant natural capital, a growing youth population and a rapidly expanding pool of assets under management. In a changing global environment, the flow of donor funding to Africa has decreased in recent years. To reduce dependence on official development assistance, Africa's financial systems will continue to evolve towards achieving greater levels of self-reliance, to meet the continent's vast development and financing needs.

A vital partnership

The UK's Foreign, Commonwealth & Development Office (FCDO) is aligned with this vision for Africa. We are gradually shifting from the position of donor to investor, working in partnership with African countries to drive sustainable and inclusive growth. The continent has a growing pool of investable domestic capital through pension funds, insurers and sovereign wealth funds, which can be channelled into critical areas of development while generating returns for investors. FSD Africa is one of our key partners, leading the way in building robust domestic markets. It's doing this by designing innovative new financial products, providing technical assistance and upstream policy work, working on regulatory reform, and creating environments in which financial market innovation can take place. In the last five years, FSD Africa has mobilised \$1.7 billion (£1.3 billion) of private capital, of which more than a third is local capital. This has impacted the real economy, supported over 20,000 jobs, and improved access to basic services for over 1 million people.

Backing work that makes a difference

We proudly support FSD Africa's efforts to back early-stage entrepreneurs and funds that are pioneering smart, local solutions for sustainability. For example, FSD Africa's \$3.1 million (£2.4 million) investment in Spark Energy is deploying capital to projects that address Africa's sustainable energy challenge in the commercial and industrial sectors.

FSD Africa Investments (FSDAi) has demonstrated the impact of deploying catalytic investments to enable a just transition for Africa, where women and girls are not left behind. FSDAi Nyala Facility provided a \$1 million (£0.8 million) loan to WIC Capital that has enabled early-stage financing for women-led small and growing enterprises in Francophone West Africa. The FSDAi Nyala Facility is leading the way in shaping the future of gender-lens investing in Africa, accelerating the shift towards a more inclusive and diverse capital base.

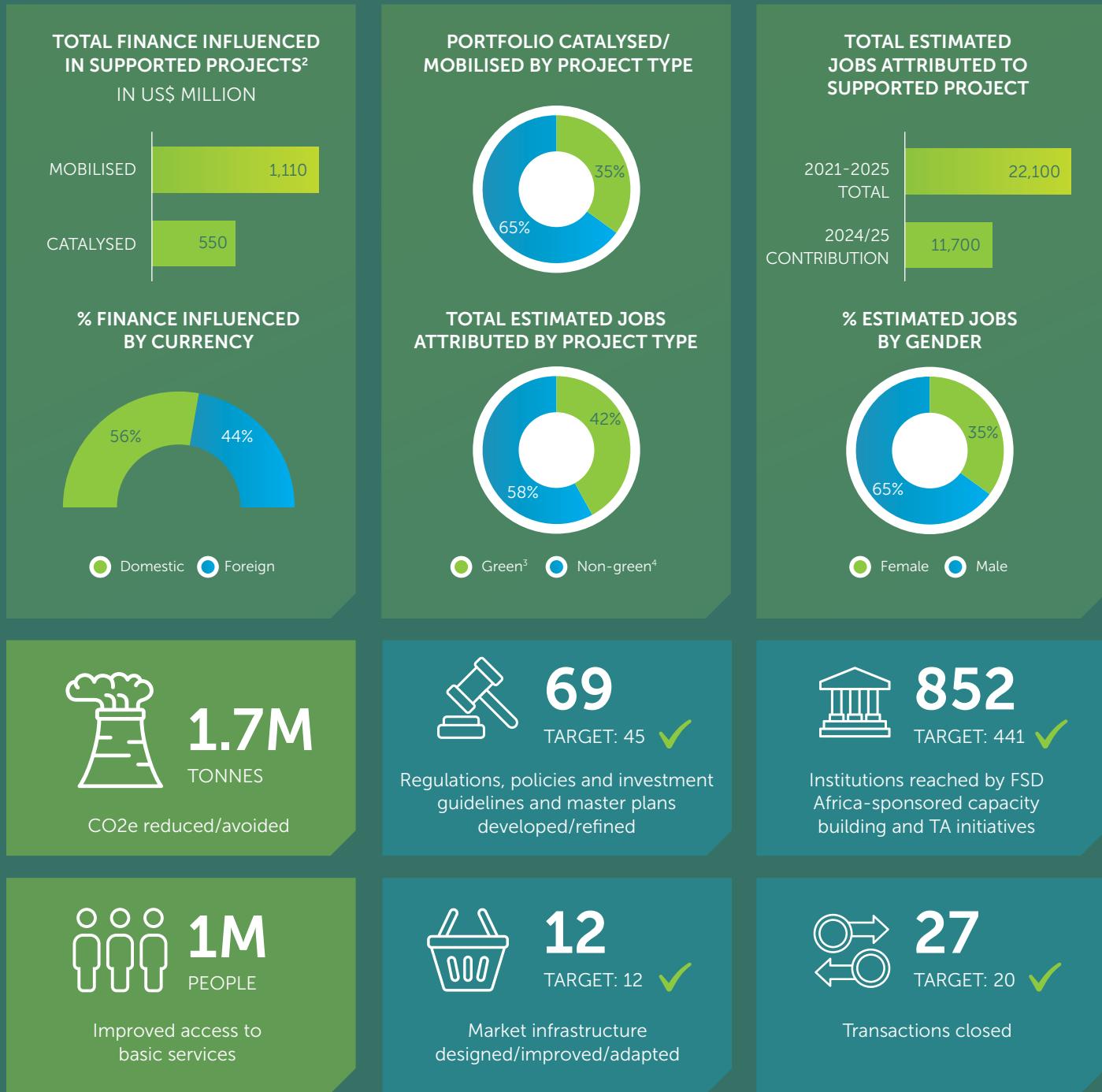
The UK is proud of the results FSD Africa has achieved over the last 13 years. We support FSD Africa's new five-year strategy, which will see it double down on catalytic interventions that enable sustainable capital allocation. This impact report evidences the unique role that FSD Africa continues to play as a market facilitator for Africa's green growth, a critical role given the urgent need to fill the climate finance gap. As you read the report, I invite you to reflect on Africa's untapped potential, the immense talent and resources available to enable a just transition, and the promise for partnership and investment to achieve the shared mission of economic growth.

