Private Sector & Development
PROPARCO'S MAGAZINE



MOBILISING CAPITAL

For a new financing model

PROPARCO
GROUPE AFD

SP&D

Private Sector & Development
is published by Proparco, Agence Française de Développement Group, share capital of EUR 1,353,513,248

151, rue Saint-Honoré, 75001 Paris - France
Tél. (+33) 1 53 44 31 07
Website: www.proparco.fr/en
Blog: proparco.fr/en/private-sector-development-magazine

Publications director
Françoise Lombard

Founder
Julien Lefilleur

Editorial director and editor in chief
Anne Barthélemy

Deputy editor
Pierre Tiessen

Editorial officer
Claudia Di Quinzio

Editorial committee
Guillaume Barberousse, Axelle Bergeret-Cassagne, Laure Bourgeois, Myriam Brigui, Marianne Cessac, Jérémie Ceyrac, Christophe Cottet, Djalal Khimdjee, Olivier Luc, Gonzague Monreal, Gregor Quiniou, Emmanuelle Riedel Drouin, Françoise Rivière, Bertrand Savoye, Samuel Touboul, Baptiste Tournemolle, Hélène Verrue

Advisory board
Jean-Claude Berthélemy, Paul Collier, Kemal Dervis, Mohamed Ibrahim, Pierre Jacquet, Michael Klein, Nanno Kleiterp, Ngozi Okonjo-Iweala, Jean-Michel Severino, Bruno Wenn, Michel Wormser

Graphic design and creation LUCIOLE

Photos credits
iStock, Nicolas Kovarik, Lawrence Adejumo, Backdrop, Johanna Leguerre
Front cover: AdobeStock

Translations
Jean-Marc Agostini, Neil O'Brien/Nollez Ink

Editorial office
(:?!;)DOUBLEPONCTUATION

Printed in France by Grafik Plus, a company certified Imprim'Vert and Print'Ethic level 2, using vegetable-based inks on paper sourced from sustainably managed forests certified PEFC, this document has been assessed for its environmental impact using Climate Calc.
ISSN 2103-334X
Legal deposit at publication 23 June 2009

PEFC
10-31-1427
Certifié PEFC

Editorial



Françoise Lombard
Chief Executive Officer of Proparco

Developing countries must contend with an estimated annual funding shortfall of US$ 4,000 billion needed to achieve the Sustainable Development Goals. Behind this staggering figure lies a simple reality: the needs are immense, while the funding capacities of governments and public donors are dwindling. The conclusion is now as clear as day: we will not be able to finance development to the extent required without scaling up the mobilisation of private capital.

And yet, there is no shortage of savings, but these are insufficiently focused on productive investment. So the challenge is not so much finding new resources as removing the obstacles that currently prevent private capital from making long-term investments where needs are greatest. This requires taking decisive action on the risks, returns and investment conditions that still too often deter investors from certain sectors and regions.

Private capital can no longer be regarded as merely a supplement to public funding: it must now be considered an integral part of development financing strategies. Banks, insurers, pension funds, asset managers and long-term investors have considerable capacity to finance infrastructure, businesses and economic, social and climate transitions. Mobilising local savings is therefore a particularly important lever: when they are invested in the currencies of the countries concerned, this limits exchange-rate risks while helping to deepen local financial markets.

However, this capital still needs to be able to find a suitable outlet. Limited market depth, imperfect information, incomplete regulatory frameworks, perceptions of risk: aside from economic fundamentals, these factors alone may be enough to deter investors. Mobilising more private capital is therefore not just a matter of attracting investors; it also involves building markets that can accommodate them.

This is precisely where a development finance institution such as Proparco has a crucial role to play alongside businesses: reducing barriers to private financing and enabling investors to take the plunge. By sharing certain risks, providing guarantees and expertise, or by helping to structure new transactions, they create the conditions for a more general mobilisation of private investment. To do this, Proparco has a range of instruments – guarantees, blended finance, bond issues, securitisation, equity investments – which can be deployed according to the obstacles to be overcome. In the most mature markets, the aim is to broaden asset classes and attract new investors; in more fragile contexts, to gradually create the conditions that will enable the private sector to take over.

The conclusion is now as clear as day: we will not be able to finance development to the extent required without scaling up the mobilisation of private capital.

Private capital mobilised in this way must help to diversify sources of finance and channel savings more effectively into the productive economy. It can then assume its proper role as part of development finance, while local financial actors can gradually become the chief financiers of growth in their own economies.

This is the real paradigm shift. It is no longer simply a matter of increasing funding volumes, but of achieving a better match between available savings particularly at the local level, and investment needs, strengthening local markets and ensuring that private capital is firmly and sustainably embedded at the heart of development dynamics.

Sum-mary

Intro-duction

P.6
"Mobilising private capital is no longer an option"

By **Emmanuelle Riedel Drouin,** Deputy Chief Executive, Proparco

ANALYSIS_ Beyond crowding in: mobilising local capital to build EMDE capital markets **p.12**

By **Samantha Attridge**, Senior Fellow, Center for Global Development

1#

P.18
Accessing capital: modus operandi

SPOTLIGHT_ Start-ups: raising funds successfully in emerging markets **p.20**

SPOTLIGHT_ Bond issues: the keys to a successful transaction **p.28**

PERSPECTIVES_ How Africa needs to mobilise savings to ensure long-lasting growth **p.34**

INTERVIEW_ "The capital is there. Our role is to accelerate its mobilisation" **p.40**

With **Guillaume Barberousse**, Head of Investments Department, Proparco, and **Gonzague Monreal**, Head of Financing Department, Proparco

2#

P.48
The people behind committed capital

FEATURE_ Beacon Power Services Harnessing data to drive Africa's energy transition **p.50**

Focus_ Access to housing in West Africa: when financing scales up **p.56**

PROFILE_ Making finance a catalyst for transformation **p.58**

With **Yedau Ogoundele**, CEO, AFINHAB

INTERVIEW_ Securitisation and housing in the WAEMU region: channelling savings into the real economy **p.64**

With **Adji Sokhna M'Baye**, CEO, BOAD Titrisation

PROFILE_ The art of channelling capital into development **p.68**

With **Ayaan Adam**, CEO, AFC Capital Partners

#3

P.72
Towards new financing models

ANALYSIS_ Mobilising private capital: the repositioning of development finance institutions **p.74**

With **Hélène Macé**, Director for Private Finance Mobilisation, Proparco

INTERVIEW_ Unlocking capital for Africa's MSMEs **p.78**

With **Joseph F. Maji**, Group Head of Treasury and Strategic Partnerships, CRDB Bank, **Yann Jacquemin**, Head of Guarantees, Proparco, and **Filippo Gabriele La Verghetta**, Head of Unit in the Directorate-General for International Partnerships, European Commission

ANALYSIS_ Africa's capital is already at home, now we must make it investable **p.86**

By **Mark Napier**, CEO, FSD Africa

Op-ed

P.90
The return of South-South capital

By **Matt Guttentag**, Manager, The Growth Firms Alliance

Intro-duction

"Mobilising private capital is no longer an option"

Faced with ever-increasing financing needs, mobilising local private sources of capital has become one of the key prerequisites for development. However, these savings are rarely channelled into the productive economy. Development finance institutions like Proparco are seeking to mobilise these funds by creating favourable market conditions.



An article by
Emmanuelle Riedel Drouin
Deputy Chief Executive of Proparco

Emmanuelle Riedel Drouin is Deputy CEO of Proparco. With 25 years' experience in international and development finance, she began her career in the United States in the banking sector before joining Proparco in 2008. She managed the South Asia regional office based in New Delhi before pursuing her career within the AFD Group, where she held operational management roles for nearly ten years in financing projects and strategic public sector entities. In 2022, Emmanuelle returned to Proparco as Head of the Financing Department and member of the Executive Committee. In this role, she has overseen the institution's debt and guarantee financing activities across all regions. Emmanuelle is a graduate of Paris-Dauphine and holds an MBA from Baruch College in New York.

In Kenya recently, an executive from an agri-food SME drew my attention to a paradox that has become all too commonplace. Their business creates jobs, processes local raw materials and contributes to regional food security, yet their application for funding to double production capacity was rejected by all five banking institutions to which it was submitted in 2025. Not because the business was not viable, but because it fell into the "blind spot" in the local financial system: too small for the banks, too large for microfinance. At a time when Treasury bills were offering a risk-free return of 16%, local savers were opting for security.

This situation neatly sums up the challenges facing development finance. To meet the essential needs of emerging and developing countries, there is now a funding shortfall of US$4,000 billion, a figure that has jumped 60% between 2015 and 2025[1]. Without significant action, this shortfall could exceed US$6,400 billion by 2030, according to OECD projections. At the same time, both national and international public resources are under pressure. Official development assistance, which amounts to less than US$200 billion annually, declined by more than 20% between 2024 and 2025. As for local public resources, fiscal room for manoeuvre remains limited in many emerging economies due to poor tax collection processes, a large informal economy or a narrow tax base.

In this context, mobilising private capital is no longer an option: it has become an absolute prerequisite. Only by ensuring that public and private resources complement one another can the widening gap be bridged. However, a twofold asymmetry persists: the bulk of global financial assets remain concentrated in developed countries, while local savings are relatively untapped in emerging economies. Pension funds, insurance companies and local banks nevertheless represent a considerable source of funding, which is still far too often channelled away from the productive economy. In Africa, less than 3% of pension fund assets – which amount to several hundred billion dollars – are invested in local infrastructure, while Africa's needs total nearly US$170 billion dollars a year.

A twofold asymmetry persists: the bulk of global financial assets remain concentrated in developed countries, while local savings are relatively untapped in emerging economies.

1 Source: Global Outlook on Financing for Sustainable Development 2025, OCDE.

So the time for hesitation is over. The only real question is, how are we going to mobilise private capital – particularly at local level – where needs are most pressing? This imperative must be our overriding objective.

So the time for hesitation is over. The only real question is, how are we going to mobilise private capital – particularly at local level – where needs are most pressing? This imperative must be our overriding objective. For beyond the financial sphere, this is also an issue of sovereignty, which can only be strengthened when development is rooted in the realities and resources of countries themselves.

Removing structural barriers

Several obstacles explain why private capital is still not flowing sufficiently into emerging economies. On the supply side, local savings do exist but they are often channelled into property, liquid assets or Treasury bills. Local institutional investors are constrained by regulatory frameworks that limit their ability to invest in infrastructure or private equity, as well as by a lack of suitable investment instruments. Foreign capital, meanwhile, tends to favour the most mature emerging economies, held back by a perception of risk, exacerbated by a lack of reliable information.

On the demand side, high-impact projects do exist but are not always structured to attract investors. Insufficient depth in bond markets, a lack of transparency in information and the absence of credit ratings are all factors that fuel a perceived risk that is often greater than the reality of the underlying fundamentals.

It is precisely in this area that development finance institutions play a decisive role. Their purpose is not to replace the market, but to create the conditions for it to function: reducing information asymmetry, absorbing part of the initial risk, and demonstrating the viability of innovative business models. Their role is evolving: from long-term financiers, they are now becoming catalysts. By co-investing with local or international players, they enable the latter to access segments in which they would not have been able to invest on their own. By guaranteeing certain risks, they lower barriers to entry. By committing to a project at an early stage, they send out a message of credibility that attracts other financiers.

The recent example of AFINHAB (formerly CRRH-UEMOA) illustrates this nicely[2]. In May 2025, this institution issued the first regional social bond dedicated to affordable housing in West Africa. By positioning itself as lead investor and subscribing to CFA 7.5bn (African Financial Community franc (CFA)) worth of bonds (approximately €11.5 million) ahead of the transaction, Proparco sent out a strong signal to the markets. The issue was oversubscribed by local institutional investors, demonstrating that local savings can be mobilised when conditions are right. Affordable housing was therefore financed in local currency, without any exchange rate risk, while giving a long-term boost to the regional bond market.

Proparco: from strategy to action

There has been a tangible shift in the role of development institutions. In 2025, Proparco invested €2.5 billion in nearly 200 projects. This support has had tangible impacts: 1.5 million jobs were either created or safeguarded, more than 72,000 micro, small and medium-sized businesses were supported, and 4 million people connected to the electricity grid. Around 40% of its activity focused on co-benefit climate financing. For the first time, the "one-for-one" target was achieved, i.e., for every euro invested, one euro of private capital was mobilised. According to the OECD, Proparco jumped to third place among bilateral development finance institutions (DFIs) in terms of private capital mobilisation in 2024, behind the US bilateral agency USDFC and the DEG.

2 See the special feature on access to housing in West Africa, p. 56.

The implementation of our strategy has resulted in a diversification of our instruments: greater use of guarantees, bond issues, blended finance designed to adjust the risk-return profile, and equity investments. The Kipeto wind farm, 70 kilometres from Nairobi, is a good illustration of this multiplier effect. An equity commitment of US$15 million alongside French firm Meridiam made it possible to structure a 100 MW project that will supply nearly 500,000 people with clean energy. This initial investment has encouraged the participation of local and international private co-investors who would not have signed up to the project on their own. As this example demonstrates, a credible institutional signal can significantly reduce perceived risk.

This approach also applies to the most fragmented segments of the economy. In 2025, the Choose Africa initiative[3] mobilised €450 million through a network of partner banks, supporting tens of thousands of micro-businesses and SMEs. But this mobilisation cannot be based solely on isolated initiatives. It requires a root-and-branch overhaul of financial ecosystems: the development of bond markets[4], regulatory reforms, capacity-building for asset managers, and improvements in transparency and credit ratings. This is where the complementary roles of Proparco and our parent entity, AFD, come into their own: one works with private sector players, while the other focuses on the public frameworks that make such financing possible. These synergies create the conditions for sustainable mobilisation of private capital.

Recognising limits, clarifying goals

In certain contexts, this mobilisation and actions are still too limited. While middle-income economies attract more private capital, the least developed countries remain much more difficult to finance. Here, projects present a less attractive risk-return profile for investors; financial markets are in their infancy, and institutional frameworks are more fragile. Concession financing therefore remains essential to create the conditions for a future knock-on effect. Private mobilisation must not be an end in itself: it is the combination of tools, tailored to the realities of each country and sector that makes the difference.

But beyond the financial mechanics, it is the very purpose of this mobilisation that we need to bear in mind. The paradox is now clear: the world has never had so much savings at its disposal, including in emerging economies, and yet an increasing share of these resources remains disconnected from the most essential needs. The challenge therefore is no longer simply to mobilise more capital, but to channel it towards the productive economy in a more effective way. Financing infrastructure, SMEs or the energy transition is not merely a development issue: it is also a prerequisite for economic, social and geopolitical stability. Mobilising both local and international private capital is no longer a technical matter reserved for financial specialists. It has become a strategic issue. It now determines societies' ability to withstand shocks, bridge divides and preserve their stability. In a world where crises are never confined to a single region, strengthening the resilience of others is also a prerequisite for our own resilience.

Beyond the financial mechanics, it is the very purpose of this mobilisation that we need to bear in mind. The paradox is now clear: the world has never had so much savings at its disposal, including in emerging economies, and yet an increasing proportion of these resources remains disconnected from the most essential needs.

3 Choose Africa is a flagship French programme launched in 2018 to finance and partner the development of African start-ups, micro-businesses and SMEs.
4 See the case study on bond issuances, p. 28.

Mobilising capital: **challenges and definitions**

Climate, infrastructure, inequality... Given the growing need for investment in emerging markets and developing economies (EMDE), mobilising private capital is essential. Yet this potential remains untapped, even though significant volumes of local capital exist, especially in Africa. What are the barriers to the development of private capital markets? How can this capital be channelled towards major social and environmental transitions? A few key figures provide some answers.

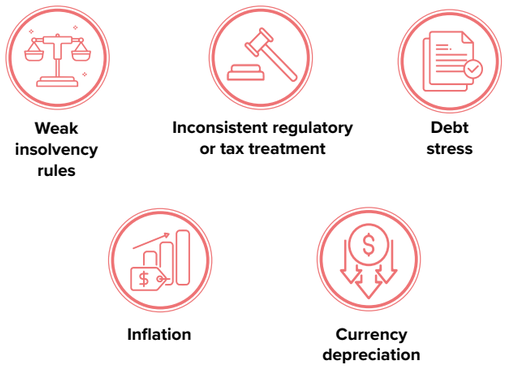
THE FIGURE:

7,500 billion dollars

This is the amount that emerging markets and developing economies will need each year between now and 2035 to fund their priorities: boosting growth, reducing poverty and achieving the Sustainable Development Goals.

Source: Mobilising private finance for development, climate and biodiversity in emerging markets and developing economies, OECD 2025.

Obstacles to development of markets in EMDEs



See the article by Samantha Attridge, *Mobilising local capital to develop financial markets in EMDEs,* p.12.

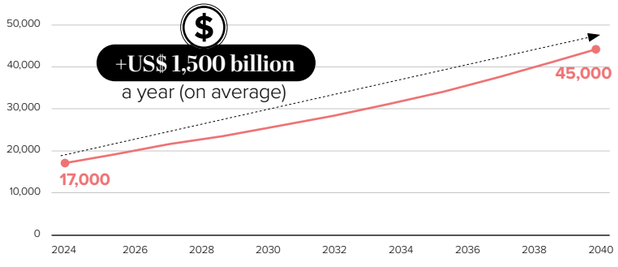
A big increase in local capital

Bank savings, assets held by insurance companies and pension funds in emerging markets and developing economies (EMDE) total **US$ 17,000 billion**. It is estimated that these domestic capital reserves could triple by **2040**.

Source: Mobilising domestic capital to drive climate-positive growth, The Blended Finance Taskforce, 2024.

Domestic capital reserves in EMDEs

Bank savings, insurance assets and pension funds (US$ billions)



The potential of local African capital

In Africa, business financing still relies heavily on the banking sector, while capital markets play a very limited role. Yet the continent has huge investment requirements in order to address its economic, social and environmental challenges. At the same time, domestic capital reserves have the potential to become a powerful lever for impact financing.

UNDERDEVELOPED CAPITAL MARKETS...

1%

the share of African companies in equity raised globally since *2000.*

1,141

on African stock exchanges, out of approximately *44,000* worldwide.

Source: Africa Capital Markets Report 2025, OECD.

... AND MASSIVE INVESTMENT REQUIREMENTS

400 billion dollars

a year are needed to bridge the infrastructure investment gap.

Source: African Development Bank Group declaration, Brazzaville Annual Meetings, 2026.

EXISTING RESERVES

>4 000 billion dollars

are currently held in Africa by sovereign wealth funds, insurance companies, pension funds, central bank reserves and commercial bank assets.

Source: The State of Africa's Infrastructure Report, Africa Finance Corporation, 2026.

Glossary

Blended finance: an approach that encourages private investment in low- and middle-income countries by using development funds to achieve a leverage effect.

Bond: a security issued by a government or a company, whereby an investor lends money to that government or company.

Capital markets: all of the markets on which governments, companies and institutions raise medium- and long-term finance by issuing shares, bonds or other financial securities to investors.

Fundraising: a process whereby a company or an organisation secures funding from investors to support its development or finance a project. The funds can take the form of equity investments or other financial instruments.

Liquidity: a financial asset's (equities, bonds, units in an investment fund, etc.) ability to be bought or sold quickly on a market without causing a significant change in its price. A liquid market facilitates trading between investors.

Impact investment: investment designed to generate both a financial return and a positive and measurable social or environmental impact.

Securitisation: a process involving the conversion of a portfolio of assets (mortgages, business loans, receivables, etc.) into financial securities that can be sold to investors.

Sources: French financial markets authority (Autorité des marchés financiers – AMF), OECD

Beyond crowding in: mobilising local capital **to build EMDE capital markets**

An article by
Samantha Attridge
Senior Fellow,
Center for Global
Development

Multilateral development banks (MDB) and development finance institutions (DFI) interventions must go beyond the ad hoc financing of transactions, to building institutions, creating replicable instruments and strengthening market functions that mobilise local capital and deepen emerging markets and developing economies (EMDEs) capital markets. The goal – replication, with less official support. This requires an explicit, coordinate, long-term plan, not one-off deals. The prize: countries can fund more of their own development from their own savings.

Emerging markets and developing economies (EMDEs) cannot meet their development financing needs through external capital alone. Foreign investment, global institutional capital and multilateral development banks (MDB) and development finance institutions (DFI) investment will continue to matter, but they are volatile and too scarce to anchor countries' long-term financing models. The next frontier for MDBs and DFIs is therefore not only to mobilise more private capital, but to mobilise local capital in ways that deepen local markets, reduce currency mismatch and help domestic savings finance domestic growth.

Why local capital is now the strategic question

The financing for development narrative is changing: from aid to investment, from donor dependence to partnership, and from external mobilisation to greater domestic financial sovereignty. One place where this rhetoric will be tested is local capital mobilisation and local capital market development. Foreign direct investment, global institutional capital, and MDB and DFI finance will continue to matter. But cross-border private capital mobilisation (PCM) has delivered limited results at scale, while domestic financial systems in EMDEs remain shallow. If the shift to partnership and sovereignty is to mean something in practice, more attention must be paid to helping countries mobilise their own savings through deeper, more resilient local capital markets.

EMDEs have a growing pool of domestic capital that could be unlocked to drive economic growth and capital market development. An estimated USD 17 trillion of domestic private capital is under management in EMDEs, and is projected to triple to USD 45 trillion by 2040.[1] The objective should not simply be to bring domestic investors into individual transactions, but to help build the market institutions, instruments and infrastructure that can intermediate local savings into long-term productive investment.

