

Insight

Swedfund



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Understanding the investment gaps in Black-owned and -led businesses in sub-Saharan Africa

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Foreword

Sub-Saharan Africa is one of the most dynamic investment regions in the world. Across the continent, Black-owned and -led businesses are driving innovation, creating jobs and contributing to economic growth in every sector of the economy. Yet despite their contribution, there is limited evidence on how investment capital reaches these businesses, where financing gaps persist, and what prevents more capital from flowing to them.

At British International Investment (BII), we believe that inclusive economic growth requires investment ecosystems that reflect and are representative of the markets they serve. This conviction led us to establish Black Ownership and Leadership for Development (BOLD), an initiative to deepen our understanding of investment in Black-owned and -led businesses across sub-Saharan Africa and help increase the capital available to them.

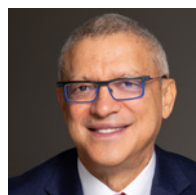
What began with a simple question about representation within our own portfolio highlighted a wider challenge extending beyond any single institution. The absence of robust, market-wide evidence indicated a broader need to understand the scale of the opportunity, the distribution of capital, and the factors influencing investment across the region.

Commissioned by BII and Swedfund, this report helps to address those gaps. It examines the investment landscape across five markets: Côte d'Ivoire, Kenya, Nigeria, Senegal, and South Africa. The findings reveal a nuanced picture. On the one hand, Black-owned and -led businesses account for a significant share of the enterprise landscape across the markets studied. On the other, they continue to face disproportionately large funding gaps and a range of barriers that can limit access to capital.

Perhaps most importantly, the research challenges some commonly held assumptions about investment opportunities in African markets. The findings suggest that the issue is not a shortage of entrepreneurial talent or promising businesses. Rather, the challenge lies in ensuring that businesses with potential are connected to the capital, networks and support needed to grow and scale. For investors, this represents not only a challenge to be addressed, but a significant opportunity to deploy capital more intentionally and effectively.

The report also highlights the importance of local context. Historical context, ecosystem maturity, market structure and investor presence all vary considerably between countries. Understanding these differences is essential if we are to move beyond broad ambitions and develop practical approaches that respond to the realities of individual markets.

Closing these funding gaps is not only a matter of inclusion. It is an opportunity to unlock growth, innovation and development impact at scale. We are committed to working with partners such as Swedfund across the investment ecosystem to help realise that opportunity. We hope this report contributes to a more informed conversation, encourages greater collaboration and, most importantly, becomes a catalyst for action.



Leslie Maasdorp

Chief Executive Officer
British International Investment

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Executive summary

This report presents the first comprehensive assessment of the investment landscape facing Black-owned and -led businesses across five markets: Côte d'Ivoire, Kenya, Nigeria, Senegal, and South Africa.

Commissioned by BII and Swedfund, and conducted by Open Capital Advisors (OCA), the research combined quantitative market analysis with stakeholder consultations to assess business representation, financing gaps and investment dynamics, while also developing indicative estimates of broader BOLD funding gaps across sub-Saharan Africa. The findings reveal five key insights:

1. BOLD businesses are concentrated in small-cap segments, with representation declining as businesses scale

BOLD businesses account for a significant share of the investable business universe across the markets studied. However, representation declines through the mid- and large-cap segments, suggesting a narrowing pipeline of BOLD businesses growing into larger segments where greater volumes of capital are typically available.

2. BOLD businesses face funding gaps approximately four times larger than non-BOLD businesses across the five markets

Across all five markets assessed, BOLD businesses face larger funding gaps than their non-BOLD peers. The findings suggest that a substantial proportion of demand for capital remains unmet, pointing to persistent disparities in access to investment across the region.

3. BOLD businesses face challenges with investment readiness, financing and networks

Stakeholders identified a range of barriers affecting BOLD businesses' ability to secure investment, including limited access to appropriate financing, difficulties meeting investor requirements and weaker access to the networks and relationships that facilitate capital raising.

4. A limited investment culture and a lack of appropriate financing instruments contribute to underinvestment

Stakeholders highlighted several systemic challenges that constrain investment into BOLD businesses, including limited visibility of opportunities, insufficient market connectivity and a lack of financing products suited to the needs of many businesses operating in the market.

5. Local context varies and is important when targeting BOLD investments

While the preceding insights identify common patterns across the region, the nature and scale of BOLD investment opportunities vary across markets. Differences in business representation, funding gaps, sector composition, ecosystem maturity and local market dynamics influence where capital is most needed and how investors can deploy it most effectively. As a result, increasing investment in BOLD businesses will require both region-wide approaches and market-specific strategies.

Overall, the findings suggest that the underinvestment in BOLD businesses is not driven by a lack of entrepreneurial activity or opportunity. Rather, it reflects a combination of structural, market and ecosystem factors that influence how capital is sourced, assessed and deployed. Closing these gaps is therefore not only a matter of inclusion; it represents a significant opportunity to unlock growth, innovation, job creation and development impact across sub-Saharan Africa.

The report concludes with practical recommendations for investors, fund managers and development finance institutions (DFIs). These include intentional BOLD investment strategies, stronger BOLD pipelines, increased representation among capital allocators, financing solutions better aligned with business needs and targeted technical assistance to help businesses scale.



Introduction

Sub-Saharan Africa is home to a significant population of Black-owned and -led businesses, yet little evidence exists on whether the flow of investment capital reflects this reality. While studies have explored specific markets, sectors and stages of financing, there have been very few comprehensive assessments of the investment opportunities available to Black-owned and -led businesses, the scale of capital reaching them, or the barriers affecting their access to finance across the region.

BII launched Black Ownership and Leadership for Development (BOLD) to help ensure its investments better reflect the diversity of the markets in which it operates. The initiative was informed by an internal review which suggested that Black-owned and Black-led businesses may be underrepresented within BII's portfolio relative to the broader investible universe in sub-Saharan Africa. The findings highlighted important disparities and reinforced the need for a deeper evidence base.

At the same time, evidence was emerging that this underrepresentation was reflective of wider gaps across sub-Saharan markets. For example, analysis by *The Guardian* in 2020 found that eight of the ten African-based start-ups that attracted the largest amounts of venture capital funding in 2019 were led by foreign founders. Research from the Google for Startups Black Founders Fund highlighted that only 3.11 per cent of all investment made in Africa since 2000 had gone to Black founders, equivalent to \$413 million out of \$13.3 billion invested.