The Rt Hon. Baroness Chapman

Minister of State (International Development and Africa)

OUR IMPACT AT A GLANCE¹

2021-2025



¹ Transparency and adaptive management are central to our approach. We observed that some targets were missed not due to underperformance, but because transformative market-building interventions have long project cycles. Our results frameworks are now designed with more realistic timelines that account for the multi-year lifecycle of our work.

² Mobilised finance is a direct result of FSD Africa's participation in a deal, while catalysed finance is an indirect ripple effect of FSD Africa's broader activities.

³ Green interventions are projects conceived and implemented by FSD Africa aiming for green outcomes. These could include regulatory interventions to enable green bond issuances, green investments by FSDAi, support for establishment of alliances such as the African Natural Capital Alliance (ANCA)

⁴ Non-green interventions are all other projects conceived and implemented by FSD Africa that influence outcomes with no specific emphasis on greening the environment. These could include gender bonds, market infrastructure projects, such as Ethiopia Securities Exchange.



Africa has many opportunities for growth, but its domestic capital is one of the biggest.

INTRODUCTION

CONNECTING AFRICA'S CAPITAL TO ITS FUTURE

With private assets under management projected to grow, the continent has a powerful resource with which to fund a sustainable future. But a gap remains. Less than 2.7% of Africa's pension fund assets, for example, are allocated to productive local sectors like infrastructure.⁵

Bridging the gap

Bridging this gap is critical to growth, particularly in areas where challenges and opportunities intersect:



Climate action: Africa receives only 3.3%⁶ of global climate finance despite its vulnerability – there's a clear need for investment in green instruments and adaptation technologies.

Energy transition: With vast solar resources, the continent could become a leader in renewable energy, addressing the needs of over 600 million people who lack access to electricity.⁷

Inclusive finance: Market inefficiencies, such as the low percentage of venture capital directed to female entrepreneurs, point to untapped potential in high-growth, underserved ventures.

To tackle these challenges, Africa needs strong financial markets. This is where we make a difference. FSD Africa works with the financial sector to design and build the solutions needed to connect Africa's capital with its most promising opportunities.



⁵ ARM Harith Infrastructure Fund Managers, Pension funds are underused in financing Africa's infrastructure, 2025

⁶ FSD Africa, The Landscape of Climate Finance in Africa, 2024.

⁷ IEA, Africa Energy Outlook 2022 – Key Findings.

A BALANCED APPROACH TO BUILDING FINANCIAL MARKETS – AND WHY IT MATTERS

Our 2025 Impact Report tells the story of our Sustainable Finance Strategy 2021–2025, and closes out this strategic period. It highlights milestones, challenges and lessons in building Africa's financial markets over the last five years, as guided by our theory of change.

The report builds on previous editions published in 2022, 2023 and 2024. They showcased our efforts in driving capital into underserved sectors, promoting innovative financing solutions and addressing important challenges like climate change, economic inclusivity and gender equity.

As a market facilitator, we work with partners to strengthen Africa's financial ecosystem. Our approach is twofold: we combine deep, systemic work with the strategic use of capital.

Non-financial support

is crucial for strengthening and deepening Africa's financial sector because it:



ASSURES greater use of donor and public funding.



CREATES self-sustaining financial ecosystems, so Africa can finance itself to prosperity.



UNLOCKS Africa's capital through pathways for mobilisation.



LINKS domestic capital to domestic development priorities.

1. Systemic work:

Through technical assistance, policy support and regulatory guidance, we help create the right conditions for investment.

2. Strategic use of capital

Through FSD Africa Investments (FSDAi), we provide patient capital to test new models and de-risk promising ventures that commercial investors might otherwise avoid. This helps to prove viability, mobilising further investment and generating knowledge that can be shared and replicated.

Our balanced, market-building approach creates a multiplier effect. By de-risking and proving new models, these interventions pave the way for other investors to follow. This does two things: it sparks innovation, and it builds the finance Africa needs for a sustainable and prosperous future.

AS ARTICULATED BY OUR RECENT WHITE PAPER



A FIVE-YEAR VIEW:

WHAT WE'VE ACHIEVED

Between 2021 and 2025, along with our partners, we've contributed to the mobilisation and catalysation of:



\$1.7 B
£1.3 BILLION

in capital for Africa's development.⁸

This money has made a genuine development impact:



Creation and support of:
+22,000
JOBS



Improving access to basic services for:
1 MILLION
PEOPLE



Better adapt to the effects of climate change for:
180,000
PEOPLE

We've mobilised or catalysed finance for:



+\$808 M
£624 MILLION

SMALL AND MEDIUM ENTERPRISES (SMEs)



+\$374 M
£289 MILLION

ADAPTATION AND RESILIENCE



\$129 M
£100 MILLION

RENEWABLE ENERGY



\$348
£269 MILLION

AFRICA'S LOCAL FINANCIAL SYSTEMS
SUCH AS PENSION FUNDS AND SECURITIES EXCHANGES.

Strengthening domestic financial markets



56%

of the transactions we've supported have been financed in local currency.

We believe this is vital for building long-term resilience, as it mitigates foreign exchange risk and helps to leverage the continent's own pool of funds.

⁸ 'Mobilised' finance is a direct result of FSD Africa's participation in a deal, while 'catalysed' finance is an indirect effect stemming from FSD Africa's broader activities.