Why local capital markets matter

Local capital is not a substitute for international capital. It is a complement and, in some cases, a better match. First, local capital can reduce currency mismatch. Many infrastructure projects, utilities and domestic firms earn revenue in local currency, but when they borrow in dollars or euros, exchange-rate depreciation can turn a viable project into an unviable one. Local investors can invest in local currency without the foreign-exchange risk that deters many international investors or that requires expensive hedging.

Second, capital markets support firm growth, jobs and productivity.[2] Bank lending alone cannot provide all the long-term risk capital needed for infrastructure, climate investment and corporate expansion. Local bond markets can often provide lower-cost, longer-tenor financing than bank loans, while local equity markets create exit routes for private equity investors and generate price and performance data that other issuers and investors can learn from.

Third, stronger domestic markets can attract more foreign capital. Deeper local markets create local-currency investable assets, improve benchmarks and liquidity, making EMDEs more attractive to global investors seeking yield and diversification.

The bottleneck is the market plumbing

Across many EMDEs, the challenge is not a shortage of capital. It is a plumbing problem where local savings are not flowing into enough investable, local-currency opportunities. The barriers sit across the whole system: the supply, demand, and intermediation of capital, and the enabling environment.

On the supply of capital, domestic institutional assets are growing but remain concentrated in a limited number of markets and are often heavily allocated to government securities, money market assets and other liquid instruments. This should not come as a surprise, considering the fiduciary duties of asset owners and market conditions, but it reinforces a system where institutional capital finances the sovereign while the private sector struggles to access long-term, affordable finance.

1 Mobilising Domestic Capital to Drive Climate-Positive Growth, Blended Finance Taskforce, 2024.
2 Financing Firm Growth, The Role of Capital Markets in Low- and Middle-Income Countries, World Bank, 2025.



SAMANTHA ATTRIDGE

Samantha Attridge is a Senior Fellow at the Center for Global Development specialising in the mobilization of private capital for sustainable development. Her expertise spans blended finance, MDBs, DFIs and NDBs, advising donors and institutions on unlocking private investment. She chairs the Finance in Common Global Research Network on private capital mobisation and has served as an expert witness to the UK Parliament. Previously, she founded ODI Global's Centre for Private Finance in Development and led Financing for Development policy, research and advocacy at the Commonwealth Secretariat. She is a UK Chartered Accountant (ICAEW) qualified with PwC and she holds a Master's in Development Economics from School of Oriental and African Studies, University of London.

FOCUS
CENTER FOR GLOBAL DEVELOPMENT

The Center for Global Development (CGD) is a nonpartisan, nonprofit think tank founded in 2001 that works to reduce global poverty and improve lives through independent, evidence-based economic research. Headquartered in Washington, DC, with CGD Europe based in London, it translates rigorous analysis into practical policy solutions for the world's top decision-makers. Its work spans sustainable development finance, global health, climate and energy, education, gender equality, migration, and market shaping.

On the demand for capital, too few firms and projects reach capital markets in a form that institutional investors can buy. Many potential issuers are too small, lack a sufficient financial track record, or see public issuance as too costly and complex compared with bank finance. A loan from a bank, MDB or DFI can be faster, more confidential and less demanding than issuing a bond or listing equity. Local institutional investors, by contrast, often need assets that are larger, rated, diversified and liquid enough to meet fiduciary and regulatory requirements. This mismatch is where the intermediation gap matters. Many markets lack vehicles and intermediaries that can package loans, projects or companies into investment-grade products suitable for local institutional investors.

Across many EMDEs, the challenge is not a shortage of capital. It is a plumbing problem where local savings are not flowing into enough investable, local-currency opportunities.

Underpinning all of this is the enabling environment. Inflation, currency depreciation, debt stress, weak insolvency rules, and inconsistent regulatory or tax treatment can all constrain market development. The implication is clear, local capital market development cannot be solved by a single transaction. It is a complex system involving many actors, incentives and constraints, and requires coordination, political will, partnerships, and a sequence of mutually reinforcing reforms and transactions.

From transactions to market creation

The best MDB and DFI interventions do not simply finance a transaction. They build institutions, create replicable instruments and strengthen market functions needed for similar transactions to happen again, with less official support over time.

InfraCredit in Nigeria is a good example. PIDG and the Nigeria Sovereign Investment Authority helped create a local-currency guarantee company that has made infrastructure bonds investable for Nigerian institutional investors, mobilising $516 million from them. The significance was not only the financing raised but the demonstration that local-currency infrastructure debt could be structured to meet the needs of local institutional investors. The model has since moved beyond proof of concept with its listing on Nigeria's NASD OTC Securities Exchange in 2025, which attracted pension fund equity investment in the company. The model is now being adapted and replicated in other markets, including Kenya through Dhamana and Pakistan through InfraZamin.

The West African Economic and Monetary Union's securitisation market offers another example. MDBs and DFIs have supported both transactions and the wider enabling environment[3], working with regulators, fiscal authorities and investors. Since 2018, they have backed 13 securitisations in the region, including the 2025 Keur Samba NSIA Banque Benin securitisation, which aims to expand MSME finance across WAEMU[4]. Although the market remains nascent, securitisation is beginning to shift from a one-off innovation to an emerging market practice.

3 See also the interview with Adji Sokhna M'Baye, CEO of BOAD Titrisation, page 64.
4 West African Economic and Monetary Union



Through J-CAP, the World Bank supported the launch of Colombia's first issuer-driven fixed-income exchange-traded fund in 2024. Rather than financing a single bond issue, the intervention created a new investment vehicle that packages local-currency government bonds into a listed product. The fund exceeded its initial fundraising target and is designed to improve liquidity, price transparency and broaden the investor base for Colombia's domestic bond market.[5]

In Asia, World Bank technical assistance helped BIDV issue Vietnam's first senior, unsecured green and sustainability bonds by a domestic commercial bank. More importantly, the transaction established a market template that has since been followed by other domestic banks, including Vietcombank, HDBank and SeABank, demonstrating how technical assistance to one issuer can catalyse broader market development.[6]

If capital market development is the objective and in markets with sufficient readiness, a local-currency bond anchored by an MDB or DFI may be better.

What MDBs and DFIs should do differently

MDBs, DFIs and donors already have many of the right tools at their disposal. The problem is that they are too often used in an ad hoc manner, transaction by transaction, rather than with an explicit plan to develop the market in consort with others.

5 Building Colombian Capital Markets, World Bank, 2025.
6 Viet Nam's Oldest Bank BIDV Issues Green Bond and Sustainability Bond in the Domestic Market, World Bank, 2024.

A more programmatic approach is required, which requires coordination and collaboration across both upstream and downstream work. Upstream, this means supporting legal and regulatory frameworks, strengthening market architecture, and building investor and regulator capacity, as FSD Africa[7] is doing in Africa and the World Bank Group is doing through its Joint Capital Markets Program in Asia, Latin America, Africa and Europe.[8] This upstream work is critical. Local capital mobilisation depends on more than investor appetite; it requires a legal, regulatory and market architecture that gives investors confidence that assets can be originated, rated, traded and rights enforced.

This agenda is also intensive, requiring diagnostics, policy engagement and transaction structuring across many actors; this requires internal resources.

Without this, local institutional investors will rationally stay in familiar sovereign and money market instruments. MDBs and donors are often better placed than bilateral DFIs[9] to support this enabling work, while DFIs can help ensure it is connected to demonstration transactions.

Downstream, MDBs and DFIs can do more to structure transactions that build markets. Where a domestic bank or company needs funding, the default should not always be another MDB or a DFI loan. If capital market development is the objective and in markets with sufficient readiness, a local-currency bond anchored by an MDB or DFI may be better. The same logic applies to private equity. MDBs and DFIs should consider whether investee companies could raise equity and list locally, rather than relying on bank or official finance. At exit, the question should not only be whether a trade sale is possible, but whether a listing could expand the supply of investable assets.[10]

Liquidity also deserves more attention. A bond that never trades is not characteristic of a deep market. Supporting market-making, repo markets, trading platforms, central securities depositories and reliable pricing data may sound unglamorous. Yet, without this plumbing, investors will remain in sovereign debt.

7 https://fsdafrica.org/financial-markets/
8 https://www.ifc.org/en/what-we-do/sector-expertise/financial-institutions/capital-markets/jcap
9 Unless a DFI has resources to fund upstream work beyond transaction support.
10 This paper by BII/ITAD provides a useful overview of the kinds of transactions DFIs can get behind which support market development. https://www.bii.co.uk/en/news-insight/insight/articles/how-dfi-private-capital-mobilisation-can-support-local-capital-market-development-in-africa/

Success should therefore be defined as domestic capital mobilised into productive local-currency investment, while improving the local market's ability to repeat similar transactions.

MDBs, DFIs and donors should also invest in intermediaries that can support the functioning of markets. Local currency guarantee companies like InfraCredit can make infrastructure assets investable for domestic institutional investors. Secondary market vehicles can turn private equity, infrastructure or property assets into listed, tradable products, giving early investors an exit while creating investable assets and liquidity. DFIs can catalyse these vehicles by exiting through them, anchoring or de-risking new ones, and supporting the regulation and capacity needed for them to operate effectively.[11]

Finally, MDB and DFI business models, incentives and targets need reform. Interventions that build local capital markets may not generate large mobilisation volumes under existing measurement approaches, even where they create important market capabilities and future mobilisation potential. This agenda is also intensive, requiring diagnostics, policy engagement and transaction structuring across many actors; this requires internal resources. As such, MDBs, DFIs, and donors need to prioritise and target their support in a more coordinated way. Investment teams should also be incentivised to deploy the instruments that build the market, not simply the ones that record the largest balance-sheet commitment or PCM.

Measuring market change

PCM is usually measured in dollars. This is understandable, but it misses the bigger picture. A large transaction can record high PCM without changing how the market works, while a smaller transaction may have stronger longer-lasting effects if it creates a new issuer or mobilises a first time investor, extends tenor, creates a public benchmark, or establishes a rating approach or template that others can reuse. Success should therefore be defined as domestic capital mobilised into productive local-currency investment, while improving the local market's ability to repeat similar transactions. This means tracking more than volume. For example, first-time and repeat local investors, local-currency share, tenor relative to market norms, follow-on transactions, secondary-market liquidity, and declining use of guarantees or subsidies.

Market development is long-term, politically complex and difficult to attribute, so MDBs and DFIs should be careful not to over-claim causality. But they should be clear about the market shift they are trying to support, and should measure whether their interventions contribute to it over time.

Closing reflection

The prize is worth the effort. If development finance continues to flow around local markets, it may finance projects, but it will leave local capital markets unchanged. If it flows through local capital markets, it can help create the financial infrastructure that enables countries to fund more of their own development from their own savings.

11 https://www.mobilistglobal.com/research-data/secondary-market-vehicles-in-emdes-lessons-and-implications-for-development-actors/

ACCESSING CAPITAL: MODUS OPERANDI



Financing growth remains one of the big challenges facing businesses in emerging markets.

Raising funds for start-ups or bond issues offers considerable potential for scaling up, but these solutions remain unfamiliar to many businesses, which often consider themselves too small or insufficiently mature to access them. From initial discussions with investors, right through to actually raising capital, the following pages use real-life examples to explain the mechanisms that unlock access to capital markets and help businesses reach the next stage of growth.

Case Study n°1

Start-ups: raising funds successfully in emerging markets

Venture capital has become a strategic growth driver. In emerging markets – where investors are still a rare commodity – raising funds successfully is not just about securing capital. First you need to build a solid business and choose the right partners.

Becoming a 'unicorn' – one of those tech companies valued at over a billion dollars – is what many start-ups dream of. But there is still a long way to go before a start-up can even dream of joining this very exclusive club. First it needs to fund its first product, win over its first customers and then secure the capital needed to boost growth. In emerging markets, this journey is more demanding than elsewhere. The United States is now home to more than 1,700 unicorns, compared with over 130 in India but just nine across the entire African continent, almost all of which are fintechs. These figures alone demonstrate how far behind emerging markets lag when it comes to accessing venture capital. This gap does not reflect any lack of innovation but rather the scarcity of capital available to fund start-ups. Africa still accounts for only around 1% of global venture capital investment, while nearly 80% of financing for African start-ups comes from foreign investors, mainly from Europe and North America. **Gabriel-Iannis Aïssou, Principal with Proparco's Venture Capital teams** explains that "There are fewer investors, fewer specialised funds and therefore greater competition for access to funding."

Yet there have been successes. In 2024, the Nigerian start-up Moniepoint became not only Africa's eighth unicorn but a leading fintech specialising in payment solutions for small businesses. It raised US$ 200 million in 2025 from investors such as Proparco, DPI, IFC, Visa and Google's Africa investment fund. Similarly, South African neobank Tyme Bank, indirectly backed by Proparco, became Africa's ninth unicorn in the wake of its merger with Brazilian fintech Nubank. In Brazil, Nubank, which provides a fully digital service, has become one of the leading retail banks: from initial fundraising of US$ 2 million in 2013, its valuation had risen to nearly US$ 50 billion eight years later. Nubank is therefore a benchmark for fintech success, on a par with Revolut. Behind these successes lie several years of hard work and a journey marked out by decisive milestones to win over markets in which capital remains scarce.

More than just an idea: a solid business

In emerging markets, investors have a lower appetite for risk than in more mature ecosystems. "In the United States, some start-ups can raise Series A funding with just a pitch deck. In Africa, the market is much more demanding. By Series A stage funding, the company must already be much more robust," explains Gabriel-Iannis Aïssou. According to a study by the National Bureau of Economic Research (NBER), only 10% of listed start-ups in emerging markets, excluding China, have obtained venture capital funding. And yet they account for nearly half of all research and development expenditure. Investors are therefore looking not so much for a good idea as for an innovation that meets a real need and can find a market. So the first question is not whether the idea is innovative, but whether it meets a need that is great enough to create a market. "Does your product meet a real need, at an affordable price? Each time someone chooses your product, they are giving up something else" explains **Arul Thomas, a partner at Lightrock. Moses Mukundi, CEO of Eden Care,** a Rwandan start-up, considers it is essential to understand why customers choose his product and why they continue to buy it. "When customers return seeking clearly identified added value, your start-up is no longer just a promising idea but a business with strong growth potential. That's the foundation on which you can build a business", he stresses.

The team before the bottom line

Developing a product offering adapted to the market takes time. Even before looking to raise funds, entrepreneurs often spend several years building their business. Nascent businesses must first emerge from the 'messy middle' – that period when everything is still experimental. As **Neha Kumar, cofounder of littlefish** explains, "While you're spending time meeting investors, you're not developing your business. You need to gain in maturity and demonstrate the viability of your business. The figures must speak for themselves."

This first phase is generally funded by the founders themselves, their personal networks or by business angels. "They put in tens of thousands of euros to enable the company to finalise its product, hire its first employees and, if possible, sign its first contracts," explains Gabriel-Iannis Aïssou. At this stage, this initial funding enables the company to hire the few key people needed to develop a technology, ensure its robustness and begin to market it. At littlefish, this phase took several years. This South African fintech was founded in 2021 to develop software that enables banks to better serve SMEs using payment data, but it did not really begin marketing its technology until 2023.



The initial investment thesis isn't always the one that ultimately creates value. If the founders know how to pivot, find new markets or new opportunities, the investment can succeed even if the original story changes.

Gabriel-Iannis Aïssou
Principal Venture Capital, Proparco



REPORT

Investing to support innovation

Beacon Power Services (BPS) develops digital solutions powered by artificial intelligence to help utilities reduce losses, better manage their networks and improve service quality. In 2024, Proparco acquired an equity stake in this Nigerian start-up to support its growth and innovation journey. Discover the full report on page 50.

It was only after securing partnerships with several major South African banks that it launched its first round of funding with institutional investors, raising €2.5 million worth of seed funding. The capital is then used to boost the company's growth rather than to prove that its product works.

Funds specialising in early-stage investment then step in, despite the still high risk involved: the start-up may only have a handful of early customers, and an order book or revenue still in the hundreds of thousands of dollars. The sums raised – generally between US$ 1 million to US$ 5 million – are used to recruit more staff, improve the product and finance 18 to 24 months of growth, to give the company time to attain critical mass before seeking further investment. To convince these investment funds, the founders present a pitch deck – a presentation outlining the target market, the product, the team and the company's development opportunities. "At this stage, nobody knows exactly where the company will be in three years' time. What investors want to know is whether the product meets a genuine market need and if the team has the capacity to develop that product and grow the business," summarises Gabriel-Iannis Aïssou.

If there is good growth, Series A stage funding comes a few years later, the first major institutional round of fundraising. Amounts raised generally range from US$5 million to US$15 million, and the requirements become more stringent. Before investing, funds carry out due diligence and analyse key financial, commercial and legal documents, while ensuring the reliability of the technology developed. But aside from the figures, the founding team remains a key factor in the investment decision. "For Series A funding, the first criterion we look at is still the team. We're looking for experienced entrepreneurs who know their sector. Failures often help to avoid repeating the same mistakes," confides Gabriel-Iannis Aïssou.

In venture capital, a founder capable of adapting is sometimes more precious than a perfect business plan. "The initial investment thesis isn't always the one that ultimately creates value. If the founders know how to pivot, find new markets or new opportunities, the investment can succeed even if the original story changes," he continues. Moniepoint's story is a good illustration of this ability to adapt. It was initially funded to develop a money transfer business but gradually became one of the leading players in the Nigerian payments sector before expanding into lending to SMEs using the data generated by its platform. This ability to evolve its business model was largely due to the experience and technical skills of its founders, both of whom previously worked at Interswitch, one of Africa's first unicorns, where they gained solid expertise in payment infrastructure. At littlefish, the two founders, Brandon Roberts and Neha Kumar, have several decades' of combined experience in financial software, payments and banking partnerships. But a team is more than just the sum of its founders' backgrounds. As **Joseph Hurst-Croft, Managing Director of ARC Ride** points out, "The founder isn't the only person responsible for the company's vision. You have to know how to build a team, avoid micromanagement and trust the people who will also champion that vision." Technology can be copied but a team capable of executing a strategy and adapting to the market is much harder to replicate.

Investors rather than mere financiers

However, building a solid business is not enough to successfully raise funds. You still need to convince investors. In emerging markets, this is trickier than elsewhere because little capital is invested in tech innovation. In the absence of a sufficiently robust local ecosystem, many entrepreneurs expand their search for funds to Europe or the United States.

It's not just about the money. It's what investors bring to the table in addition to funding.

Neha Kumar
Cofounder, littlefish

PUBLIC DEVELOPMENT BANKS ARE NOT LIKE OTHER INVESTORS

The investment of a public development bank in a start-up's capital has a 'catalytic effect'. Its presence reassures the market, reduces perceived risk and encourages other investors to follow suit. Beyond financial returns, these institutions seek to develop a deeper venture capital market by sharing risks with private investors.

At Proparco, this strategy involves both direct investments in specific start-ups – generally from Series A funding onwards – and the financing of venture capital funds. "Historically, Proparco has provided a lot of support to funds, because this creates a multiplier effect. If we invest €10 million in a fund, that fund can finance 10 to 15 start-ups", explains Gabriel-Iannis Aïssou. Since 2018, Proparco has therefore invested over €200 million in the tech ecosystem of emerging markets, nearly three-quarters of which has been channelled into venture capital funds.

In a funding round, a DFI's contribution goes beyond mere financial support. Its presence enhances the start-up's credibility in the market. "When a development bank takes a stake in a company, it signals that the company is sufficiently robust to attract an institutional investor. This can reassure investors in subsequent rounds", stresses Gabriel-Iannis Aïssou. A DFI also complements the role of the lead investor thanks to its knowledge of emerging markets, its network of partners and ability to open doors for companies, banks or public institutions. For a start-up in the growth phase, this support can prove just as valuable as the funding itself.

"Where there is a strong diaspora, such as in Nigeria or Morocco, some people can use their connections, but when an entrepreneur only has local roots, they really have to roll up their sleeves and knock on every door", explains Gabriel-Iannis Aïssou. Once doors have been opened, you need to choose which ones to walk through. Neha Kumar, cofounder of littlefish believes that "It's not just about the money. It's what investors bring to the table in addition to funding." She feels that knowing how to combine several sources of funding and bring together complementary investors is now a key challenge. This means that in light of the political, regulatory and macroeconomic risks, start-ups in emerging markets are exposed to a greater level of risk than elsewhere. They must ensure they have a diverse range of investors offering a variety of responses to potential exogenous shocks.

So in a funding round, each investor plays a different role. The lead investor – usually a venture capital fund – needs to partner the management team on a day-to-day basis. They are particularly involved in strategy. Around them, development banks, DFIs, corporate funds and public investors contribute their networks, sector-specific expertise and good governance, or facilitate access to new markets. As Gabriel-Iannis Aïssou puts it, "The founder not only needs to choose the offer that attaches the highest value to the business, they must also choose the investors who will add the most value."

littlefish has built its shareholder base with this in mind. From its first rounds of funding, the fintech has been backed by Tlcom, one of the continent's leading early-stage funds, and by Flourish Ventures, which is world-renowned for its fintech expertise. Series A funding was subsequently provided by Partech with the participation of Proparco. "Partech and Tlcom help the company with strategy and business development. Flourish Ventures brings strong fintech expertise. Proparco contributes an institutional perspective, its banking network and access to new markets," explains Gabriel-Iannis Aïssou. For a company that sells its software to major African banks, the involvement of a development finance institution (DFI) goes way beyond the question of funding. "When a development bank acquires a stake in a start-up, it signals to the market that the company is robust enough to attract an institutional investor. This can reassure investors for subsequent rounds of fundraising."