Despite these initial findings, investors seeking to increase investment in Black-owned and -led businesses often lack access to market-wide data on where opportunities exist, the scale of unmet demand for capital, and the factors contributing to underinvestment. Existing evidence is largely fragmented, focused on individual countries, sectors or early-stage venture capital markets. This makes it difficult to assess the broader landscape across sub-Saharan Africa.

Investors seeking to increase investment in Black-owned and -led businesses often lack access to market-wide data.

Against this backdrop, BII and Swedfund commissioned Open Capital Advisors (OCA) to conduct research to better understand the investment gaps facing Black-owned and -led businesses. The research focused on five key markets, Côte d'Ivoire, Kenya, Nigeria, Senegal, and South Africa. These were selected to provide a diverse view of the BOLD investment landscape across sub-Saharan Africa. Across these markets, the research examined where BOLD businesses are represented, the scale of the funding gaps they face, and the barriers affecting access to capital. These findings were complemented by a broader market analysis to develop an indicative estimate of wider BOLD funding gaps across sub-Saharan Africa.

By improving visibility of the market and identifying practical actions, BII and Swedfund hope to support investors, fund managers and DFIs to deploy capital more intentionally and effectively. In doing so, we aim to help unlock growth, job creation and development impact across sub-Saharan Africa.

The BOLD Criteria

To anchor our understanding of what it means to invest in Black-owned and -led businesses, BII developed the BOLD Criteria. The criteria is designed to measure and assess Black representation at the ownership and leadership levels of a business, fund or financial institution – which is where we tend to see the greatest gaps of representation across the business value chain.

The BOLD Criteria builds on BII's experience as a founding partner of the 2X Challenge¹ and contributor to the development of the 2X Criteria², a globally recognised framework used by DFIs and investors to assess and mobilise investment that supports women's economic empowerment. Drawing on these lessons, the BOLD Criteria provide a consistent approach for identifying, measuring and tracking Black ownership and leadership across investment opportunities.

The research assessed businesses, funds and platforms against the BOLD qualification criteria outlined below

'Who' qualifies under BOLD		Individuals who identify as Black regardless of nationality	
		CRITERIA	THRESHOLD
Direct	Ownership	Share of Black ownership (only when individuals can be identified)	33%
		OR	
	Business has Black founder	50%	
	OR		
	Leadership	Black representation in senior management (C-suite) or equivalent	50%
OR			
		Black representation on the Board or IC	50%
AND/OR			
Indirect	Underlying portfolio of intermediated investments	Funds and Platforms: strategy or commitment to achieve % of portfolio companies that meet one or more direct criteria	
		* NOTE that financial institutions cannot qualify for BOLD based on the indirect criteria ** NOTE that funds and platforms can qualify either based on the direct OR indirect criteria but will only receive the full inclusive point if they meet both	>50%

Framework to be adjusted as we develop a deeper understanding of the market opportunity, as well as the drivers of success/failure for BOLD deals within our investment process.

Applying a consistent definition of BOLD is essential to understanding the scale of the opportunity and the distribution of capital across the market. This report represents the first public examination of the BOLD investment landscape. By combining quantitative market analysis with perspectives from businesses and investors, it seeks to provide a clearer understanding of where Black-owned and Black-led businesses are represented within the market, the scale of the funding gap they face, the factors contributing to underinvestment, and the actions investors can take to close these gaps.

Figure 1: Criteria for BOLD qualification (sub-Saharan Africa portfolio)

1 Available at: <https://gendertoolkit.bii.co.uk/2x-challenge/>

2 Available at: <https://www.2xchallenge.org/2xcriteria>

Under the BOLD Criteria, investments can qualify by meeting the ownership and/or leadership thresholds. Businesses and financial institutions are recognised where Black individuals hold significant ownership positions or occupy key leadership roles, while funds also qualify through their commitment to invest in BOLD business within their own portfolios.

For this report, BOLD businesses are defined based on aligning with the BOLD Criteria.

Methodology

This research combined quantitative market analysis, extrapolation methodologies with stakeholder consultations to assess the representation, financing landscape and funding gaps facing BOLD businesses across sub-Saharan Africa.

The analysis focused on five markets: Côte d'Ivoire, Kenya, Nigeria, Senegal, and South Africa. For the purposes of this report, the term BOLD businesses is used in relation to market sizing, funding gaps and related analysis, where estimates were developed using a methodology aligned with the BOLD Criteria. The study examined the distribution of BOLD and non-BOLD businesses across sectors, company sizes and financing segments, and assessed differences in access to capital.

To estimate the scale of the opportunity and the funding gaps, the research drew on a range of secondary data sources, including enterprise surveys, market studies and investment datasets. This data was used to assess business representation, analyse funding gaps by market, sector and business size, and develop indicative estimates of wider BOLD funding gaps across sub-Saharan Africa.

The study involved consultations with more than 70 stakeholders, including BOLD businesses, non-BOLD businesses, investors and other ecosystem stakeholders across Côte d'Ivoire, Kenya, Nigeria, Senegal and South Africa. The investor group consisted primarily of fund managers and a small number of banks. These consultations provided insights into the demand-side and supply-side barriers affecting access to capital, including investment readiness, financing constraints, networks, sourcing challenges and investment practices.

While some financial institutions were included in the consultation process, the analysis focuses primarily on barriers affecting investment in BOLD businesses. It does not seek to provide a detailed assessment of the depth, structure or performance of domestic financial sectors. Findings from these consultations also informed the recommendations presented in this report, identifying practical actions that could help increase investment into BOLD businesses.

70+

stakeholders consulted during
the study

Insight 1

Most BOLD businesses are concentrated in small-cap segments, with representation declining as businesses scale

Understanding how BOLD businesses are represented within the economy helps identify where capital is currently concentrated and where barriers to scaling may emerge.