Finance mobilised and catalysed

IN MILLIONS

2022/23

\$1,061



2023/24

\$1,345



2024/25

\$1,660



TOTAL CAPITAL



DOMESTIC CAPITAL



TARGET

Our performance against our impact targets



NUMBER OF JOBS WE CREATED, PROTECTED AND SUPPORTED:

2023/24

10,400

-- TARGET 9,000

2024/25

22,100

-- TARGET 18,000



NUMBER OF PEOPLE WE HELPED TO BETTER ADAPT TO CLIMATE CHANGE:

2023/24

117,900

-- TARGET 320,000

2024/25

181,100

-- TARGET 800,000



NUMBER OF PEOPLE WHOSE ACCESS TO BASIC SERVICES IMPROVED:

HEALTHCARE, CLEAN ENERGY, HOUSING

2022/23

140,000

-- TARGET 561,000

2023/24

600,000

-- TARGET 561,000

2024/25

1,030,000

-- TARGET 1.2M

We've broken down our work into four themes



RENEWABLE ENERGY



DOMESTIC CAPITAL



CLIMATE ADAPTATION AND RESILIENCE



MSMEs (MICRO, SMALL AND MEDIUM ENTERPRISES)

We have mobilised:



\$129

BILLION

ACROSS OUR ENERGY MARKET PORTFOLIO

⁹ Economic Commission for Africa: Africa leads in energy potential but trails in investment (July 2025). Available [here](#).

¹⁰ Empower Africa: Africa's Energy Deficit: 600 Million People Still Lack Electricity (August 2025). Available [here](#).

¹¹ Africa Policy Research Institute (2025). Energising Africa: Enabling private sector development in renewable energy. Available [here](#).

OUR WORK

EVIDENCE AND CASE STUDIES

This section provides evidence and case studies that show the impact our work has had. It highlights why we engage, how we execute and what our approach delivers.

Renewable energy: unlocking finance

The challenge

Africa has huge untapped potential in renewable energy. It is home to more than 60% of the world's best solar resources,⁹ yet over 600 million people lack access to electricity.¹⁰

The main problem is investment. An estimated \$120 billion (£92.7 billion)¹¹ in private capital is needed each year to fund Africa's energy transition, but a series of market failures is preventing finance from flowing. One barrier is the perceived risk of investing, heightened by political and currency instability. Another is the shortage of investment-ready projects. These are compounded by inconsistent regulatory frameworks, weak governance in the power sector and deficits in transmission infrastructure.

Our solution

Over the last five years, we've driven a range of initiatives to build the continent's renewable energy sector. These have included new regulatory frameworks, technical assistance for investment-readiness, and innovative de-risking structures.

We've complemented this work with early-stage, risk-tolerant investment in funds and ventures that can help solve Africa's energy challenges. We've mobilised \$129 million (£100 million) across our energy market portfolio, representing 8% of all finance that we've mobilised between 2021 and 2025.

Our Geothermal Risk Transfer Facility in Ethiopia and Kenya is one example of the innovative work we've done in energy. It's designed to create a specialised insurance product, to absorb the upfront drilling risk that has so far blocked private investment in geothermal energy.

We also committed around \$2.4 million (£1.9 million) to the Spark Energy Services fund, which enables local developers to fund portfolios of on-site renewable energy projects. This model unlocks capital for promising energy businesses that are too unproven for traditional financiers to invest in.

Another example is our support for BURN Manufacturing. The case study below shows how our technical assistance has helped the company raise \$110 million (£85 million), to help it scale its production of clean cookstoves.



Case Study

BURN MANUFACTURING

How a green bond financed millions of cleaner cookstoves

The problem

In sub-Saharan Africa, nearly one billion people – half the population – rely on polluting fuels for cooking. The effects on public health, the environment and the economy are severe.

BURN Manufacturing wants to change this. They produce clean cookstoves, which are safer to use and less polluting than traditional methods. But to reach more people with their products, they needed access to large-scale capital.

The solution

In 2023, FSD Africa helped BURN launch its first green bond. Our technical assistance ensured the bond met international principles, persuading regulators to recognise the environmental benefits of clean cookstoves. In turn, that boosted BURN's credibility with investors. *"Bond offerings are usually reserved for larger-scale or Western companies,"* says Ted Miller, the Head of Corporate Finance at BURN. *"It was a novel concept for clean cooking in sub-Saharan Africa."*

The impact

The bond was oversubscribed, raising \$10 million (£7.7 million) – double its target. This capital injection enabled BURN to expand from eight to 14 African countries, add almost 1,000 new employees, and more than triple its manufacturing capacity in Kenya. The green certification also served as a de-risking tool, helping to attract over \$100 million (£77 million) in additional financing from major investors like the European Investment Bank.

As a result, BURN has been able to provide safer, cleaner cookstoves to millions of new households across Africa. For customers like Mercy Njoki Waigwa, a mother of three, it's been life changing. Using a BURN electric cooker, her daily fuel costs fell by 67%, from \$3.20 (410 Kenyan shillings) to \$1.06 (136 Kenyan shillings). And her daughter's health has improved too. *"The cooker is cleaner, cheaper, faster,"* she explains. *"My eldest daughter is allergic to charcoal smoke but no longer needs eye medication because the indoor air is cleaner."*

What we've learnt:

Lessons in building renewable energy markets

KEY LESSON:

Catalytic capital is most effective when paired with stakeholder alignment.

Our experience in developing the Geothermal Risk Transfer Facility showed that for interventions to succeed, they must be tailored to the domestic context and incorporate the views of local stakeholders.

A January 2025 roundtable we co-hosted with Kenya's Ministry of Energy revealed that private developers were still held back by a lack of bankable power purchase agreements, and by financing instruments that weren't aligned with the high-risk nature of exploration. This taught us that even a well-designed product can fail if the ecosystem isn't ready to adopt it. We learnt that our role must go beyond technical design, to align incentives and build trust between regulators, developers and insurers.

We now dedicate resources to building these collaborative platforms from the outset, ensuring the market is ready for the solutions we support.



