MAKING FINANCIAL MARKETS WORK FOR AFRICA

Building the markets that move capital to where it's needed

SEPTEMBER 2026

Acknowledgements: FSD Africa gratefully acknowledges the support of the UK Government, alongside all donors and partner organisations whose contributions make its work possible.

Suggested citation: FSD Africa. 2026. Making financial markets work for Africa: Building the markets that move capital to where it's needed. Nairobi, Kenya: FSD Africa.

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Foreword

If you flick through this publication, you'll find one word running through everything we do: transformation. We're interested in disrupting how financial markets operate. If you don't see that in what follows, we haven't done our job.

The Financial Markets team exists to make capital markets work for Africa: for its present and for its future. It is here to support the financing of the various priorities that are becoming urgent across the continent.

Africa has a very youthful population. We need to create more than 25 million jobs every year, and that number is still rising: we want to turn what could become a demographic time-bomb into a demographic dividend. A lot of our infrastructure is relatively underdeveloped, too, so there's a need to catch up quickly: to build roads, invest in energy, to get better education, better healthcare.

We also need to respond to the challenges that we are facing from climate change, which is going to have a big impact on productivity in the continent. And we need to protect our natural diversity, which is being eroded very quickly: as the population rises, if we don't improve productivity, the result is biodiversity loss. All these things require long-term financing.

When we select the things we want to work on, we tend to be very thoughtful about the outcomes and the potential impact we can get, beyond proving that something is possible. Africa is full of pilots. We don't want more pilots, if we can avoid it. We don't have the luxury of time, given the challenges we face. So, we're interested in supporting models that are scalable: scalable within a country, and scalable across borders. I believe we can innovate at scale – and that we need to.

Take green bonds. That work started with a single transaction in Kenya, through a programme we had here. A few years later, we've supported more than 30 transactions across a number of geographies, with USD 2 billion raised cumulatively on sustainable bond programmes – most of that in local currency. It started in one place and became a market in itself, an asset class of its own.

Another example is our work supporting the establishment of the capital markets in Ethiopia: reviewing the capital markets proclamation, developing key directives, providing institutional capacity through resident advisors, investing in the clearing and settlement system, and establishing the stock exchange itself. Today, Ethiopia has a very active money market with new listings continually emerging – proof of what capital markets development can achieve.

None of this happens without people. That's the part I'm proudest of. The passion and commitment we've had to developing these markets, we've passed on that torch in many ways. We've handed it to others to carry forward, and they're lighting different torches everywhere. I'm very excited about the kind of partnerships we've been able to forge in the market, the coalitions we've been able to build. That's a legacy that outlives us.

One story that I always come back to: we've been in Ghana through the journey just before they went into default and restructuring, and now they have come out. We've supported them through the first issuance post-default in the domestic market, which was oversubscribed. We have seen their rating go from D when they defaulted to B-minus over that period, and we worked with them on that entire journey.

If there's one thing I want readers to take from this publication, it's simply that this can be done. It's possible. It isn't magic; it's achievable. I like the words of one of my favourite athletes, the marathoner Eliud Kipchoge: it's not just the legs, it's also the heart and the mind. Making this work for the continent takes technical capacity. But it also takes heart and mind to actually make it happen.

Dr. Evans Osano
Chief Financial Markets Officer, FSD Africa

The challenge: Why isn't Africa's capital moving?

Africa needs growth – and it has the capital to create it. Right now, there's around USD 4 trillion sitting in the continent's pension funds, insurers, commercial banks, and sovereign wealth funds.

So, why aren't we seeing large-scale African investment in the building blocks – such as energy grids, transport, and small businesses – that are needed to drive that growth? Why is capital not flowing to the places where it can have the greatest impact?

It's because Africa's financial markets don't have the mechanisms to put money to work. Less than 2.7% of domestic institutional assets are currently allocated to infrastructure and productive sectors on the continent.

The continent's development gap is no longer a capital problem. It's a financial architecture one.

And, with aid budgets tightening across the planet, and foreign direct investment into Africa declining, it's now more urgent than ever to start putting that domestic capital to work.

USD 4 trillion

Sitting in the continent's pension funds, insurers, commercial banks, and sovereign wealth funds

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Development gap

The continent's development gap is no longer a capital problem. It's a financial architecture one

Our response: Building the markets that move capital

The Financial Markets division helps get institutional capital moving by strengthening domestic capital markets, which can provide the long-term, cost-effective, local-currency finance that Africa's countries need now.

"We're African and rooted here, which means deep trust with policymakers, regulators and investors, and a team wholly committed to the continent," says Jemima Gathumi, Lead, Programmes for FSD's Financial Markets division. "Combining our influence and networks with technical expertise, grant funding, and risk capital through FSD Africa Investments lets us work across nascent and mature markets, taking on the difficult, systemic reforms that capital alone cannot fix."

> We're African and rooted here, which means deep trust with policymakers, regulators and investors, and a team wholly committed to the continent.

Jemima Gathumi
Lead, Programmes,
Financial Markets
FSD Africa

The work falls into three distinct but interconnected "pillars" that are woven through with the cross-cutting priority of sustainable and green finance:

1

Sovereign debt advisory:

Helping African governments take control of their debt.

This pillar supports African countries to alleviate their debt burdens, which in turn can stimulate economic growth, promote climate resilience, and enhance socio-economic development. It works by providing neutral and trusted advice on sovereign debt relief, restructuring, and policy reform, alongside facilitating partnerships and knowledge sharing to help countries manage their debt more effectively going forward.

2

Capital markets development:

Developing the rules and infrastructure that helps markets to function.

This pillar works across four "building blocks" for establishing a resilient financial system — policy and regulatory frameworks, market infrastructure, institutional strengthening, and new financial products. Its aim is to build deep, liquid markets that attract investment, diversify the financial sector, and channel more capital toward climate adaptation and mitigation, as well as green growth.

3

Catalytic transactions:

Demonstrating and replicating instruments and structures that move capital, by identifying and developing innovative solutions that amplify sustainable investment.

This pillar focuses on transactions and products that address important market gaps, such as low market liquidity, currency risk, sub-sector financing gaps, the "missing middle" in growth-stage financing, limited exit opportunities, and investors' perception of African and climate assets as too risky. It prioritises instruments and structures that can be replicated and scaled, such as de-risking facilities, securitisation, thematic bonds, and aggregation instruments.

Sustainable and green finance:

Embedded across all three pillars is the cross-cutting priority of sustainable and green finance. In a context where climate change and ecosystem destruction carry social, economic, and existential threats, sustainability is a core component of FSD Africa's operating logic. That flows across every workflow, from building the regulatory frameworks and supporting the transactions that make sustainable bond issuance possible, to advising governments on sustainability-linked loan and bond options.