Keeping your hands on the wheel

Choosing the right investors is all the more important insofar as, with each round of fundraising, the founders give up a portion of their equity. The aim is to maintain a shareholder base that will support the company's growth without hampering the founders' ability to steer the business. "A common mistake is to surround yourself with investors who don't contribute very much. They acquire a stake in the company but don't really support its development," notes Gabriel-Iannis Aïssou. At Proparco, this question forms an integral part of the analysis. "In Series A, we look carefully at the stake still held by the founders after investment. They often keep around 40% of equity, then about 30% in Series B. They need to remain aligned with their business and retain a genuine capacity to take action."

The timing of fundraising is just as crucial. When littlefish closed its US$ 9.5 million Series A round, it was already working with several major banks, generating recurring revenue and still had cash reserves. "We weren't raising funds because we were short of money. We were doing it to accelerate growth," summarises Neha Kumar. This type of forward planning makes it possible to negotiate from a position of strength. A company with only a few months' cash reserves risks having to accept a lower valuation or more restrictive terms, whereas a start-up with several years' visibility can choose its partners and take the time to negotiate.

The aim is to maintain a shareholder base that will support the company's growth without hampering the founders' ability to steer the business.

The same note of caution applies to valuation. In markets where investors are rare, seeking the highest possible valuation can quickly turn into a trap. If the company then has to raise funds at a lower valuation, a "down round" sends a negative signal to the market and complicates subsequent rounds of funding. Gabriel-Iannis Aïssou believes that "It is better to build a solid business, with sound fundamentals, capable of weathering crises, rather than seeking the maximum valuation too quickly."

In these markets, where nearly 80% of financing still comes from foreign investors, each round of fundraising does not just concern the success of a single company. "In the United States or Europe, when start-ups become drivers of the economy, some of the wealth created is reinvested in the ecosystem. Successful entrepreneurs often become business angels and partner other entrepreneurs. That is what helped create Silicon Valley," notes Gabriel-Iannis Aïssou. Elsewhere, this virtuous circle is only just beginning to take shape. By nurturing entrepreneurs, investors and new funds, each success gradually helps to strengthen a nascent ecosystem. In emerging markets, a successful round not only finances a specific business – it also makes it a little easier for the next business to raise funds.

5 mistakes

THAT CAN JEOPARDISE A FUNDING ROUND

Raising funds too early

In emerging markets, investors rarely just fund an idea. Before starting to raise funds, a start-up must have validated its product, won over its first customers and demonstrated that its business model actually works.

Choosing money over partners

The best investor isn't always the one offering the highest valuation. The most valuable investors are often those who support the founders over the long term, open up their network, contribute sector-specific expertise and step up when the company faces difficulties. A good investor is a partner, not just a shareholder.

Losing control

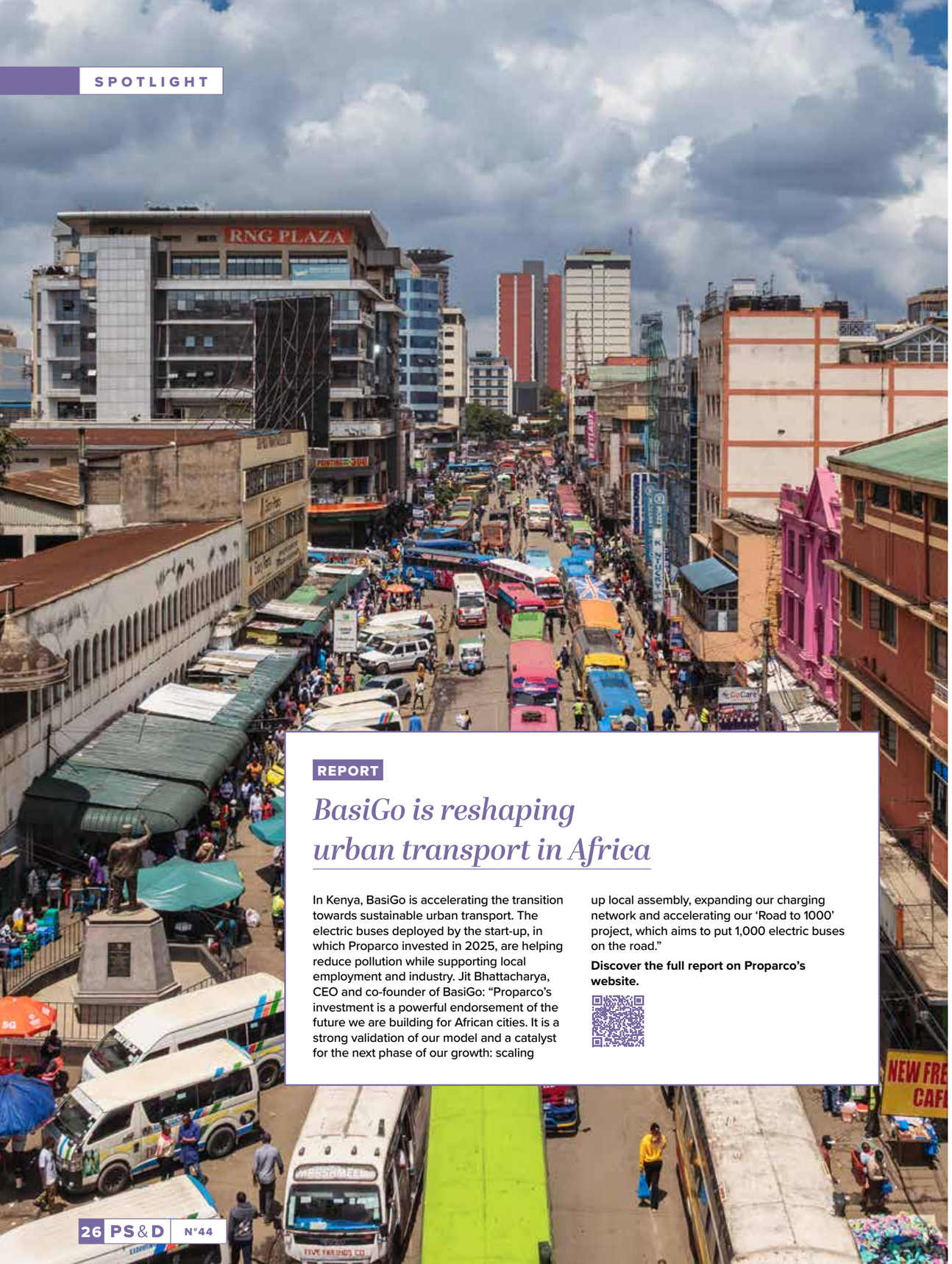
Each round of funding involves a dilution of control. Gabriel-Iannis Aïssou reiterates that "A common mistake is to bring in investors too early who don't contribute much. They take a stake in the company but don't really support it." Holding onto a significant stake allows the founders to remain in control and retain their ability to act.

Waiting until your back is against the wall

Raising funds when cash reserves are almost exhausted puts the company in a position of weakness. Conversely, having several years' visibility allows you to choose your investors, take the time to negotiate and secure better terms.

Being tempted by an excessively high valuation

A really high valuation is flattering, but it can become a trap. If the company fails to justify this valuation during its next round of funding, a "down round" sends a negative signal to the market and complicates future funding.



REPORT

BasiGo is reshaping urban transport in Africa

In Kenya, BasiGo is accelerating the transition towards sustainable urban transport. The electric buses deployed by the start-up, in which Proparco invested in 2025, are helping reduce pollution while supporting local employment and industry. Jit Bhattacharya, CEO and co-founder of BasiGo: "Proparco's investment is a powerful endorsement of the future we are building for African cities. It is a strong validation of our model and a catalyst for the next phase of our growth: scaling up local assembly, expanding our charging network and accelerating our 'Road to 1000' project, which aims to put 1,000 electric buses on the road."

Discover the full report on Proparco's website.

3 questions for

Brandon Roberts, Cofounder and CEO, littlefish
Neha Kumar, Cofounder and COO, littlefish

"The figures should speak for themselves"

What are the different stages of preparation before pitching to an investor, and how important is each one?

It's becoming increasingly difficult to raise capital, so it's important to focus on the stages of your business's development. There's no point in rushing things. The figures must speak for themselves. If you're spending time meeting with investors, you're not developing your business. Take the case of a company that has repeatedly approached investors without ever securing funding, simply because the business model doesn't hold water. The founder must then ask themselves: how much confidence do I have in my business? They need to gain maturity and be able to demonstrate the future viability of their business. Only then will they be able to assert their vision without needing external validation.

Looking back on your journey, what difficulties did you encounter and what would you do differently?

Even today, Finding the right balance between different types of funding and knowing where to look for alternative sources remain major challenges. At littlefish, we've found the best possible financial partners in the region to support us, but we didn't look any further afield. Maybe we could have broadened our search a little.

What do venture capitalists pay most attention to when considering investing in a start-up?

You may have an excellent business, but is it suited to venture capital? That's where you need to work on your long-term vision. How ambitious are your goals? How do you envisage the future? Because venture capitalists might think: "Listen, you're building something fantastic. You're focused and determined. You and your team deserve our investment, but will your business generate the returns we're hoping for? And does your thinking align with that perspective?" So, venture capital investors take all the usual factors into account, plus one element you may not have thought of: their expectations of returns.





Case Study n°2



Bond issues: the keys to a successful transaction

Whereas bond issues were long the preserve of governments and large corporations, they are now becoming a genuine alternative to bank debt for companies in emerging economies. But raising funds on the capital markets cannot be done just like that and critical scale, the backing of lead arrangers and support from anchor investors are all essential conditions.

In June 2025, Axian Telecom raised US$600 million on the international bond markets, heralding the reopening of the bond market for African issuers following a particularly turbulent first half year. Despite a climate dominated by geopolitical tensions in the Middle East and political uncertainty in the US, the issue was almost three times oversubscribed. A few months later, in Argentina, Genneia raised US$400 million in the largest ever international green bond issue by a private company in the country. Proparco acted as anchor investor in both transactions, reflecting a gradual transformation of the capital markets. Long the preserve of governments and large corporations, these markets are now opening up to companies in emerging economies.

According to the OECD, the outstanding bond debt of these companies has increased by a factor of 8.5 since 2008. However, this trend remains highly uneven. For example, African companies only account for around 1% of global corporate bond debt, whereas the continent generates nearly 2.5% of global GDP. In most emerging economies, bond markets have not put down deep roots, with a limited number of issuers and a still-narrow investor base. Therefore, in most of these economies, bank credit remains the main source of financing. However, according to the OECD, emerging economies will need to mobilise more than US$ 10,000 billion dollars in additional investment by 2050 to finance their climate transition and no banking system will be able to meet this need on its own.

Bond markets therefore appear to be an increasingly essential source of funding for attracting international investors, but gaining access to them is by no means straightforward. As **Matias Kalfon, Principal Investment Officer, Proparco** notes, “There are structural constraints on accessing the bond market, such as the size of companies, credit ratings and the depth of the markets. But there is also a lack of understanding of this resource. Many companies still feel that bond markets are not for them.” **Rob Mason, Head of Debt Capital Markets at Standard Chartered,** points out that successful transactions such as that of Axian Telecom blaze a trail and give other companies the confidence they need to access international bond markets. However, it is still vital to master the key phases.



Our role is not merely to provide funding; it is above all to send a signal of confidence to the market.

Matias Kalfon
Principal Investment Officer, Proparco

Scaling up

A bond issue is, above all, another way of financing growth. Rather than approaching one or more banks, the company addresses investors in the capital markets directly in order to access larger sums. As **Pauline Dubin, Investment Officer in charge of Energy and Telecoms at Proparco** puts it, "Bond markets offer a depth that banks cannot match. They broaden your range of potential investors by providing access to pension funds, insurance companies, asset managers and investment funds."

This broader investor base allows issuers to diversify and secure better financing terms. Matias Kalfon considers that "In the case of Axian Telecom, initial market indications pointed to a yield of around 8%, before strong demand allowed the final coupon to be set at 7.25%. This was a dual success as it enabled Axian not only to reduce its cost of funding but also to free up investment capacity for its operations." A bond issue also makes it possible to structure financing that is better suited to the company's needs by offering greater visibility through a fixed rate, more flexible repayment terms and covenants that are generally less restrictive than those imposed by bank loans.



Bond markets offer a depth that banks cannot match.

Pauline Dubin
Investment Officer in
Energy and Telecoms, Proparco

Several months of preparation

However, this method of financing is not suitable for all companies. The process involves lead arrangers, credit rating agencies, law firms, auditors and numerous other consultants, and it generates significant fixed costs. As Matias Kalfon explains, "If a company is looking to raise US$ 50 million or US$ 100 million, it doesn't generally make sense. But, when it needs to raise US$ 400 million or more, the bond markets become a viable option. Transaction costs can then be absorbed by the size of the operation."

The first step is therefore to engage an arranger bank. Well before placing the bonds with investors, the bank determines whether this method of financing actually matches the company's needs, financial profile and stage of maturity. Rob Mason: "An international bond issue requires critical size, a solid financial profile and a sufficiently mature organisation to meet investors' requirements. At Standard Chartered, we first assess the suitability of the product before discussing the pros and cons with our clients. It is not uncommon for these discussions to last six to nine months before a decision is even taken." Once the operation has been approved, the advisory bank coordinates the entire process: obtaining credit ratings, preparing the legal and financial documentation, drafting the Offering Memorandum and organising meetings with investors. The Offering Memorandum is similar to the prospectus for an initial public offering and it collates all the information on which investors will base their decision.

However, even when perfectly prepared, a bond issue remains dependent on market conditions. Banks therefore need to monitor interest rate movements, central bank decisions, geopolitical tensions and competing issues on a daily basis in order to identify the best window of opportunity. Rob Mason stresses that "The better prepared a company is with its ratings and documentation, the better placed it will be to seize the first favourable market window. This is what we call managing market risk." Once this window has been identified, things move pretty quickly. Within a few days, senior management present their strategy to investors at a roadshow, before the lead arrangers manage the book-building process, which will determine the final coupon rate for the issue.

Anchor investors: a signal to the market

In emerging economies, impeccable preparation and a seamlessly managed timetable are not enough to guarantee the success of an issue. In addition to the company's performance, investors also assess the risk associated with the country in which it operates. It is precisely to reduce this perception of risk that development finance institutions enter the equation. Several months before the issue, they perform their own due diligence, covering financial aspects as well as environmental, social and governance (ESG) criteria. If their findings are positive, they announce their participation as anchor investors, even before the order book opens. Matias Kalfon explains that "Our role is not merely to provide funding; it is above all to send a signal of confidence to the market. Investors know that Proparco or other institutions have performed all the necessary due diligence and are ready to invest. This reduces the perception of risk and attracts other investors." So, even before Genneia's order book had opened, Proparco and FMO had committed to subscribing to amounts of US$ 30 million and US$ 60 million, respectively.[1] "This sent a very positive signal to the market. These institutions are recognised for the quality of their financial and non-financial analyses. By investing themselves, they endorsed both the transaction and the offer price", notes Pauline Dubin.

For development banks, however, the success of an international bond issue is only the first step. The aim is then to enable companies to gradually begin raising funds on their own bond markets. "The next step is to replicate what has been achieved on the international markets, only on the local markets", explains Matias Kalfon. The stakes are pretty high. In many emerging economies, companies generate the bulk of their revenue in local currency but continue to take on debt in dollars or euros. Any depreciation of their local currency therefore automatically increases their cost of debt. But developing domestic bond markets mobilises more local savings, reduces dependence on external financing and strengthens companies' resilience. This shift is already underway, although progress remains a mixed bag. While South Africa and Nigeria already have relatively well-developed bond markets, many other countries are still building their ecosystems. Nevertheless, the trend is under way. In Kenya, Safaricom launched the first tranche of its 40 billion Kenyan shilling domestic bond programme at the end of 2025 – the largest issue ever authorised for a company in the country. The transaction, which raised 20 billion Kenyan shillings thanks to strong investor demand, shows that local markets capable of financing large companies are gradually beginning to emerge. Aside from the amounts raised, these issues are the first building blocks for creating deeper and more liquid local capital markets, capable of providing sustainable financing for companies in emerging economies into the long term.



An international bond issue requires critical size, a solid financial profile and a sufficiently mature organisation to meet investors' requirements.

Rob Mason
Head of Debt Capital Markets,
Standard Chartered

1 This was Genneia's first international issue, initially carried out on the domestic Argentine market in Buenos Aires. The listing on the Luxembourg Stock Exchange took place a few months later, following the success of the offering and its oversubscription.

3 questions for

Hassanein Hiridjee, CEO of Axian Telecom

"Our growth warranted accessing the capital markets directly"



Why was this the right time for Axian Telecom to enter the international bond markets?

The decision to issue bonds was a natural progression of our financing strategy. We initially financed our projects through local banks, then our acquisitions through pan-African and international banks. Our growth had reached a scale that justified accessing the capital markets directly. This issue enabled us to access a much broader and more diversified investor base than traditional bank financing, including asset managers, pension funds and international investors, mainly in the United States and the United Kingdom. It also offered a number of strategic advantages: a bullet repayment structure, which allows us to repay the principal only at maturity; a fixed rate providing greater visibility over our cost of financing; and more flexible covenants than those of bank loans.

What was the main challenge of this operation?

A bond issue is prepared several months in advance. In our case, much of the work had already been done during our first issue in 2022: building a solid credit story, obtaining ratings from Standard & Poor's and Fitch, and preparing all the legal, financial and marketing documentation. We were able to capitalise on this experience, on the relationships of trust we had built with investors, and on the processes already in place. We liaised very closely with J.P. Morgan, Standard Chartered and Standard Bank to structure the transaction and select the best market window. However, the main challenge was not to do with the company but with the market environment. The week leading up to the issue was dominated by geopolitical tensions in the Middle East and political uncertainties in the United States. Despite this volatile environment, we managed to identify a favourable window of opportunity to execute the transaction.

After your experience of international markets, are you considering a bond issue in Africa?

We already use local-currency financing from local banks where appropriate. This creates a natural hedge between locally-generated revenue and debt servicing, thereby reducing currency risk. Obviously, in the longer term, we would be interested in a local-currency bond issue on African markets. Recent transactions, such as those carried out on the BRVM or Safaricom's ESG bond issue in Kenya, show that these markets are gradually maturing. However, several conditions still need to be met: sufficient critical mass, major financing requirements, and a regulatory framework that allows this type of transaction to be carried out under favourable conditions.



VIDEO

In Latin America, impact-driven bond issuances

Tens of billions of dollars: this is the annual volume of bonds issued on international markets by private issuers from Brazil, Argentina and Paraguay. In this episode of Expertise for Change, Julien Vanhooydonck, Proparco's Regional Director for the Southern Cone (Latin America), looks back at Proparco's catalytic role in the development of these bond issuances. By acting as an anchor investor, Proparco helps mobilise a wide range of private investors to support impact-driven financing.

How Africa needs to mobilise savings to ensure long-lasting growth

The model for financing African development requires more effective mobilisation of savings already present on the continent. Although these savings are abundant, they remain largely under-invested in productive sectors. There are numerous ways to better identify and channel this capital into financing the African economy.

African countries do not lack available capital. According to the Africa Finance Corporation (AFC)[1], Africa's combined domestic capital now exceeds US$ 4,000 billion, encompassing a wide range of financial resources – including commercial banks, insurance companies, pension funds, sovereign wealth funds and central bank foreign exchange reserves.

As **Ould Tah, President of the African Development Bank (AfDB)** explains, "Africa is not short of capital. Africa is lacking in risk transformation."

Too large a proportion of savings is allocated to short-term government bonds or foreign investments. The range of investment opportunities is indeed limited, risk factors are sometimes poorly managed, there is a genuine lack of government incentives, and investment strategies struggle to get beyond national borders.

"Less than 1% of the capital of African pension funds is allocated to the private sector," laments **Aziz Mebarek, Managing Director of AfricInvest**.

Yet there is no shortage of solutions for mobilising local capital, either by introducing more suitable instruments or by reducing the risks that are discouraging cautious investors.

More effective integration of regional markets

African financial markets remain largely segmented at national level. Pension funds in one country often find it difficult to invest in bonds or infrastructure funds in another country.

Didier Acouetey, adviser to the AfDB President on private sector development and the New African Financial Architecture for Development (NAFAD), calls for changes to the regulatory framework: "In most countries, pension funds are not allowed to allocate more than 5% of their reserves to infrastructure or cross-border investments." This means that these investors are often restricted to their own countries.

1 State of Africa's Infrastructure Report, AFC, 2025.

Projects such as the African Exchanges Linkage Project (AELP), an initiative sponsored by the Association of African Stock Exchanges (ASEA) and the AfDB, are enhancing the integration of the continent's stock exchanges (particularly in the regulatory sphere), thereby boosting market liquidity.

Denis Charles Kouassi, CEO of the Côte d'Ivoire Caisse nationale de prévoyance sociale (CNPS – national social security fund), wishes to see his pension fund expand beyond the country's borders: "We are trying to venture beyond Côte d'Ivoire by forging closer ties with southern Africa countries to deploy joint strategies."

Aziz Mebarek, for his part, would like governments to introduce tax breaks for funds investing in the private sector. There is no shortage of solutions for creating a tax regime favourable to pan-African funds and channelling more savings into productive investments across the continent: tax exemptions, reductions or abolition of withholding tax on dividends, or even tax credits.

The West African Development Bank (BOAD) for its part has focused on a new class of asset-backed securities within the WAEMU zone, transforming financial assets into securities accessible to local investors. According to **Jean-Philippe Aithnard, Deputy Chief Executive Officer of BOAD TITRISATION**, his institution "has so far issued around US$ 1 billion in the region, compared with around US$200 million in 2023." He adds: "Starting from 5% of regional investors in 2023, we can now reach 65%."