To bridge the domestic capital gap, FSD Africa has intervened in three areas of the financial system:



EMPOWERING...

...the local institutions and regulators who oversee these assets.



BUILDING...

...the market infrastructure that makes large-scale investment possible



ENABLING...

...the creation of new products that channel capital to high-impact sectors.

THROUGH OUR INTERVENTIONS,

WE HAVE MOBILISED:



\$922+
MILLION

IN DOMESTIC CAPITAL

WHICH IS:



56%

OF ALL THE FINANCE WE'VE MOBILISED/ CATALYSED IN THE LAST FIVE YEARS.

Domestic capital: deepening local financial systems

The challenge

Domestic capital is one of Africa's biggest opportunities for growth. The continent's economic future hinges on unlocking the trillions of dollars in assets that sit with pension funds, insurers and sovereign wealth funds.

This pool of funds is projected to grow. But it remains disconnected from the real economy. Less than 2.7% of Africa's pension fund assets, for example, are allocated to productive local sectors like infrastructure.¹²

Our Solution

We've worked to build the capacity of local institutions through initiatives like the Africa Pension Supervisors' Network Programme, in which we train regulators and trustees to help them unlock pension assets for long-term development. We've also helped create new products, like our support for CRDB Bank's Kijani Bond in Tanzania – a landmark green bond that has been dual-listed on the Dar es Salaam and Luxembourg stock exchanges.

THE BOND HAS SUCCESSFULLY RAISED:



\$68.3 MILLION

166.5 BILLION TANZANIAN SHILLINGS

FSDAi, our investment arm, has helped channel capital to important areas of need. One example has been our support for International Housing Solutions' equity fund for affordable housing in Kenya. FSDAi's \$6.8 million (£5.3 million) commitment built local investor confidence and directly led to a commitment of \$9 million (1.15 billion Kenyan shillings) by Kenya's County Pension Fund.

Our support for the Ethiopian Securities Exchange is a prime example of our work to build market infrastructure for large-scale investment. The case study below shows how we helped launch this vital mechanism, which will connect investors with capital-starved businesses in one of Africa's largest economies.

¹² ARM Harith Infrastructure Fund Managers, Pension funds are underused in financing Africa's infrastructure, 2025.



Case Study

ETHIOPIAN SECURITIES EXCHANGE (ESX)

Building the ESX – Ethiopia's first ever securities exchange

The problem

For decades, Ethiopia had struggled with an underdeveloped financial sector. It had no securities exchange and no formal capital market. This held back private sector growth and led to heavy reliance on external borrowing, with private sector credit and domestic savings well below regional averages for sub-Saharan Africa.

The government's 2019 Homegrown Economic Reform Agenda identified a critical need: to build a capital market that could connect investors with capital-starved businesses. As one official explained, "*We needed a mechanism for the government and the private sector to raise long-term capital outside the banking system.*"

The solution

In 2020, a technical team began the task of creating a functioning capital market from scratch. FSD Africa played a pivotal role from the start, providing technical and financial support. "*We didn't have sufficient capacity, but FSD Africa addressed this gap,*" says Assefa Sumoro, part of the technical team and now a leading official at the Ethiopia Capital Markets Authority.

Our support included funding for the Central Securities Depository system, sponsoring training for over 600 Ethiopian professionals, providing technical input on the Capital Market Proclamation, and funding learning trips to other African exchanges. Our work culminated in a \$1 million (£0.8 million) anchor investment in the new Ethiopian Securities Exchange.

The impact

The ESX launched in January 2025, moving from concept to functioning exchange in just four years. Its initial capital raise was oversubscribed, securing \$26 million (£21 million) – more than double its \$11 million (£8.5 million) target.

As CEO Tilahun Kassahun has stated, "*Much has been achieved, but this is only the beginning.*" The ESX is projected to mobilise over \$4.4 billion (£3.4 billion) within its first decade, creating a new pathway for businesses to access capital, innovate and create jobs.

What we've learnt:

Lessons in deepening local financial systems

KEY LESSON:

Unlocking domestic capital requires investment in the capacity of local actors.

This is a lesson drawn directly from an external evaluation of our regulatory support programme. The evaluation found that a “lack of financial and human resources has emerged as a consistent challenge for regulators, slowing down implementation” of new market-building frameworks. Our work with the Africa Pensions Supervisors’ Network Programme showed us that while regulators were open to new investment guidelines, they lacked the in-house expertise to supervise new asset classes. This taught us that financing alone cannot solve the problem.

We now prioritise tailored training in our work, to give local decision makers the power to ensure our partners can own and manage new market solutions sustainably.

Adapting to the effects climate change is one of Africa's biggest challenges.

It requires a significant amount of finance:



But despite the urgency of the threat, a major funding gap exists.

Climate adaptation and resilience: supporting innovation

The challenge

Adapting to the effects climate change is one of Africa's biggest challenges. It requires a significant amount of finance: \$70 billion (£54 billion) each year, up to 2030. But despite the urgency of the threat, a major funding gap exists. In 2021/22, for example, Africa received just \$13.8 billion (£10.7 billion) in adaptation finance – less than 20% of what was required.

The main issue is a lack of private investment. Most of the continent's adaptation finance comes from multilateral development finance institutions, with the private sector contributing just 5%.



The market is held back by:



A lack of bankable projects



Difficulty in pricing climate risk



Unclear business cases for the private investors

Our solution

A functioning market for adaptation finance is still emerging. Our strategy is to support its development by addressing its main gaps. We make use of our full market-building toolkit to do this, from providing policy support and technical assistance to project developers, to investing in promising start-ups.

We support climate adaption in three ways:



Creating more investment-ready projects



Encouraging the financing of climate-resilient infrastructure through local markets



Providing early-stage capital to test new climate solutions

¹³ Climate Policy Initiative and FSD Africa, Landscape of Climate Finance in Africa 2024.