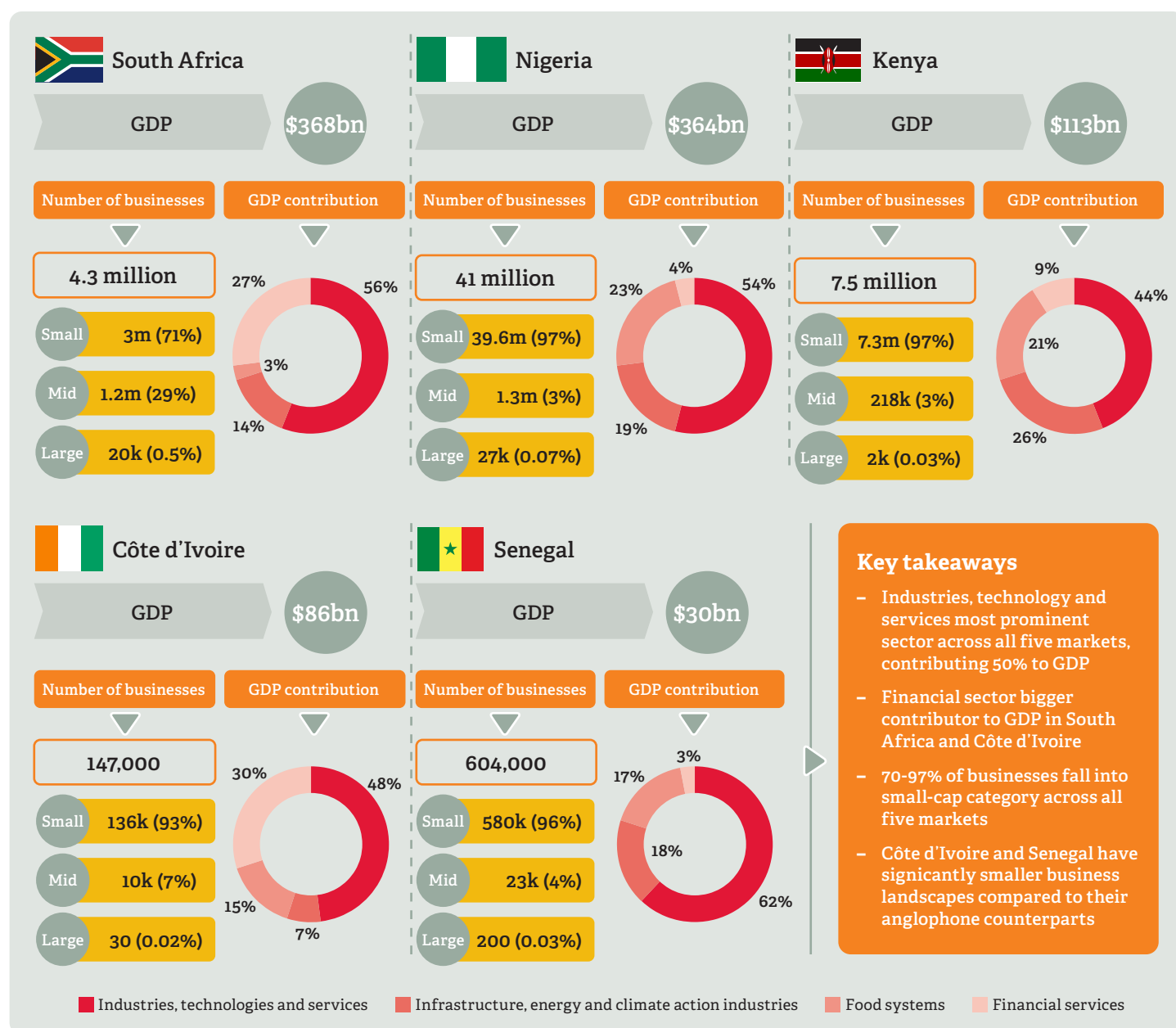


Figure 2: Across all five markets, small- and mid-cap businesses represent over 99% of all businesses with the industry, technology and services sector as the largest contributor to GDP

Notes: *The IFC definition is used to distinguish between small cap, mid-cap, and large-cap businesses³

³ International Finance Corporation (IFC), Definitions of Targeted Sectors, available at: <https://www.ifc.org/en/what-we-do/sector-expertise/financial-institutions/definitions-of-targeted-sectors>

The BOLD opportunity sits within a diverse but overwhelmingly SME-driven private sector

Across all five markets, the private sector is overwhelmingly driven by small and medium-sized enterprises, which account for more than 99 per cent of all businesses. Industry, Technology & Services is also the largest contributor to GDP in every market studied, accounting for between 44 per cent⁴ and 62 per cent⁵ of economic output. These common characteristics reflect the central role that enterprise development plays in driving economic growth, employment and economic participation across sub-Saharan Africa.

Beyond these shared features, important differences emerge across markets. From Nigeria's estimated 41 million businesses⁶ to Côte d'Ivoire's 147,000 formal enterprises⁷, the data highlights both the scale and diversity of enterprise activity across the region. South Africa combines a sophisticated financial sector, commercialised food systems and a diversified industrial base, while Nigeria's economy is underpinned by a broad services sector and food systems that continue to support employment and economic activity. In Kenya, industrial development, infrastructure investment and financial services have supported growth, while Côte d'Ivoire and Senegal have increasingly pursued economic transformation through industrialisation, infrastructure development and digitalisation.

These differences matter because they shape the composition of the investable universe and the opportunities available for businesses to grow and scale. However, while the broader business landscape helps explain how businesses are formed and grow, understanding the representation of BOLD businesses requires a different lens. The analysis therefore also examined the distribution of BOLD and non-BOLD businesses by company size across the investable universe.

While all five markets are characterised by SME-dominated private sectors, differences in market size, sector composition and economic structure shape the investable universe and where BOLD businesses are most likely to emerge.

4 Source: Kenya National Bureau of Statistics (KNBS), Quarterly Gross Domestic Product Report, available at: https://www.knbs.or.ke/reports_category/quarterly-gdp-reports/

5 Source: World Bank Data, Senegal, available at: <https://data.worldbank.org/country/senegal>

6 Source: The Guardian Nigeria, Over 39.65m MSMEs operate in Nigeria, says report, available at: <https://guardian.ng/business-services/over-39-65m-msmes-operate-in-nigeria-says-report/>

7 Source: United Nations Economic Commission for Africa (UNECA) (2019), Covid-19 and SMEs: Preliminary Lessons from government responses in Côte d'Ivoire and Senegal, available at: https://www.uneca.org/sites/default/files/AEC/2020/presentations/covid-19_and_smes_-_preliminary_lessons_from_government_responses_in_cote_divoire_and_senegal_.pdf

BOLD businesses are most represented in small-cap segments, with representation decreasing through mid- and large-cap segments