This work also carries its own team, tools, and track record, including over 30 supported bond transactions, a purpose-built certification and readiness process, and a continent-wide taxonomy effort. So, while sustainable and green finance runs through the other three pillars instead of standing apart from them, this publication gives it the same depth of treatment: a thread substantial enough to warrant its own closer look.

Underpinning each of these pillars and priorities is the same approach: prove it, then replicate it. Projects are context-specific but selected with a clear eye to their scalability. This means that lessons and resources can be shared across regions and countries at the pace that contemporary challenges require.

1 Sovereign debt advisory

The constraint

Sovereign debt is a major challenge constraining development, wellbeing, and policy choices across the African continent. More than half of Africa's low-income countries are in debt distress or at high risk of it, and around 57% of Africans live in countries where governments spend more on debt repayments than they do on health and education combined.

And it's getting worse: African countries paid roughly USD 74 billion in debt-service payments in 2024, up from just USD 17 billion in 2010. Of that, USD 40 billion is now owed to private lenders, who tend to charge higher rates and demand repayment sooner, making it riskier when a country needs to refinance.

That burden is outpacing the capacity of African economies to bear it. Across the continent, median total debt service was estimated at 28.1% in 2024. For some countries, the burden is far higher: in Kenya, total debt service consumed 71.2% of ordinary government revenue in the 2024/25 financial year; Nigeria's government is projected to spend around half of its revenue on debt payments in 2026.

Several factors explain the unsustainable debt situation: the recent reliance on short-maturity domestic borrowing; the high cost of domestic debt, with the sub-Saharan median interest rate reaching 8.8% in 2024; and the relatively limited depth of the domestic market.

The other reason is that many African countries still lack a credit rating investors can rely on. As of 2025, only 34 countries across Africa had ever received a sovereign credit rating. Most were rated poorly: about 80% were classified as high-risk or worse, with only Botswana and Mauritius reaching investment-grade. Not all those ratings were sought by the governments themselves. Sovereigns can obtain one either by paying a rating agency (a "solicited" rating, for which cost is often a barrier) or by having one published without their involvement (an "unsolicited" rating). Many African states have disputed unsolicited ratings as unreliable. Without a rating they trust, investors can't easily judge how risky a loan is, so they charge more to cover the uncertainty, pushing up borrowing costs for governments and businesses alike.

A related but distinct problem is why so much local money still goes into government bonds instead of other investments. As Jonathan Stichbury, CEO of institutional investment firm Sanlam Allianz Investments East Africa, who has worked with FSD Africa on a number of occasions, described: "When government securities offer 12–15% annual yields on a [supposedly] risk-free basis, that's a great trade for a local investor. That crowds out other investments: what sort of investment is going to give you a higher return than that?"

Credit ratings are only one part of the picture. More broadly, external institutions often drive how African governments' credit risk is perceived and assessed. Debt offices have typically been set up to report compliance to outside institutions, not to actively manage risk, plan strategy years ahead, or make their own case to investors and rating agencies.

Debt sustainability analysis – the technical judgement that determines how risky a country's borrowing looks to the market – is still mostly done by the IMF and World Bank, rather than being led by African debt managers themselves. This can leave governments with limited ability to challenge or contextualise external assessments of their debt position.

The result is a market where African governments are too often positioned as recipients of analysis and financing, rather than as proactive actors with the capacity to articulate their own credit story and engage investors on their own terms.

African countries paid roughly **USD 74 billion** in debt-service payments in 2024, up from just USD 17 billion in 2010

FSD Africa's approach

For FSD Africa, sovereign debt work is central: it's the floor the rest of the market gets built on. A government's borrowing sets a benchmark interest rate that every other borrower in the country has to compete with. When that rate is high – or unpredictable, because investors can't tell how risky the government's debt really is – it becomes difficult for other actors to access capital.

The organisation's debt advisory work seeks to change that from the inside, by helping African governments take proactive control of debt across its lifespan: working out how much they can safely borrow, managing refinancing risks, setting their long-term debt strategy, and engaging investors and rating agencies with more confidence and credibility.

Beyond debt advisory, FSD Africa is addressing the broader domestic capital market and debt management systems that influence sovereign borrowing costs and risks. This includes deepening domestic markets to reduce crowding out of private investment and strengthening debt management offices to take a more strategic approach to planning, investor engagement and market development. Together, these efforts aim to lower sovereign borrowing costs and establish a more stable and affordable benchmark for the wider economy.

The programme is now active or in the pipeline across eight countries, and each engagement looks different depending on what local markets need. In Ghana, as the case study on page 14 details, FSD Africa supported the country to navigate its 2022 debt default and re-enter the market.

In Kenya, FSD Africa has trained around 100 officials from the National Treasury, the Central Bank, the Controller of Budget and the Auditor-General's office to run the country's own debt-data system, so the government can produce and defend its own numbers rather than rely on an external assessment.

> I want to see a continent where we take charge of our own debt management, and tell our story from our own perspective.

Henry Kyeremeh
Lead, Sovereign Debt Advisory
FSD Africa

2 Capital markets development

The constraint

In much of Africa, it's easier to find investors who are willing to buy government debt than those willing to finance business growth.

That's because most African countries' financial markets are underdeveloped. Weak institutions, limited market infrastructure, and a lack of financial products reduce investment opportunities. Meanwhile, competition between governments and the private sector for capital raises the cost of credit.

Alongside this, domestic capital continues to grow, but there are few productive places for it to go. Fewer than half of African countries have seen a domestic firm issue a corporate bond since 2000.

That's not to say that these markets are stagnant. The continent's domestic equity markets grew 27-fold since 2000, to USD 561 billion. Yet its share of global capital market activity has declined, meaning its growth is not keeping up internationally. Public equity markets outside South Africa, Morocco, Egypt, and Nigeria remain small, illiquid and concentrated.

"Institutional investors want to invest in productive sectors," says Stichbury. "But the structures need to be in place for us to do so. What's holding capital back is the lack of products or investment-ready assets with the sort of scale needed to move the needle."

FSD Africa's approach

Building a functioning capital market means getting four things right: the rules, the infrastructure, the products, and the people. Regulation needs to create confidence without stifling investment. Market infrastructure needs to make transactions cheaper and more reliable. There must be a supply of investable products. And both issuers and investors need the capability to use them confidently and effectively.

Taking these priorities into account, the organisation's capital markets team intervenes at various sites and scales. In Kenya, the team has helped to develop a Credit Enhancement Facility to guarantee corporate debt, which builds domestic investor confidence to buy it.

In Ethiopia, as the case study on page 16 explores, FSD Africa helped the National Bank of Ethiopia to create a multi-asset central securities depository and supported the country to set up the capital market regulator Ethiopian Capital Market Authority (ECMA) and launch its own stock exchange after half a century without one. Now, it's supporting a range of stakeholders to develop products and helping to instigate catalytic transactions, alongside other technical assistance and capacity-building activities that capital markets need to work properly.

