2023
African Private Capital Activity Report

MARCH 2024

PUBLIC VERSION

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2023 AFRICAN PRIVATE CAPITAL ACTIVITY: KEY FACTS

INVESTMENTS

MARKET SIZE

450

reported deals in 2023, marking Africa's sharpest decline in investment volume since 2012

DEAL SIZE

US$5.9bn

total deal value recorded in 2023, down 22% year-over-year

EXITS

EXITS

43

Private Capital Exits were reported in Africa, a significant 48% year-over-year decline

FUNDRAISING

FUNDRAISING

US$1.9bn

was the total value of final closed funds in Africa in 2023, a modest decrease of 9% YoY

INTERIM CLOSES

US$3.0bn

Fund managers in Africa achieved **40 interim closes** with a combined value of US$3bn, the highest interim fundraising volume and value on record

FIRST TIME FUND MANAGERS

US$0.7bn

First-time fund managers secured US$0.7bn in final closed funds, representing 35% of the year's total commitments

2023: A Year in Review

In 2023, persistent economic uncertainty continued to cast a dark cloud over private capital activity in Africa. Having weathered the economic headwinds in 2022 with a few scraps, Africa's private capital landscape stepped into yet another challenging year that affected dealmaking on the continent. Inflation in Africa pushed the upper boundaries in 2023, rising to an average of 17.8%, the highest in over a decade[1]. The rise in global food and energy prices, compounded by domestic factors including fiscal extravagance, disruptions in agricultural supply chains, and national currency depreciations against the US dollar fuelled inflationary pressures in Africa in 2023. As a result, inflation continued to swell across all regions except Southern Africa, where it fell to 8.5% in 2023[2]. Notably, North Africa was the worst hit region, experiencing a 2x year-over- year surge in inflation, reaching 16.6% in 2023[3].

Central Banks across Africa continued to maintain high interest rates in a bid to tame rampant inflation on the continent. In South Africa for instance, interest rates reached a 14-year high in May 2023[4]. Across most regions in Africa, local currencies struggled under the weight of inflation, external global pressures, and increased capital control measures. In Kenya and Nigeria for instance, the Shilling[5] and the Naira[6] plunged to historic lows in 2023, while in Egypt, a shortage in foreign currency led to increased controls over its usage in the country[7]. The depreciation of local currencies and the depletion of foreign exchange reserves affected the importation of goods and services and increased the cost of doing business for most companies in Africa.

The state of economic affairs globally and in Africa had far-reaching consequences on private capital activity on the continent. Heightened economic uncertainty compelled fund managers to exercise caution in their investment strategies and retreat from initiating exits, resulting in a lower number of investments and exits to that observed in 2022. Where investments were made, fund managers refrained from making large investments except in a few instances, instead preferring to issue smaller ticket sizes. The decline in exits had indirect implications on the fundraising environment, as investors struggled with limited liquidity. However, against this backdrop of economic challenges, 2023 emerged as a resilient year for Africa's private capital industry, marked by the second-highest year on record for deal volume and the fourth-highest year on record for deal values. Furthermore, investor confidence in Africa's private capital industry persisted, evidenced by interim fundraising which reached unprecedented levels in 2023.

Venture Capital faces Setback

As 2023 unfolded, Africa like other regions globally found itself grappling with a slowdown in its private capital activity. The year experienced a sharp decrease in deal count, which plummeted by 28%, marking the continent's steepest year-over-year decline in volume in 12 years, as well as a 22% drop in deal values. The significant year-over-year downturn in Africa was driven by a slump in venture capital investments. Despite remaining the preferred investment asset class in Africa attracting 68% of deal volumes and 38% of deal values, after years of frenzied dealmaking, venture capital investing contracted in 2023. Deal volumes within the asset class declined, while large to super-sized venture capital deals retreated, affecting overall deal activity in Africa. The subdued performance of venture capital in Africa mirrors global trends, where the asset class bore the brunt of the macroeconomic challenges which posed significant challenges for private capital activity. In addition to the macro challenges, investors within the venture capital space grappled with a decline in startup valuations and the closures of high-profile startups[8], which prompted them to scale back investments.

The slowdown in venture capital had far reaching consequences across Africa, affecting sectors such as Financials and regions such as West Africa that have been the bedrock of the asset class. The Financials sector remained the most preferred investment sector in Africa, however, the decline in venture capital investments resulted in a significant 47% and 43% year-over-year drop in volume and value respectively. While all regions experienced a decline in activity, West Africa suffered the greatest decline in both deal volume (40%) and value (63%), as venture capital investments in the region took a dip.

In this environment of subdued investment activity, Southern Africa remained resilient. For the second half of 2023, interest rates in South Africa remained unchanged at 8.5%[9], ushering in a period of relative economic stability. The region accounted for the greatest share (26%) of overall deal volume (alongside West Africa) and 44% of overall deal value. Southern Africa was the only region to register a year-over-year increase in deal values, cementing its status as a titan in the private capital industry in Africa.

Exits revert to Baseline

In 2023, global exit activity remained flat as fund managers continued to navigate economic headwinds. While the global volume of exits remained relatively stable, the tremors of the exit slowdown were felt across various regions. Following an exhilarating surge in 2022, exit activity in Africa took a nosedive in 2023, contracting by 48% to mark the most significant year-over-year decline in the past decade. The slowdown in exits had far reaching consequences across all exit routes, sectors, and regions. All exit routes declined, with sales to trade buyers remaining as the most common exit route for the fifth year in a row. Similarly, all sectors were affected by the year-over-year exit slowdown, with the Industrials, Consumer Discretionary and Financials emerging as the biggest casualties. While all regions registered a decline in exits, North Africa was the most affected region, owing to a lack of exits in Egypt, the region's most active market for exits. Southern Africa however remained resilient, only suffering a 17% drop in exits. Despite the sharp decline in exit activity, excluding 2022 which was an outlier year for exits in Africa, the volume of exits reported in 2023 in Africa matches pre-2022 averages of 42 exits per year, demonstrating a reset in the exit market in Africa.

Interim Fundraising Resilient while First-time fund managers Shatter Glass Ceiling

Fraught with liquidity challenges and an overallocation in private capital[10], investors tightened their purse strings in 2023 which affected fundraising globally. Against this backdrop, fundraising in Africa suffered through a second year of decline, however a more tempered one in comparison to 2022. This was marked by an absence of large funds (i.e. those exceeding US$500mn) and a surge in small funds (i.e those below US$100mn), which grew 1.6x in volume and 2.6x in value and accounted for 65% of the total volume of final closed funds in 2023. Despite the drop in final close values, interim fundraising on the other hand told a tale of resilience. In 2023, Africa focused fund managers achieved 40 interim closes with a combined value of US$3bn, the highest volume and value of interim fundraising on record.