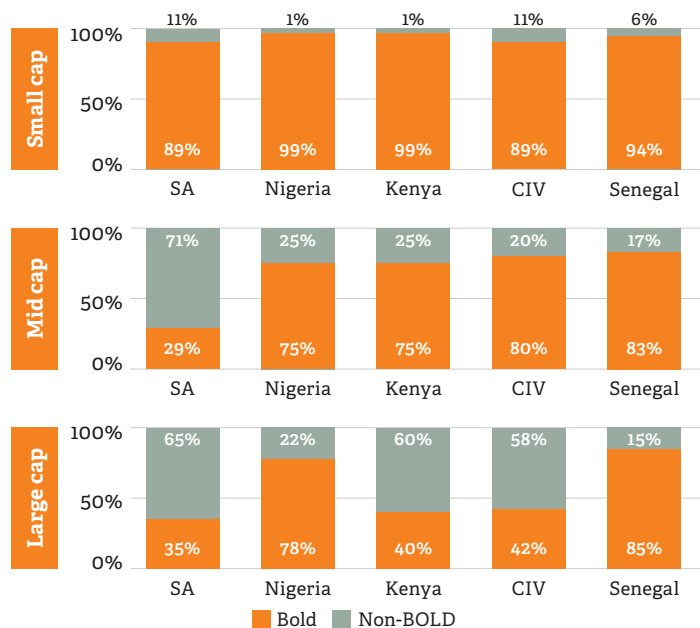
Across all five markets, BOLD businesses account for the overwhelming majority of small-cap enterprises, representing between 89 per cent and 99 per cent of this segment. Representation is particularly high in Nigeria and Kenya, where 99 per cent of small-cap businesses are BOLD, and in Senegal, where BOLD businesses account for 94 per cent of the segment. In Côte d'Ivoire and South Africa, BOLD businesses also dominate small-cap activity, accounting for 89 per cent of businesses despite the continued presence of minority-owned and foreign-owned enterprises in certain sectors.

Across all five markets, small-cap BOLD businesses are overwhelmingly family-run and locally owned. They are concentrated in sectors such as retail, trade, services and agriculture, including industry, technology and services, and food systems, where barriers to entry are comparatively low.

As businesses scale, however, representation declines, indicating that pathways into larger company segments are not equally accessible across markets. The decline is most pronounced in South Africa, where BOLD businesses account for just 29 per cent of mid-cap businesses and 35 per cent of large-cap businesses. These patterns appear to reflect a combination of historical and structural factors, including the enduring legacy of apartheid on business ownership and access to capital, discussed further in Insight 5.

A similar pattern is evident in Kenya and Côte d'Ivoire. BOLD businesses account for 40 per cent of large-cap businesses in Kenya and 42 per cent in Côte d'Ivoire. In Kenya, non-BOLD businesses maintain a stronger presence within larger manufacturing, infrastructure, finance and trade-related enterprises. In Côte d'Ivoire, large-scale business activity remains concentrated among foreign-owned and non-Black Ivorian groups, particularly within capital-intensive sectors such as infrastructure, financial services and industrial businesses. In both markets, larger company segments contain a greater concentration of businesses with stronger access to capital, networks and commercial opportunities.

BOLD vs non-BOLD businesses distribution by size



Comparative characteristics

Attribute	BOLD (small-cap)	BOLD (mid-cap)	BOLD (large-cap)	Non-BOLD (mid/large-cap) ²
South Africa	Black South Africans, Coloureds ¹ , Black African immigrants	Black South Africans, Coloureds ¹ , Black African immigrants	Black South Africans, Coloureds ¹	White South Africans, Indians, Chinese
Nigeria	Black Nigerian	Black Nigerian	Black Nigerian	Indians, Chinese, Lebanese
Kenya	Black Kenyan	Black Kenyan	Black Kenyan	Indian-Kenyans, foreigners
Côte d'Ivoire	Black Ivorian	Black Ivorian	Black Ivorian and foreigners (Mali, Niger) ¹	Ivorian-Lebanese, foreigners (French)
Senegal	Black Senegalese	Black Senegalese	Black Senegalese	French, German, Lebanese

Notes: 1. In South Africa, the term 'coloured' refers to a distinct racial group of people of mixed racial ancestry, primarily descended from people of European, African (specifically Khoisan), and Asian (such as Malays) heritage who intermingled during the colonial era. 2. There is a very minimal presence of small-cap non-BOLD businesses.

Figure 3: BOLD businesses are most represented in small-cap, representation decreasing through mid- and large-cap segments

By contrast, BOLD representation remains comparatively strong throughout the enterprise landscape in Nigeria and Senegal. BOLD businesses account for 78 per cent and 85 per cent of large cap businesses, respectively, reflecting the continued prominence of locally owned firms as businesses grow and formalise. Family-owned businesses also continue to play an important role in both markets as firms scale. Consequently, BOLD businesses account for the majority of enterprises across all company sizes in both markets.

Sector-level analysis helps explain why BOLD businesses are concentrated within the small- and medium-sized (SME)-driven segments of the economy. Food systems remain significant drivers of economic activity and employment across the region, particularly in Côte d'Ivoire and Senegal, where agricultural value chains continue to support enterprise development. More broadly, sectors such as trade, services, light manufacturing and agriculture are characterised by strong local participation and relatively low barriers to entry, helping to support entrepreneurship and business growth.

By contrast, participation in sectors such as infrastructure, energy, manufacturing and financial services is often associated with higher capital requirements, specialised expertise and longer investment horizons, creating additional barriers to entry and scaling. While BOLD businesses are represented across these sectors, larger and more capital-intensive segments are often dominated by more established firms, making it more difficult for many businesses to grow beyond the SME stage.

The findings suggest that BOLD businesses are not underrepresented within the broader enterprise landscape. On the contrary, they account for the vast majority of businesses across all five markets, particularly among SMEs. However, their declining representation within larger company segments raises important questions about access to capital and the factors influencing business growth and scaling. Understanding these dynamics is an important next step in assessing the scale of the BOLD investment opportunity.

The opportunity extends beyond identifying BOLD businesses to understanding how they can access growth pathways into larger and more capital-intensive sectors.



Insight 2

BOLD businesses face funding gaps approximately four times larger than non-BOLD businesses across the five markets

Nigeria has the largest funding gap, and across all markets, BOLD businesses account for approximately 80 per cent of the total gap

Across the five markets studied, BOLD businesses account for approximately 80 per cent of the total funding gap, representing \$209 billion of the combined \$261 billion funding gap. On average, BOLD businesses experience a funding gap approximately four times as large as that facing non-BOLD businesses, highlighting a significant disparity in access to capital across the markets assessed.