At the regional level, FSD Africa supports stronger regulations, better incentives, institutional strategies and regulatory capacity. Through the Africa Regulatory Support Programme, it helps countries strengthen their capital market regulations and regulatory capacity. Regional platforms such as the Africa Pensions Supervisors' Alliance (APSA) and the Pan African Fund Managers Alliance (PAFMA) complement this by helping bridge the supply and demand sides of capital. They bring regulators, asset owners, fund managers, and other market actors together to share lessons and market experience, surface investment opportunities, and address barriers to deploying institutional capital into the real economy — including climate finance, alternative investments, and green finance.

> "Our ambition is to help build capital markets that outlast individual transactions and projects. Success is not measured by a single bond or listing, but by creating enabling market systems that continuously mobilise domestic capital towards productive sectors of the economy.

Mary Njuguna
Principal, Capital Markets
FSD Africa

3 Catalytic transactions

The constraint

Across African markets, pension funds, insurers, and sovereign investors hold large, growing pools of assets. Much of it sits in familiar, low-risk instruments like government securities, cash, and listed equities, instead of reaching infrastructure, SMEs, or climate-related sectors. Productive businesses that need financing to grow, meanwhile, often can't access it: they fall outside what banks and traditional funds are willing or able to lend against, particularly if they are smaller, based outside major commercial centres, or in sectors investors consider unfamiliar.

That gap is significant. SMEs are estimated to employ around 80% of Africa's workforce, yet agricultural SMEs alone face an annual financing gap of about USD 74.5 billion, with some 83% of need going unmet. Individual financing needs average around USD 700,000 per business: too small, on their own, to attract institutional capital, but large enough collectively to represent a major missed opportunity.

> "The challenge is not a lack of capital. It's the availability of vehicles or structures that will move capital to the real economy.

David Tetteh
Director, Catalytic Transactions
FSD Africa

FSD Africa's approach

The Catalytic Transactions team responds to this challenge by diagnosing what is blocking capital flow in a given market, then designing the right financing mechanism to overcome that barrier: a fund, a facility, or sometimes a new institution.

This is not a one-size-fits-all exercise: since market failures differ by country, so do the interventions. In Ghana, where fund managers have a relatively high-risk appetite, the team built a strategy focused on secondary markets alongside a risk-sharing facility.

In Rwanda – as explored in the case study on page 22 – SMEs struggle to access appropriate levels of finance. There, FSD Africa coupled a private credit vehicle with another risk-sharing facility. This was designed to let the fund manager take on SMEs it would otherwise consider too risky, such as smaller, rural, women-led, and agricultural businesses, with a particular focus on those bringing climate adaptation benefits. The organisation also provided substantial technical assistance to help these SMEs become investor ready.

Meanwhile, in Kenya, which has one of the deepest and most sophisticated markets in the region, FSD Africa's support took the form of a larger private debt fund issuing notes. And across East Africa, it supported securitisation with partner Kaleidofin – elaborated on page 24 – helping to channel much-needed investment to small businesses and farmers.

Looking ahead, the team expects to keep prioritising market-making transactions over one-off investments. Blended finance, risk-sharing mechanisms, securitisations, thematic bonds, and thematic investment vehicles will remain important tools. Across these, the broader goal is consistent: opening asset classes that have historically struggled to attract pension, insurance, and sovereign capital.

"The overall demonstration is that domestic capital can be mobilised if the right sector structures are in place," says Tetteh. "The core principles – local capital mobilisation, risk-sharing, governance, market-building objectives – are broadly transferable."

A cross-cutting priority: Sustainable and green finance

Sustainable and green finance is woven through each of the three pillars described above: it features in the regulatory frameworks that the capital markets team develops, the thematic instruments that the catalytic transactions team sets up, and the sustainability-linked loans and bonds that the sovereign debt advisory team helps to arrange. This section focuses on the sustainable finance team's most developed and visible line of work: supporting the issuance of green, gender, and other thematic bonds across the African continent.

The constraint

Green, gender and other thematic bonds raise money like conventional bonds, except that they commit the issuer to using the proceeds for defined environmental or social purposes and reporting on the results. Five years ago, most African issuers saw them as niche and expensive: building a sustainable finance framework from scratch, paying for external certification, and proving a credible pipeline of eligible projects was a lot of upfront cost and technical capacity for a first-time issuer to carry alone.

"A few years back, most issuers wouldn't consider a thematic instrument as a financing mechanism," says John Ross Sogbossi, one of FSD Africa's sustainable finance associates. "They'd say: 'We don't have the internal capacity, and it takes a lot of cost to build a sustainable finance framework'."

Since then, these kinds of instruments have become increasingly normal features in Africa's financial landscapes. But normalisation isn't the same as scale: the thematic bonds market is still much smaller than its potential. Global demand is strong and growing, and while Africa is still a small player in that market, its thematic bonds are consistently oversubscribed. There's clear investor appetite – as long as the deal is credible and the return holds up. So why aren't we seeing more of these bonds in Africa's markets yet?

High upfront cost and limited local capacity are major barriers: certification, legal and advisory fees can account for up to 5% of a bond's value, pricing out smaller projects, while a shortage of local verification expertise pushes African issuers toward expensive international certifiers.

Investor-side constraints add another layer. Currency volatility and short-term-focused investor mandates push up risk premiums and return expectations. As Stichbury put it: "Of course we want to invest in green bonds, but what's the return? Am I willing to report back to my underlying investors and say that their pension fund is not performing as well as the pension fund next door, and the reason for that is because we've invested in green bonds and they haven't?" He says that resistance is easing, but it's real.

The problem, then, is less a lack of investor appetite than the cost and capability needed to turn that into investable transactions at scale.

FSD Africa's approach

FSD Africa supports thematic bond issuers to bridge those gaps. That support typically spans the full lifecycle of a transaction: a feasibility assessment and portfolio review to identify which of an issuer's projects could qualify; help drafting a sustainable bond framework and setting up a selection committee; funding and coordinating the external review or certification; support through book-building and investor engagement at issuance; and technical support for post-issuance impact reporting.

So far, FSD Africa has supported more than 30 sustainable bond transactions across Africa, with a range of issuers and financed projects – from a Nigerian sovereign bond for afforestation and clean energy, to a clean-cooking bond from a Kenyan manufacturer, a Moroccan bank bond for microcredit to women excluded from the financial system, and more. These bonds have mobilised a combined USD 2 billion equivalent in local currency, across multiple MTN bond programmes.

A large share of the team's effort goes into capacity building that extends beyond single transactions: readiness workshops with issuer teams so they understand what a green bond commits them to; and separate work with capital markets authorities, stock exchanges, and pension and asset-manager associations, so regulators and intermediaries build their own familiarity rather than relying on FSD Africa each time. This process is exemplified by the case study on page 20, which traces Morocco's development of a green bond issuance framework to facilitate a large-scale electric rail upgrade.