BIRA IS ESTABLISHED WITH A FSDAi GRANT OF:

 **\$411,000**
£300,000

The 10-year subnational water infrastructure green revenue bond

has been listed on both the Dar es Salaam and Luxembourg stock exchanges, raising:

 **\$21.6**
MILLION

53.1 billion Tanzanian shillings

Our support of initiatives like the Biodiversity Investment Researcher and Accelerator (BIRA) is helping to address the scarcity of bankable projects. This specialist accelerator, with a \$411,000 (£318,000) grant from FSDAi, helps promising nature-based solutions access the private capital they need to scale. BIRA's impact is demonstrated through its work with companies like Kijani Pamoja, a Tanzanian non-profit. The investor readiness and due diligence support that BIRA provided enabled Kijani Pamoja to secure \$390,000 (£301,000) in funding and launch one of Africa's first carbon-stacked biodiversity initiatives.

Our work with the Tanga Urban Water Supply and Sanitation Authority (UWASA) in Tanzania is an example of how climate-resilient infrastructure can be financed by local markets. Tanga UWASA needed to fund critical upgrades, so we helped them issue the first green revenue bond for subnational water infrastructure in sub-Saharan Africa: a 10-year bond that has been listed on the Dar es Salaam and Luxembourg stock exchanges, raising \$21.6 million (52.7 billion Tanzanian shillings). Crucially, 65% of the funding came from domestic investors, proving the potential of local capital markets to finance climate-resilient infrastructure. The proceeds are now funding the expansion of water treatment capacity, the repair of 110 kilometres of pipes, and the connection of 6,000 new customers.

As part of our work to provide critical early-stage capital, we've supported the launch of the \$19.4 million (£15 million) Catalysing Climate Resilience programme. This channels capital to early-stage ventures and pioneering funds, like Catalyst Fund – a venture capital fund and accelerator that supports high-impact tech start-ups.

THE INVESTMENT HAS HELPED CATALYST FUND:



These businesses are now delivering essential adaptation solutions, from climate-smart agriculture solutions to parametric insurance, to over:



The following case study on Catalyst Fund offers a closer look at how this model works in practice.

Case Study

CATALYST FUND

Seeding a climate-tech revolution

The problem



To build climate resilience, Africa needs a pipeline of innovative, home-grown businesses. But early-stage climate ventures often struggle to secure the initial capital and expert support they need. Without investment, these start-ups can't scale their solutions, and the growth of climate adaptation and resilience is being stifled.

The solution

Catalyst Fund, anchored by a \$4.5 million (£3.5 million) investment from FSDAi, was created to fill this gap. It provides pre-seed financing and hands-on venture building to start-ups developing climate solutions.

One such venture is Tolbi, a Senegalese agri-tech start-up. It uses AI and satellite imagery to provide smallholder farmers with hyper-local data on everything from crop health to weather patterns. This data helps farmers increase their yields and build resilience to climate shocks. It also helps them access financing from banks who previously saw them as too risky. As co-founder Mouhamadou Lamine Kebe says, *"Without accurate data, there's no visibility, and without visibility, there's no investment."*

The impact

Catalyst Fund's support has been transformative for Tolbi. Before the fund's \$200,000 (£155,000) investment and expert guidance, the founders were bootstrapping with personal funds. With Catalyst's support, Tolbi tripled its revenue in one year, grew its team from seven to 21 people, and expanded operations to Côte d'Ivoire, Mali and the DRC.

In less than two years, Tolbi has scaled from fewer than 1,000 users to over 1,500 active farmers, which Lamine says is a direct result of the relationship with Catalyst Fund. Over 90% of farmers using Tolbi have adopted climate-smart agriculture, and more than 87% report their practices have improved. As one farmers' association leader explained, *"Tolbi helps us avoid wasting inputs and protect the environment. And when a crisis hits, we're not caught off guard."*



What we've learnt:

Lessons in climate adaptation and resilience

KEY LESSON:

Building a new market requires a willingness to absorb the early-stage risks that the private sector can't take on.

Our market analysis consistently showed a lack of bankable projects or clear business cases in emerging sectors like climate-smart agriculture. This was due to high infrastructural costs and technical risks that make commercial investors hesitant to be the first movers. It confirmed that one of our most crucial roles is to provide the patient, risk-tolerant capital that can demonstrate viability where others see risk.

Investing in initiatives that focus on early-stage climate ventures has become an important part of our toolkit, with support for projects like Catalyst Fund helping to give commercial investors the confidence to follow.



SMEs are the backbone of Africa's economies

ACCOUNTING FOR:



50%

of employment
AND APPROXIMATELY:



40%

of the GDP of sub-Saharan countries.¹⁴

MSMEs: expanding investment and building the ecosystem

The challenge

But despite this pivotal role, they're trapped in the 'missing middle', a financing gap that deprives them of the capital they need to grow.

This gap exists because MSMEs are often seen as too large for microfinance, yet too small or risky for traditional capital. Bank lending requires a high level of collateral and involves prohibitive interest rates, while equity investment demands a more certain revenue stream and a proven track record.¹⁵

WOMEN ENTREPRENEURS

This challenge is even greater for women entrepreneurs



PERCENTAGE OF TOTAL VENTURE CAPITAL DEALS IN 2024



RECEIVED BY START-UPS
WITH ALL-FEMALE TEAMS



RECEIVED BY START-UPS WITH
MIXED-GENDER TEAMS



While these gender-diverse start-ups collectively represented 25% of unique companies backed, they secured only 20% of the total deal value for the year.



MEDIAN DEAL SIZE

\$1.5M



40%

LOWER THAN THE OVERALL
REGIONAL MEDIAN¹⁶

Our solution

FSD Africa's strategy is to build a more inclusive financial ecosystem by intervening at critical points. Our work is multifaceted, focusing on designing new financial structures that de-risk investment, and supporting a new cadre of local, inclusive fund managers who can reach underserved entrepreneurs.