Africa is not short of capital. Africa is lacking in risk transformation.

Ould Tah
President of the African Development Bank (AfDB)

Reducing risks to attract more local investors

Tailoring investment offerings to varying levels of investor risk tolerance helps to mobilise more capital. Blended finance is a suitable tool that **Sebastian Wichmann, Head of Africa at the Lendable fund** wishes to promote. The fund offers credit solutions to fintechs in Latin America, Africa and the Indo-Pacific: "Over the last ten years, blended finance vehicles have played a crucial role for us. They enable us to bring investors with very different risk profiles together within a single fund. Our funds comprise an initial junior tranche, followed by a mezzanine and a senior tranche."

MOBILISING THE DIASPORA

According to the World Bank[1], remittances to sub-Saharan Africa totalled approximately US$54 billion in 2023. Initiatives like 'diaspora bonds' already exist in several countries, including Ethiopia (where the bonds helped to finance the Renaissance Dam), and Nigeria, where US$300 million was raised for the first time in 2017 (the bond was 130% oversubscribed).

While Kenya is also currently exploring this possibility, **Raphael Owino Otieno, Director General of the Kenyan Public Debt Management Office**, also wishes to channel remittances (i.e. funds sent by emigrants to their relatives back home) into a National Infrastructure Fund that would encourage the diaspora to invest in key projects. This fund aims to raise around US$39 billion over ten years through an approach based more on investment and public-private partnerships than on traditional sovereign debt.

Maryse Lokossou, Director General of CDC Benin, for her part, is working on an investment product, DiasDev, which will be marketed to the Beninese diaspora. "By subscribing to this product, the diaspora will help build up savings in Benin and become indirect contributors and investors in CDC Benin's projects." Following a number of studies, Maryse believes there is "very strong demand" from the diaspora.

1 World Bank, Remittances Slowed in 2023, Expected to Grow Faster in 2024, 2024.

5 key factors

Regulation

Harmonising the legislative framework and deploying tax incentives across countries and regional stock exchanges to boost investment.

Instruments

Deploying innovative instruments, such as asset-backed securities, to enhance market liquidity.

Blended finance

Spreading risk more effectively to reduce the cost of capital.

Local currencies

Hedging against local currency risk through the use of blended finance.

Data

Working to ensure the reliability and regular updating of company data in order to reassure investors.

This facilitates favourable ratings for the senior tranches, enabling more capital to be raised and allocated from regional institutional investors, who are by nature more conservative.

Investments are also being held back by local – international currency exchange risk. **Mark Napier, CEO of FSD Africa**, cites the example of a renewable energy project that requires equipment to be imported from abroad but generates revenue in local currency[2]: "We helped set up a new ARM-Harith infrastructure fund, known as ACT. We have invested in this fund's capital in local currency, which aims to attract both international and local currency investors." By offering 75% of financing in local currency, this structure protects domestic investors from significant exchange rate risks.

Another key risk factor remains the lack of reliable, up-to-date information. Company accounts are not always properly audited, which tends to discourage investors. Sebastien Wichmann highlights the importance of technical monitoring solutions to track borrowers' performance in real time: "We continuously receive raw transaction data from our borrowers and this degree of transparency enables us to build trust with both our borrowers and investors."

Over the last ten years, blended finance vehicles have played a crucial role for us. They enable us to bring investors with very different risk profiles together within a single fund.

Sebastian Wichmann
Head of Africa at the Lendable fund

2 Read his article on page 86: Africa's capital is already at home, now we must make it investable.

Didier Acouetey highlights the ongoing work of the AfDB and NAFAD. The latter seeks to coordinate African and international financial players to reduce the risks associated with investment instruments, thereby significantly lowering the continent's high cost of capital.

The establishment of pan-African programmes such as African Trade and Investment Development Insurance (ATIDI) is a key element in risk mitigation that helps channel domestic and international capital into local markets.

Ensuring African and global growth

Africa is going to account for a major share of global population growth. According to United Nations projections[3], Africa's population is expected to reach 2.5 billion by 2050, and nearly 4 billion by 2100. This population boom will inevitably fuel an increase in the labour force and investment needs, positioning Africa as one of the main drivers of global growth in the 21st century.

As Denis Charles Kouassi puts it, "Africa therefore needs to get ready to develop a genuine financial sector so that this development takes place with and not without Africans." Indeed, this demographic trend on its own is no guarantee of strong economic growth. Only the creation of an integrated financial sector across the continent – one that can channel savings into productive investments and deploy local capital more effectively – will ensure the conditions for long-lasting growth from which Africans can reap the full benefits.

< 1%

Investments in venture capital **funds account for less than 1% of pension fund assets** in most sub-Saharan African countries.

Source: Why institutional investors in Africa must increase their investment in private markets, FSD Africa, 2021.

4,000

Approximately **US$4,000 billion are currently held in Africa** by sovereign wealth funds, insurance companies, pension funds, central bank reserves and commercial bank assets.

Source: AFC, The State of Africa's Infrastructure Report, 2026.

400

At the same time, **Africa needs US$400 billion a year** to bridge the infrastructure investment gap.

Source: African Development Bank Group declaration, Brazzaville Annual Meetings, 2026.

3 United Nations, *Department of Economic and Social Affairs, Population Division (2024), World Population Prospects 2024: Summary of Results.*



FOCUS

How can we tap into informal savings?

This is a clear priority for African institutional investors: channelling part of Africa's informal savings back into the economy's financing apparatus. Many savers simply save for projects, their retirement or their healthcare through informal systems that often pay them no interest at all.

Maryse Lokossou, Director General of CDC Benin: "We want to revisit informal savings systems like tontines by offering our own product. This will have the advantage of security. This innovation – *Mama Tontine* – will enable our customers to combine their savings with health insurance and loans from a microfinance institution.

We are eager to channel a portion of these massive volumes of largely informal resources that currently elude the state and public investment, back into the formal sector. We are also working on an unfunded top-up pension, primarily for tradespeople and the self-employed."

Denis Charles Kouassi, CEO of CNPS: "We intend to work with insurance companies on supplementary schemes to create funds linked to life insurance, thereby making these schemes compulsory. This will be another source of financing and means of attracting savings for our country.

We also plan to introduce another home-savings scheme, which will likewise help to address issues in the housing sector."

3 questions for

Denis Charles Kouassi, CEO, CNPS Côte d'Ivoire

"Becoming the cornerstone of the country's financial sector"



How has CNPS increased its equity and investments?

Back in 2011, we realised that our pay-as-you-go pension model was not generating a surplus and did not allow us to save to invest. Today's workers were therefore not contributing to their own pension but to that of future generations. We started out with a very simple economic theory: resources = consumption + savings. We therefore adjusted two key parameters: we raised the retirement age from 55 to 60, and we increased the contribution rate from 8% to 14%.

We have moved from a deficit to a surplus: from a deficit of US$58 million in 2011, we managed to generate a surplus of US$420 million in 2025.

What are the CNPS's current investments?

We currently have US$3 billion in financial and monetary assets under management. This amount is invested in the national economy. We hold equity stakes in different companies, especially in the financial sector, where we own 20% stakes in eight banks in Côte d'Ivoire. We are also active in the energy sector, thanks to a 15% stake in ERANOVE. Lastly, we own a network of clinics and medical centres under contract with the national health service and we have a stake in the private healthcare group Novamed. At the same time, we are among the leading investors in Côte d'Ivoire who are buying back government bonds. We held US$8 million worth of these in 2012; today our bond portfolio totals US$1.1 billion. Finally, we are also limited partners in a number of venture capital funds, including AfricInvest, Amethis Finance, Cauris and AFIG Funds.

What is the CNPS's investment strategy?

We want to be the cornerstone of the country's entire financial sector. Three investment criteria guide our strategy: the project must be transformative for our country, socially beneficial and promise significant financial returns.

We also wish to expand beyond Côte d'Ivoire across Africa, especially by forging closer ties with countries in southern Africa.



Inter-view

Interview with

Guillaume Barberousse

Head of Investments, Proparco

Guillaume Barberousse is Head of Investments Department at Proparco after having previously headed up the institution's Sustainable Development Support Department. He began his career in 2000 at BNP Paribas in the mergers and acquisitions advisory department, where he worked on transactions in the agri-food, telecommunications and media sectors, before becoming head of the valuation team. He joined Proparco's Risk and Portfolio Division in 2007, before being appointed Deputy Director of the Corporate Division, where he was responsible for agribusiness. He managed the Istanbul office from 2013 to June 2016. Guillaume Barberousse is an agronomist and holds a Masters in Finance from the ESCP Business School.

Gonzague Monreal

Head of Financing, Proparco

Gonzague Monreal is Head of Proparco's Financing Department. He is a graduate of Sciences Po Paris with a Master's degree in Finance. Gonzague began his career at Banco Gallego in Madrid, where he held several positions, including Head of Financial Planning. He joined Proparco in 2012 as an Investment Officer within the Financial Institutions Division. Since then, Gonzague has held several leadership positions within Proparco's Financial Institutions Division before being appointed as its head in 2022. In this capacity, he spearheaded the development of Proparco's financing activities with financial institutions across all the regions in which the institution operates.

"The capital is there. Our role is to accelerate its mobilisation"

In their final declaration adopted at the G7 summit in Évian in June 2026, leaders called on public development banks to mobilise more private capital. For Proparco, this shift requires both new financial instruments and more effective mobilisation of savings. A joint interview with Guillaume Barberousse, Head of Investments, and Gonzague Monreal, Head of Financing, both working at Proparco.

The G7 is calling on public development banks to play a greater role as catalysts. What does this development mean in concrete terms for Proparco's activities?

Guillaume Barberousse: Historically, development finance institutions (DFIs, whose role is to support private investment, complementing the work of public development banks, which is predominantly focused on the public sector) primarily played a demonstrative role – demonstrating that it was possible to invest in emerging markets based on banking principles and a guaranteed financial equilibrium. Over the past decade or so, with growing needs related to climate action, infrastructure and the reduction of inequalities, the scale of this approach has shifted. Consequently, the volume of Proparco's annual business has risen from around one billion to nearly three billion euros.

But even when the balance sheets of DFIs, multilateral and bilateral banks are added together, this is no longer sufficient to meet financing needs. Our role now consists of attracting other investors – international but especially local investors – on a project-by-project basis. The capital is there. Our role is to accelerate its mobilisation.

Gonzague Monreal: These days, one of our objectives is to mobilise one euro of private funding for every euro invested by Proparco. When we provide financing – and even more so when we act as guarantor for a bank – that bank then lends out of its own resources, which most often consist of capital and deposits raised largely on its local market. This mobilisation has always existed, but it is now becoming our core business. As our activity has grown, we have created new products that enable us to operate in different ways. By sharing part of the risk, we can further encourage the use of private and local capital for development projects.

These days, one of our objectives is to mobilise one euro of private funding for every euro invested by Proparco. When we provide financing – and even more so when we act as guarantor for a bank – that bank then lends out of its own resources, which most often consist of capital and deposits raised largely on its local market.

Gonzague Monreal
Head of Financing Department, Proparco

However, these savings are still largely uninvested in businesses. Why is that?

Gonzague Monreal: It is a question of competition between different investment opportunities. In many countries, particularly in Africa, governments raise funds mainly on their domestic markets. Treasury bonds offer attractive yields and sometimes benefit from tax breaks. It therefore becomes more difficult to channel savings towards the private sector, which is perceived as riskier. For banks, financing a few large groups is also much less costly than granting numerous loans to SMEs. Nevertheless, they now see this segment as a genuine source of growth. Our role is to support institutions wishing to develop this activity by sharing part of the risk.

Guillaume Barberousse: It's also a question of understanding risk. A Nigerian fund manager explained to us that, in order to successfully tempt Nigerian institutional investors into infrastructure financing – in other words, long-term financing in local currency – he had not necessarily needed to offer guarantees, but had instead held more than 600 one-to-one meetings with these investors to explain this class of asset and project finance to them, and show them examples from elsewhere. In emerging markets, banks still undertake very little structured project financing and continue to lend heavily against shareholder guarantees or mortgages on real assets, rather than necessarily on the basis of an analysis of intrinsic profitability or cash flow projections. The development of these markets therefore also depends on education and the pooling of experience.

Risk is often cited as a barrier to investment in emerging markets. What risks are we talking about, and how does Proparco help to mitigate them?

Gonzague Monreal: We need to distinguish between several levels of risk. Firstly, there is country risk, linked to economic, political or security instability. In this regard, we serve as a demonstrative model: for nearly fifty years, we have maintained our investments in most of the countries where we operate, despite recurring crises. Next comes credit risk, meaning the financial strength of the companies or projects being financed. Here too, our analyses and track record show that it is possible to invest in these markets, with a low rate of non-performing loans over the long term. Finally, currency risk remains one of the main obstacles to international investment and this is why we are developing instruments that limit this exposure. Guarantees are particularly effective as they do not create any foreign exchange risk – this only materialises if the guarantee is actually called upon. Conversely, offering financing in local currency using funds raised in hard currencies remains a big challenge in many markets. In particular, we invest in the TCX fund, which provides hedging against foreign exchange risk in the markets where we operate, however it remains difficult to offer solutions at a competitive cost.

Guillaume Barberousse: This is precisely what makes it all the more important to encourage the mobilisation of local investors. A Colombian pension fund or a Kenyan insurance company invests in its own currency, so it does not face the same exchange rate risk as a foreign investor. This is why mobilising local capital is a key priority. A country's development will ultimately be financed by its own financial players. Our role is to accelerate this process.

What are the main tools currently available for mobilising larger amounts of private capital?

Gonzague Monreal: The first lever comprises portfolio guarantees. We share part of the risk that banks take on when financing SMEs. This enables them to lend more to a sector that is still under-financed, whilst making greater use of deposits collected locally. We are also developing trade finance guarantees. When a European bank is reluctant to confirm a letter of credit issued by an African bank, we can provide our guarantee. This helps to facilitate trade. Finally, we are beginning to invest in securitisation bonds, which enable banks to assign part of their loan portfolios and regain capacity (in terms of capital and liquidity) to lend and create assets denominated in local currency for institutional investors. This is helping to create a new class of asset likely to attract local banks, insurers and pension funds. We are also involved in bond issues, where our participation sends out a strong signal that helps to attract other investors – often from the private sector.

In the case of a bond issue or a round of fundraising, what concrete benefits does Proparco's involvement bring?

Guillaume Barberousse: When we invest in funds, the risk we run is not necessarily any different from other investors, but the fact that we signal our support by confirming our participation ahead of a bond issue or by attending the first closing of an investment fund reassures other local investors. Because DFIs have a reputation for their analytical criteria and knowledge of partners, their involvement sends an important and reassuring signal to other financiers.



A Colombian pension fund or a Kenyan insurance company invests in its own currency, so it does not face the same exchange rate risk as a foreign investor. This is why mobilising local capital is a key priority. A country's development will ultimately be financed by its own financial players. Our role is to accelerate this process.

Guillaume Barberousse
Head of Investments Department, Proparco

Gonzague Monreal: In the months leading up to a bond issue, we examine the company's financial situation as well as its governance, compliance procedures, reputational risks and use of funds – particularly in relation to climate action, the reduction of inequalities and other sustainable development goals. Our investment therefore sends a dual signal in respect of the issuer's financial soundness as well as the quality of its economic, social and environmental impact.

Do you have any examples where this 'signalling' role has helped to attract other investors?

Guillaume Barberousse: Ecobank's bond issue is a good example. In 2018, the pan-African banking group had attempted to raise US$400 million, but the transaction had stalled because it had secured neither the desired amounts nor the terms and conditions hoped for. The following year, Ecobank returned to the market with Proparco and FMO as anchor investors. According to Ecobank, our participation was crucial to the success of this issue. We see the same pattern with certain climate-focused funds in India. Despite the depth and liquidity of the Indian market, the managers of these funds find that it remains difficult to attract the first private investors without the involvement of a DFI.

Gonzague Monreal: It is always difficult to prove that an investor would not have come on board without us. However, our counterparties regularly tell us that it is important for Proparco to be involved at a very early stage in a transaction. The fact that they approach us as soon as a project is launched is an indicator of the value they place on our involvement.



3 questions for

Grégoire de Padirac, CEO, Digital Africa

"Our responsibility is to provide seed funding before the market starts believing"



What are the main challenges involved in mobilising private capital – particularly local investment – in the high-potential African tech sector you invest in?

Market entrants are plummeting, even though it has never been easier to start a business, particularly thanks to artificial intelligence (AI). Over the twelve-month period, from mid-2025 to the summer of 2026, only 129 African start-ups raised initial funding of between US$ 100,000 and $500,000. This is an all-time low: pre-seed funding accounts for 45% of operations in number, but only 1.5% in value terms, compared with 4% to 5% in other markets. Private pre-seed funding capacity has declined by more than 60% following the withdrawal of international accelerator networks, and 84% of funding is concentrated in four countries – Kenya, Nigeria, Egypt and South Africa. Mobilising private capital – especially local capital – is vital. For as long as seed funding depends on foreign capital, Africa is effectively re-importing every shock experienced by the global cycle. The main sources of local investment – held by African pension funds and insurers – have not yet been unlocked.

How do Digital Africa's activities help to encourage investment and attract private capital?

Digital Africa invests where private capital is not yet ready to go, i.e., into the very first round of investment. Through Fuzé, an investment programme for African start-ups, we invest between €20,000 and €100,000 in quasi-equity – often the first institutional funding entrusted to teams who are unknown to the market but cater to essential needs. This is the case, for example, with ToumAI, a Moroccan start-up offering an "analysis of sentiment" in Darija (Moroccan Arabic) and African languages that enables businesses to understand and engage with their customers more effectively; with DigeHealth, a Swiss medtech founded by a Tunisian doctor that provides acoustic imaging to detect digestive disorders in areas with a shortage of gastroenterologists; and Symbiose Management, a Tunisian start-up that uses satellite imagery to create digital twins of forests and provide data for their management and conservation. We offer opportunities specifically to first-time entrepreneurs – to the diaspora and to women. Our responsibility is to provide seed funding before the market starts believing and bring others on board – every euro invested generates 4.25 times that in follow-on capital, or €25 million raised.

More generally, how does Digital Africa manage to structure entrepreneurial ecosystems to create the conditions for this mobilisation?

Funding the start-up phase is not enough: vulnerabilities also lie along the transitions to Series A funding. We respond with a "two-rung ladder" – Fuzé for catalytic pre-seed funding, and the Digital Africa Seed Fund for institutional capital that propels the strongest companies to greater heights – and through a support platform. A single company can become an ecosystem: Jumia's first 50 employees went on to found 14 start-ups. Our role is to create the pipeline that others cannot lay on their own, and to coordinate those who come after us: development finance institutions and donors (Proparco, the European Commission, AFD) for patient capital; the 70 ecosystem partners who help us identify talent; and private and African institutional investors, who give us greater depth. Our aim: to triple our entrepreneurs' chances of raising Series A funding.

Accessing capital markets
The key takeaways

4 phases *in the life of a start-up*

See the case study on fundraising in emerging markets, p. 20

1st phase: THE IDEA

To convince investors, a start-up must meet a genuine need and offer a solution capable of capturing a sustainable market, particularly in emerging markets where investors have a much lower risk appetite.

2nd phase: STRUCTURING

Before embarking on a fundraising campaign, the start-up must consolidate its project. This phase enables the start-up to finalise its product, hire its first employees, validate its business model and, if possible, sign its first contracts.



3rd phase: SEED FUNDING PHASE

The start-up can raise seed funding to boost its growth. Amounts are generally between US$1 million and US$5 million, and are used to improve the product, bolster the teams and finance 18 to 24 months of growth.

4th phase: SERIES A FUNDING

When a start-up's growth accelerates, it may raise its first round of funding, typically between US$5 million and US$15 million. Investors examine the financial, commercial and legal documentation, as well as the reliability of the technology.

FOCUS ON VENTURE CAPITAL IN AFRICA

1%

of global *venture capital* investment goes to *Africa*

80%

of financing for *African start-ups* comes from *foreign* – mainly European and North American – *investors*

3 *key success factors*



DIVERSIFY YOUR INVESTOR BASE

Combine several sources of funding and bring together investors with complementary areas of expertise.



RELY ON A STRONG TEAM

Know how to build a team, avoid micromanagement and trust the people who will champion the company's vision.



PLAN AHEAD

Having several years' visibility allows you to negotiate from a position of strength, choose your partners and avoid having to accept a lower valuation or more restrictive terms.

3 key milestones *in a bond issue*

See the case study on bond issues on p. 28.

1 ENGAGE AN ARRANGING BANK

Well before placing the bonds with investors, the arranging bank determines whether this method of financing actually matches the company's needs, financial profile and stage of maturity. Once the operation has been approved, the arranger coordinates the entire process.

2 CHOOSE THE RIGHT TIME TO ISSUE

Lead arrangers assist the company in identifying the best issuance window by analysing trends in interest rates, central bank decisions, geopolitical tensions and competing transactions.

3 PRESENTING THE STRATEGY TO INVESTORS.

The company organises an investor roadshow. The lead arrangers then conduct the book-building process, which will enable the final coupon for the issue to be set.

THE PEOPLE BEHIND COMMITTED CAPITAL

24

Behind every financing deal, there are, first and foremost, men and women.

Leaders with a vision, investors who see an opportunity where others see a risk, and financiers convinced that emerging markets cannot scale up without long-term capital. Their stories reveal the convictions, trade-offs and risk-taking that result in operations capable of transforming a company – and sometimes even a market.