The organisation has also worked with the African Development Bank to create an African Sustainable Finance Taxonomy to build common standards across the continent, so that guidance developed for one country can be adapted for others.

> What we're seeing now isn't a handful of one-off transactions - it's a market finding its shape. Thirty-plus deals and USD 2 billion mobilised tell us investors are ready. Our job now is to make sure issuers have the capacity and frameworks to meet that demand at scale and the instruments themselves get sharper - moving from broad green labels to the targeted blue, gender and nature bonds that let impact actually be measured.

Cecilia Bjerborn Murai,
Principal Specialist, Sustainable Finance
FSD Africa

Looking forward, the Sustainable Finance team will continue that work on regulatory guidelines and taxonomies, alongside making its thematic bonds more specific in line with market demand. Investors are increasingly favouring narrower, more targeted instruments – such as blue, gender and nature bonds – over generic green labels, because the tighter focus makes impact easier to measure and verify.

FSD Africa's convening role has been decisive in getting thematic bonds issued across the region. As Stichbury notes, "Their ability to speak to credit enhancement organisations, local fund managers and international investors is very useful."

Market building in practice

In this section, we show the Financial Markets approach to getting institutional capital moving through six flagship case studies, which follow the same order as the three workstreams and one cross-cutting priority above: sovereign debt advisory, capital markets development, catalytic transactions, and sustainable and green finance. For each, we show the market constraint, FSD Africa's intervention, emerging results, and the potential for replication.

SOVEREIGN DEBT ADVISORY

Ghana: Coaching the comeback after default

The market constraint

In 2022, Ghana defaulted on its debt after a sharp currency depreciation, inflation above 50%, and successive credit downgrades that cut off its market access. This took place atop a sovereign debt load that had climbed to over 90% of GDP due to COVID-era spending, financial sector bailout, and chronic energy-sector arrears, with added pressure from the war in Ukraine's impact on fuel and food prices. Government bonds make up over 70% of the country's pension fund portfolios, and while the concentration didn't cause the default, it left pension funds directly exposed to the restructuring that followed.

After defaulting, Ghana took on a USD 3 billion International Monetary Fund (IMF) programme and restructured both its domestic and external debt. Under the new domestic exchange programme, every bond except treasury bills was swapped for new terms, and Ghana was locked out of the domestic bond market for around three years: a natural consequence of restructuring, and also an explicit condition of the IMF programme, which required all the necessary mechanisms to be in place before the country could return.

FSD Africa's intervention

FSD Africa began working with Ghana shortly before default and helped prepare the country's return to the domestic bond market, alongside UK-based transaction adviser Cygnum Capital and international investment bank and asset manager Lion's Head Global Partners. The support included strengthening debt management capacity, advising on issuance strategy, and helping officials rebuild investor confidence so the country could eventually return to issuing longer-term domestic bonds.

Emerging results

In early 2026, the Ghanaian government met its conditions for re-entry into the domestic bond market and issued a 2.7 billion Ghana cedi (USD 240.6 million) bond. Investors submitted 3.1 billion Ghana cedi in bids, and the government directed the proceeds to budgetary support and refinancing.

"It is a very significant milestone that not only are we helping with capacity building and institutional support, but also we are seeing our support translating to products being offered in the market and being oversubscribed," said Kyeremeh.

Now that the IMF programme has concluded, FSD Africa continues to provide advice to the government on managing its debt portfolio, such as by assessing refinancing risks and smoothing out repayment schedules.

"It's a beautiful story to see: even when a country gets into that kind of trouble, it isn't the end of the road," said Osano. "If you stay dedicated, you can come out of it, rebuild credibility, and get back to the market."

Ghana's experience shows that restoring market access after default requires a comprehensive, long-term strategy that includes rebuilding the institutions, strategies, processes and relationships needed to return with credibility.

Potential for replication

Alongside its ongoing support to Ghana, FSD Africa is applying lessons from the country's post-restructuring recovery in other markets facing similar challenges, including through the peer-learning facility of the Debt Management Offices (DMO) Forum, which it co-convenes with the United Nations Economic Commission for Africa (UNECA).

It is a very significant milestone that not only are we helping with capacity building and institutional support, but also we are seeing our support translating to products being offered in the market and being oversubscribed.

Henry Kyeremeh
Lead, Sovereign Debt Advisory
FSD Africa

CAPITAL MARKETS DEVELOPMENT

Ethiopia: Creating capital markets from the ground up

The market constraint

For half a century, Ethiopia's answer to "where do I invest?" was: nowhere, at least formally. That was despite being the second-largest African country by population, and an early adopter of the stock market concept. In 1960, the State Bank of Ethiopia opened a share exchange department, and by 1965 six institutions were trading shares between themselves. But when the military junta called the Derg seized power in 1974 and nationalised the country's major companies and financial institutions, that market disappeared.

The gap outlasted the regime that created it. While the Derg fell in 1991, Ethiopia's state-led financial model persisted. Under that model, foreign exchange was tightly controlled and there was no securities regulator, listing framework or market infrastructure to support public investment. Ethiopian companies wanting to raise long-term capital could only do so through bank loans (the exception being financial institutions). Savers and institutions had nowhere to put capital domestically except government securities and bank deposits. This is not unusual for the continent, as most African financial systems are bank-dominated, but Ethiopia was doing it with no capital market infrastructure whatsoever.

FSD Africa's intervention

When the government mandated capital market reforms in 2019 and began planning its own stock exchange, that required building an entire market from close to nothing: securities laws, a regulator, trading infrastructure, listing rules, brokers, custodians and investor confidence, all at once. FSD Africa supported the project from the outset, helping to draft the legal framework, funding specialist technical experts and working with FSD Ethiopia as well as other Ethiopian institutions to design the market architecture before the exchange opened.

In 2021, the Ethiopian government formalised its regulatory framework and set up the Ethiopian Capital Market Authority (ECMA) to serve as regulator, while state sovereign wealth fund, Ethiopian Investment Holdings (EIH), led the development of the exchange with technical assistance from FSD Africa. In 2024, more than 50 domestic and international investors bought into the exchange. Among them was Nigeria's NGX Group, which took on a role as both an investor and an experienced operating partner. A catalytic investment by EIH and FSD Africa enabled the exchange to raise USD 26 million against a target of USD 11 million – an oversubscription of 240%.

The relationship didn't end there. Frontclear, the financial market development specialist FSD Africa co-funds, has continued technical assistance work with the National Bank of Ethiopia on money market development. FSD Africa remains closely connected with its Ethiopian counterpart, FSD Ethiopia, which has gone on to support ESX's capacity building, from rulebook development to the ESX Academy's financial-sector training.