¹⁴ African Financial Inclusion Policy Initiative and SME Finance Working Group, Scoping and Assessment Report: MSME Access to Finance Ecosystem in Africa, 2020.

¹⁵ World Bank, What's Happening in the Missing Middle? Lessons from Financing SMEs, 2017.

¹⁶ African Private Capital Association, 2024 Venture Capital in Africa Report.

KENYA SME DEBT FUND

WE'VE DEPLOYED:

 **\$6.8 M**
£5.3 MILLION

To help de-risk the asset class for local pension funds

We work to design new products that unlock domestic capital, to promote financing for SMEs in local currency. Through our Africa Private Equity and Debt Programme, we're developing investment funds focused on SMEs in Ghana, Kenya and Rwanda. These vehicles are tailored to each market to help smaller businesses access domestic institutional capital.

We'll soon be launching the Kenya SME Debt Fund, a new financial architecture with the same aim. We've deployed \$6.8 million (£5.3 million) of capital to the fund, in a 'first-loss' position. By designing a mechanism to absorb initial risks, we're helping to de-risk the asset class for local pension funds.

THE KENYA SMS DEBT FUND IS DESIGNED TO:

HELPING TO MOBILISE ADDITIONAL



\$64-77M

£49-59 million

AND SUPPORT OVER

3,000



SMEs



We're also helping to create a new generation of inclusive investors, through initiatives like the FSDAi Nyala Facility – a \$12 million (£9.3 million) fund of funds designed to seed alternative local capital providers (ALCPs) that finance small and growing businesses. The facility has provided capital to a portfolio of women-led investment managers in Senegal, Nigeria, Ghana, Kenya, South Africa and Uganda.

TO DATE, FSDAi NYALA FACILITY HAS APPROVED INVESTMENTS IN:



8
ALPCs

HELPING TO MOBILISE
\$9.4M
£7.3 million

AND SUPPORT:
31,000
JOBS

Among Nyala Facility's first investments was WIC Capital, which supports women-led businesses in West Africa. Its work, detailed below, shows the impact our strategy is having.



Case Study

WOMEN'S INVESTMENT CLUB (WIC) CAPITAL

Helping women-led businesses thrive

The problem

IN SENEGAL



40%
of entrepreneurs are women, yet only...



3.5%
of women entrepreneurs successfully raise capital from financial institutions

This 'missing middle' financing gap, caused by societal barriers and limited financial inclusion, leaves a vital segment of the economy starved of the resources it needs. Women-led enterprises remain small or informal, unable to reach their potential – and that slows innovation, job creation and growth.

The solution

WIC Capital was launched in 2019 to tackle this challenge by blending investment with targeted technical assistance for women-led SMEs in Francophone West Africa.

Recognising WIC Capital's pioneering model, FSDAi Nyala Facility provided a \$1 million (£0.8 million) loan in 2023 to help scale its operations. This support was more than just financial; it provided access to networks and advice that reinforced WIC's strategy.

WIC Capital supports its investee founders with coaching in financial management, marketing and board governance, from experienced female mentors. This hands-on support de-risks WIC's investments and prepares businesses for sustainable growth.