Feature



Beacon Power Services

Harnessing data to drive Africa's energy transition

On the African continent, where power outages still disrupt the daily lives of households and businesses, a start-up is providing concrete solutions. Beacon Power Services (BPS) develops digital tools powered by artificial intelligence to help utilities reduce losses, better manage their networks, and improve service quality. This growth momentum was further strengthened in 2024 by Proparco's investment in the company, which marked a true turning point: "We've expanded from two to eight countries in Africa," notes CEO Bim Adisa. A report from Nigeria.

Standing outside his shop in Abuja, Ezekiel Ejeh observes fluctuations in power as one might check the weather. For this soft drinks vendor, electricity directly affects his revenue. As he explains, “From Monday to Friday, we have electricity 24 hours a day. But on Saturdays and Sundays, it’s very bad. They don’t restore power in the evening. We sell drinks, we have fridges… Without electricity, it’s very difficult.” But despite everything, he remains hopeful: “In the coming years, they’ll do better.” His account illustrates a reality shared by many small Nigerian businesses: an electricity service that remains patchy, costly and unpredictable.

Structural losses that undermine the system

Aside from the very visible power cuts, the problem is also structural. Technical and commercial losses are weighing heavily on distribution companies. As Bim Adisa, founder and CEO of BPS explains, “In sub-Saharan Africa, losses on distribution networks average 23%. Operators are completely broke, heavily subsidised, and struggling to invest.” The company’s mission is both clear and clearly quantified: “Beacon Power Services aims to reduce these losses by 50% and increase distributors’ revenues by 30%.” And the initial results are tangible: “Our partners have already cut their losses by an average of 26% and increased their cumulative revenue by US$ 600 million.”





In many cases, operators simply lack visibility over their own network. “When there is an electricity supply, operators do not always know what is actually happening on the ground. Sometimes, for weeks on end, they are unaware that there is a fault at a particular substation.” Faced with this lack of visibility, BPS offers an approach based around digitalisation and smart grids: “Part of the solution involves setting up a smart grid that enables the network to be monitored remotely. We have digitised the system to ensure continuous meter readings.”

In Abuja, a network transitioning from ‘flying blind’ to real-time visibility

Abuja Electricity Distribution Company (AEDC) – one of the country’s largest operators – is among those being supported by BPS. Before this partnership, network management relied largely on analogue tools. As engineer Emmanuel Ogwuche, AEDC’s Director of Regulation and Efficiency, recalls: “Before BPS arrived, we were operating like an aeroplane flying between destinations without a radar system. We were working with a largely analogue maintenance system. We had no reliable data to guide our decisions and manage the network effectively.”

The integration of BPS’s digital solutions has been a game-changer. “BPS came in with a more effective approach to help us tackle these issues,” he adds. Today, teams have accurate, real-time visibility of incidents, unstable zones and abnormal losses. Interventions are faster, planning more detailed and communication with customers is more proactive. Similarly, BPS’s solutions enable predictive maintenance of network assets (e.g. transformers).

Technology designed in Africa – for Africa

This transformation is underpinned by a strong conviction. As Bim Adisa puts it: “BPS was born in Africa, for Africa. We don’t simply copy and paste solutions designed elsewhere. You can’t just take plug-and-play software and hope that it will work here.” In practice, this means a constant presence on the ground: “Every country, indeed every city, has its own dynamics and infrastructure realities based on consumer habits. We spend a great deal of time on the ground to understand these local challenges and design systems that are truly adapted to them.”

VIDEO

Business for Change
Report from Nigeria, in Lagos and Abuja, on the ground alongside Beacon Power Services’ operational teams.



Before BPS arrived, we were operating like an aeroplane flying between destinations without a radar system.

Emmanuel Ogwuche
Director of Regulation and Efficiency of Abuja Electricity Distribution Company (AEDC)

Our solutions are already being used by utilities across Africa, and an independent study found that our work helped one utility increase revenues by US$191 million.

Bim Adisa
Founder and CEO of BPS



In environments with ageing infrastructure and fragmented data, value lies not merely in adding equipment, but in smart use of existing data. In practical terms, this approach is embodied in three complementary building blocks. The first, CAIMS, carries out field mapping of the entire electricity network to create a digital twin of the network and its customers. Adora, an AI-based solution uses CAIMS to offer high-value-added services: real-time billing, outage management, predictive maintenance, etc. Finally, Xepp is an app that allows consumers to track their consumption, carry out daily transactions and subscribe to renewable energy offers (e.g. solar panels). So, in Abuja, BPS has deployed this range of solutions to prevent the loss of 78,000 MW of electricity due to power cuts, which translates into US$ 700 million in added value for the local economy and 31,000 tonnes of CO_2 avoided.

A pan-African ambition

For Bim Adisa, founder and CEO of BPS, the challenge goes beyond the Nigerian market. "For me, it's all about development in Africa, a cause I've always been passionate about." Proparco's investment has accelerated this momentum. "When Proparco invested, BPS was operating in two countries. By the end of this month, we will be in eight countries across Africa. This has been a real turning point for us." This expansion illustrates a clear goal: to make data a key driver in the modernisation of the continent's energy infrastructure.

A transformation that can be measured on the ground

For distributors, reducing losses translates into immediate financial gains and enhanced investment capacity. For customers, it is measured in additional hours of electricity availability and greater predictability. Beacon Power Services' growth embodies a new generation of African companies capable of designing technological solutions tailored to local realities. A model where innovation comes from the ground up, where data becomes a tool for energy sovereignty – and where African enterprise is emerging as a key driver of the continent's transformation.

PROPARCO, A PARTNER IN BEACON POWER SERVICES' GROWTH

In 2024, Proparco invested $3 million in Beacon Power Services as part of its Series A financing, alongside Partech. This investment is supporting the start-up's growth, the strengthening of its research and development activities, and its expansion into new countries across the continent.

This investment reflects Proparco's commitment to supporting African start-ups and solutions that contribute to strengthening energy infrastructure across Africa. With the backing of its investors, BPS aims to optimize more than 10,000 kilometers of electricity networks across the continent.

3 questions for

Bim Adisa, Founder and CEO of Beacon Power Services

"Demonstrating impact to unlock capital"

How can innovative African companies mobilize more private capital?

African companies need to demonstrate that they are not only solving African problems but also building scalable businesses around them. Investors have heard enough about Africa's potential; they want evidence. At BPS, when we talk to investors, we don't spend too much time telling them how large the African energy market is. Everyone knows that. We focus on what we have actually achieved: the utilities we work with, the problems we are solving and the measurable impact of our solutions. An independent study found that our solutions helped one utility significantly reduce outages, preventing approximately 78,000 MWh of electricity from going undelivered.

Ultimately, when you solve a real problem, demonstrate impact and build a sustainable business around it, capital will follow.

What still prevents more private capital from flowing into Africa's power sector?

The simple answer is risk, and some of that risk is real. Many African utilities are financially constrained, some are government-owned or heavily regulated, and payment and receivables risk can be significant. In some markets, utilities also carry substantial obligations across the electricity value chain.

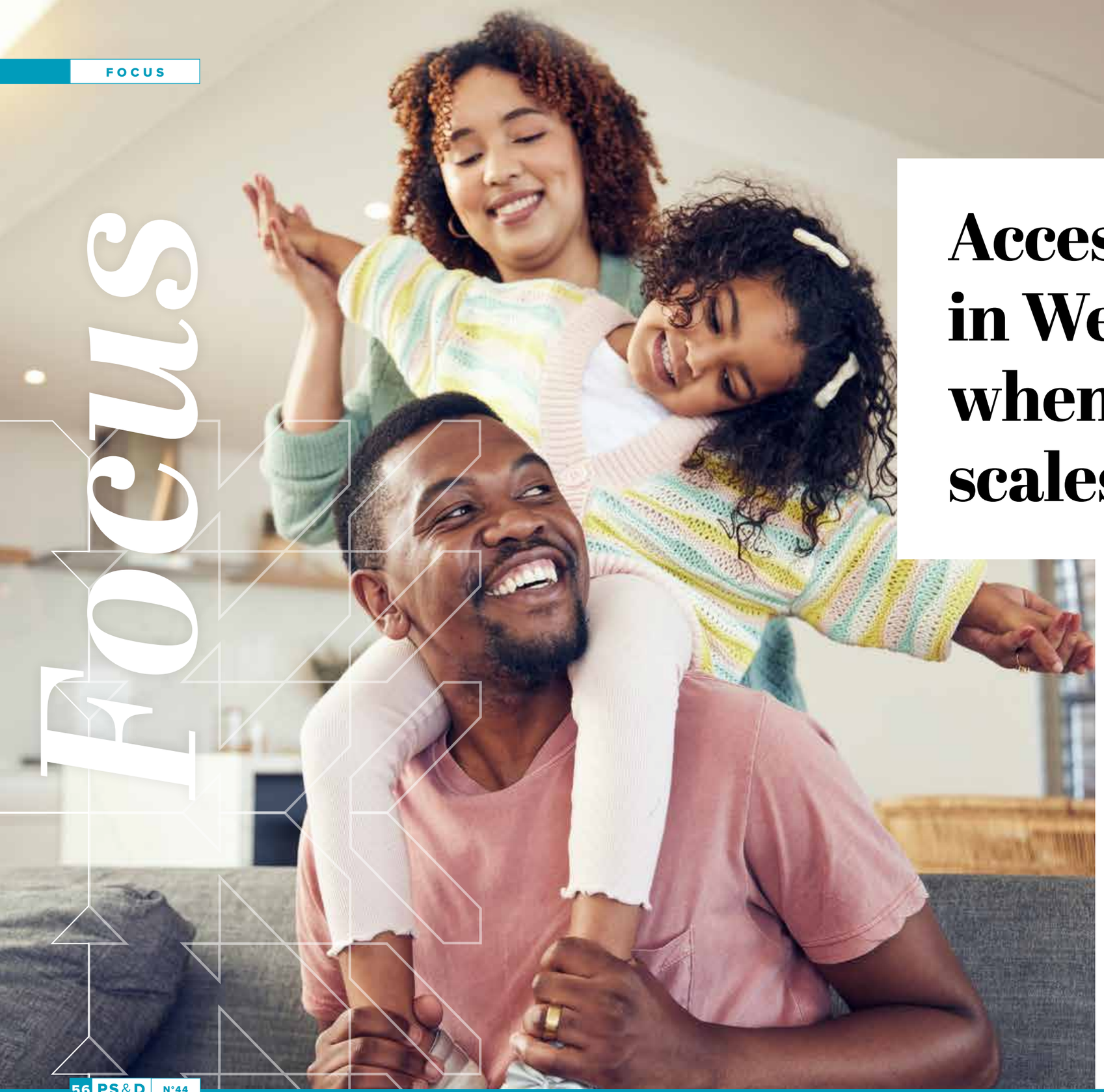
For investors, the question is how those risks can be managed. This is where institutions like Proparco can play an important role. Beyond providing capital, they understand how these markets work and can help structure investments to mitigate risk, for example by supporting mechanisms that give investors greater visibility and security over cash flows, including access to cash waterfalls where appropriate.



What has Proparco's investment changed for Beacon Power Services?

Proparco's investment was a significant turning point for BPS. When they invested in 2024, we were operating in two countries. Today, we are in eight countries across Africa, so there is a very clear difference in the scale of the business. But the impact goes beyond capital. When an institution like Proparco backs an African company, it signals to other investors, utilities and partners that the business has been examined closely and meets a high standard. That validation opens doors that money alone sometimes cannot.

It also brought greater discipline. Their governance, reporting and accountability requirements have made us a more rigorous company and created a stronger foundation for our next phase of growth.



Access to housing in West Africa: when financing scales up

Across the eight countries of the West African Economic and Monetary Union (UEMOA), urbanisation and population growth are driving up demand for housing, which existing financing solutions are still struggling to meet. Access to mortgage finance remains limited, particularly due to a lack of long-term funding that would enable banks to provide sustainable support to households.

In response to this challenge, new instruments seek to bridge the gap between capital markets and the needs of local communities. **The securitisation operation carried out in 2026, involving AFINHAB, BOAD Titrisation, Ecobank and Proparco, provides a concrete example of this.** We take a closer look at this development with Yedau Ogoundele, CEO of AFINHAB, and Adji Sokhna M'Baye, CEO of BOAD Titrisation.

Pro-file



Yedau Ogoundele
Chief Executive Officer, AFINHAB

Making finance a catalyst for transformation

For nearly twenty years, Yedau Ogoundele had been working behind the scenes in global finance – in Paris, London, on trading floors, in corporate and investment banking, and for Bloomberg. It was a career that many people could only dream of. Yet she chose to change direction because she was increasingly confronted by a nagging question: what is the point of finance if it does not tangibly improve people's lives?

This conundrum led her to return to West Africa with a simple conviction: the financial tools capable of shifting billions on the international markets can also enable a family to buy their first home. Since 2023, she has been putting this conviction into practice as CEO of AFINHAB (formerly CRRH-UEMOA), a regional financial institution dedicated to financing housing in West Africa. AFINHAB was set up on the initiative of the Central Bank of West African States (BCEAO), the West African Development Bank (BOAD) and the Financial Markets Authority of the West African Monetary Union (AMF-UMOA), and has become one of the key players in housing finance across the eight countries of the West African Economic and Monetary Union (UEMOA). Its mission is to provide refinancing to banks to enable them to offer long-term mortgages where such financing was previously lacking. It is, undeniably, a complex financial mechanism, but its effects are remarkably simple: enabling more families to become homeowners.

Real-world impact as a guiding principle

As Yedau Ogoundele explains, "What interests me is the tangible impact." For Yedau, this is no mere slogan. When she discusses her career, she does not speak of a break between two trajectories, but rather a sense of continuity. Her years in investment banking taught her about how capital markets work, institutional investor expectations, governance requirements and the mechanisms involved in large-scale financing. Bloomberg provided a global perspective on international markets and asset management. However, as her career progressed, another goal began to take shape. "At one stage, I asked myself what the point of my work was. Did I simply want to help to make already very wealthy investors even richer, or put this expertise to use for something more tangible?" The answer to this question resulted in her moving back to West Africa.

VIDEO

Voices for Change
In this episode, Yedau Ogoundele shares her conviction that housing is not merely about providing shelter — it is the foundation of a stable, inclusive, and sustainable life.

FOCUS

Networking to improve access to housing

Yedau is originally from Benin and she knows this region intimately and is well aware of its enormous needs. Above all, she knows that the main challenge is not so much raising capital as managing to channel it into useful projects. She likes to sum up this mission in a single sentence: "My strength lies in my ability to build bridges" – bridges between international investors and African realities, between capital markets and local needs, and between the language of risk familiar to financiers and that of social impact so cherished by development institutions. This ability to connect worlds that are still largely unfamiliar with one another has become her number one skill. When AFINHAB's Board offered her the role of CEO in 2023, she was not stepping into uncharted territory. Having already been a member of the Board for two years, she had chaired a committee tasked with drawing up a new strategic plan designed to boost the organisation's impact. "But there's a world of difference between devising a strategy and actually deploying it", she notes with a smile.

"My strength lies in my ability to build bridges" – bridges between international investors and African realities, between capital markets and local needs, and between the language of risk familiar to financiers and that of social impact so cherished by development institutions.

Scaling up to meet demand

When she took the reins, the organisation had around fifteen staff members. Within three years, headcount was up to nearly thirty. This growth is not an end in itself: it reflects a shift in scale, as the challenge AFINHAB is tackling is colossal. Across the eight UEMOA countries, population growth, rapid urbanisation and the extremely young demographic are fuelling a demand for housing that the markets are struggling to meet. Every year, hundreds of thousands of households attempt to become homeowners, but mortgage lending remains scarce and often inaccessible, due to a lack of long-term financing within the banking system. The contrast with Europe is striking. "In France or the UK, when you want to buy a home, you compare the rates offered by the different banks. In West Africa, the first question is often much simpler: is there a bank capable of providing a mortgage?" In the absence of a solution, many families proceed at a pace dictated by their savings. They buy a plot of land, put their project on hold for several years, take out a loan to build a few rooms, then start again. Becoming a homeowner is a journey that can take several decades.

An organisation that inspires and empowers

This vicious circle is precisely what AFINHAB is seeking to break. Since its creation in 2010, the organisation has mobilised over 475 billion CFA francs in refinancing (around €720 million), enabling more than 100,000 people to become homeowners. But Yedau Ogoundele rarely treats these figures as a financial achievement. She prefers to talk about the people behind them. "When a family tells you: 'I never imagined I'd become a homeowner', you immediately realise why you do this job." She believes that this is where finance rediscovers its primary purpose, namely creating opportunities. But she still needs to convince those who provide the capital! A large part of her day-to-day work therefore involves talking to international investors, regional banks, pension funds and market regulators. This is where her international experience is a key advantage.

This persuasive ability was particularly apparent during the first social bond issue in 2025 for a total of 60 billion CFA francs (approximately €90 million), dedicated exclusively to affordable housing in West Africa, in which Proparco participated as lead investor.[1] For Yedau, this transaction marked a turning point for the regional market. "Proparco not merely provided capital, it sent out a signal of confidence to the entire market. Its commitment signified that the project had been analysed from every angle – governance, financial soundness, risk management and social impact – and that it met international standards. This endorsement acted as a real catalyst and helped to attract new regional investors, be they pension funds, banks, insurers or savers keen to add a social dimension to their investment portfolio."

As far as AFINHAB's CEO is concerned, this gradual mobilisation of private capital is one of the key regional housing development levers, however, she refuses to rest on her laurels.

Securitising receivables to free up credit

Yedau's aim is to continually expand the range of financing solutions. It was with this in mind that, in June 2026, AFINHAB, alongside BOAD Titrisation, Ecobank and Proparco, partnered the region's first multi-originator securitisation transaction, backed by residential mortgage loan portfolios. As Yedau explains, "This technical innovation is underpinned by a simple idea: enabling banks to refinance their mortgage loans in order to free up new lending capacity and finance more housing." This is yet another example of her commitment to bringing tools that have been tried and tested on international markets to West Africa, whilst adapting them to local conditions.

This perseverance comes as no surprise to those who know her. A few years ago, when she suggested developing the concept of securitising mortgage loans in the region, several observers informed her that the idea was premature, if not impossible. She chose to see this as yet another reason to press ahead.[2] This ability to pursue an idea in spite of scepticism is undoubtedly one of her most striking personality traits. "I hate anything that pretends to have an impact," she confides.

5 KEY DATES

1968
Born in France to Beninese parents

1990
Graduated from EM Lyon Business School

1993
Entry into corporate and investment banking

2010
Joined Bloomberg in London

2023
Appointed CEO of AFINHAB (formerly CRRH-UEMOA)

1 In July 2026, AFINHAB launched a second social bond issue worth 40 billion CFA francs (approximately €60 million). Regional investors expressed keen interest. Yedau Ogoundele is adamant: "I believe this was down to Proparco, which paved the way by supporting us during our first social bond issue. The first issue is always the hardest; after that, investors gain in confidence."
2 Yedau Ogoundele then secured the support of Adji Sokhna M'baye, CEO of BOAD Titrisation (see the interview on page 64).



A special focus on women

The same pragmatism guides her approach to team building. When she took over the reins at AFINHAB, Yedau noted that most positions of responsibility were still held by men, as is the case across much of the financial sector, but she refused to accept the inevitability of this situation. Convinced that the necessary skills already existed within the organisation, she set up a female leadership development programme, combining mentoring, individual coaching and career development support for female employees. Her aim is not to create specific career paths, but to remove the barriers that frequently prevent women from taking the next step. As she points out, "Often, the main obstacle isn't a lack of skills but a lack of self-confidence."

This focus on women is also reflected in the way AFINHAB measures its impact. The organisation tracks the proportion of women benefiting from the financing it helps to raise, convinced that home ownership is also a powerful driver of economic empowerment.

Ultimately, its ambition goes far beyond simply financing housing. It seeks to demonstrate that African capital markets can become vectors for large-scale development, capable of addressing issues as vital as housing – provided they remain connected to local needs. A new strategic plan is currently being prepared to scale up AFINHAB's activity. It recognises that the institution on its own cannot resolve the worsening housing shortage that continues to afflict the region. Banks, institutional investors, development partners and public authorities will need to move forward in unison. However, she remains convinced that finance can play a decisive role, provided it never loses sight of its ultimate purpose. For Yedau Ogoundele, the financial aspects of a project are not an end in themselves – what really matters is the moment when a line of funding turns into a set of house keys handed over to a family. That, she says, is when finance assumes its full meaning.

Yedau's aim is to continually expand the range of financing solutions. It was with this in mind that, in June 2026, AFINHAB, alongside BOAD Titrisation, Ecobank and Proparco, partnered the region's first multi-originator securitisation transaction, backed by residential mortgage loan portfolios.

What people say about her



"What strikes me most about her leadership style is her ability to combine a clear strategic vision with rigorous execution. She knows where she wants to take AFINHAB based on a strategic plan deployed in 2023 and, above all, she knows how to rally the teams around its objectives by empowering each and every one. As John C. Maxwell – one of the most influential figures in the field of leadership – puts it, she embodies the type of leader who '...knows the way, goes the way and shows the way'."

Aimé Savadogo
Deputy CEO, AFINHAB



"She is one of the leading female personalities in the sub-region. What is striking is her determination to pass on her knowledge and help other women progress. I have seen this through SIRA ('path' in Bambara), AFINHAB's female leadership programme launched in March 2026, which supports women throughout their careers, builds their confidence and helps them access positions of responsibility. AFINHAB has also set up an in-house mentoring and support programme to nurture female talent, with the aim of extending this initiative beyond the organisation. You can tell that this is not just a token gesture, but a genuine commitment."