Emerging results

Ethiopia opened its first modern stock market, the Ethiopian Securities Exchange (ESX), on 10 January 2025, with Wegagen Bank as its first listing. By August 2026, six companies were listed, and nine more had applied to do the same. As a multi-asset market infrastructure, ESX also worked with the National Bank of Ethiopia to launch Ethiopia's first interbank money market and foreign exchange market. The initiative has driven massive liquidity, with cumulative turnover exceeding 3.78 trillion birr (about USD 23–24 billion) by August 2026, enabling commercial banks to provide credit to a much wider pool of borrowers. "This kind of scale we haven't seen anywhere in Africa," says Osano.

Potential for replication

The project shows what it takes to build a capital market from the ground up: developing institutions, rules, relationships and market confidence together. Whilst the exact circumstances are unlikely to reappear – Osano calls this project a "lifetime opportunity" – the product that has emerged holds clear lessons for other locations. "The model of the exchange that has been established is cutting-edge," he says. "I'm seeing a number of exchanges in Africa actually coming to Ethiopia to learn." That's an exciting turnaround for a country that two years ago had no stock exchange at all.

Opened its first modern stock market, the Ethiopian Securities Exchange (ESX)

Launched Ethiopia's first interbank money market and foreign exchange market

Cumulative turnover exceeding **3.78 trillion birr (about USD 23–24 billion)** by August 2026

CAPITAL MARKETS DEVELOPMENT

Sub-Saharan Africa: Building the market where banks lend to each other

The market constraint

In most of Africa, and across many developing economies, banks rarely lend to each other overnight: the interbank layer known as money markets, which serves to help banks manage their daily liquidity, barely functions.

This means that central banks have to handle almost all liquidity management themselves: not because liquidity is scarce, but because it's trapped. In many African markets, larger (Tier 1) banks won't lend to smaller or less-established local banks, so central banks end up being the only reliable counterparties, even when the system as a whole is sitting on excess liquidity.

It also creates a mismatch: domestic savings sit stuck in the wrong currencies or timeframes instead of funding productive businesses, leaving the market without a reliable short-term reference rate to price longer-dated loans. Across the continent, an estimated USD 4 trillion in domestic savings sits underused for exactly this reason.

That segmentation also blunts monetary policy. When liquidity trading is confined to a handful of large players, smaller banks can't access funds at competitive rates. This means that when central banks cut rates, those cuts fail to trickle down into cheaper credit for the businesses and households they are supposed to reach.

Once again, the bottleneck here is not cash: it's risk, driven directly by a lack of legal certainty. Banks won't lend to each other, even for a single night, if they can't trust that the courts will enforce their claims during a default. Many of these markets lack enforceable netting rules, standard repo documentation, or clear collateral transfer rules that global banks rely on to transact safely.

And because many African markets lack the exchanges, depositories, and clearing systems needed to trade, hold, and settle securities safely, government securities can't easily be mobilised as collateral to bridge that trust gap.

FSD Africa's intervention

Frontclear was launched in 2014 to close this gap. Based in Amsterdam, the development finance firm uses a two-pronged model to get markets moving. First, it steps in as guarantor or direct counterparty, taking on the risk that stops local banks from trading with international banks, or with each other across tiers. In Kenya, it structured a USD 25 million repo in which Commercial Bank of Africa, a smaller local lender, secured funding from the larger, international Standard Bank, with Frontclear's guarantee allowing full legal ownership of the collateral to change hands.

Second, it provides hands-on technical assistance: helping governments draft close-out netting laws so banks can safely offset what they owe each other (reform is underway in Uganda, Tanzania, Zambia and Ethiopia), training local traders, and rolling out vital market infrastructure such as Tradeclear, a platform launched with Swiss partner Instimatch Global in 2022 that manages counterparty risk across a whole market rather than deal-by-deal. In Ethiopia, Frontclear's support helped launch a central securities depository – the first in a market that previously had no exchange or depository at all.

FSD Africa is one of around 10 development finance investors and donors behind Frontclear, alongside institutions such as the European Bank for Reconstruction and Development (EBRD), Germany's state-owned development bank (KfW) and the Netherlands' entrepreneurial development bank (FMO). It has mostly provided technical assistance funding and co-funding to build market infrastructure and the enabling environment (developing and revising regulations in line with international laws and frameworks and building traders' and regulators' capacities on money markets). It has supported Tradeclear's rollout in Uganda and Zambia, and steps towards this in several other African markets.

Frontclear mobilised **USD 7.5 billion in funding** – USD 1.1 billion of that in 2025 alone and guaranteed **USD 2.7 billion in transactions** across 38 countries

Emerging results

From inception to 31 December 2025, Frontclear mobilised USD 7.5 billion in funding – USD 1.1 billion of that in 2025 alone – and guaranteed USD 2.7 billion in transactions across 38 countries, onboarding 142 banks. In Uganda, 15 out of the 23 licensed banks are onboarded and trading on Tradeclear. With Frontclear's support, Ethiopia launched its first central securities depository in November 2025. It has since processed over 1 trillion Ethiopian birr (about USD 6.12 billion) in open market operations, treasury bills and bonds, and equities. In Zambia, parliament is reviewing a bill to make close-out netting enforceable for the first time.

Potential for replication

Frontclear frames domestic money market development as a 5–10-year commitment between regulators, banks and itself. The model is already repeating across markets, and the end goal is for banks to trade with each other directly, with Frontclear no longer needed as an intermediary.

"Deep financial markets aren't built on capital alone; they're built on trust between institutions," said Amos Mugi, FSD Africa's Capital Markets Specialist and Project Lead. "The interbank market is where that trust is tested every day: it's where monetary policy either reaches the real economy or stalls. The unglamorous work of collateral frameworks, legal certainty, and market infrastructure is what lets banks lend to one another with confidence. Get that right, and everything else, from deeper capital markets to sustainable growth, follows."

SUSTAINABLE AND GREEN FINANCE

Morocco: Making green bonds easier to issue

The market constraint

Morocco's national rail network, run by state operator ONCF, is Africa's fastest and most advanced – and now one of its greenest, too. Over 90% of its electric fleet runs on renewable energy, and the system aims for full carbon neutrality by 2035. Hosting the Africa Cup of Nations (AFCON) in 2025, and co-hosting the World Cup in 2030, has also added impetus to government investment in modern, sustainable transport infrastructure.

Expanding the electrified network, by building new lines and retrofitting old non-electric ones, is crucial to that quest. Doing so requires long-term, local-currency capital at a scale Morocco's banks can't currently reach: around MAD 53 billion (USD 5.7 billion). Domestic pension funds, mutual funds and insurers already hold sufficient capital to fund the programme. What's thin is the pipeline of long-dated, labelled local-currency instruments: in short, the constraint is a shortage of bonds to buy, not of capital to buy them.