2023 was a banner year for First-time fund managers in Africa, who managed to increase their share of final closed values to 35% and attract US$0.7bn, a 2.1x year-over-year increase in final closed values and the highest amount of capital raised by such managers since 2019. For the first time, First-time fund managers dominated the lower middle market (US$100mn – US$250mn) range, exceeding expectations by attracting 82% of the total value of fundraising within that segment which is historically dominated by more experienced fund managers. The performance of First-time fund managers in 2023 is particularly impressive, considering the complexities they must navigate and overcome to successfully close funds in an industry where experience is highly valued. A notable example is the US$205mn final closing of the *Norrsken22 African Tech Growth Fund*, a first-time fund by Norrsken22 in November 2023. This was the third largest final close in 2023 and the second largest fund closed by a First-time fund manager in the period between 2018 and 2023.

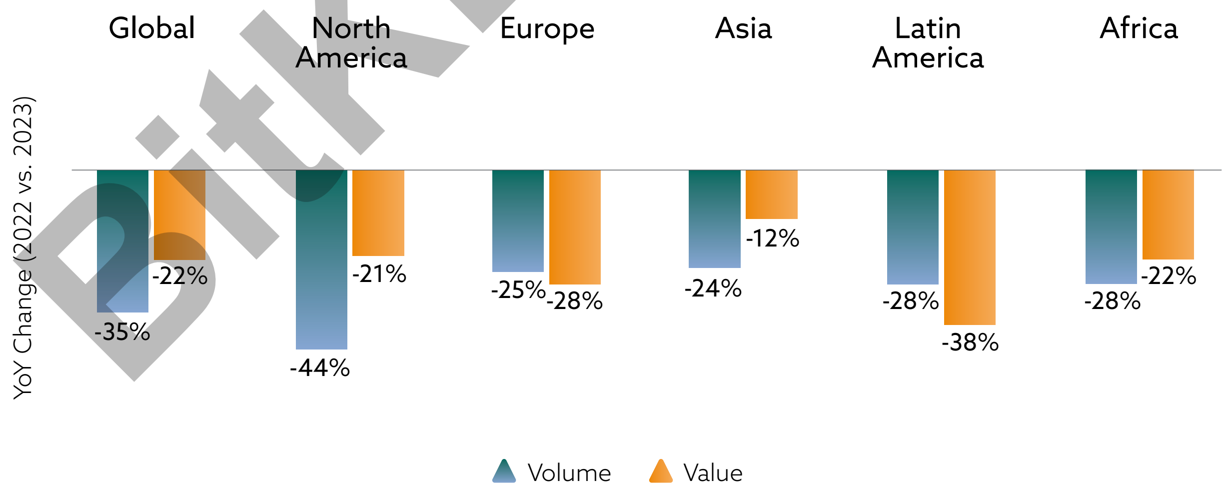
Investments

1.1 Private Capital Dealmaking Activity: A Global Comparison

In 2023, the global landscape remained tumultuous. The concurrence of macroeconomic and political factors, which not only persisted from the previous year but, in some cases, intensified, contributed to an environment fraught with heightened uncertainty, a continuing cycle of change, and persistent disruptions. The year unfolded against a backdrop of geopolitical turmoil, increasing fragmentation in global trade[11], supply–demand imbalances, along with escalating interest rates and tightening monetary measures aimed at addressing high inflation. Although by the end of 2023, inflation was decreasing faster than anticipated[12], interest rates started high and continued to rise[13]. In this challenging environment, the global economy faced a path of slow and uneven growth, with emerging markets facing distinct challenges[14].

Amidst this uncertain landscape, highly volatile market conditions posed significant hurdles and implications for dealmaking worldwide, inevitably impacting the trajectory of private investments. Specifically, 2023 marked a downturn in global private capital investment activity, with a 35% decrease in deal volume and a 22% decline in deal value (Figure 1). While all regions experienced notable declines in investment activity, some markets were more impacted than others. Notably, North America suffered the largest year-over-year drop in deal volume, declining by 44%. A weakening economy, along with high interest rates, created an increasingly unfavourable environment for dealmaking in the region in 2023. Meanwhile, Latin America recorded the second-largest decrease in volume (28%) and the largest decline in value (38%), pointing to the distinct challenges faced by emerging markets under these macroeconomic conditions. In this environment, Africa was not exempt from these macroeconomic challenges. Driven by these global negative spillovers, the continent experienced its first decline in deal volume since 2016, marking the steepest drop in 12 years, with a 28% year-over-year decrease. Concurrently, deal value also fell by 22%.

Figure 1: **Annual Percentage Change of Private Capital Deal Volume and Value in 2023**



Source: AVCA, PitchBook

1.2 Private Capital Dealmaking Activity in Africa

450

deals in 2023, marking Africa's sharpest decline in investment volume since 2012

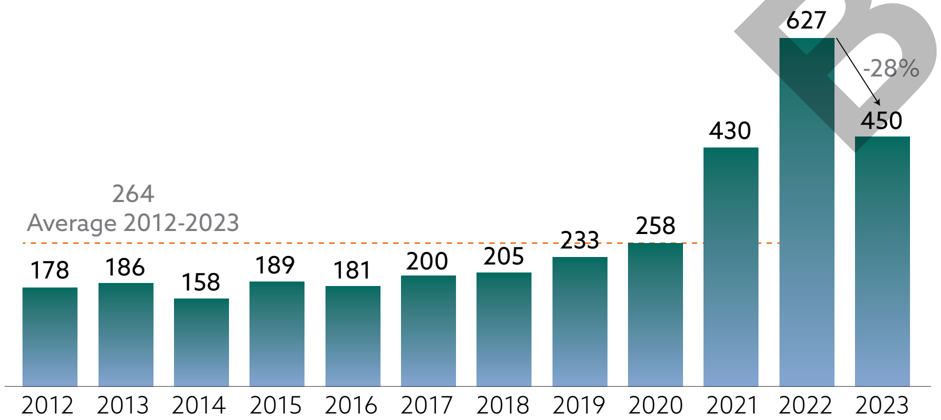
US$5.9bn

total deal value in 2023, down 22% year-over-year, reflecting investor caution amid macro challenges

The decline in venture capital activity (deal volume and value) shook up the entire industry in 2023. With 450 private capital investments recorded, the continent experienced its first decline since 2016. Despite signs of improvement in the second half of the year, the overall slowdown in private capital investment was largely driven by venture capital's sharp decline, which plummeted by 34% year-over-year. Yet, this setback did not shake venture capital's dominance as Africa's leading asset class, which contributed 68% to the total investment volume in 2023. Notably, this marked the fourth consecutive year that venture capital led investment volumes in Africa since 2020, highlighting the importance of Africa's innovation ecosystem.