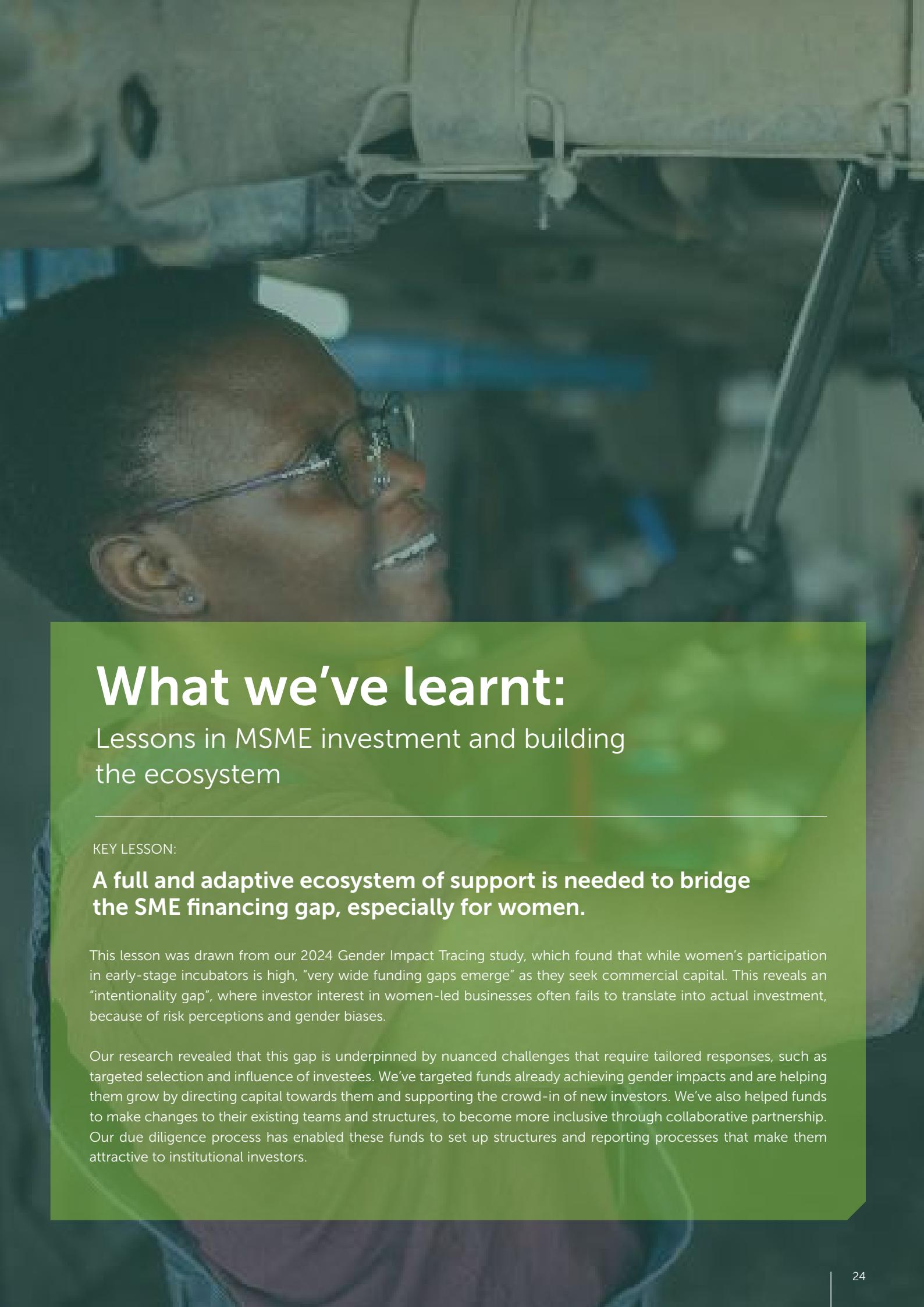


The model is so effective that an initial \$2.2 million (£1.7 million) investment portfolio has **demonstrated the potential to triple in value**, attracting new interest from previously hesitant investors.

The impact

WIC's partnership with FSDAi Nyala Facility has built its credibility, enabling it to attract additional capital from partners like the Dutch government. Now, WIC Capital is targeting a second fund of \$33 million (£25.5 million), to invest in up to 20 new companies.

The new fund will maintain WIC's hands-on approach, while introducing more structured governance and tracking systems to support scaling. *"We don't just want to provide capital,"* says Evelyne Dioh Simpa, Fund Manager at WIC Capital. *"We want to walk alongside our entrepreneurs, shape the environment they operate in, and make sure the next generation of women-led businesses has more opportunities than the last."*



What we've learnt:

Lessons in MSME investment and building the ecosystem

KEY LESSON:

A full and adaptive ecosystem of support is needed to bridge the SME financing gap, especially for women.

This lesson was drawn from our 2024 Gender Impact Tracing study, which found that while women's participation in early-stage incubators is high, "very wide funding gaps emerge" as they seek commercial capital. This reveals an "intentionality gap", where investor interest in women-led businesses often fails to translate into actual investment, because of risk perceptions and gender biases.

Our research revealed that this gap is underpinned by nuanced challenges that require tailored responses, such as targeted selection and influence of investees. We've targeted funds already achieving gender impacts and are helping them grow by directing capital towards them and supporting the crowd-in of new investors. We've also helped funds to make changes to their existing teams and structures, to become more inclusive through collaborative partnership. Our due diligence process has enabled these funds to set up structures and reporting processes that make them attractive to institutional investors.



To build markets that last, we must also build the knowledge that guides them.

OUR STRATEGIC RESEARCH PROGRAMME IDENTIFIES:



WHAT WORKS



WHAT DOESN'T WORK



WHAT'S NEXT

ALLOWING US TO TURN POWERFUL INSIGHTS INTO TANGIBLE IMPACT.

OUR RESEARCH

FSD Africa's Strategic Research Programme generates research to influence stakeholders and deliver on our theory of change. Our research identifies what works, what doesn't and what's next, helping us deliver real-world impact.

BUILDING THE EVIDENCE BASE

In our research, we've prioritised the subject of Africa's green growth trajectory. Our report on the green bond market, for example – *Impact of Green Bonds in Africa* – shows these instruments are a promising way to address the \$190 billion (£147 billion) annual climate finance gap that Africa must fill to meet its nationally determined contributions. However, the report highlights that market growth is constrained by a lack of bankable projects and limited issuer capacity. This points to the necessity of blended finance solutions and direct technical support.

Our review of *The Social and Economic Impacts of Carbon Markets* concluded that community benefits from climate projects, such as income from new enterprises, improved farm productivity and investment in local education, are not automatic and depend on project structure. To ensure that economic and social prosperity flows to local communities, projects must be designed with inclusive governance structures. This finding emphasises that the quality of a project's design is essential for achieving equitable and sustainable outcomes.

Our research directly shapes our strategy and work on sustainable and inclusive growth. It highlights that while innovative instruments like green bonds and carbon markets hold promise, their success hinges on addressing market barriers and ensuring project design is rooted in inclusive and transparent governance. Our role is to translate this knowledge into the practical interventions we deliver, to accelerate the sustainable growth of Africa's financial markets.



OUR THOUGHT LEADERSHIP AND ADVOCACY

Part of our work is to connect and empower decision makers in the financial ecosystem. This helps us create system-level change. By convening policymakers, investors and executives, we're building the shared vision and collective action needed to turn Africa's potential into progress.

CONVENING STAKEHOLDERS AND INFLUENCING POLICY

Evidence is only powerful when it leads to action. We bridge that gap by bringing market leaders and policymakers together, to encourage collaboration, strengthen partnerships and create learning opportunities. Our 2024 conference, 'Catalysing Africa's Growth through Capital Markets', brought together the continent's top financial leaders and policymakers to shape strategies for unlocking the \$2.4 trillion (£1.85 trillion) in institutional capital in Africa. Another example was our 'Early-Stage Finance Conference', which provided a platform for our portfolio of 20 local fund managers – connecting them with potential partners to scale a new asset class of gender-inclusive financing.

BUILDING LEADERSHIP CAPACITY

Equipping leaders with the skills to deliver change is an important part of our work. One way we've done this is to support the African Natural Capital Alliance Nature Executive Fellowship, which is run in collaboration with the University of Oxford and the African Leadership University.

The fellowship aims to provide 100 senior executives, over five years, with the skills to lead high-impact, nature-positive initiatives within their own institutions. The inaugural cohort of 23 senior executives from 13 countries recently completed their year-long journey, which culminated in the development of investment-ready proposals – creating a new pipeline of nature-positive initiatives across the continent.