ONCF knew that instruments like green bonds, in which the issuer commits upfront to spending only on projects with environmental benefits, offered a potential solution. In 2022, it launched its first, to fund construction of a high-speed line between the cities of Tangier and Kenitra. But it was designed as a one-off, which meant a lot of effort went into developing a full framework, review and certification for one issuance.

FSD Africa's intervention

Building on the 2022 experience, FSD Africa worked with ONCF and its local adviser, CDG Capital, to work out how to fund a larger slice of the railway upgrade more easily and efficiently. The partners built a single framework with Climate Bonds Certification – one of the first of its kind – covering an MAD 8 billion (USD 860 million) programme to 2030. That money comes to market in tranches, each of which draws on the same framework, so that it only needs a lighter, issuance-specific check rather than a full new certification.

For the first tranche (February 2025), FSD Africa built the framework, funded an external review, and carried it through certification. For the second (March 2026), the work was lighter, entailing updating the framework, confirming the refinanced civil works qualified as eligible, and providing one key piece of regulatory guidance: that recognised certification meets Morocco's review requirement, even without a prescribed format. When the Moroccan Capital Markets Authority (AMMC) pushed back late in the process, CDG Capital used that guidance to defend the structure.

In this case, FSD Africa deliberately didn't design the bond, run the transaction, or fund it; it worked through CDG Capital, not ONCF alone, so the capability stays with a Moroccan company that can then do similar work in the future.

Emerging results

The new green bond programme has attracted strong demand in the domestic market. ONCF set out to raise MAD 2.0 billion on the March 2026 tranche, and investors offered to buy MAD 9.65 billion worth: almost five times more than was on offer. The bond runs for 30 years at a fixed interest rate, is priced in Moroccan dirham, and every buyer was a domestic investor: pension funds, mutual funds, insurers and the state deposit fund. No banks took an allocation. The response suggests that the problem was not a lack of appetite for long-term green investment, but a lack of suitable instruments.

Add the February 2025 tranche (another MAD 2 billion), and the programme has raised MAD 4 billion in total (about USD 430 million): halfway toward the MAD 8 billion it plans to raise by 2030. "By moving from a single green bond issuance to a multi-year programme, underpinned by a certified framework, ONCF was able to transform access to capital," explained Mark Napier, FSD Africa's CEO.

Potential for replication

Several factors combined to make the programme work, and not all of them are readily replicable elsewhere. For one thing, ONCF is a large repeat borrower, meaning that there was a high degree of domestic trust and investors were willing to lend for 30 years. Secondly, the infrastructure counted as green because of Morocco's low-carbon power grid. Thirdly, Morocco's regulator accepted the outside certification process instead of running its own review. This meant that one certification could cover every future tranche, instead of a fresh review each time.

However, FSD Africa has already supported the successful issuance of a similar bond in Mauritius worth around USD 72 million, showing that the model can travel when the conditions are right. Back in Morocco, FSD Africa's role is designed to end here: ONCF and CDG Capital can run future tranches without it.

"By moving from a single green bond issuance to a multi-year programme, underpinned by a certified framework, ONCF was able to transform access to capital.

Mark Napier
CEO, FSD Africa

CATALYTIC TRANSACTIONS

Rwanda: Financing the "missing middle"

The market constraint

Rwanda has long stood out among African economies for its forward-looking economic reforms. The tropical mountainous country has a well-established agricultural base anchored in commodities like coffee, tea, bananas, and maize. Meanwhile, the government is building momentum through its Vision 2050 industrial strategy, which is actively pushing growth in manufacturing and export-oriented sectors like textiles. The country's GDP grew 7.5% in 2025, putting it among the fastest growth rates on the continent.

Yet many small and medium-sized enterprises (SMEs) in these sectors struggle to access the capital they need to grow their businesses, because of a problem often dubbed the "missing middle": they are too small for development finance interventions to be interested in them, and their goals are too ambitious to be served by the short-term working capital offered by most traditional lenders. Average loan tenures sit below 24 months, far short of what SMEs need to acquire assets or expand capacity.

Domestic institutional investors are structurally constrained too: pension funds and insurers face high risk weightings on SME assets, mandates that demand minimum credit ratings, and limited in-house capacity to assess SME risk. This leaves them with little room to allocate capital to this segment even when returns are attractive. And without risk-sharing or credit enhancement mechanisms to bridge the gap, there has been no structural incentive for these limits to shift.

FSD Africa's intervention

Meanwhile, considerable capital has been amassing under Rwanda's sole pension institution, the Rwanda Social Security Board (RSSB), and its leadership had a clear mandate and appetite for change. Unlike in many markets where mobilising domestic capital requires persuading reluctant investors, RSSB approached FSD Africa about the need to expand financing for the country's SMEs.

FSD Africa's engagement spanned the full life of the fund: from scoping the market and understanding where capital sat and where it was needed, through to structuring the vehicle itself. The design that emerged was deliberately different from what had worked elsewhere: a private credit vehicle coupled with substantial technical assistance, which reflected the fact that many of the SMEs in Rwanda's pipeline sit further back on the investor-readiness curve than their peers in other markets.

Emerging results

The Rwanda SME Growth Fund reached first close (the initial funding threshold that lets a fund begin investing) in April of 2026 with a USD 30 million commitment from the RSSB. Anchored entirely in local currency and domestic capital, the fund represents a strong early proof point for the fund's core thesis that Rwandan capital can be mobilised for Rwandan businesses.

The fund is structured as an evergreen vehicle with no fixed end date, to keep capital deployed in Rwanda's SME sector over the long term. Alongside it sits a USD 3 million technical assistance facility that helps pipeline and portfolio companies become investment ready. There's also a risk-sharing facility that directly tackles the "missing middle" challenge: it's designed to give the fund manager confidence to deploy capital to SMEs that would otherwise be seen as too risky: smaller businesses, rural enterprises, women-led companies, and those still building sustainability practices.

Enko Capital is now putting together a pipeline across the value chains the fund was designed to serve, including agriculture and light manufacturing tied to Rwanda's industrial strategy. Confirmed data on individual investments is expected later in 2026.

Potential for replication

Rwanda's quick progress may not be easy to replicate. In most markets, FSD Africa's role includes persuading pension funds and fund managers to invest in unfamiliar asset classes. In Rwanda, the RSSB approached FSD Africa directly – as a single, willing, state-backed anchor rather than a fragmented field of private investors. That combination doesn't exist in every market, and it shaped Rwanda's pace as much as any other aspect of the fund's design.

What's transferable, according to David Tetteh, FSD Africa's Director of Catalytic Transactions, are the underlying principles that informed the Rwandan experience: domestic capital mobilisation, risk-sharing, governance, and a market-building approach that can be adapted to each country's particular conditions. "That's the lesson here: when the right structure is in place, capital moves."

"That's the lesson here: when the right structure is in place, capital moves.