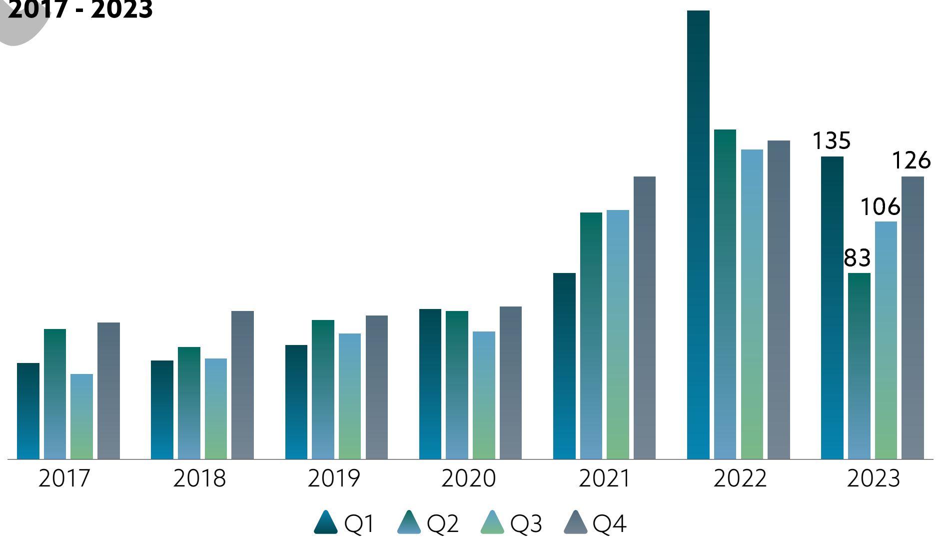
Overall, notwithstanding the downturn in deal volume, the African private capital industry demonstrated resilience in the face of highly volatile macroeconomic conditions. After an outlier year in 2022 marked by a frenzied venture capital investment activity, the industry embarked on a journey towards deal stability and normalcy. In this environment, 2023 emerged as the second strongest year on record in terms of deal volume, surpassing both the average number of deals (264) reported from 2012 to 2022 and the average of 387 deals from 2019 to 2022.

Figure 2: **Total Volume of Private Capital Deals in Africa, by Year, 2012 - 2023**



Source: AVCA

Figure 3: **Total Volume of Private Capital Deals in Africa, by Year & Quarter, 2017 - 2023**

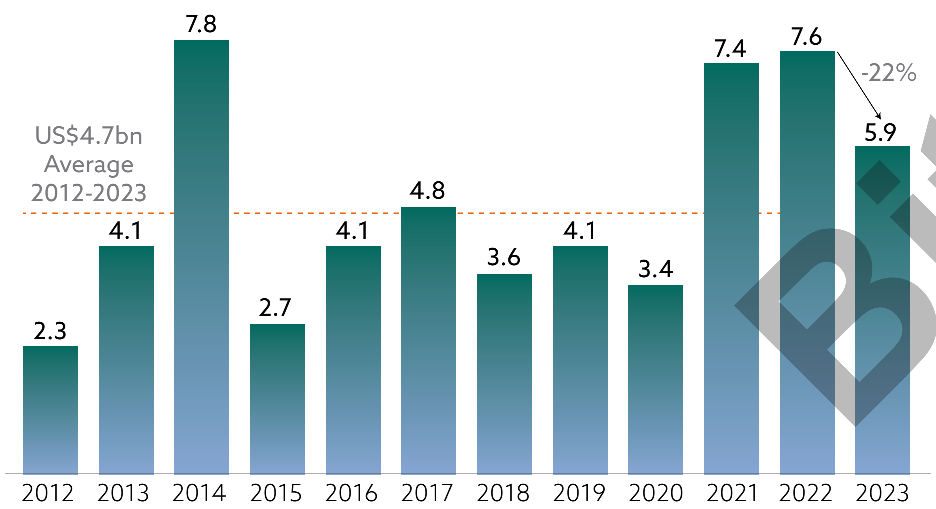


Source: AVCA

In 2023, influenced by broader macroeconomic instability and escalating uncertainty, Africa's total private capital deal value stood at US$5.9bn, representing a significant 22% year-over-year drop. With the era of zero rates, quantitative easing, and fiscal stimulus reaching its end in key global markets, capital has become more expensive worldwide. As a result, this has prompted many investors to adopt a more cautious approach to deal making, a trend which was not only evident in Africa in 2023 but also globally.

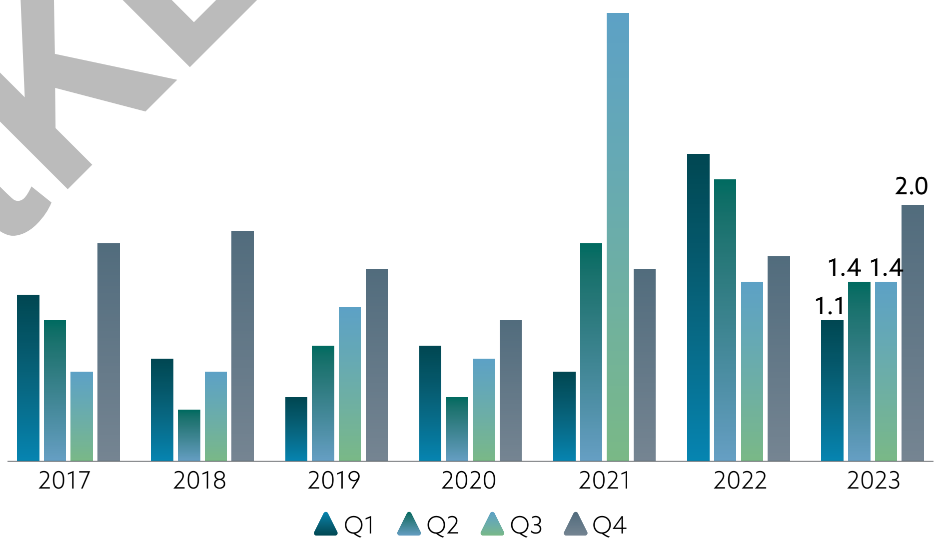
Despite the decline, private capital investments in Africa in 2023 achieved the fourth largest value on record since 2012 and remained above the decade-long average of US$4.7bn. Notably, the second half of the year experienced a significant surge in investment values, marking a 35% increase from the first half of 2023. However, the substantial increase in investment value, which reached US$3.4bn in the latter half of 2023, was primarily driven by two large infrastructure investments sized above US$250mn each. These investments, both in the renewable energy sector in South Africa, contributed to 37% of the total deal value reported during the second half of the year.