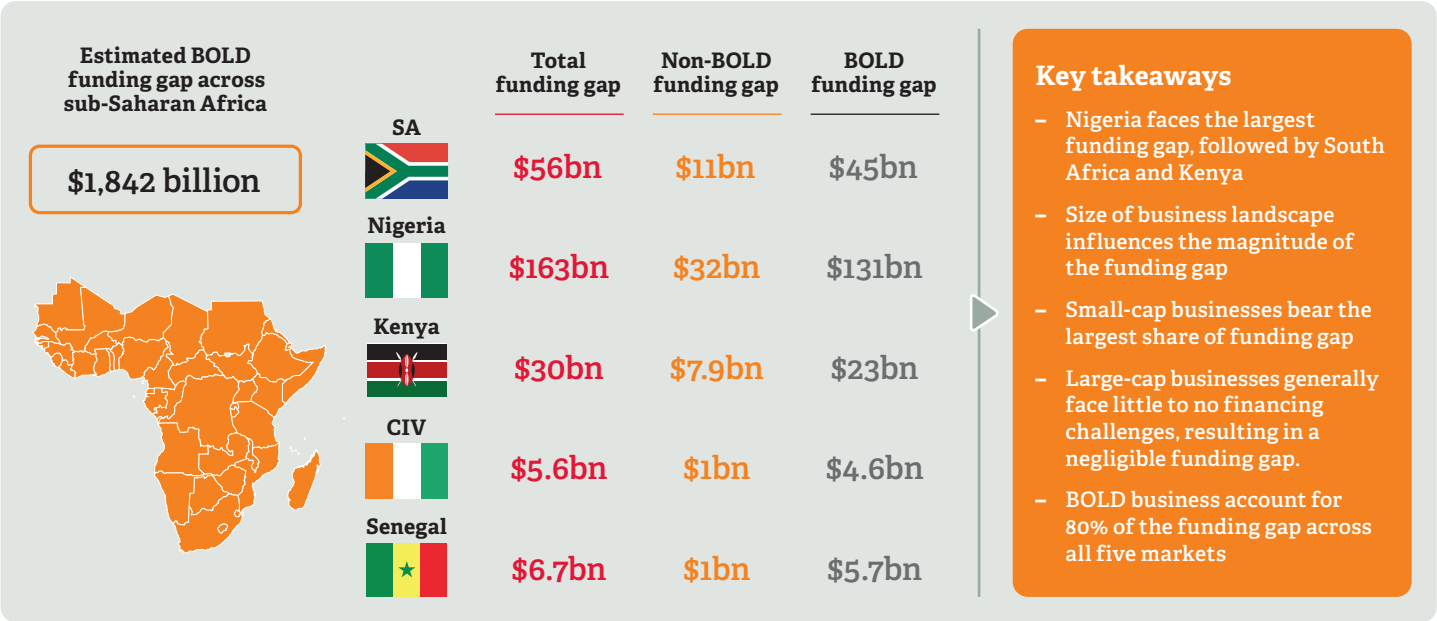


Figure 4: Nigeria has the largest funding gap, and across all markets, BOLD businesses account for approximately 80% of the total gap

Extrapolating from the five focus markets suggests that the funding gap facing BOLD businesses across sub-Saharan Africa could be as high as \$1.842 trillion, indicating a significant pool of unmet financing demand across the region. The estimate combines country-level GDP and business population data with observed relationships between BOLD business prevalence and financing needs at both the overall economy and business-segment levels.

The scale of the funding gap varies considerably by market and broadly reflects the size of the underlying business landscape. Nigeria accounts for the largest funding gap at \$163 billion, of which \$131 billion is attributable to BOLD businesses. This is followed by South Africa at \$56 billion, of which \$45 billion is attributable to BOLD businesses, and Kenya at \$30 billion, of which \$23 billion is attributable to BOLD businesses.

Together, these three markets account for the majority of unmet financing demand across the five countries studied, while Côte d'Ivoire and Senegal face comparatively smaller funding gaps. Despite differences in market size, the disproportionate funding gap facing BOLD businesses remains evident across all five markets, indicating that financing constraints affecting BOLD businesses persist across diverse market contexts.

The distribution of the BOLD funding gap also differs significantly by company size. Small-cap businesses account for the largest share of unmet financing demand across all five markets, while large-cap businesses generally experience limited financing constraints and therefore contribute only a negligible share of the overall gap. This concentration among smaller businesses suggests that many continue to face challenges in accessing the capital required to support growth and expansion.

The findings suggest that underinvestment in BOLD businesses is not driven by a lack of entrepreneurial activity or investable opportunities. Rather, substantial unmet demand for capital persists across markets, sectors and business sizes. Understanding the barriers that contribute to these financing constraints is therefore critical to identifying pathways for increasing investment into BOLD businesses across sub-Saharan Africa.

A substantial pipeline of potential investment opportunities may remain unrealised across sub-Saharan Africa if financing constraints continue to limit business growth and scaling.



Insight 3

BOLD businesses face challenges with investment readiness, financing and networks

Across all five markets, BOLD businesses, particularly smaller firms, face difficulties accessing finance

Consultations with businesses, investors and ecosystem stakeholders across the five markets identified a range of barriers that can make it more difficult for BOLD businesses, particularly smaller firms, to access external finance. While the nature and severity of these challenges vary across markets and sectors, a number of common themes emerged relating to investment readiness, financing structures, networks and growth ambitions.

Challenges relating to **investment readiness** were among the most frequently cited. Stakeholders noted that many BOLD businesses, particularly in the small- and mid-cap segments, continue to operate informally or struggle to meet statutory and regulatory requirements, limiting their ability to access formal financing opportunities. Even where businesses are formally established, weaknesses in governance structures, financial reporting and record keeping can make it more difficult for investors to assess risk and evaluate potential investment opportunities. Stakeholders also highlighted challenges in developing the business plans, financial models and growth strategies typically expected by institutional investors, which can affect perceptions of commercial viability and investment readiness.

Interviewees also highlighted challenges relating to **fundraising capabilities**. Many founders have limited experience of engaging with investors, navigating fundraising processes or communicating their value proposition effectively. As a result, businesses may struggle to articulate growth plans, demonstrate investment potential or secure investor confidence during fundraising discussions.