David Tetteh
Director, Catalytic Transactions
FSD Africa

CATALYTIC TRANSACTIONS

East Africa: Securitisation unlocks capital for small businesses and farmers

The market constraint

Smallholder farmers and micro-, small and medium-sized enterprises (MSMEs) are crucial to economies, livelihoods and food security across East Africa. For instance, MSMEs contribute an estimated 40% of GDP in Kenya, 35% in Tanzania, 75% in Uganda, and 33% in Rwanda.

But despite their importance, such actors often struggle to access affordable capital, constraining the development of these sectors and the prospects of the people engaged in them. "The constraint is systemic, rather than just an issue of market maturity," says Brian Yalla, a capital markets specialist at FSD Africa who works on its securitisation programme. Pension funds, insurers and banks in East Africa hold large pools of capital to invest – over USD 30 billion in assets under management, by one estimate – but very little of it reaches the businesses and farmers who drive the region's economies. In Kenya, the MSME credit financing gap is estimated at around USD 19.3 billion against demand of about USD 23 billion.

It's not a new problem, and many lenders – microfinance institutions, fintechs, agricultural funds – exist to help these critical sectors grow. Yet the dearth of capital remains. So, what's not working?

Lenders are constrained by the size of their own balance sheets. They can only lend as much as they have on hand, and once that capital is out on loan, it's tied up until borrowers repay. In some cases, they're also limited by weaker underwriting and data capabilities: the groundwork needed to package their loan books in a form investors will accept. Without a way to refinance those loan books through capital markets, they can't grow their reach or lower the cost of credit for MSMEs and farmers.

Securitisation offers a way to close this gap: a lender pools its loans, sells them into a vehicle that repackages them as tradable notes, and investors buy those notes, which frees up the lender's balance sheet to make new loans. A well-structured securitised note also offers a new investable asset class for institutional investors such as banks, insurers and fund managers to explore beyond government securities. This helps capital flow towards the businesses and farmers that currently struggle to access it.

But securitisation has yet to take hold at scale in East Africa, for a number of reasons. Domestic investors like pension funds, insurers, and banks tend to have little experience evaluating securitised assets backed by loans to smallholder farmers or small businesses. The legal and structuring work needed for a single transaction – legal, tax and regulatory counsel in particular – is expensive enough that no one deal can absorb the cost commercially. And because no reusable structure existed, each transaction had to be built from scratch, meaning those costs were incurred in full every time.

FSD Africa's intervention

Rather than fund one more deal, FSD Africa set out to build something other lenders could reuse. It partnered with Kaleidofin, a fintech with securitisation experience in India, to set up a shared Special Purpose Vehicle (SPV) in Mauritius. Incorporated as a Protected Cell Company (PCC), the structure works like a set of separate compartments: different lenders across the region can each use it to package up their loans and sell them to investors, but one lender's risk stays walled off from another's.

The economics are what make the model viable. Setting up a reusable, multi-originator, multi-geography SPV means the significant one-off costs – legal documentation, underwriting criteria, monitoring infrastructure – are paid once, establishing a standard that later deals can simply plug into. FSD Africa estimates the variable cost of each subsequent transaction at roughly a tenth of what a first-time, bespoke structure would cost, making the model viable for smaller and mid-sized originators who couldn't otherwise absorb the upfront cost of a one-off deal.

The first deal facilitated through this structure closed in April 2026. Apollo Agriculture, which lends to smallholder farmers for agricultural inputs like seeds and fertiliser, securitised KES 276 million (about USD 2.5 million) of its loan book and sold it to investors. FSD Africa funded an independent credit rating from Agusto & Co – a required step for pension funds to be allowed to invest – and the transaction received a BBB-investment-grade rating, Kenya's first for this kind of deal.

A separate cell within the same vehicle was also structured for IDH FarmFit, one of the largest public-private impact funds for smallholder farmers, which allowed IDH to recycle its capital over multiple transactions. This replicable model for impact and thematic investors shows the flexibility of the PCC structure to host not only issuer SPVs but also specialised debt vehicles – broadening the range of investors that can take part in securitisation transactions reaching East Africa's smallholder farmers and MSMEs.

FSD Africa also worked on the wider market. The organisation ran technical workshops in Nairobi bringing together Kenya's Capital Markets Authority, institutional investors, and lenders. It's now supporting Kenya's National Treasury to draft a national securitisation policy to provide legal clarity at the sovereign level, making it easier and clearer for others to do similar deals. This policy work is currently limited to Kenya, though it may well extend to other countries in future.

Emerging results

The Apollo transaction financed 23,839 smallholder farmers, with an average loan size of KES 17,942 (about USD 138). Fifty-one percent were women, and 22% were borrowing for the first time. To protect investors if loans aren't repaid, the deal was built with layers of credit protection: Apollo kept the riskiest slice of the deal itself (the "junior tranche"), and the pool was overcollateralised – that is, backed by 22.7% more loan assets than the value of the notes sold to investors.

A similar deal was closed in August 2026 with climate tech company SunCulture, which designs and sells solar-powered water pumps and drip irrigation systems for small family farms in Africa.

A gap emerged in how the transaction was evaluated. In some cases, the deal was assessed based on Apollo's balance sheet rather than the underlying farmer loans backing the notes: a sign that investors still need more guidance on how these deals work.

FINANCED

23,839
smallholder farmers

AVG LOAN SIZE

KES 17,942

FIRST TIME BORROWERS

22%

Potential for replication

FSD Africa and Kaleidofin are already building on the model, designing a new Securitisation Readiness Fund to help other lenders bring their loans to market without needing support to structure each deal individually. Beyond that, there's a pipeline of similar deals worth over USD 100 million across East Africa.

What made the pilot possible may not transfer easily everywhere: notably, Kaleidofin's expertise in India's more mature securitisation market. For the model to spread, East African markets will need more local capacity to structure similar transactions and bring them to investors.

The future of African capital markets

With decades of steady macroeconomic growth, institutional investors currently sitting on more than USD 4 trillion of capital, and foreign exchange reserves that have almost doubled in recent years, the question that will determine Africa's financial future is no longer how to raise the capital: it's how to move it to productive destinations.

"We now have a lot of pools of capital being mobilised domestically in many cases, but we're not seeing a lot of investment going toward real-sector investments," says Osano. "There's a lot of money still stuck, contributing to funding governments through government securities."

He's steering the Financial Markets division to help get that redirected at scale. "I want to see much more investment into the alternative space, into the real sector," he says. "Investments that help companies and corporates expand and hire more people, create jobs; investments that help us build better infrastructure; investments that help us provide better education and healthcare. That's my dream, and I think we are at the cusp of that."

To support that transition, FSD Africa will continue to support securitisation, thematic bonds, thematic investment vehicles and other instruments that bridge the gap between investor requirements and market needs – and that can ultimately be embedded into domestic institutions in ways that don't require ongoing support.