Figure 4: **Total Value of Private Capital Deals in Africa, by Year, US$bn, 2012 - 2023**



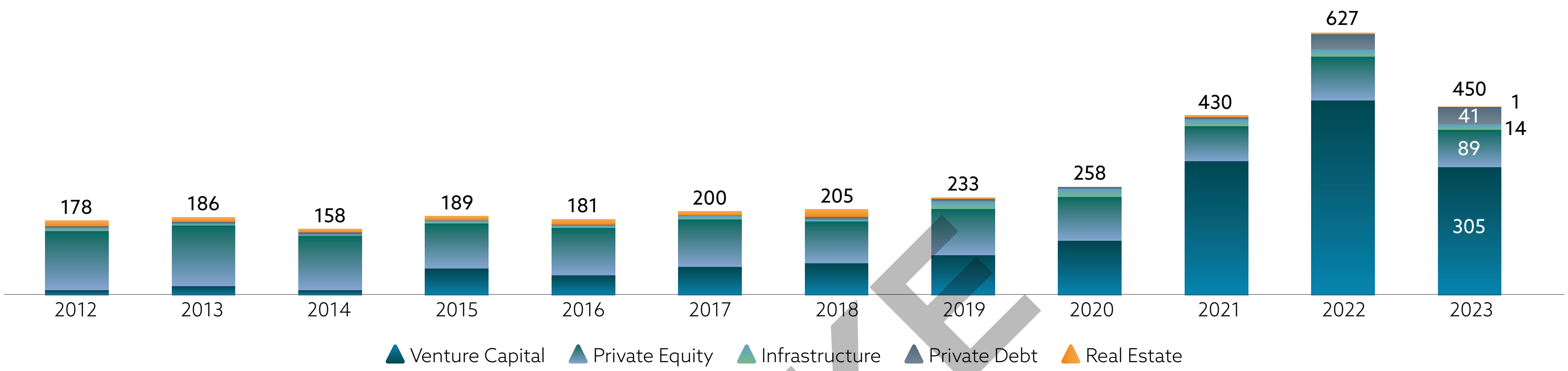
Source: AVCA

Figure 5: **Total Value of Private Capital Deals in Africa, by Year & Quarter, US$bn, 2017 - 2023**



Source: AVCA

Figure 6: **Total Volume of Private Capital Deals in Africa, by Year & Asset Class, 2012 - 2023**



Source: AVCA

Figure 7: **Total Value of Private Capital Deals in Africa, by Year & Asset Class, US$bn, 2012 - 2023**

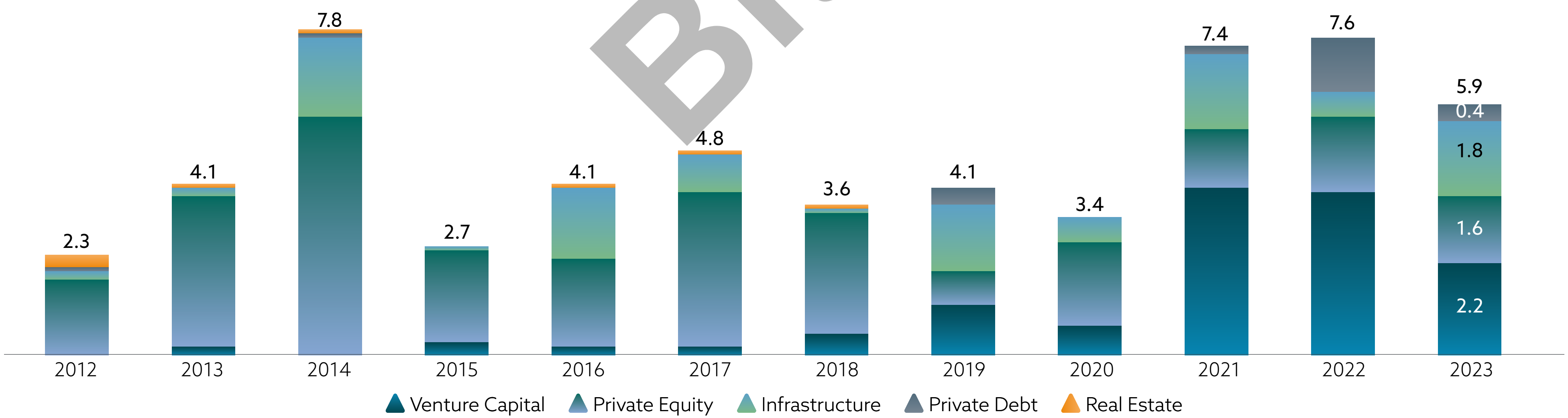
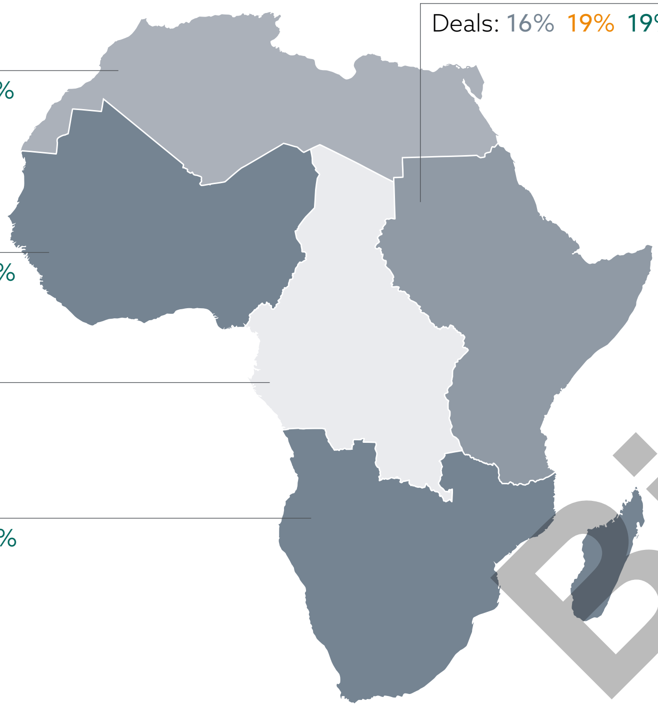
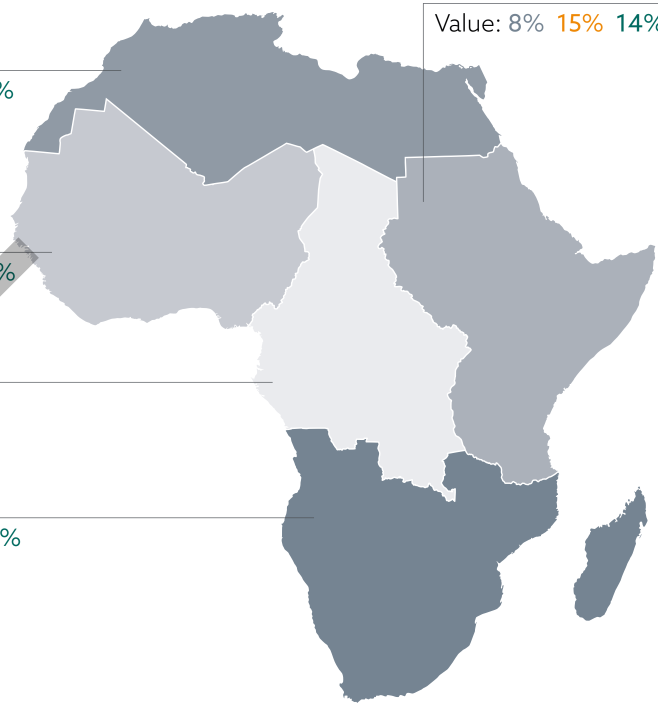


Figure 11: **Share of Volume of Private Capital Deals in Africa, by Region, 2017 – 2023**



Source: AVCA

Figure 12: **Share of Value of Private Capital Deals in Africa, by Region, 2017 – 2023**



Source: AVCA

1.6 Private Capital Dealmaking by Sector

Financials, Information Technology and Consumer Discretionary attract the lion's share of the total volume of private capital deals in 2023

Information Technology shines as a resilient sector in 2023, holding the second largest share of volume amid macro challenges

Financials, despite the downturn, retains the largest share by **deal volume (21%)**, while **Utilities** claims the largest share by **deal value (35%)**

Investment boom in **technology-enabled companies** stalled across nearly all sectors in 2023, marking a reversal of recent trends

The downturn in private capital investment activity in Africa in 2023 affected all sectors, yet some stood tall against the storm, showcasing resilience. Notably, the Information Technology, Materials and Energy sectors bucked the trend by recording annual increases in investment volume. At the same time, the prevailing setback in Africa's private capital industry additionally had a profound impact on the investment value directed towards different sectors, with the majority reporting significant year-over-year declines.