Michael Tapsoba
Country Representative for Benin, Togo and Mauritania, Proparco



"What sets Ms Ogoundele apart is her strategic vision and her resolutely proactive approach. She recognised the potential of Proparco's proposed technical support programme, seized this opportunity and successfully adapted it to the specific needs of AFINHAB (formerly CRRH-UMEOA), turning it into a genuine vector for development and impact. This same vision is apparent in the way she forges her partnerships. She attaches great importance to long-term relationships, based around trust and a genuine spirit of collaboration."

Mirabelle Robert
Officer for Delegated Financing, Technical Support and Blended Finance division, Proparco



Interview with
Adji Sokhna M'Baye
Chief Executive Officer, BOAD Titrisation

Inter-view

ADJI SOKHNA M'BAYE

Adji Sokhna M'Baye has been CEO of BOAD Titrisation since 2022. She specialises in financial markets and structuring and spent part of her career working for international institutions before joining BOAD. After graduating from École normale supérieure de Cachan, Mines Paris and Harvard Business School, she is putting her experience to good use developing securitisation products within the WAEMU region.

Securitisation and housing in the WAEMU region: channelling savings into the real economy

To channel long-term private capital into affordable housing, Proparco has become a key investor in a programme backed by mortgage loans held by Ecobank in West Africa. It is structured by BOAD Titrisation and demonstrates the ability of regional capital markets to meet the region's economic financing needs.

What was BOAD Titrisation's role in this securitisation operation dedicated to financing housing throughout the West African Economic and Monetary Union (WAEMU)?

BOAD Titrisation designed this operation, ensuring that it was well-balanced. It involved not merely placing residential mortgage loans in a dedicated vehicle, but building a structure that was comprehensible, robust and acceptable to all parties, i.e., originators, investors, arrangers, regulators and fund managers. For ZAKA RMBS Ecobank, another specific feature was the regional nature of the portfolio, consisting of mortgage loans from five subsidiaries of the Ecobank Group. Our work therefore focused on structuring the securitisation fund, analysing cash flows, legally safeguarding transfer, investor protection mechanisms and long-term monitoring. A successful securitisation begins with a simple question: are the underlying assets sufficiently transparent, performing and traceable to become a market instrument?

What practical impacts might this transaction have?

Its impact will become apparent over time. Securitisation does not in itself create housing, but it can improve the financing chain that provides households with access to it. When a bank carries mortgage loans on its balance sheet, it ties up long-term resources. By refinancing part of these outstanding loans, it recovers lending capacity that can be channelled into new loans. And this is where the effect becomes tangible: more potential loans, better-suited maturities and, with a deeper market, the potential to reduce the overall cost of funding. The challenge is also to channel institutional savings towards a major social need. In a region where demand for affordable housing remains very high, every mechanism that boosts available resources matters.

FOCUS
BOAD TITRISATION

BOAD Titrisation is a mutual fund manager specialising in securitisation funds (FCT), based in Lomé, Togo. It is a subsidiary of BOAD that helps governments, financial institutions and businesses with the structuring, arrangement and management of securitisation transactions within the WAEMU region. Its mission is to mobilise regional and international savings to finance high-impact economic assets within a secure and transparent framework.

A LANDMARK SECURITISATION TRANSACTION TO SUPPORT AFFORDABLE HOUSING

Executed in June 2026 through the FCTC ZAKA RMBS Ecobanck Côte d'Ivoire 2026–2038 compartment, the issuance raised CFAF 4.5 billion from regional and international investors for the benefit of the five participating Ecobank subsidiaries. The program aims to diversify housing finance by mobilising capital markets alongside traditional mortgage lenders. By enabling banks to refinance part of their mortgage portfolios through institutional investors, the programme strengthens their long-term capacity to finance new housing. For the participating Ecobank subsidiaries, the transaction diversifies their funding sources while creating additional lending capacity that can be redeployed into new mortgage loans.

A strategic partnership for development

As anchor investor, Proparco played a catalytic role in the success of the transaction by strengthening investor confidence and helping mobilise private capital alongside regional market participants. This marks Proparco's first securitisation transaction in WAEMU and reflects its commitment to developing innovative financial solutions that channel private capital towards affordable housing. The transaction builds on the long-standing partnership between Proparco, AFINHAB and Ecobank. Following its support for the launch of AFINHAB's Affordable Housing Social Bond Programme in 2025, Proparco now serves as anchor investor in this ZAKA securitisation transaction. Together, BOAD Titrisation, AFINHAB, Ecobank and Proparco share the ambition of developing innovative financial solutions capable of mobilising greater volumes of private capital in support of affordable housing and the continued development of WAEMU's capital markets.



Although securitisation is now seen as highly relevant in West Africa, it was long regarded as the preserve of the most mature markets. Why the change?

It is not the nature of securitisation that has changed, but the context in which it takes place. The regional financial market is more structured than it was fifteen or twenty years ago. Institutional investors are more active and benefit from a regulatory framework that allows them to approach these transactions with more confidence. At the same time, financing needs have expanded to include housing, infrastructure, energy, SMEs and the climate transition. Banks cannot on their own, absorb all of these needs onto their balance sheets. Securitisation therefore becomes a tool for channelling capital. It transforms existing assets (such as mortgage loans) into securities that can be subscribed to by investors. When used in a disciplined manner, it helps to align long-term savings with the real economy's need for structural investment.

What factors encourage regional institutional investors to engage in securitisation transactions and what are their reservations?

For an institutional investor, a securitisation transaction is attractive when it offers a balanced combination of return, cash flow visibility and risk management. When carefully selected, the underlying assets provide a clearer picture of the assets backing the security. This can be attractive to an insurance company, a pension fund or a fund seeking to invest long-term capital. But there are genuine reservations, often stemming from the technical nature of the product, the lack of a solid track record in the region and still-limited liquidity in the secondary market. There must also be available, regular and easy-to-understand information. The market will grow as investors get used to operations that are well executed, properly rated and closely tracked over time.

In what way is the involvement of an anchor investor such as Proparco a decisive factor in this type of operation?

An anchor investor does not replace market analysis, but it does alter the perception of risk. Its involvement indicates that the transaction has been subject to a rigorous technical, financial and legal assessment – and frequently an impact assessment. In a nascent asset class, this signal really matters. It reassures other investors and helps to build the order book and to establish market standards. With a player such as Proparco, the effect is qualitative: standards in terms of governance, transparency, impact monitoring and reporting are generally higher. This creates a useful benchmark for everyone. The role of an anchor investor is therefore not merely to provide resources; it helps lend credibility to a transaction and, at times, to an entire market segment.

What are the key drivers for developing this asset class?

The main driver is repetition. A market is not built on a single transaction, however successful it may be. It grows when issuers return, when investors make comparisons, when rating agencies build a track record, and when market participants gradually start speaking the same language. Education remains necessary, but it must be underpinned by actual transactions, regular reporting and observable performance. Liquidity also needs to be addressed: an investor will feel more comfortable knowing they can sell on their securities on reasonable terms. Lastly, sellers must prepare their portfolios in advance of the operation, based on clean, consistent and usable data. A successful securitisation operation is often determined before the issue takes place, by the quality of the assets and the information provided.

It is not the nature of securitisation that has changed, but the context in which it takes place. The regional financial market is more structured than it was fifteen or twenty years ago. Institutional investors are more active and benefit from a regulatory framework that allows them to approach these transactions with more confidence.

Which other assets do you think it is urgent to develop a securitisation market for?

After bank loans, utility bills (water, gas, electricity, etc.) and RMBS (Residential Mortgage-Backed Securities), the priority now is to direct securitisation towards assets that meet the structural needs of the regional economy. Loans linked to SME financing deserve special attention, as they can help broaden access to finance for businesses that are still too reliant on traditional bank credit. Public infrastructure is also a key sector, provided that cash flows are sufficiently predictable and secure. Examples include energy, water, transport and telecommunications. Lastly, assets linked to a just, sustainable and inclusive climate transition offer a promising avenue: energy efficiency, affordable housing, sustainable agriculture, healthcare and education. The aim is not to multiply the range of products, but to finance what truly transforms economies.

In five years' time, what do you think a mature securitisation market in the WAEMU region would look like?

In a mature market, securitisation would no longer have to be explained, it would form part of the standard regional financing toolkit. There would be regular issues, a diverse range of originators, investors capable of analysing portfolios with their own teams, and a more active secondary market. Securities could be more easily compared, reporting would be more standardised, and credit ratings would be easier to understand. Maturities would also be measured in terms of practical application: financing of housing, refinancing of infrastructure, supporting utilities, and underpinning the portfolios of SMEs. In five years' time, it will not simply be a question of issuing bigger volumes. Lasting trust must have been established between those who actually carry the assets and those who finance their transformation.

With a player such as Proparco, the effect is qualitative: standards in terms of governance, transparency, impact monitoring and reporting are generally higher.

Pro-file



Ayaan Adam
Chief Executive Officer, AFC Capital Partners

The art of channelling capital into development

After 27 years of structuring financing for emerging markets, Ayaan Adam currently heads up AFC Capital Partners, where she works to channel private capital into climate-resilient infrastructure in Africa.

Certain careers seem to have been mapped out in a single stroke and that of Zeinab Ayaan Adam, 58, CEO of AFC Capital Partners, is a good example. From the International Finance Corporation (IFC – World Bank Group) to the Green Climate Fund, and now at AFC Capital Partners[1], her career has been underpinned by one constant: striving to harness capital to the development of emerging markets. "All the experiences I've had have prepared me for what I do today, even though, for a long time, I didn't know what the final picture would look like," she says in a video call from San Francisco, where she is undertaking AI training. That final picture is actually AFC Capital Partners. When she joined the Lagos-based organisation in 2020, she was handed "a blank canvas". In 2024, she launched the Infrastructure Climate Resilient Fund (ICRF). With the backing of the Green Climate Fund and the European Investment Bank inter alia, the fund aims to mobilise US$3.7 billion to finance resilient infrastructure in Africa. As Ayaan explains, "The African continent contributes very little to global emissions, yet it bears the brunt of the impacts of climate change. We can no longer design infrastructure without first mapping its future climate vulnerability."

Finance instead of patient care

The daughter of a Somali mother and a Tanzanian-Somali father – both teachers who had gone to study in the United States – Ayaan Adam was born in New York before moving to Somalia at the age of six. When civil war broke out in the 1990s, the family left everything behind. "We left with just a few suitcases," she recalls. As a child, Ayaan dreamt of becoming a doctor in Africa, but life had other plans for her. The eldest of seven siblings, she took a student job at a small bank to help out her family.

For Ayaan, it's not just about raising capital, but improving people's lives by fostering the conditions in which businesses, communities and economies can thrive.

1 AFC Capital Partners is the asset management subsidiary, wholly owned by Africa Finance Corporation – a pan-African multilateral development finance institution established in 2007 by African governments.

5 KEY DATES

1967
Born in New York

1983
The Civil War forces her family to flee Somalia for the United States

1996
Begins working for the International Finance Corporation (IFC)

2016
Sets up the Green Climate Fund Private Sector Facility

2020
Begins working for Africa Finance Corporation and sets up AFC Capital Partners

Because she couldn't get a place on a psychology course, she discovered economics. "My goodness, I love this," she remarked at the time. At MIT, where she was studying for an MBA, she learnt about the development trajectories of countries like South Korea. "Seeing countries that had emerged from war, with no natural resources, becoming economic powers on the back of public policy, leadership and the private sector really impressed me." She came to understand the importance of finance as a development lever.

When she joined the IFC in 1996, Ayaan thought she would be returning to Africa, but the institution first sent her to Bangladesh and then to India. Over the course of 17 years, from South Asia to Washington, where she headed up global private equity investments, her vision of development became more finely tuned. In the face of poverty, she realised that a bank cannot transform an economy without basic infrastructure. "We were building banks, but certain countries had neither roads nor electricity. Imagine trying to run a bank when the electricity keeps cutting out or it takes two days to get to a branch. That's when I realised that infrastructure was an essential component of development," she explains.

That conviction has stayed with her ever since. Ayaka Fujiwara, a former colleague at the Green Climate Fund, explains that, "For Ayaan, it's not just about raising capital, but improving people's lives by fostering the conditions in which businesses, communities and economies can thrive."

An unexpected turning point

In 2013, Ayaan Adam felt the time was right to return to Africa when she was head hunted by British International Investment (formerly CDC Group) to lead private equity investments on the continent, but everything changed just a few months later. First her mother, then her father, were diagnosed with cancer. She left London to return to Boston to be with them until the end. For nearly two years, her days were divided between hospital wards and a few consultancy assignments. "People didn't understand why I was giving up a career that seemed to be up and running. It was a deeply personal commitment that went beyond any professional ambition, and I've never regretted it."

Without realising, she had just changed course! Her consultancy work led her into climate finance and, in 2016, the Green Climate Fund entrusted her with setting up its Private Sector Facility, tasked with bringing together public funds and private investors. Over US$ 2 billion were deployed under her stewardship, and several billion more were mobilised from private investors. This experience shaped her vision of blended finance. She stresses that, "New technologies, resilient infrastructure and the most innovative projects cannot be financed by the markets alone. They need a main public investor capable of absorbing some of the risk to enable the private sector to follow."

According to Guillaume Barberousse, Head of Private Equity at Proparco, who worked with her on the first climate programmes involving the Green Climate Fund, AFD and Proparco, Ayaan "focused on climate adaptation very early on, when this type of funding was still far from a given. She believes that concessional resources should be concentrated where they have the greatest impact." This focus on impact also guides the manner in which she assesses projects. During due diligence, she systematically encourages her teams to go out into the field. "Financial models are not enough. We need to understand the needs, constraints and realities of those whose lives the projects are intended to transform", recalls Ayaka Fujiwara.

Back to her roots

Since 2020, Ayaan Adam has been putting the vision she has forged throughout her career into practice at AFC Capital Partners: channelling private capital into African infrastructure whilst preparing for the future. "I want to pave the way for the next generation," she explains. For Taiwo Okwor, Vice-President of Investments at AFC Capital Partners, this aim is apparent in her day-to-day work: "Ayaan attaches just as much importance to developing her teams as she does to the projects she finances. Timoni Akindolie, Head of Business Development at AFC Capital Partners, highlights her ability to spot potential before others do.

In order to mobilise capital, Ayaan Adam devotes much of her time to getting investors to look at Africa in a different light. During a meeting in Boston, an international investor presented her with a portfolio comprising the United States, Europe and Asia. She noted that, "Africa wasn't even on their radar. Many still see Africa as a charity case rather than an investment opportunity." She counters such scepticism with facts: the continent will account for a major share of growth in the global workforce as well as a large proportion of the arable land still available and the minerals essential to the energy transition. "If you overlook Africa, you're missing out on a part of the world that will be of crucial importance." Ultimately, perhaps this is the bigger picture that Ayaan herself says she was unable to see at the start of her career. That of the daughter of two teachers who dreamed of serving her continent.

In order to mobilise capital, Ayaan Adam devotes much of her time to convincing investors to look at Africa in a different light.

What people say about her

"Ayaan develops people in the same way she invests in projects: she spots untapped potential and then empowers each individual to realise this potential."

Timoni Akindolie
Senior Associate, Head of Business Development, AFC Capital Partners

"For Ayaan, development is not just about mobilising capital. It is above all about creating the conditions in which businesses, communities and economies can thrive. For Ayaan, the success of a project is not measured solely by the amount of capital mobilised, but by its tangible impact on the ground."

Ayaka Fujiwara
Climate Investment Specialist, Green Climate Fund

"Ayaan Adam has a very clear vision of the role of each financial backer. She knows where resources will really make a difference and how to effectively combine public and private capital."

Guillaume Barberousse
Head of Investments Department, Proparco

"What sets Ayaan apart is her ability to invest in people. When you speak to her, you quickly realise that she places as much importance on developing her team as on the projects she finances."

Taiwo Okwor
Vice-President of Investments, AFC Capital Partners

TOWARDS NEW FINANCING MODELS

2

Given the enormity of the needs, new ways of mobilising private capital must be devised.

Whether through portfolio guarantees, trade finance, securitisation, risk-sharing or local-currency financing, development finance institutions are diversifying their toolkit in order to attract more banks and investors into emerging markets. In addition to direct financing, these institutions are now becoming catalysts for private capital. The challenge is to maximise the impact of each project and to help local markets gradually take over the reins.

Mobilising private capital: the repositioning of development finance institutions

An article by
Hélène Macé
Director for Private Finance Mobilisation, Proparco

To keep up with growing capital requirements, particularly in emerging and developing countries, development finance institutions (DFIs) are looking to mobilise private investors more effectively. They are moving away from a series of bilateral support measures for economic actors in order to use their tools and expertise to identify and support high-quality projects at an early stage and to strengthen local financial systems.

For decades, development finance was built on a simple premise: development finance institutions (DFIs) would step in where the market wouldn't go. Whilst this principle remains valid, it does not meet growing investment needs or address the scarcity of public resources. The time has therefore come for development institutions to rethink how they do things and they are now evolving towards more of a partnership mindset – either with developing countries or with their financial and economic ecosystems. The question is no longer simply the amount of direct funding DFIs represent, but also how much investment they enable by stimulating global and regional financial systems.

A paradigm shift

Mobilising the private finance sector lies at the heart of this repositioning strategy and has now become a key strategic focus of the mandate entrusted to the AFD Group and Proparco. Indeed, this is the case more generally for French development cooperation policy: the 2025 Presidential Council for International Partnerships *(CPPI)* reiterated France's wish to move away from dependence on development aid and to mobilise private finance.

To achieve this, it is not enough to simply add private finance and public finance together. The transformation of the role of DFIs must be more profound: they must act less as a substitute for the financial system and more as a partner, supporting and strengthening the system so that it can gradually take up the strain.

In the short term, the issue of volume is obvious: the funding requirements for infrastructure, business finance and the climate transition far exceed what public finances can absorb. But the more fundamental goal of mobilising private capital is to contribute to a structural transformation of local and international financial systems. The aim is to ensure that commercial channels for financing economies function effectively; these are key to competitiveness and the diversification of capital sources, but they also serve as a vector for the empowerment of developing countries.

This aspect is particularly important when discussing local and regional finance. The involvement of domestic banks, institutional investors and regional capital markets helps to boost the financial autonomy of economies and facilitate local currency financing – which is often the most appropriate solution for a business or project that will serve local communities.

Harnessing these financial systems also enables local investors to benefit more directly from the opportunities created by development. The economies of these countries should not be viewed solely in terms of risks to be hedged; they are growing markets that shouldn't be overlooked. Local stakeholders, through their proximity and knowledge of the local context, may be especially well placed to tap the potential and deal with certain risks differently. They are also the most legitimate beneficiaries of the opportunities that may arise – thereby contributing to the smooth functioning of local financial circuits. Development finance institutions must help to create these virtuous systems, which sometimes involves taking a different approach – for example, by supporting a bond issue or securitisation on a regional stock exchange rather than by providing bilateral financing to a business. Mobilising funds is therefore a question not only of volume, but also of market structuring and financial sovereignty.

It is not enough to simply add private finance and public finance together. The transformation of the role of DFIs must be more profound: they must act less as a substitute for the financial system and more as a partner, supporting and strengthening the system so that it can gradually take up the strain.

The new role of DFIs

To adapt to this paradigm shift, Proparco can draw on its widely recognised expertise and market knowledge. Placing this experience at the service of private financiers is one of Proparco's key levers for mobilising capital: many investors are reluctant to take the plunge without firm support.

To offer effective solutions for mobilising private capital, it is essential to listen to all types of financial stakeholders – bankers, as well as institutional investors, insurers, and management and structuring intermediaries – be they located in the DFI's home region or in the regions in which it operates. Closer dialogue with all parts of the financial ecosystem helps to identify the expertise, the obstacles to be overcome and the complementary partnerships that a DFI can offer. Financial stakeholders are fully-fledged partners and the task now is to integrate them more systematically into the strategies and offerings that DFIs provide to clients.

Meeting the challenge of mobilising private capital must also be based on a pragmatic approach. A DFI can harness existing tools to take immediate action, while gradually expanding its range of tools to address challenges more effectively. Faced with the risk of fragmentation in an environment of limited resources, efforts to mobilise private capital must be targeted towards those initiatives that are most in phase with the DFI's business model. Donor agencies possess a wealth of expertise and resources; each institution needs to focus on areas where it is best placed to create value, whilst seeking to unlock synergies with other projects and activities.



HÉLÈNE MACÉ

Hélène Macé began her career at Natixis in 2004 in structured commodity finance, before holding various different positions at Société Générale in risk management and syndication. She joined the AFD Group in 2017 to work on financial systems, initially at AFD and then at Proparco from 2019 onwards. Since 2023, Hélène has been leading Proparco's efforts to strengthen cooperation with private investors as Director for Private Finance Mobilisation.

Offering high-quality projects to private investors

For DFIs, two key priorities are emerging in the medium term: first, to provide the markets with more high-quality projects in emerging markets and developing economies (EMDE) and second, to support and boost initiatives by other financial system stakeholders.