The question that will determine Africa's financial future is no longer how to raise the capital: **it's how to move it to productive destinations**

On securitisation, Yalla would like to see issuances become routine, instead of one-off transactions. By his account, success would also mean domestic institutional investors increasingly participating in these markets on commercially viable terms, and less need for de-risking capital. At a higher level, it would mean more capital flowing to the sectors where it's needed most, such as agriculture and manufacturing; lower costs for originators; and more lending reaching women-led enterprises.

Thematic bonds are also a growth area, increasingly normalised across the emerging priorities of climate, energy, agriculture, nature and inclusive finance. Nigeria's sovereign green bonds have deployed 95% of proceeds to approved projects; Tanzania's Samia infrastructure bond was oversubscribed at over 115% of target; NMB Bank's Tanzania sustainability bond, anchored by British International Investment (BII) and the International Finance Corporation (IFC), became the largest sustainability bond issued in East Africa. Looking further ahead, Sogbossi expects the next wave of thematic issuance to come from the blue economy, given how many coastal economies the continent has. "The blue economy is gaining more traction," he says.

Yet for thematic bonds to become market norms, there's still work to be done on investor trust and understanding. It comes down to one question, says Stichbury: what's the return? "We're getting to the stage where investors will say, as long as the yield isn't below government, you can invest." Bringing down interest rates, he says, is also critical for accelerating institutional investment; doing so will require progress on sovereign debt. On that issue, Kyeremeh would like to see African debt offices negotiating their own credit ratings, rather than accepting them from elsewhere.

Building the pipeline of bankable products is also critical. "Success breeds success," says Stichbury. "You want good, bankable products... you can't turn around to an investor and say this is in the national interest – it has to be bankable, it has to make sense."

Osano defines the next five years as a test of scalability rather than innovation. "I'll measure it largely through the lens of how much capital has been mobilised for priority sectors, how we've been able to address the cost of capital," he says. "Rather than racing to create more and more new products, I want to see much deeper utilization of what is here already."

That same kind of discipline needs to extend to FSD Africa's choices about which projects to support going forward: "We're now in a very constrained funding environment, so we have to be extremely deliberate in selecting and supporting initiatives that can achieve scale quickly," says Osano. "We don't have the luxury of time."

As that scaling takes hold, he also points to the individual efforts that remain key to the process. "You need champions, and you need commitment. That's really the bottom line. You need people who are actually taking ownership: grabbing hold and taking it forward. If you have a passion and you're committed to doing something, support will come, and any obstacles you face can be addressed. If that's not there, just forget it — it won't happen."

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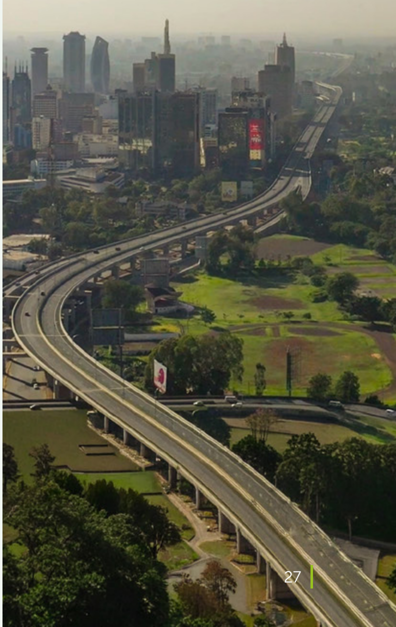
Dr. Evans Osano
Chief Financial Markets Officer
FSD Africa



Working together

Why work with us?

FSD Africa is uniquely positioned to drive capital market reforms across the continent, for three reasons.

For one, we are African and rooted in the region, with deep, long-standing relationships with regulators, institutional investors, and other decision-makers. This allows us to act as a neutral, trusted convener rather than as an outside advisor.

We also have the capacity to deploy both financial and non-financial tools, which allows us to size our catalytic role to what each market requires, including technical assistance and grant funding to build market infrastructure and capacity, and, through FSD Africa Investments, direct capital when a market is ready to scale. This range allows us to take on risky and complex projects that other funders avoid, and to stay engaged across the full arc of a market's development.

Our team also reflects this range: its unique blend of talent includes former regulators, former debt-office officials, and private sector and development finance professionals, giving us credibility across a broad swathe of financial contexts.

How to work with us

The above points to one further question: how can people reading this, and the institutions and organisations to which they belong, engage with FSD Africa directly to champion these critical spheres of change?

Below, we offer insight and opportunities for African governments and regulators, institutional investors, DFIs and development partners, financial institutions and market intermediaries, and originators and corporates.

African governments and regulators

We know that most African governments' long-term priorities are stalled because the financial infrastructure required to fund them doesn't exist yet. FSD Africa makes it possible to finance national priorities with local capital, by building the underlying policies, rules and regulatory frameworks that turn existing capital into the active investment African countries need.

Institutional investors

The bulk of Africa's pension and insurance capital is concentrated in government securities instead of the real economy. FSD Africa works with pension funds and insurers to build the products and in-house capacity that make it possible for this capital to reach the businesses, infrastructure and jobs that it was designed for.

The risk of entering new markets is difficult for private investors to justify. FSD Africa, particularly its investment arm FSD Africa Investments, makes it possible to invest in Africa on better terms, by deploying early-stage, risk-bearing capital and guarantees to absorb early friction and establish a clear market precedent.

DFIs and development partners

Aid funds crucial outcomes but frequently fails to create sustainable market activity when funding ends. By laying foundations and building institutional capacity, FSD Africa makes it possible for markets to outgrow aid.

Financial institutions and market intermediaries

Designing market instruments is one thing; deploying them is another. FSD Africa works directly to strengthen the capacity of financial institutions, fund managers and exchanges, making it possible for intermediaries to connect viable transactions with institutional capital.

Originators and corporates

Many issuers have worthwhile projects but lack the investor relationships, guidelines and credit ratings to bring a transaction to market. FSD Africa provides end-to-end support from portfolio review through to post-issuance reporting, making it possible to turn good projects into bankable ones.

Further information

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Links to our publications, toolkits and digital content

1. **Why capital market development matters and where the focus should be**
   https://fsdafrica.org/publication/why-capital-market-development-matters-and-where-the-focus-should-be/

2. **Landscape Study Report: A Comprehensive Assessment of Pension Systems and Asset Management Industry in Africa**
   https://fsdafrica.org/publication/landscape-study-report-a-comprehensive-assessment-of-pension-systems-and-asset-management-industry-in-africa/

3. **Impact of Green Bonds in Africa**
   https://fsdafrica.org/publication/impact-of-green-bonds-in-africa/

4. **Gender Bonds Toolkit for Africa**
   https://fsdafrica.org/publication/gender-bonds-toolkit-for-africa/

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