Talent constraints can further compound these challenges. Across several markets, businesses reported difficulties attracting and retaining skilled professionals, particularly in technical and management functions, as experienced talent is often drawn towards multinational firms or opportunities overseas. This can make it more difficult for businesses to build the organisational capacity required to attract investment and scale successfully.

Business growth depends not only on capital, but on the organisational capacity to absorb and deploy it effectively.

A second set of barriers relates to the **nature and suitability of available financing solutions**. Stakeholders observed that the financial instruments most readily available are not always well aligned with the realities of many BOLD businesses. Businesses operating in volume-based sectors or pursuing social impact objectives can struggle to meet expectations regarding margins, return profiles or payback periods that are embedded within traditional financing models. Several participants also highlighted **limited awareness** among founders of the range of financing structures available beyond conventional debt or venture equity. This can result in businesses pursuing forms of capital poorly suited to their business model, stage of growth or financing requirements, reducing the likelihood of successful fundraising outcomes.

Access to **networks and relationships** emerged as another recurring challenge. Many founders reported limited access to investor networks and the relationship-based channels through which investment opportunities are often sourced, assessed and financed. Reduced visibility can make it more difficult for businesses to secure introductions, build relationships with investors and obtain information that supports fundraising efforts. Stakeholders suggested that these network constraints can create additional barriers for businesses seeking to access institutional capital.

Finally, several interviewees highlighted challenges relating to growth ambitions and market expansion. In some cases, founders focus primarily on highly localised opportunities and addressing specific challenges within their immediate markets. While these businesses often generate significant local impact, some investors expressed concerns about perceptions of scalability and long-term growth potential reducing investor appetite for certain opportunities. This can sometimes create a disconnect between the types of businesses seeking capital and the growth trajectories often preferred by larger-scale investors.

Together, these findings suggest that underinvestment is not driven solely by a shortage of capital. Rather, a combination of investment readiness, financing and network-related barriers can influence the ability of BOLD businesses to access funding and engage effectively with investors. However, the barriers identified by businesses represent only one side of the equation. Investment outcomes are influenced not only by the preparedness of businesses seeking capital, but also by the constraints, practices and perceptions of the investors allocating it. Understanding how investors source opportunities, assess risk and deploy capital is therefore equally important to explaining why BOLD businesses continue to experience disproportionately large funding gaps.

Capital may be available, but not always in forms that match the needs, growth trajectories or business models of many BOLD businesses.



Insight 4

A limited investment culture and a lack of appropriate financing instruments contribute to underinvestment

Across all five markets, investor practices contribute to underinvestment in BOLD businesses

Stakeholders report that limited local representation, insufficient understanding of local markets and poorly aligned financing instruments can constrain capital deployment to BOLD businesses

While stakeholders identified several barriers that make it more difficult for BOLD businesses to access finance, they also went further to highlight a complementary set of investor-facing challenges that influence how capital is sourced, assessed and deployed across the market. Many of these factors are structural in nature and can unintentionally limit investment into BOLD businesses, even where attractive opportunities exist.

One of the most commonly cited themes was the limited representation of Black and locally based professionals among capital allocators. Stakeholders noted that investment decisions affecting local businesses are frequently made by teams based outside of the country or region. While these investors often bring valuable expertise and capital, limited local representation can reduce the understanding of operating realities facing BOLD businesses and increase reliance on assumptions or risk frameworks that may not fully reflect local market dynamics. Several interviewees suggested this can contribute to unconscious bias in investment decision-making, making it more difficult for locally-led businesses to compete for capital.

Closely linked to this is a limited understanding of local markets. Investors operating from outside of the region may be less familiar with local customer behaviour, informal business practices, regulatory environments and other factors influencing commercial success. As a result, opportunities can sometimes be assessed through a lens that does not fully capture the realities of operating in sub-Saharan Africa. Stakeholders noted that this can lead to misaligned perceptions of risk and cause potentially attractive investment opportunities to be overlooked.

The funding gap reflects a mismatch between market realities and prevailing investment approaches, rather than a shortage of investable opportunities.

Several participants also observed that many BOLD businesses operate in sectors, markets or business models that are not always aligned with conventional investor preferences. Businesses serving underserved populations, addressing social challenges or operating in niche domestic markets may require longer investment horizons or demonstrate different growth trajectories to those typically sought by investors. While such businesses can deliver significant development impact and commercial value, they can be perceived as less attractive than opportunities following more familiar scaling pathways.

Related to this, stakeholders highlighted a strong preference within parts of the market for regional scale and pan-African expansion. While expansion can be an important driver of growth, stakeholders suggested that this emphasis can unintentionally disadvantage BOLD businesses focused on solving highly localised challenges or serving specific domestic markets. In some cases, highly investable businesses may therefore be overlooked because they do not fit prevailing expectations regarding scale and geographic reach.

Challenges relating to financing structures were also widely reported. Stakeholders noted that many investment instruments continue to reflect assumptions developed in more mature markets and are not always suited to the realities of operating in sub-Saharan Africa. Informality, limited collateral, evolving regulatory frameworks and nascent entrepreneurial ecosystems can all shape how businesses access and utilise capital. Where financing structures do not reflect these conditions, businesses may struggle to find solutions that balance risk, return and operational realities.

A further challenge relates to ticket sizes. Across multiple markets, interviewees identified a persistent gap between smaller grant-based funding and larger-scale investment capital. Businesses seeking between approximately \$100,000 and \$1 million often face particular difficulties accessing appropriate financing. This can leave otherwise investable BOLD businesses without the capital required to expand operations, strengthen systems and attract larger pools of funding at a critical stage in their growth journey.

Taken together, these findings suggest that underinvestment in BOLD businesses is shaped not only by the challenges faced by businesses themselves, but also by the ways in which investment opportunities are sourced, evaluated and financed. Limited local representation among capital allocators, insufficient understanding of local market dynamics and financing structures that are poorly aligned with business needs can all contribute to capital being directed away from otherwise investable opportunities.

The nature of these barriers is not uniform across the region. Historical context, ownership structures, market maturity and the composition of local investment ecosystems all influence how opportunities and constraints manifest in different countries. Understanding these local dynamics is therefore critical to recognising where BOLD businesses are most likely to thrive, where challenges are most acute, and how investors can tailor their approaches to different market contexts.