Overall, the Financials, Information Technology and Consumer Discretionary sectors emerged as the top three most active sectors by volume, collectively constituting 54% of the total number of private capital deals on the continent. Meanwhile, Utilities emerged as the top recipient of investment value, accounting for a substantial 35% of the total investment value for the year. Investors are increasingly recognizing the imperative of transitioning towards a greener Africa, which in turn is driving substantial investments that are expected to reshape the continent's investment landscape in line with global trends.

DOMINANT SECTORS

CONSUMER DISCRETIONARY

Private capital investing in Africa has long been synonymous with tapping into the dynamic growth of the continent's burgeoning consumer market. Historically, the Consumer Discretionary sector has been one of the most prominent within Africa's private capital industry, often ranking first or second in investment volume since 2016. However, 2023 marked a notable shift as the sector slipped to the third position, accounting for 15% of the total investment volume, behind Financials and Information Technology. Notable investments within the sector include XSML's US$2.5mn investment in *Advancetire Comercio*, a retailer and wholesaler of car parts in Angola.

Reduced investment activity in businesses providing consumer services and (online) retailing contributed to this drop, with investments declining to 43 in 2023 from 77 in 2022. Given that this sector represents non-essential consumer goods and services, investors may have exercised caution due to the expectation of declining purchasing power amid the uncertain macroeconomic environment.

FINANCIALS

Private capital investment in Africa's financial sector has exhibited strong momentum in recent years, serving as the lifeblood of the continent's investment landscape. Despite experiencing significant setbacks in 2023, the financial services sector sustained its prominence in Africa's private capital scene throughout the year. However, the slow economic growth, rising interest rates, coupled with challenges within the technology sector created a near-perfect storm for the sector worldwide.

In aggregate, the financial sector recorded 96 private capital investments with a total reported value of US$1.4bn. This represented the largest year-over-year decline in investment volume at 47% across all sectors, and the second-largest drop in value at 43%, marking the lowest values for the sector since 2021. Within Financials, 2023's substantial decline in volume and value was due to a sharp decrease in venture capital investments. This asset class, which had previously fuelled robust investment activity within the sector, now contributed to its notable slowdown. Venture capital investments in financials dropped by over 50%, from 161 deals in 2022 to 75 in 2023.

Investments in financial technology, a major driver of the sector's growth in recent years, fared worse in 2023. Across all asset classes, financial technology investments decreased to 76 deals, totalling US$1.3bn, marking annual declines of 52% in volume and 27% in value. However, venture capital's role in this decline was predominant. This trend was not unique to Africa. Globally, fintech investment saw a 48% decrease in funding and a 38% decrease in the number of deals in 2023[18]. Investors with a focus on the sector approached the year cautiously due to ongoing macroeconomic uncertainties, which dampened discretionary spending and deal-making.

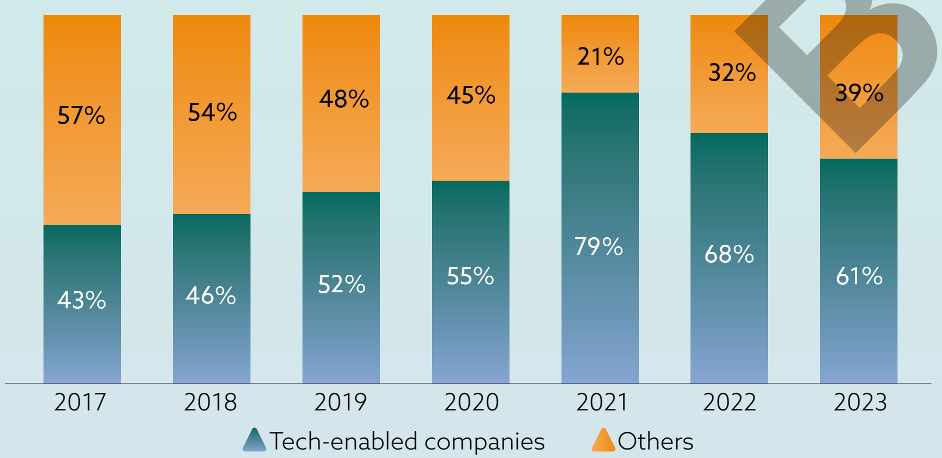
While all regions experienced declines in financial sector investments, West Africa felt the impact most significantly given the region's deep ties to the sector. Financial investments in West Africa experienced a more than 2x year-over year decrease in volume and over a 5x decrease in value. Examples of investments in financials across the continent in 2023 include the Amethis and Diot-Siaci Group's investment in *ASK Gras Savoye Group*, the first Moroccan insurance brokerage group with a presence in 11 African countries, the US$8.25mn Series A investment round in *Lupiya*, a pioneering Zambian neo-bank which was led by Alitheia IDF, and Injaro's US$2mn investment in *Zeepay*, a wholly Ghanaian-owned global mobile finance service provider.

SPOTLIGHT: TECH-ENABLED COMPANIES

In recent years, technology has emerged as a dominant theme in Africa's private capital investment landscape, fundamentally reshaping traditional investment paradigms and trends within the industry. Despite a consistent increase in the volume of investments in technology enabled companies since 2017, 2023 marked a reversal of this trend. The 36% year-over-year decline in investments in Africa's technology-enabled companies contributed significantly to the overall slowdown in private capital investment activity in 2023. The headwinds faced by the sector reflected last year's core trends such as a higher-interest-rate environment, volatile valuations in both private and public markets, increased financing costs for potential buyers, along with persistent valuation gap between buyers and sellers.