There are not enough high-quality, well-prepared and structured projects, and this is holding back the deployment of private capital in EMDEs. Proparco is addressing this issue by backing initiatives that focus on the early stages of infrastructure project preparation, such as SEACEFF II (2025) and ATAF (2026). Proparco also encourages institutional and commercial finance players to co-invest alongside it, through various syndication arrangements. This could take the form of credit insurance that enables loan exposures to be shared with insurers, thereby increasing the volume of financing granted. Proparco's programme, launched at the end of 2025, will shortly top the €200 million mark in terms of volumes deployed. The partnership initiated in 2025 with the ILX fund, which mobilises Nordic pension funds, is also set to continue. Over the coming years, the aim is to offer debt co-investment solutions to new types of investors: institutional investors (European, regional or local) and banks (regional or local). Proparco will be able to leverage its network of client financial institutions, some of which have already expressed a desire to become co-investment partners in countries or sectors that are new to them. Bringing high-quality projects to the market will also increasingly take the form of "secondary" investments, i.e. in projects that have already been financed for several years by a DFI. These approaches are particularly suitable in the field of infrastructure financing, but also for private equity: a DFI is often well-placed to finance a project or a business during its riskiest phase. Once it reaches the operational stage, other – commercial – investors can take over. The challenge is therefore to improve the flow of assets as they reach maturity, thereby fostering greater complementarity between development institutions and the private sector.



The added value of DFIs lies in their ability to take on greater risk and to invest over the long term: these are all levers that help to mobilise the commercial finance sector.

However, we also need to guard against viewing mobilisation as a one-way process in which development institutions are the only stakeholders capable of structuring projects, which are then shared with passive investors. The "originate-to-share" approach, which is often highlighted, is necessary but not sufficient, and sometimes reflects a vision that is too focused on the ecosystem of development institutions. This is why the second strand of mobilisation is crucial: DFIs must also support the market and its initiatives, without necessarily acting as "conductor".

Debt, securitisation and local currencies: supporting the markets

Proparco has fully understood this and is putting it into practice, especially through ARIZ, a risk-sharing instrument that helps local banks to finance SMEs across many regions of the world. Proparco is also increasingly playing the role of anchor investor in debt issues on the capital markets, as part of broader partnerships involving arranging banks, issuers and private investors (the Axian, Genneia and CRRH bond issues in 2025 are good examples of this). Its participation in 2026 in the first bank securitisation in West Africa is also part of this approach.[1] Indeed, Proparco would like to expand its guarantee capabilities to help banking institutions finance not only SMEs, but also large corporations and infrastructure projects through local currency loans. Along with the arranging banks, the aim will also be to capitalise more systematically on potential synergies, for example by providing a longer-term tranche, when necessary, where this enables commercial banks to be mobilised to provide a short-term tranche.

1 See our feature on p. 56.

The added value of DFIs lies in their ability to take on greater risk and to invest over the long term: these are all levers that help to mobilise the commercial finance sector. Moreover, catalytic investment within structured co-investment funds remains a key expectation among private sector actors. Most OECD institutional investors - as well as those from the regions where Proparco operates- remain constrained by fiduciary duties and regulatory requirements, which in practice make some degree of credit enhancement a precondition for their participation. Blending structures that incorporate credit enhancement are nonetheless subject to a number of limitations as they often involve the use of a concessional capital component – a limited resource. The challenge for Proparco will therefore lie in selecting projects with the greatest structural impact that offer the greatest leverage for mobilising funds.

The importance of data and its accessibility

Lastly, the success of mobilising private finance will generally depend largely on improved access to performance data, enabling risks and returns to be assessed more objectively. It is up to all stakeholders with access to this data to help in this effort to promote transparency and provide market information. Since 2024, the AFD Group, to which Proparco belongs, has been contributing to the main existing initiative in this field, the Global Emerging Markets Risk Database (GEMS). The publication of GEMS data since 2022 has begun to transform the perception of risks in EMDEs, however, much still remains to be done in terms of sharing performance data. Work involving DFIs and the private investor community is currently under way to meet this expectation.

The essential mobilisation of private capital ultimately calls for a change in the way we measure the impact of development institutions.



The essential mobilisation of private capital ultimately calls for a change in the way we measure the impact of development institutions. Success can no longer be assessed solely in terms of the amounts directly committed; it will be increasingly necessary to take account of the projects that are made bankable, the investors attracted, changes in the level of risk that a given market is now willing to accept, the capacity built within local financial institutions, and the financing that becomes possible without DFIs actually needing to be the main financial backers. This shift in perspective is steering development finance towards greater cooperation, integration and interoperability with commercial finance. It is an ambitious but particularly stimulating transformation.



Interview with

Joseph F. Maji
Group Head of Treasury and Strategic Partnerships at CRDB Bank

Joseph F. Maji has 18 years of experience in the Tanzanian banking and financial services market. He is Group Head of Treasury and Strategic Partnerships at CRDB Bank, managing the group's treasury operations, liquidity, and funding strategies. Previously, Joseph held key positions across finance, audit, and treasury functions. He is a Chartered Global Investment Analyst (CGIA Institute) and serves as a Country Lead Promoter for the network. Joseph is also a Certified Public Accountant and holds professional certifications in Financial Markets Dealing (ACI Financial Markets) and Management Development (Stellenbosch University Business School).

Yann Jacquemin
Head of Guarantees at Proparco

Yann Jacquemin is Head of the Guarantee Unit within the Financial Institution department at Proparco. Before heading this unit, Yann held various positions in Finance at AFD Group, in Paris and overseas, always dedicated to the private sector. Before joining the AFD Group, he handled different positions in consulting and market operations. Yann holds a Master in Accounting and Finance from University of Limoges and an MSC in Market Finance from Lyon University.

Filippo Gabriele La Verghetta
Head of Unit in the Directorate-General for International Partnerships of the European Commission

Filippo Gabriele La Verghetta is acting Head of Unit in the Directorate-General for International Partnerships of the European Commission. Before joining the European Commission, Filippo worked in business intelligence and infrastructure finance in emerging markets. Filippo holds an MSc in Accounting and Finance from the London School of Economics and a BA in Politics and Arabic from the School of Oriental and African Studies.

Inter -view

Unlocking capital for Africa's MSMEs

African capital is mostly abundant; however, the risk associated with MSMEs makes institutional lending difficult, including by banks: one such being CRDB Bank (read the interview below). EU guarantee structures, with partner DFIs such as Proparco, are unlocking capital by de-risking loans.

Why are guarantees useful instruments for mobilizing local capital?

Joseph F. Maji: Guarantees are critical instruments in mobilizing local capital as they directly address one of the key constraints in African banking – risk aversion driven by high collateral requirements. At CRDB Bank, guarantee structures (including those supported by DFIs, such as Proparco and other partners) allow us to transfer part of the credit risk, thereby freeing up balance sheet capacity and enabling us to extend financing to underfunded sectors. This has been particularly effective in SME and trade finance portfolios, where traditional lending models often limit access due to insufficient collateral. By shifting from collateral-based to cashflow-based lending, guarantees unlock domestic liquidity held within the banking system and catalyze the broader participation of local financial institutions in economic development.

Filippo Gabriele La Verghetta: Local capital is often abundant: commercial banks in countries like Tanzania have been providing financial support to many enterprises for decades. However, the risk associated with lending to MSMEs on the ground might make it difficult for this capital to flow. Guarantees unlock this capital by de-risking loans to enterprises active in the local economy. By limiting the financial risks of lending to enterprises, guarantees unlock local capital which would otherwise not flow into these high value and high impact businesses. What is key here is that simply providing additional capital would not have the same impact as guarantees, as additional capital under the same conditions might still be difficult to deploy.

Yann Jacquemin: Guarantees act like a multiplier of local capital, particularly in contexts where banks such as CRDB already have a strong presence but have to contend with regulatory or risk-related constraints. Unlike a grant or a direct loan, a guarantee strengthens trust between stakeholders without actually taking their place. For example, in Tanzania, our guarantees such as the EURIZ programme (see below), cover up to 50% – 70% of the risk on SME portfolios, enabling CRDB to explore sectors previously deemed too risky (agri-food, renewable energy, education, female entrepreneurship, healthcare, etc.). The major advantage is that the capital remains local: Proparco does not create dependency, but rather an ecosystem where banks dare to innovate alongside us – not for us.

Guarantees are critical instruments in mobilizing local capital as they directly address one of the key constraints in African banking – risk aversion driven by high collateral requirements.

Joseph F. Maji
Group Head of Treasury and Strategic Partnerships at CRDB Bank

FOCUS
CRDB BANK

CRDB Bank Plc is a leading financial services provider in Tanzania and East Africa, headquartered in Tanzania, with operations in Burundi, the Democratic Republic of Congo, and its Repo Office in Dubai. The Bank offers a wide range of retail, corporate, and investment banking solutions including capital market solutions, with strong expertise in trade finance, treasury, and development partnerships. CRDB plays a pivotal role in mobilizing local and international capital to support economic growth, financial inclusion, and regional integration.

How does a guarantee fundamentally change the risk equation?

Filippo Gabriele La Verghetta: When banks look at any transaction, but particularly to MSMEs, they can be hesitant, as the risk of lending to these entities can be too high, ultimately due to the potential losses they might face should these enterprises fail to pay back their loans. Our guarantees are an irrevocable promise to cover some of those losses if they materialize – this means that on a bank's balance sheet, the potential losses on the loans actually decrease, making the transaction financially less risky but still impactful for enterprises active on the ground. This impact on the way risk appears on a balance sheet is the key ingredient which makes guarantees particularly useful when trying to address markets that might not face liquidity issues but which struggle with adequate risk-taking capacity.

Yann Jacquemin: It is important to bear in mind that a guarantee does not eliminate risk, but rather shares it – albeit implicitly. For many of our partners, a guarantee enables them to achieve three objectives: a reduction in regulatory capital costs, thereby freeing up resources for other loans; a reduction in provisions for bad debts, enhancing the profitability of small loans; and an improvement in the bank's credit score: by covering a portion of defaults, Proparco helps banks to fine tune their credit ratings in underserved segments (female-run or rural SMEs, for example), in countries lacking centralised data on financial business-related risks (often collected by credit reporting agencies). As a result, guarantees can act as a catalyst for banks' internal credit rating systems.

Joseph F. Maji: A guarantee fundamentally transforms the risk equation by introducing risk-sharing mechanisms that reduce the probability of loss for the lending institution. At CRDB, when we are supported by a credible counter-guarantor such as a DFI, the borrower's credit profile is enhanced, allowing us to extend financing under more favorable terms. This has enabled the Bank to participate in larger-ticket transactions, including regional trade finance and structured deals, which would otherwise have exceeded internal risk thresholds. Additionally, guarantees optimize capital allocation by lowering risk-weighted assets, allowing us to scale lending sustainably. The result is a more efficient intermediation of capital, where local banks can confidently deploy funds into productive sectors.

EURIZ

EURIZ is implemented under the umbrella of the Team Europe Initiative 'Investing in Young Businesses in Africa' (TEI IYBA), a Global Gateway flagship to support entrepreneurship across Sub-Saharan Africa.

Global Gateway | INVESTING TOGETHER IN WHAT MATTERS

Striking the appropriate balance between public support and private financing is never easy, but when it is done properly, there can be tremendous benefits to local economies.

Filippo Gabriele La Verghetta
Head of Unit in the Directorate-General for International Partnerships of the European Commission

What does this model reveal about the appropriate balance between public support and private financing?

Yann Jacquemin: The ideal balance? The public sector as a catalyst and the private sector as a driving force. Take, for example, our 'ARIZ' guarantee: we cover 50% of the risk on loans to SMEs but require our partner banks to co-finance the remaining 50% out of their own funds. For every euro of public guarantee, we mobilise at least an equivalent amount in private lending. With the support of the European Union (EU) for the 'EURIZ' and 'IMPACT+' guarantees, the cover is even greater and enables the bank to boost its role as a driving force for the economy, without any distortion caused by public sector support. Proparco's role is not to replace banks, but to provide them with the tools (guarantees, technical assistance) and incentives enabling them to expand their offering. As the EU emphasises, CRDB has the local expertise – we provide the layer of protection that enables it to go further, without disrupting the market.

Filippo Gabriele La Verghetta: Striking the appropriate balance between public support and private financing is never easy, but this model reveals that when it is done properly, there can be tremendous benefits to local economies. Public support should not try to encroach on the mandate that the private sector has to finance enterprises, but rather it should facilitate, encourage, and enable the private sector when it faces hurdles and bottlenecks that hinder its ability to fulfill its goal. CRDB has tremendous knowhow, enviable capacity and a splendid track-record, so our participation, as with this model, should focus on expanding and increasing activity in spaces constrained by other dynamics that CRDB alone cannot overcome.

What have these EU counter-guarantees demonstrated regarding the mobilization of local private capital?

Filippo Gabriele La Verghetta: Our guarantees are designed to help ensure that local private capital is being unlocked and deployed to better service the local and European enterprises active in our partner countries. In Tanzania, we have seen banks like CRDB help us define our offer to ensure that local commercial banks can benefit from our support in reaching the final beneficiaries – entrepreneurs in the Tanzanian economy. While these instruments are deploying well, some limitations we have perceived include the availability of commercially bankable projects on the ground and the business-as-usual approach that some investors still maintain. Ultimately, public support can go only so far, so more active participation from investors could go a long way in increasing impact.

Unlike a grant or a direct loan, a guarantee strengthens trust between stakeholders without actually taking their place. For example, in Tanzania, our guarantees such as the EURIZ programme, cover up to 50% – 70% of the risk on SME portfolios, enabling CRDB to explore sectors previously deemed too risky.

Yann Jacquemin
Head of Guarantees at Proparco

Yann Jacquemin: The EU's counter-guarantees have demonstrated that the leverage effect works – in Tanzania as elsewhere. Thanks to this EURIZ programme, we have seen that our partners have been able to support businesses to a greater extent than originally anticipated. Two limitations remain, however. Firstly, local banks sometimes struggle to identify 'bankable' projects despite the guarantees, hence the importance of combining these instruments with technical assistance (by training credit officers, for example). Moreover, the requirement for guarantors to be accountable can be perceived as time-consuming by our partners. It is necessary nonetheless as it enables us to assess the risk we are sharing, as well as to measure the impact of our support programmes. We overcome these obstacles by offering guarantee packages with parameters defined ex ante, thereby allowing banks the freedom to make full use of this guarantee.

Joseph F. Maji: EU-supported counter-guarantee programs have demonstrated clearly their ability to crowd in private capital and extend the reach of financing into underserved segments such as SMEs and infrastructure. At CRDB, such structures have helped improve confidence in lending programs and enabled longer-tenor financing that aligns better with investment cycles. However, practical limitations remain. The programs often come with stringent eligibility criteria and reporting requirements, which can limit accessibility, particularly for smaller financial intermediaries. In addition, currency mismatches between local lending and hard currency guarantees can introduce additional risk layers. These experiences highlight the need for more flexible, locally adapted guarantee structures that respond to market realities while maintaining development impact objectives.

Thanks to this EURIZ programme, we have seen that our partners have been able to support businesses to a greater extent than originally anticipated.

Yann Jacquemin
Head of Guarantees at Proparco

What does this model change for African companies seeking financing?

Joseph F. Maji: For African companies, guarantee-backed financing represents a structural shift in access to credit. At CRDB, we have observed that guarantee programs significantly reduce excessive collateral requirements, enabling businesses – particularly SMEs and exporters – to access working capital and trade finance more efficiently. This transition supports cashflow-based lending models, allowing companies to preserve liquidity for operations rather than locking it up in collateral. Moreover, such mechanisms facilitate participation in regional and international trade by enhancing credibility with counterparties. In the context of growing regional integration, including AfCFTA opportunities, guarantees are instrumental in enabling African enterprises to scale operations and participate competitively in cross-border markets.

What structural barriers remain for more companies to access bank financing in Africa?

Filippo Gabriele La Verghetta: A barrier that strongly impacts MSMEs in accessing bank financing in Africa is the prevailing attitude towards movable collateral. While many countries on the continent have reformed lending laws, in practice many MSMEs that do not own land can struggle to provide the collateral considered adequate by banks. This disproportionally affects entrepreneurs who are already underserved by the financial markets. Focusing on making the framework more friendly towards movable collateral could have a tremendous impact on the diverse and dynamic world of MSMEs in Africa and how they can gain access to finance – and ultimately create value and help their economies grow.

Yann Jacquemin: The problem of guarantees is central. Indeed, in 2008, this was one of the main reasons that led to the creation of the Ariz programme for African SMEs without any guarantees. But there are other issues which are just as pressing. The lack of reliable data: most African SMEs do not have any formally documented financial history. Cognitive bias: some banks still regard SMEs as being "too small to be profitable", whereas the quality of the portfolios covered by our guarantees attests to the contrary. The lack of risk appetite in the financial sector: the difficulty of access to finance for governments encourages them to offer attractive borrowing terms to local lenders. These lenders have a natural tendency to prioritise this risk-free financing over lending to the private sector – and over the SME segment in particular.

Joseph F. Maji: Despite progress, several structural barriers continue to constrain access to finance across Africa. A significant portion of businesses operates within the informal sector, limiting the availability of reliable financial records necessary for credit assessment. At CRDB, we also observe persistent gaps in credit infrastructure, including underdeveloped credit bureaus and data limitations, which contribute to information asymmetry. This often leads to higher pricing of risk and continued reliance on collateral. Additionally, macroeconomic volatility and foreign exchange risks remain key considerations in structuring sustainable financing solutions. While regulatory reforms in Tanzania and across the region are underway, continued efforts are needed to strengthen financial ecosystems and improve credit accessibility.

How can African banks improve their role?

Joseph F. Maji: African banks can further strengthen their role by adopting more innovative and data-driven approaches to credit assessment. At CRDB, we are increasingly leveraging transaction data, mobile financial services, and alternative data sources to better understand client behavior and expand lending to underserved segments. Additionally, deepening partnerships with development finance institutions enables the use of blended finance structures to de-risk portfolios and mobilize long-term capital. The digitization of processes is also critical in reducing cost-to-serve and improving efficiency. Finally, developing sector-specific products – particularly for agriculture, SMEs, and trade – will ensure more tailored financial solutions that align with the real economy.

African banks can further strengthen their role by adopting more innovative and data-driven approaches to credit assessment.

Joseph F. Maji
Group Head of Treasury and Strategic Partnerships at CRDB Bank

FOCUS

EUROPEAN COMMISSION

The European Commission is the executive body of the European Union. Within the Commission, the Directorate-General for International Partnerships is responsible for formulating the EU's international partnership and development policy. The External Action Guarantees unit manages the European Fund for Sustainable Development Plus. This fund uses financial instruments such as guarantees, equity, risk capital, and blended finance, in partnership with Development Finance Institutions, to support investments in Africa and other regions.

PROPARCO

Proparco is France's development finance institution dedicated to the private sector and is part of the French Development Agency (AFD) Group. For 50 years, it has supported sustainable economic, social, and environmental development across Africa, Asia, Latin America, Eurasia, and the Middle East, by financing companies and financial institutions in more than 115 countries. Its activities focus on key sectors including renewable energy, infrastructure, agribusiness, healthcare, and education. Proparco offers a range of financial solutions – loans, guarantees, and investments – as well as technical assistance, through its Propulse program. Its subsidiary Digital Africa supports early-stage African tech start-ups.

How do you see the future of private sector financing in Africa?

Filippo Gabriele La Verghetta: Africa's future is full of promise – in part, this promise will depend on private sector financing on the continent and how it will rise to the challenge of financing the tremendous potential that exists in these vibrant economies. The European Union's Global Gateway Strategy and the international partnerships Africa will foster with European investors, businesses, and entities like the European Commission will help to finance the exponential growth that the African private sector deserves to see. I am confident that by focusing on addressing key regulatory barriers, supporting innovative financing solutions and daring to change the way we do things, the future of private sector financing in Africa will be a stellar one.

Joseph F. Maji: The future of private sector financing in Africa will be shaped by the convergence of digital innovation, capital market development, and regional integration. At CRDB, we see strong potential in leveraging digital finance platforms to reduce transaction friction and expand access to capital. Emerging technologies, including blockchain, are expected to enhance transparency and efficiency in trade finance and guarantee execution. Furthermore, local capital markets – particularly pension funds and institutional investors – will play an increasingly important role in mobilizing long-term funding. Overall, the continent is transitioning toward a more integrated and resilient financial ecosystem that blends traditional banking with innovative financing models.

Yann Jacquemin: The banking industry underwent a financial revolution in the 1980s and 90s in the major countries of the North, which can be explained by the rule of the three 'D's': 'decompartmentalisation' (put simply, the free movement of capital and the abolition of exchange controls), 'deregulation' (the removal of regulated tariffs on banking services) and 'disintermediation' (facilitating direct access by businesses to private finance at the expense of specialist banking institutions). It seems to me that the key development vector in Africa is disintermediation. This will not come about through access to finance for large companies, but rather through the financial inclusion of micro and small enterprises, which reflect Africa's tremendous growth. The possibilities are endless and the pioneers who succeed in innovating to understand and capture this segment most effectively – by combining AI with a human presence to manage their risks – will be the leaders of tomorrow. Financiers like Proparco will support this local financing by ensuring that these developments take place in a sustainable manner.

Our guarantees are designed to help ensure that local private capital is being unlocked and deployed to better service the local and European enterprises active in our partner countries.

Filippo Gabriele La Verghetta
Head of Unit in the Directorate-General for International Partnerships of the European Commission

Angola: Trade Finance – a lever for mobilising private finance

At a time when access to foreign currency and import financing continues to be a major challenge, Proparco's trade finance solutions are helping to secure trade flows to Angola. By sharing the risk with banks, they mobilise private finance in support of the country's supply chain and economic development.

An article by
Abdoulaye Diallo
Deputy Head of Financial Institutions and Financial Inclusion (FII) in charge of Trade Finance, Proparco



Margaux Chevrier
Investment Manager, Trade Finance Programme, Proparco



Angola is experiencing sustained population growth (3.3% in 2025), accompanied by a continuous rise in demand for imports: over 50% of foodstuffs are imported. Following the severe currency and liquidity pressures observed in 2023 and 2024, local banks are looking to strengthen their partnerships with international correspondent banks in order to maintain trade financing. In this context, trade finance tools are a key lever for safeguarding the country's supply of essential goods.