Insight 5

Local context varies and is important when targeting BOLD investments

Country-specific dynamics shape investment barriers and opportunities across markets

While the preceding insights identify several common patterns across the five markets, stakeholder consultations suggest the drivers of underinvestment are not uniform across the region. Historical context, market maturity, ownership structures and the composition of local investment ecosystems influence how opportunities and barriers manifest in different countries. As a result, many of the challenges facing BOLD businesses are shaped by factors that are specific to individual markets.

Côte d'Ivoire and Senegal

The dynamics observed in Côte d'Ivoire and Senegal differed in several respects. Interviewees consistently described a less mature investment ecosystem than that found in many Anglophone markets, with private equity, venture capital and impact investing remaining comparatively less developed. Stakeholders also highlighted language barriers and cultural misalignment between local founders and international investors, which can affect fundraising outcomes and investor engagement. Several participants further noted that capital remains concentrated in a small number of Anglophone markets, while many investors continue to operate with limited locally based teams in Francophone countries. This can reduce visibility of investment opportunities and make it more difficult for businesses to access international capital.

Nigeria

In Nigeria, discussions focused less on historical ownership structures and more on operational and financial constraints. Stakeholders frequently highlighted difficulties accessing hard-currency financing, particularly for businesses reliant on imported inputs, offshore services or international payments. Non-BOLD businesses with foreign parent companies or international networks are often able to draw on external support, whereas domestic BOLD businesses lack similar access to foreign currency liquidity. Although discussions of ethnicity were generally less explicit than in South Africa or Kenya, stakeholders nevertheless suggested that unconscious bias can still influence investment decisions and perceptions of risk.



Kenya

In Kenya, stakeholders highlighted a different set of dynamics. Many noted that BOLD businesses are often relatively young compared to non-BOLD businesses and therefore have shorter operating track records, fewer established networks and more limited access to capital. Several participants also pointed to a comparatively weak culture of reinvesting wealth into emerging businesses, which reduces the availability of local angel and early-stage funding. Similar to South Africa, some stakeholders identified investor biases and perceptions regarding risk as factors affecting capital allocation decisions.

South Africa

In South Africa, many stakeholders pointed to the enduring legacy of apartheid as a defining influence on business ownership, wealth accumulation and access to capital. Many non-BOLD businesses have operated for decades, giving them longer track records, greater accumulated assets and stronger relationships with investors. By contrast, many Black-owned and -led businesses are comparatively younger and often lack the intergenerational wealth, family funding and angel investment networks that have historically supported business formation and growth. Although Broad-Based Black Economic Empowerment (B-BBEE) policies have been introduced to address structural inequalities, interviewees highlighted a number of unintended consequences. Non-South African Black founders operating within South Africa are generally unable to benefit from B-BBEE frameworks despite their business being Black-owned and -led, while some South African BOLD businesses face perceptions that their success is driven primarily by policy support rather than commercial competitiveness. Stakeholders also noted that explicit investor bias and stereotypes regarding BOLD businesses continue to influence perceptions of risk within parts of the investment ecosystem.

Stakeholders also emphasised that not all barriers are directly related to race, ethnicity or ownership. Some challenges stem from the size and maturity of businesses, regardless of founder background. At the same time, discussions around ethnicity varied significantly across markets. Conversations were generally more explicit in Kenya and South Africa, where historical inequalities and ownership dynamics remain highly visible, while discussions in Côte d'Ivoire, Nigeria and Senegal tended to focus more on implicit or unconscious forms of bias rather than overt discrimination.

Across several markets, particularly Côte d'Ivoire, Nigeria and Senegal, stakeholders also highlighted the importance of ownership and governance structures in shaping investment outcomes. Many successful BOLD businesses remain founder-led or family-controlled as they scale, with strategic decision-making concentrated among a small number of individuals. While these structures can reflect long-term commitment and continuity, investors often seek greater governance oversight, transparency and succession planning as businesses grow. In some cases, these differing expectations can influence how businesses engage with external investors and access growth capital.

Overall, these findings suggest that investment opportunities for BOLD businesses are shaped by a combination of common regional patterns and market-specific dynamics. Across all five markets, BOLD businesses are strongly represented within the enterprise landscape and face significant unmet demand for capital. However, the drivers of underinvestment differ across countries, reflecting variations in market maturity, ecosystem development, ownership structures, access to networks and historical context. This reinforces the need for investors to avoid a one-size-fits-all approach. Expanding investment into BOLD businesses will require region-wide commitments, but the design of sourcing strategies, financing instruments and technical assistance should be tailored to the realities of individual markets.





Steps for closing the investment gaps

BOLD businesses are making a significant contribution to economic growth across Africa. Yet the findings of this report demonstrate that substantial gaps in access to capital persist across markets, sectors and company sizes. While the nature of these barriers varies across countries, a consistent theme emerges: the underinvestment in BOLD businesses is not driven by a lack of entrepreneurial activity or investment opportunities. Rather, it reflects a combination of structural, market and ecosystem barriers that shape how capital is identified, assessed and deployed.

Closing these gaps is not only a matter of inclusion; it represents a significant opportunity to unlock growth, innovation, job creation and development impact across sub-Saharan Africa. Realising this opportunity will require collective action across the investment ecosystem to ensure that capital more fully reflects the diversity, ambition and potential of the businesses driving Africa's future growth.

The following recommendations highlight practical actions investors can take to improve access to capital for BOLD businesses across sub-Saharan Africa.

1. Develop more intentional BOLD investment strategies

Many investors do not systematically consider Black ownership and leadership when sourcing, assessing or monitoring investments. Establishing explicit BOLD objectives, targets and reporting mechanisms can help ensure that investment activity more closely reflects the diversity of the markets in which investors operate.

Actions to consider:

- Incorporate BOLD Criteria into investment strategies and policies.
- Track BOLD representation across pipeline and portfolio companies.
- Set internal objectives for increasing exposure to BOLD investments.
- Report transparently on progress and outcomes.

Putting BOLD into practice

Through BOLD, BII has taken several steps to better understand and track investment into Black-owned and -led businesses. These include developing the BOLD Criteria, incorporating BOLD assessments into due diligence processes, collecting portfolio-level data, supporting fund managers that have made commitments to increase investment into BOLD businesses, and developing the BOLD toolkit to support investors seeking to assess, track and increase investment into BOLD businesses. While implementation is ongoing, these efforts have helped generate insights into where opportunities and barriers exist across the investment ecosystem.