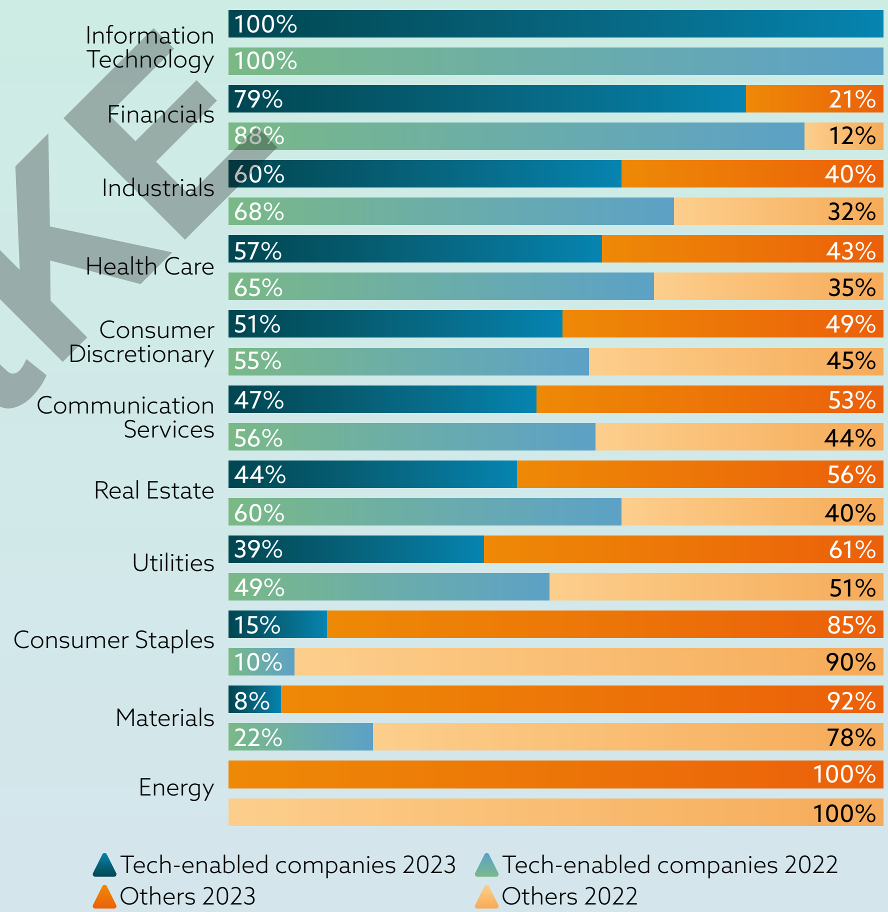
Nevertheless, investments in technology-enabled companies maintained their prominence, comprising over half (61%) of the total number of investments reported in Africa in 2023. These investments continued to disrupt sectors such as Financials, Industries, and Healthcare, claiming significant shares (79%, 60%, and 57% respectively). However, notably, each sector except Consumer Staples, witnessed a lower proportion of tech-enabled investments compared to 2022, reflecting the turbulence that has rocked the global technology sector since 2022 and persisted for much of 2023. Despite securing a considerable share of technology enabled investments in 2023, the Financials and Industrial sectors experienced the most significant downturn, accounting for 55% and 18% of the decline respectively. In the Financials sector, the decline was particularly evident in West Africa, where investments into Fintechs providing diversified financial services within verticals such as mobile money transactions, financial management and lending diminished. Within the Industrials sector, investments into technology- enabled companies offering mobility, delivery, and logistic services within the transportation sector in North Africa trickled to a halt. Finally, it remains to be seen whether investments in technology-enabled companies will resume their upward trend in 2024. While there are positive signs stemming from a marginally improved macroeconomic environment and an uptick in deals in technology-enabled companies in the last quarter of 2023 compared to the preceding two quarters, it seems that the industry is in the process of rediscovering its ''regularity'' after being disrupted by years that were looking more exceptions than the norm.

Figure 16: **Share of Investments in Technology-enabled companies, 2017 – 2023**



Source: AVCA

Figure 17: **Share of Tech-enabled Companies in Africa, by Sector, 2022 & 2023**



Source: AVCA

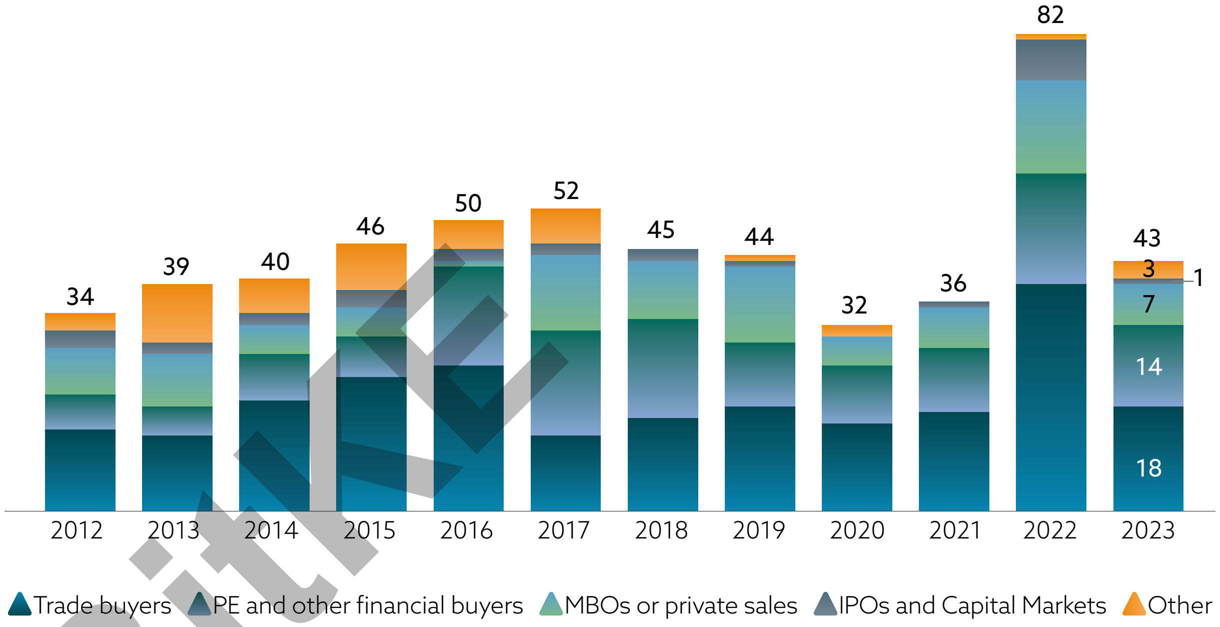
2.2 Private Capital Exits by Exit Route

Sales to Trade Buyers completed a 5-year run as the most common exit route in Africa

33% The share of **Sales to Private Equity Buyers** grew to 33% in 2023 from 23% in 2022

Only **1 IPO exit** was reported in Africa in 2023

Figure 2: **Total Volume of Private Capital Exits in Africa, by Year & Exit Routes, 2012 - 2023**



Source: AVCA

In 2023, the contraction in exit volumes resulted in all exit routes experiencing year-over-year declines. Sales to Trade buyers completed a 5-year run as the most common exit route in Africa. Despite experiencing a 54% year-over-year decline, the volume of exits to Trade buyers in 2023 kept pace with annual averages of 17 exits between 2012 and 2021. Keeping in line with trends established since 2020, the Financials sector once again dominated sales to Trade buyers, accounting for one-third of the exits in this segment. Interestingly, 50% of the sales to Trade buyers in 2023 involved private capital sponsored Trade buyers. This is an increasingly popular strategy for fund managers looking to grow and expand their platform countries. Notable exits to private capital sponsored Trade buyers in 2023 include Ascent Capital's exit in *Guardian Health* to *MyDawa*, a Health-Tech company backed by Alta Semper and SPE Capital's exit in *Amanys Pharma* to *Laprophan*, a pharmaceuticals company backed by Mediterrania Capital Partners.