To support this momentum, **Proparco has set up a US$15 million trade finance guarantee facility for Banco Millennium Atlântico (BMA Angola)**, Angola's third-largest trade finance bank. The programme's partner banks can use this guarantee to increase their commitments to BMA Angola or forge new business relationships with it – in cases where their risk tolerance might otherwise have limited their operational capacity. The main trade flows envisaged concern agri-food products (rice, wheat, fast-moving consumer goods), fertilisers and medical equipment.

Proparco is also supporting the local economy through a US$ 20 million risk-sharing arrangement that includes a transactional financing facility already granted by BIC-BRED (Switzerland) SA to the Angolan agro-industrial group Webcor. By sharing risk with the bank, this facility enables it to increase its financing capacity in order to support imports of essential goods and local processing activities. As part of the transactions are carried out via trade finance instruments issued by Angolan banks, this facility simultaneously strengthens synergies between local banks, a strategic national industry player and the entire food supply chain.

By bringing international banks, African financial institutions and local businesses together around a shared objective, Proparco is showing how trade finance can be a powerful tool for mobilising further private funding to support Angola's economic resilience. This approach is also part of a regional strategy: Proparco is partnering with several major banks in southern Africa (Absa, FirstRand and MCB) to strengthen intra-African trade and facilitate inter-regional economic flows.

Africa's capital is already at home, now we must make it investable

An article by
Mark Napier
Chief Executive Officer, FSD Africa

Local institutional investors require structure, reliability, and continuity. Here, development finance institutions (DFIs) can play a bridging role to connect capital and investment opportunities – by structuring markets (for example, certification frameworks and technical support) and deploying catalytic capital (for example, anchor investments) to de-risk and initiate investment.

Africa is often described as capital constrained, but this is the wrong diagnosis. The continent is capital rich but poorly connected. With around four trillion dollars in domestic savings largely invested in low-risk assets such as government securities, the real challenge is not capital, but the lack of investable opportunities at scale. Unlocking this capital means focusing less on raising finance, and more on building the markets that connect capital to opportunity.

Africa is not capital poor, but investment poor

Africa holds more than USD 4 trillion in domestic capital[1], including over USD 1 trillion in long-term institutional assets. Yet only a small fraction of this is channelled into sectors that can drive inclusive growth, such as infrastructure, energy, or climate-related investment. Instead, capital remains concentrated in short-term and low-risk instruments such as government securities.

This is often interpreted as a lack of risk appetite. In reality, institutional investors are not unwilling to invest; they are unable to find opportunities that meet their requirements for scale, structure, and risk.

Capital will flow where there is a real pipeline of investible opportunities, where intermediaries can structure transactions, and where risks are understood and managed. Without these conditions, even abundant capital will remain idle.

Unlocking capital starts with a pipeline of investable projects

Institutional capital needs repeatable, bankable opportunities, not one-off transactions. Yet across many African markets, project development is underfunded and fragmented, particularly at the early stage, where risks are highest and returns are still distant. As a result, many projects never reach investment readiness. Once projects are operational and have been de-risked, this is when domestic investors can come in. Our work with Morocco's national railway operator, ONCF, illustrates what it takes to overcome this barrier. ONCF's ambition is to finance a long-term energy transition effort, including investments in low-carbon rail infrastructure, such as electrified systems powered by renewable energy. To do this, it needed access to long-term, local currency financing that could match the scale and duration of these investments.

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. It reduced issuance costs, created predictability, and enabled repeated market access. By 2026, its third issuance was nearly five times oversubscribed, with demand driven primarily by domestic institutional investors, including pension funds and insurers. This demonstrates clearly that when investable assets are available, local capital responds.

A stronger intermediary ecosystem is essential

The next requirement is a better skilled and more motivated intermediary sector: financial advisors who are incentivised to get transactions done. Capital does not meet projects directly. In developed markets, investment bankers actively originate and structure opportunities. In Africa, however, intermediaries make good returns investing in government securities, so there is less of a culture of innovation in capital markets. The result is a limited capacity to originate, structure, and distribute new financial instruments. Strengthening this ecosystem means building capability, alongside the right incentives.

This belief in the importance of backing local intermediaries was a key driver behind the anchor investment by FSD Africa Investments (FSDAi) in Ci-Gaba, a first-of-its-kind Ghana-based private sector fund-of-funds designed to channel local capital, particularly from pension funds, to venture funds and small and growing businesses (SGBs). The fund is managed by Savannah Impact Advisory, a firm with 30 years of experience in working across West Africa but a first-time fund manager. By supporting local fund managers who can provide the smaller investments local businesses require, but who struggle to access local currency finance, Ci-Gaba is also helping to build the local finance ecosystem.

Local currency instruments are critical

In Africa, enterprise financing remains overwhelmingly bank-based, with capital markets contributing only a small share, often in the low single digits, compared with roughly half or more in more developed economies. This structural imbalance constrains the availability of long-term capital required for infrastructure, agriculture, and energy transition investments.

Bond finance provides longer tenures, typically five to ten years, compared with much shorter bank lending. This is critical for development sectors that require patient capital. Recognising the need to improve the sustainability and diversity of funding sources for bond issuers, in 2017 FSDAi invested in the African Local Currency Bond Fund (ALCB Fund), which had been established five years earlier by German investment and development bank KfW. The ALCB Fund acts as an anchor investor in local currency corporate bonds issued by financial institutions and companies across sectors such as financial services, energy, housing, and agriculture, and also provides technical assistance. Raising funding in local currency helps companies minimise their foreign exchange risk, allowing them to match the currency of borrowings to their revenue, while local currency bonds are also more attractive to local institutional investors.



MARK NAPIER

Mark Napier is Chief Executive Officer of FSD Africa, which he has led since its establishment in Nairobi in 2012. With more than 30 years' experience in investment banking, financial sector development, and innovative finance, he has worked across Africa and the UK, including as CEO of FinMark Trust and Director of Investment Innovation at CDC Group (now British International Investment). He has also written extensively on financial sector development and innovation in Africa.

FOCUS

FSD AFRICA

FSD Africa is a specialist development agency making finance work for Africa's future. The agency works with governments, regulators, and financial institutions across 30 countries to strengthen markets, shape policy, and mobilise capital into opportunities supporting growth, climate resilience, the clean energy transition, and nature-positive development. Supported by the UK Government alongside philanthropic and development partners, it also deploys catalytic capital through its investment arm, FSD Africa Investments. Learn more at FSDAfrica.org.

1 https://www.africafc.org/news-and-insights/news/afc-champions-shift-of-4-trillion-in-domestic-savings-into-africas-infrastructure-transformation

5 key *takeaways*

1 STRUCTURE INSTITUTIONAL INVESTMENT OPPORTUNITIES

Africa's constraint is not capital, but a shortage of investable opportunities. Too few projects are structured in a way that institutional investors can fund.

2 BUILD A CREDIBLE TRANSACTION PIPELINE

A credible pipeline is essential to mobilise long-term capital, not one-off transactions.

3 PROVIDE LOCAL-CURRENCY INSTRUMENTS

Local currency instruments are critical to unlocking domestic investment.

4 ESTABLISH STRUCTURE AND DE-RISKING TOOLS

Risk can be managed through better structuring and targeted de-risking tools such as anchor investors, certification frameworks, and technical support.

5 CATALYSE TRANSACTIONS WITH SUPPORT

Domestic demand is available – pension funds and insurers will invest at scale when credible assets exist, but first transactions require catalytic support to get markets started.

The success of the ALCB Fund, which has to date invested $470m, mobilising $4bn of private sector co-investment, shows that when instruments are structured in local currency, they align with domestic investor needs and remove one of the biggest barriers to participation.

De-risking is the key to unlocking demand

Another requirement is more effective de-risking of transactions, particularly in the climate adaptation space. Institutional investors need predictable, long-term returns. Perceived risks such as currency volatility, early-stage uncertainty, and unfamiliar structures often act as barriers. But these risks are frequently a function of how transactions are designed. Having an anchor investor removes a lot of the fundraising risk. If a significant portion of an issuance is already covered, it gives confidence to other investors that the risks have been properly assessed.

The ALCB Fund demonstrates this clearly. By combining anchor investment with technical assistance, it reduces risk and helps normalise transactions in underdeveloped markets. Each investment targets a genuine market gap, showing that it is possible to structure viable deals where none existed before. These demonstration transactions matter. By doing a small number successfully, over time the market begins to replicate them independently.

The ONCF programme showed a complementary approach. By establishing a robust framework and certification, it reduced uncertainty and built investor confidence. It proved that when risks are structured appropriately, capital follows. What is clear is that there is appetite, but a shortage of investable, well-structured opportunities.

From financing to market building: the role of development institutions

These challenges require a shift in the role of development finance institutions. Historically focused on deploying their own capital, they now need to do much more to mobilise domestic private capital. This means originating to sell, rather than originating to hold, developing and de-risking projects, then transferring mature assets to domestic investors, freeing up capital for new projects, while helping deepen local markets. This is the thinking behind a new fund FSD Africa is in the process of establishing, with the aim of transferring asset portfolios funded by multilateral development banks (MDBs) to domestic institutional investors in Africa through a local currency solution.

Development finance institutions (DFIs) play their most effective role as market builders: supporting regulation, strengthening pipelines, enabling intermediaries, and deploying catalytic capital where it can unlock others.

Turning capital into investment

Africa's financing gap does not exist because of a lack of domestic capital or demand. But if we want to scale investment in infrastructure and climate resilience, as is so urgently required, we need to build the systems that turn Africa's capital into investment.

Domestic investors understand local risks, and their participation makes markets more credible. But without a pipeline of investable projects, capable intermediaries, and effective de-risking, this capital will remain underutilised. The priority now is clear: to build the markets, structures and confidence that allow African savings to be invested productively at home.

3 things *to avoid*

1 HARD CURRENCY FINANCING AND MISALIGNMENT

Relying primarily on hard currency financing that misaligns risk.

2 DOMESTIC INVESTOR EXCLUSION

Crowding out domestic investors through dominant DFI participation.

3 SINGLE-TRANSACTION HORIZON

Treating transactions as one-offs instead of building repeatable market structures

Op-ed

The return of **South-South capital**

An article by
Matt Guttentag
Manager, The Growth Firms Alliance

A key player in the reemerging vibrant trade and capital flows of a bygone era – when goods, credit, equity, and knowledge crisscrossed the Indian Ocean – is Africa. Transfers among the nations of the 'Global South' are growing. Neither are these exchanges focused on minerals, but rather on renewable energy, ports, power, food supply, data centers, and financial services. Yet, to consolidate and expand exchange, the focus for DFIs engaged in the region must be on building local institutional capacity.

Centuries before London became the hub of global finance, the money that moved goods around the Indian Ocean came from Gujarat, Muscat and Zanzibar. Cloth, spices and ivory crossed between East Africa, Arabia, India and Southeast Asia, and so did credit, equity and the practical knowledge of how to run a trading house across a thousand miles of open water. Indian merchant families bankrolled commerce along the Swahili coast, while Omani networks tied the Gulf to Zanzibar and beyond. The result was one of the most tightly integrated trading economies the world had yet produced, composed entirely of countries that would currently be called the "Global South."

But the frontier now lies elsewhere, in creating markets, building institutions and strengthening the surrounding ecosystem, to pass the baton to new forms of capital, both domestic and from other emerging markets.

The map is being redrawn again, and while China has been the central and much-told story for the past two decades, there is another critical part of this narrative: capital flowing between Africa, India, the Gulf and Southeast Asia – and, increasingly, between African countries themselves.

Of a bygone era

Colonialism then reoriented this map northward. African trade shifted toward European markets, capital was raised in European financial centers, and an African business looking for investment learned to look to London or Paris, rather than Bombay or Muscat. Development finance, for most of its history, has taken that orientation as a given, with the constant underlying assumption being that the ultimate end gois to attract Western funds.

The map is being redrawn again, and while China has been the central and much-told story for the past two decades, there is another critical part of this narrative: capital flowing between Africa, India, the Gulf and Southeast Asia – and, increasingly, between African countries themselves.

Back to the future

Trade is the clearest sign of this shift. Commerce between India and Africa has roughly doubled from 2020-2025, and now exceeds US $100 billion. The Gulf has moved even faster on investment. Between 2019 and 2023, the United Arab Emirates was the single largest source of announced greenfield investment into Africa by value, with project commitments of roughly US$110 billion, more than the United Kingdom, France and China over the same period.

Contrary to popular perception, this money is no longer confined to digging things out of the ground: the largest share went to renewable energy, with shares also going into ports, power, food supply, data centers, and financial services.

As anyone in the financial services sector knows, much of the capital flow undergirding this trade runs through a small island in the southwest Indian Ocean. For thirty years Mauritius has been the main gateway for investment into Africa. More than 450 Africa-focused private equity funds are based there, and close to US$40 billion of investment into the continent has been routed through Mauritian structures. But a growing share of African investing (the deal sourcing, the diligence, the calls on which founder to back) now happens on the continent. The IPDEV platform Investisseurs & Partenaires, for example, has developed a model of seeding local funds that can attract non-Western LPs and build the local GP base. Rwanda set up the Kigali International Financial Centre in 2020 to become the place where Africa-bound capital gets structured and domiciled before it flows into the bigger economies next door.

MATT GUTTENTAG

Matt Guttentag is the manager of the Growth Firms Alliance, where he focuses on strengthening collaboration and support for high-growth firms in emerging and frontier markets. He previously served as managing director of development impact at the U.S. International Development Finance Corporation (DFC), where he worked on assessing and enhancing the impact of development finance investments. He has also worked as a Partnerships Advisor at USAID, supporting the development and management of strategic partnerships across development initiatives.



FOCUS
GROWTH FIRMS ALLIANCE

The Growth Firms Alliance is a network of private philanthropies working together to strengthen the support ecosystem for high-growth firms in low- and middle-income countries. Its goal is to help these firms scale more effectively by improving access to finance, knowledge, and enabling environments. By addressing key barriers to growth, the Alliance aims to unlock the potential of these firms to drive job creation, foster innovation, and ultimately contribute to more inclusive and sustainable economic growth.

The combination of the Mauritius gateway and the development of local fund models and capacity has quietly spurred a change in the economic geography of investment on the continent beyond the U.S., Europe, and China. In 2021 the Singapore state investor, Temasek, committed US$500 million to LeapFrog Investments, a manager that runs financial-services and healthcare deals across Africa and Asia, taking a minority stake in the firm and a board seat. Abu Dhabi's Mubadala led the equity in the 2023 funding round of Moove, a Nigeria-founded mobility company, and Dubai's state-backed Future District Fund has come in as a limited partner in Partech's second Africa fund. The US$250 million Virunga Africa Fund I pairs the Qatar Investment Authority with the Rwanda Social Security Board, a Gulf sovereign fund and an African pension fund putting money in side-by-side through a Rwandan vehicle.

For development finance institutions, this changes their job description. DFIs spent decades proving a point: you can invest in hard markets and still earn a defensible return. But the frontier now lies elsewhere, in creating markets, building institutions and strengthening the surrounding ecosystem, to pass the baton to new forms of capital, both domestic and from other emerging markets.

In African terms, this means backing local fund managers, deepening regional capital markets, and building out fund-administration capacity. It also means brokering the connections that the old north-facing system never had reason to build: between an African manager and a Gulf allocator, or between a Lagos start-up and a Singaporean investor.

3 things *to take away*

1 THE CAPITAL MAP IS BROADENING, AND CHINA IS THE LEAST INTERESTING PART OF IT

Indian trade with Africa has passed US$100 billion, the UAE was the largest source of announced greenfield investment by value between 2019 and 2023, and African pension and sovereign pools are growing fast. The story now runs across India, the Gulf, Southeast Asia and Africa itself, not along a single axis.

2 THE BINDING CONSTRAINT IS NOT JUST THE AVAILABILITY OF CAPITAL

To tap into the new economic geography, the focus must be on local institutional capacity (fund managers, capital markets, administrators). The managers building this capacity in Nairobi, Lagos, Cairo, Accra, and Cape Town matter more than any single source of funding.

3 GATEWAYS STILL HELP, BUT EXPECT MORE VALUE TO MOVE ONSHORE

Mauritius earned its role by removing real friction, not just by cutting tax bills, and it will stay useful. But there are new gateways and pathways emerging to move capital directly into local markets.

3 things *to avoid*

for Development Finance Institutions (DFIs)

1 OPTIMIZING FOR YESTERDAY'S PROBLEM

Proving, one transaction at a time, that hard markets can earn a return was the right job for the 1990s and 2000s. Treating that as the mission today means underinvesting in the harder work of creating markets and building the institutions that allocate capital.

2 DEFAULTING TO NORTH-FACING INTERMEDIATION

The new networks linking African managers to Gulf, Indian and Southeast Asian capital will not build themselves. A DFI that keeps routing relationships and deal flow through London and Washington by habit leaves the most valuable connections unmade.

3 TREATING LOCAL ACTORS AS SIDE PLAYERS RATHER THAN PARTNERS

African pension funds and local managers should be brought in as limited partners and co-investors, not kept at arm's length as beneficiaries.



Private Sector & Development

THE MAGAZINE

Private Sector & Development (PS&D) is Proparco's magazine that compares the views of experts on issues relating to the role the private sector plays in the development of emerging countries.

The magazine calls on the expertise of development players in these geographical areas, especially private sector decision-makers, donors, international organizations, NGOs, as well as academics and experts from development research institutes.

Each issue of the PS&D magazine focuses on a theme. Since its launch in 2009, *Private Sector & Development* has become a reference publication on the role of the private sector.

THE ONLINE MAGAZINE

The PS&D online magazine gathers the contributions published in the magazine, as well as video interviews with development players produced at Proparco by the team responsible for the editorial coordination of the magazine.

proparco.fr/en/private-sector-development-magazine



PS&D SPECIAL ISSUE BUSINESS & CLIMATE: ACTING TO TRANSFORM

This special issue focuses on the strategic role of the private sector and financial institutions in addressing the climate emergency. Drawing on discussions held during the Proparco Days event in Paris in October 2025, it gives a voice to Proparco's clients and partners, who share their commitments and solutions for climate finance.



PS&D #43 STRATEGIC PLAYERS IN CHANGING TIMES

European Development Finance institutions (EDFIs) are facing an uncertain geostrategic context that challenges their priorities, activity and modus operandi. This issue highlights the levers for action of this strategic players, who invest over €12 billion a year in the private sector in emerging countries.



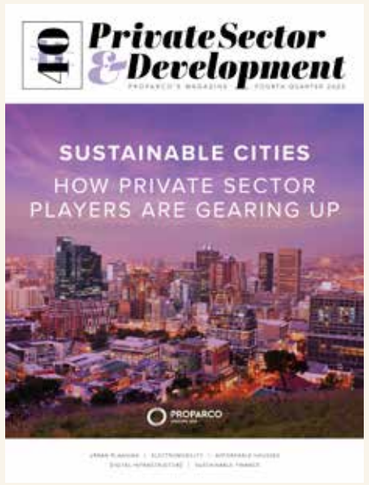
PS&D #42 ACCESS TO WATER AND SANITATION, THE PRIVATE SECTOR AT THE SOURCE

A major issue at a time when more than 2.2 billion people worldwide still do not have access to safe drinking water in their homes and 3.5 billion people lack adequate sanitation.



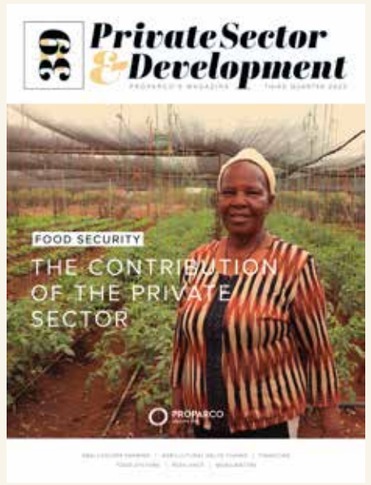
PS&D #41 ACTING IN FRAGILE CONTEXTS : FINANCING, PARTNERSHIPS, INNOVATION

If no action is taken, fragile countries will account for 80% of the world's poverty by 2030. Faced with these challenges, the importance of the private sector's role in boosting economic resilience, access to employment and essential services, is more and more widely recognised.



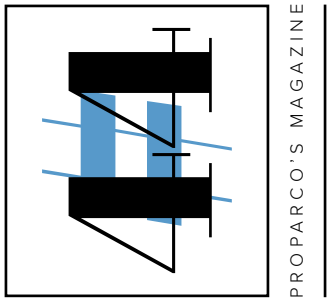
PS&D #40 SUSTAINABLE CITIES: HOW PRIVATE SECTOR PLAYERS ARE GEARING UP

By 2050, almost 70% of the population of developing countries will be living in cities. This issue, published in December 2023, presents several examples of how sustainable urban projects are designed and rolled out.



PS&D #39 FOOD SECURITY: THE CONTRIBUTION OF THE PRIVATE SECTOR

To mark World Food Day on 16th October 2023, the 39th issue was devoted to food security. It provides a collective reflection on the subject and highlights the need to get the private sector more involved in safeguarding food security across the globe.



Private Sector & Development

Private Sector & Development (PS&D) is a publication that provides analyses of the mechanisms through which the private sector can support the development of emerging countries. Each issue compares the views of experts in different fields, from academia to the private sector, development institutions and civil society.

proparco.fr/en/private-sector-development-magazine

PROPARCO
GROUPE AFD