Black Ownership and Leadership for Development remains a long-term commitment, and many of the recommendations in this report reflect areas where further progress is still required.

2. Actively identify and build BOLD pipelines

The research suggests that limited visibility is a key challenge. Many investors rely on existing networks, which can result in BOLD businesses being overlooked.

Actions to consider:

- Develop partnerships with local ecosystem organisations.
- Increase outreach beyond traditional networks.
- Build relationships with accelerators, incubators and entrepreneur networks.
- Create targeted sourcing programmes for BOLD businesses.

3. Enhance Black representation among capital allocators

Representation within investment decision-making bodies can influence how opportunities are identified, evaluated and supported. Diverse investment teams can bring broader perspectives, networks and market insights.

Actions to consider:

- Increase diversity across investment teams and committees.
- Support the growth of Black fund managers.
- Expand mentorship and leadership pathways for investment professionals.
- Strengthen local investment decision-making capacity.

4. Develop financing solutions that better meet business needs

The findings indicate that many BOLD businesses struggle to access financing that aligns with their stage of growth and operating context. Stakeholders identified persistent gaps in smaller-ticket investments, leaving many businesses underserved as they seek to scale. Addressing funding gaps may require more flexible and tailored financing approaches.

Actions to consider:

- Expand patient and growth-stage capital offerings.
- Increase availability of local currency financing where appropriate.
- Introduce blended finance and risk-sharing mechanisms.
- For larger institutions with higher minimum ticket sizes, consider intermediated investment structures that can deploy substantial volumes of capital while reaching smaller businesses.
- Partner with local financial institutions to design and deliver financing solutions tailored to the needs of BOLD businesses, drawing on approaches used for gender, climate and other thematic financing initiatives.

Bridging the missing middle

Growth Investment Partners (GIP), a Ghana-based platform launched by BII, was established to address the financing gap faced by SMEs seeking growth capital. By using an intermediated approach, GIP enables larger pools of capital to be deployed through smaller ticket-size investments that are better aligned with the needs of growing businesses.

By creating a specialist investment vehicle focused on this segment of the market, BII has been able to channel capital to businesses that may otherwise fall below the minimum ticket-size requirements of many institutional investors.

The approach illustrates how tailored financing structures can help bridge gaps in the market while expanding access to growth capital for underserved businesses.

5. Pair capital with tailored technical assistance

Access to capital alone may not be sufficient to overcome barriers related to investment readiness, governance and networks. Technical assistance can help businesses strengthen their ability to attract and absorb investment.

Actions to consider:

- Support improvements in governance and financial management.
- Provide fundraising and investor-readiness support.
- Facilitate access to strategic networks and mentors.
- Strengthen leadership and organisational capabilities.



Examples of BOLD companies and fund managers

Companies

Babban Gona (Nigeria)

Babban Gona is a Nigerian agribusiness that supports smallholder farmers through access to inputs, financing, training, education, harvest support and markets. Through its technology-enabled model, the company helps improve productivity, profitability and resilience among low-income farmers in northern Nigeria. BII's \$7.5 million investment supported the company's growth, helping to expand services to more farmers and strengthen agricultural value chains. The investment illustrates how innovative business models can improve income opportunities, food security and climate resilience for underserved rural communities.

MAX.NG (Nigeria, Ghana and Cameroon)

MAX.NG is a Nigerian mobility company that is expanding access to affordable transport through a pay-as-you-go model combining vehicle financing, maintenance, insurance and electric mobility solutions. BII's \$2.5 million investment supported the company's efforts to accelerate electric vehicle adoption, helping to reduce greenhouse gas emissions while creating income-generating opportunities for low-income riders. The business shows how BOLD businesses can combine technology, climate innovation and financial inclusion to address major development challenges.

Johnvents (Nigeria)

Johnvents is a Nigerian cocoa processor that sources cocoa from thousands of smallholder farmers and supplies cocoa products to international markets. BII's \$40.5 million senior secured debt investment supported the expansion and modernisation of the company's Ile-Oluji cocoa processing facility, increasing local processing capacity and strengthening Nigeria's cocoa sector. The transaction highlights the role that long-term capital can play in supporting BOLD businesses to scale industrial operations, increase exports and create stronger market opportunities for farmers.

Lovegrass Ethiopia (Ethiopia)

Founded in 2016, Lovegrass is an Ethiopian agri-processing company that sources teff and other ingredients from smallholder farmers and produces teff-based flour, cereals, snacks and powdered drinks for domestic and export markets. BII's \$5 million flexible debt investment provided working capital and growth financing to help the business expand production, broaden its product range, and strengthen its position for future fundraising. By increasing processing capacity and access to markets, Lovegrass supports income generation for farmers while demonstrating how BOLD businesses can build stronger and more resilient agricultural value chains.

Fund managers

Fund managers are well positioned to influence how capital is sourced, allocated and deployed. Through investment strategy, portfolio construction, incentive structures and manager representation, fund managers can play an important role in expanding access to capital for BOLD businesses.

Growth Investment Partners Zambia (Zambia)

Building on the success of the GIP model in Ghana, BII, Swedfund and NAPSA established GIP Zambia to expand access to flexible growth capital for Zambian SMEs. Recognising the importance of intentionality in expanding access to capital, the platform is committed to targeting at least 60 per cent of its portfolio to BOLD businesses, while also maintaining diverse representation across its leadership and governance structures. The approach illustrates how collaboration between DFIs and local investment platforms can increase the flow of capital to BOLD businesses while supporting SME growth and capital market development.

Aruwa Fund II (Nigeria)

Aruwa Capital Management is a Lagos-based Black female-founded investment manager investing in early-stage and growth-stage businesses across consumer healthcare, fintech and cleantech sectors. Beyond Aruwa's differentiated gender-lens investment strategy, the firm has committed to targeting 75 per cent of its portfolio to BOLD businesses over the life of the fund. The approach illustrates how specialised investment strategies can simultaneously target commercially attractive growth sectors while intentionally increasing capital allocation to BOLD businesses.

Helios V (pan-Africa)

Helios V is a pan-African private equity fund investing in businesses across consumer non-discretionary sectors, financial services and fintech, digital infrastructure, and technology-enabled business services. Consistent with Helios IV's focus on delivering attractive financial returns for investors, Helios continues to develop the BOLD approach as a contributor to value creation. The firm is well positioned to apply these principles, demonstrating how BOLD considerations can align with investment objectives.

For further information:

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