Despite suffering a 26% year-over-year decline, the proportion of sales to Private Equity buyers regained momentum in 2023 to occupy a 33% overall share. The growing share of Sales to PE buyers in Africa can be attributed to the tough macroeconomic conditions which have enabled liquid Private Equity firms to acquire high performing assets that have hit their maturity wall for cheaper. In 2023, assets within the Industrials and Consumer Discretionary sectors attracted the most attention of private equity firms. Interestingly, for the first time since 2015, there were no PE sponsored exits within the Financials sector which was one of the dominant sectors within this segment in 2022.

Fundraising

3.1 Private Capital Fundraising in Africa

US$1.9bn The **total value of fundraising in Africa in 2023,** a decrease of 9% year-over-year

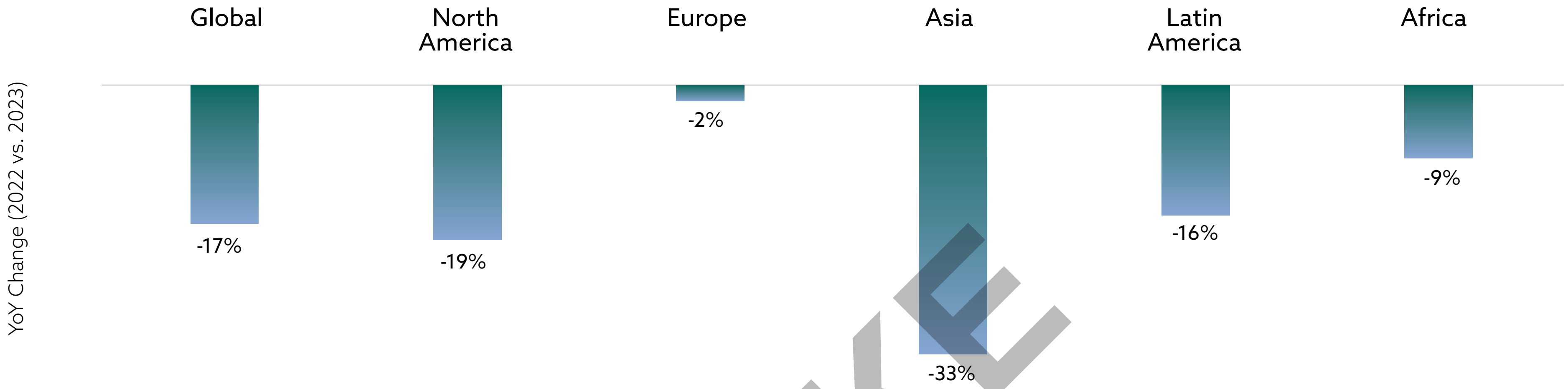
Private debt and **venture capital** funds experience increases in value and drive overall fundraising value

Specialized funds increasingly favoured by investors over generalist, signalling a notable trend shift

2023 marked a continuation of trends first observed in 2022, with global private capital fundraising facing significant challenges for the second consecutive year. In the face of heightened levels of uncertainty in both public and private markets, global private capital fundraising experienced a significant 17% year-over-year decline in 2023, driven by a combination of factors[24]. Firstly, the global decline in exit activity caused disruptions in the capital flow back to Limited Partners (LPs), significantly affecting the level of capital available to allocate to new funds. With some fund managers holding their assets and postponing exits, LPs potentially struggled to reinvest their capital into new opportunities at the previous pace. Secondly, the ''denominator effect'' also contributed to the subdued fundraising activity observed in global markets in 2023, leading some limited partners to scale back their commitments to private assets. Specifically, as the value of stocks and bonds fell amidst rising interest rates, private assets became disproportionately represented in LPs' portfolios. To address this imbalance, some LPs - such as pension funds or endowments who are obligated to adhere to certain regulatory or investment policy limits - had to adjust their allocation to private assets worldwide.

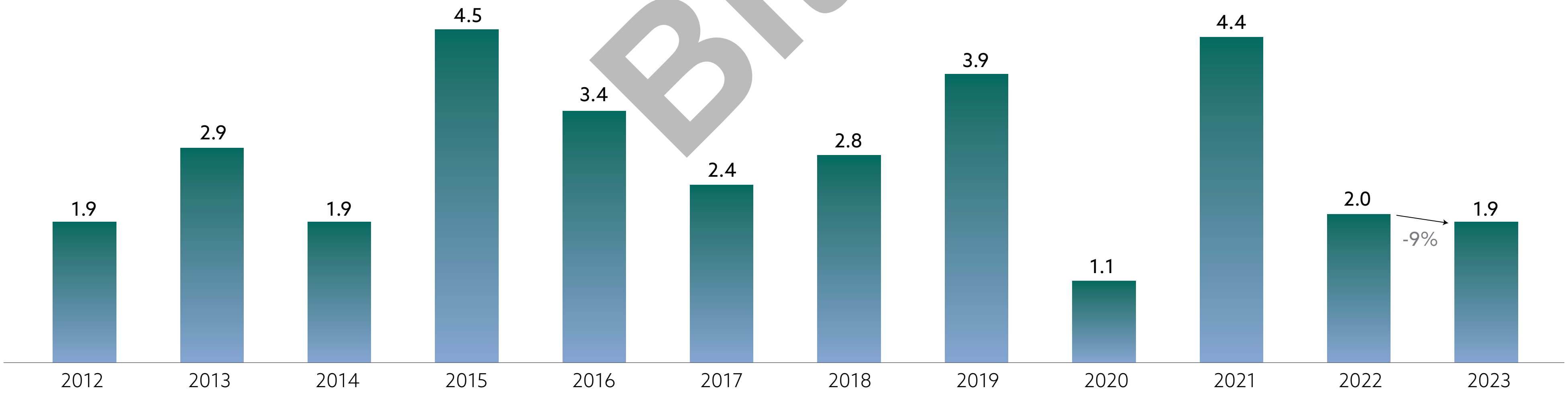
Against this backdrop, fundraising values declined globally with certain regions bearing a heavier impact than others. As illustrated in Figure 1, Asia experienced the most substantial year-over-year decrease in fundraising at 33%, while Europe witnessed a more tempered setback with a 2% decline. In this environment, African private capital fundraising declined for the second consecutive year, totalling US$1.9bn in 2023. Although this figure reflects a moderate 9% year-over-year decrease, it also marks the second-lowest fundraising total for final closed funds since 2012, following the temporary setback caused by the COVID-19 pandemic in 2020. The decline in the value of final closed funds in Africa in 2023 was influenced by factors similar to those which adversely impacted fundraising worldwide, given that the continent attracts capital from various allocators globally. Additionally, prevailing macroeconomic conditions seem to have prompted investors to retain capital within their local markets, discouraging many from making commitments elsewhere. In a continent where foreign capital has traditionally played a pivotal role, this aspect served as another reason for the declining value of final closed funds in 2023, continuing a trend that first started in 2022.