Our targets

We'll continue to strengthen our core values and purpose to shape the success of our next strategy phase. To hold ourselves accountable, we've outlined a set of ambitious, measurable targets.

OVER THE NEXT FIVE YEARS, WE AIM TO:



MOBILISE PRIVATE CAPITAL

Mobilise/catalyse \$13 billion (£10 billion) in private capital, with 84% in local currency and 50% from institutional capital



BETTER JOBS

Create, protect and support 200,000 jobs



ACCESS TO BASIC SERVICES

Reach 80 million people and institutions with better access to basic services, and strengthen the financial stability of 43 million people and SMEs



SUSTAINABLE INFRASTRUCTURE

Enable 485 MW of additional energy capacity, to contribute to sustainable infrastructure.

LOOKING AHEAD

OUR STRATEGY FOR 2025–2030

NEW CHALLENGES BRING A NEW PHASE

Our work over the past five years has laid the foundation for our next, more ambitious phase.

Africa's financial landscape is changing, shaped by climate pressures, new technology and the need for more resilient and inclusive economies. Our strategy for 2025–2030 will respond these shifts by focusing on areas with the most potential for impact: the transition to renewable energy, adapting to climate change, developing carbon markets, financing for MSMEs, sovereign debt management, and women's empowerment.

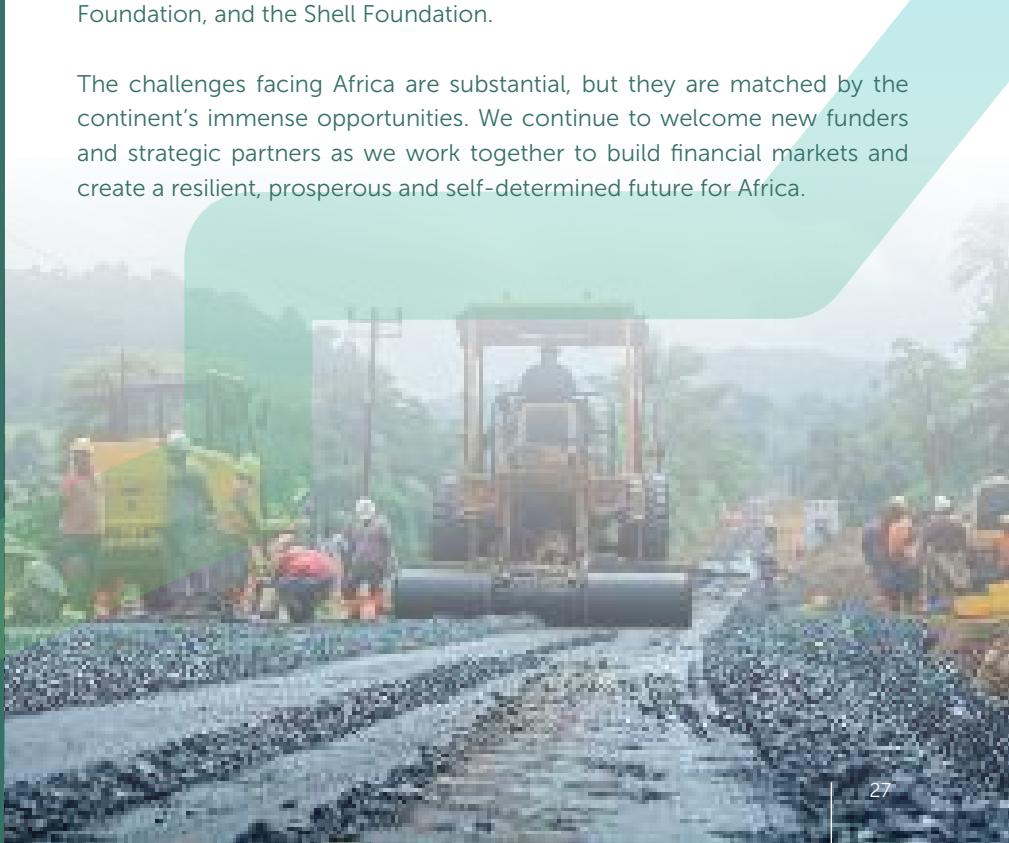
We'll aim to strengthen local currency markets and build market infrastructure, to mobilise and catalyse capital at scale. This will improve liquidity within the Africa's financial systems and help to allocate capital to drive development.

Our theory of change outlines how this strategy, and the work we'll do, will bring about change for people and the planet.

PARTNERING FOR A PROSPEROUS FUTURE

Our ambitions will be made possible by our foundational partnership with the UK's Foreign, Commonwealth & Development Office, and our new funding partnerships with the Gates Foundation, the Children's Investment Fund Foundation, and the Shell Foundation.

The challenges facing Africa are substantial, but they are matched by the continent's immense opportunities. We continue to welcome new funders and strategic partners as we work together to build financial markets and create a resilient, prosperous and self-determined future for Africa.



Our theory of change:

How FSD Africa deepens financial markets to drive change for people and planet

A SUSTAINABLE FUTURE

Promote the growth of the real economy and economic resilience, deliver environmental benefits, and reduce vulnerability



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



Advance innovation and scale solutions across the building blocks of finance



Support the development of a well-functioning financial market in Africa



Mobilise and catalyse more and better capital for sustainable development



FSDAi



Policy & regulatory environment



Scale

£10 BILLION

Private capital mobilised/ catalysed



Early-stage finance



Financial Institutions



Liquidity

84%

Local currency as a share of total capital mobilised/ catalysed



Adaption and resilience



Financial products



Diversification

50%

Institutional capital as a share of total capital mobilised/ catalysed



Capital markets



Market infrastructure



Enabling ecosystem for innovation

£2 BILLION

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



Knowledge platforms & connectivity



Green

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