Figure 1: **Annual Percentage Change of Global Private Capital Fundraising in 2023**



Source: AVCA, Pitchbook

Figure 2: **Total Value of African Private Capital Fundraising by Year of final close, US$bn, 2012 - 2023**



Source: AVCA

3.3 First-time Fund Managers

US$0.7bn

First-time fund managers secured US$0.7bn in final closed funds, representing **35%** of the year's total commitments

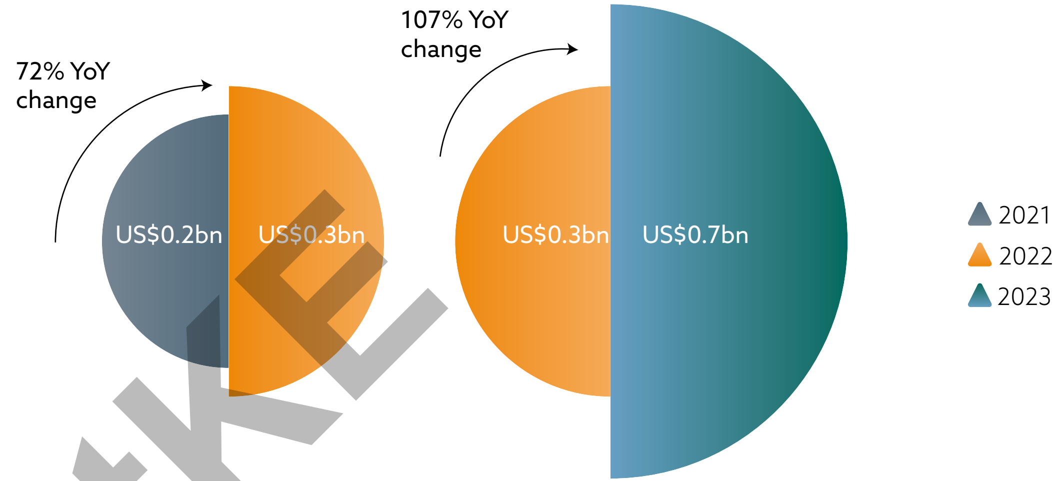
72%

of all capital allocations toward **venture capital** were directed to First-time fund managers

82%

First-time fund managers accounted for 82% of the value of the lower middle market (**US$100mn – 250mn**) range

Figure 6: **Evolution of Total Value of African Private Capital Fundraising by First-time fund managers, US$bn, 2021 - 2023**



In 2023, capital allocators continued to show a preference for funds managed by experienced managers. This was evident in the allocation patterns, as Experienced fund managers received 65% of the total final allocations in 2023 amounting to US$1.2bn. Despite the inclination towards more seasoned fund managers, the overall share of investor allocations towards First-time fund managers has increased steadily, from 10% in 2019 to 35% in 2023. This trend is reflected in AVCA's 2023 Industry Survey, where 61% of participating LPs expressed willingness to consider allocating to First-time fund managers operating in Africa. In 2023, First-time fund managers raised US$0.7bn in final closes, which translated into a 2.1x year-over-year increase and the highest amount of capital raised by such managers in the 5- year period between 2019 and 2023. This indicates a growing confidence in First-time fund managers in Africa.

2023 African Private Capital Activity Methodology

Scope

AVCA's African Private Capital Activity report presents the current state of the private capital in Africa and provides an overview of the latest trends of fundraisings, investments, and exits. The report covers activity by private capital fund managers that have raised third-party funds from institutional investors and are active across the following alternative investments: venture capital, private equity, infrastructure, private debt including venture debt and real estate.

Data sources and quality controls

The AVCA Research team collects data on a semi-annual basis directly from fund managers, press releases, and uses desk-based research to ensure data completeness. The AVCA research team reviews all data obtained, queries any obvious errors, verifies the cut-off rules, and processes all necessary changes to historical data that have been reported by contributors. Therefore, AVCA cannot guarantee the ultimate accuracy of the data.

Statistics explained

Market approach

AVCA data and statistics are based on the "market approach". The statistics are an aggregation of the figures according to the geographical destination of the capital, regardless of the location of the private capital fund. At the African level, this relates to fundraising for Africa, and investments in companies headquartered or with major operations in Africa, regardless of the location of the private capital fund.

Investments

Deals cover all investments made by private capital funds across venture capital, private equity, infrastructure, private debt and real estate. They include all deal types associated with these asset classes, namely seed, early-stage, later stage, growth capital, buyout, greenfield, brownfield, direct lending, distressed debt, mezzanine, venture debt. Deals value includes equity, mezzanine, junior & senior debt and significant co-investments (where available).

Exits

AVCA data and statistics on exits only include full exit by the private capital fund. A single exit is regarded when private capital funds have invested and exited in the same company simultaneously.

Fundraising

AVCA data and statistics on fundraising only include final closes by the private capital fund. However, the report also provides an indication of interim closes that were reported during the year 2023. It is to be noted that, only funds that focus solely on Africa or have an allocation to Africa alongside a broader emerging markets investment mandate are included in the report. Funds with a global investment remit that invest in Africa are excluded.

Sector

The classification of invested company by sector is based on the 2018 Global Industry Classification Standard Classifications (GICS). A detailed breakdown is provided as follows:

Consumer Discretionary
- Automobile & components
- Consumer durables & apparel
- Consumer services
- Retailing

Consumer Staples
- Food & Staples Retailing
- Food, Beverage & Tobacco
- Household & Personal Products

Financials
- Banks
- Diversified Financials & Capital Markets
- Insurance

Information Technology
- Software & IT Services
- Technological Hardware & Equipment
- Semiconductors & Equipment

Communication Services
- Telecommunication Services (including Wireless)
- Media & Entertainment

Healthcare
- Healthcare Providers Equipment & Services
- Pharmaceuticals, Biotechnology & Life Sciences

Industrials
- Capital Goods
- Commercial & Professional Services
- Transportation

Materials
- Chemicals
- Construction Materials
- Metals & Mining
- Paper & Forest Products

Real Estate
- REITs - Equity Real Estate Investment Trusts
- Real Estate Management & Development

Energy
- Energy Equipment & Services
- Oil, Gas, Consumable Fuels

Utilities
- Electric utilities
- Gas utilities
- Multi-utilities
- Water utilities
- Independent Power & Renewable Electricity Producers

Confidentiality

All data received is treated with the utmost confidentiality. Only AVCA research team has access to the underlying data and data is published in an aggregated form only.

Endnotes

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Championing Private Investment in Africa

The African Private Capital Association is the pan-African industry body which promotes and enables private investment in Africa.

AVCA plays an important role as a champion and effective change agent for the industry, educating, equipping and connecting members and stakeholders with independent industry research, best practice training programmes and exceptional networking opportunities.

With a global and growing member base, AVCA members span private equity and venture capital firms, institutional investors, foundations and endowments, pension funds, international development finance institutions, professional service firms, academia, and other associations.

This diverse membership is united by a common purpose: to be part of the Africa growth story.