



Q3  
2024

# Private Capital Activity in Africa

## 2024 YTD IN REVIEW

### Investors Pull Back from Large Commitments

Amidst persistent global challenges and subdued market conditions, the African private capital industry experienced a slowdown in deal activity for the second concurrent year. Despite deal volumes increasing quarter over quarter, the pace remained measured, resulting in 287 deals reported year-to-date compared to 324 deals in the same period in 2023 (a decrease of 11% YoY). Excluding 2022 as an outlier, deal volumes in 2024 YTD closely align with activities in recent years. This modest decline demonstrates that Africa largely remains an investment destination with compelling opportunities.

While deal volumes experienced a modest decline, investment values declined sharply as investors held back from making significant capital commitments. Q1 2024 marked the worst-performing first quarter for investment values in five years, which set a sluggish pace that defined investment values for the remainder of the year. At the close of Q3 2024, only US\$1.9bn was invested across Africa year-to-date, a staggering 53% YoY decline from the same period in 2023. This drop represents the lowest year-to-date deal values since 2020, which fall significantly short of the 5-year average of US\$4.2bn for the first three quarters.

Africa remained a key market for investors, however 2024 marked a significant shift in investments across all ticket sizes which had an impact on overall deal values. Fund managers pulled back from large capital commitments, leading

deals above US\$50mn to contract by 75% YoY. This contraction was particularly evident in deals within the US\$50-99mn range, which plunged by 92% YoY and the absence of large deals sized above US\$250mn. For the first time in 5 years, deal value was predominantly driven by smaller deals (deals below US\$50mn), which represented more than two-thirds (66%) of deal activity, marking a departure from previous years where large deals fuelled activity on the continent. Evidently, investors are choosing to focus on smaller, strategic deals to mitigate risk and optimize their returns.

### Funding Slowdown Impacts Venture Capital, Private Equity and Infrastructure Investments

As investors pulled back from large ticket commitments, the flow of capital into venture capital, private equity and infrastructure investments was significantly affected. Long the favourite of investors on the continent, venture capital held the lion's share of deal volume (62%) and value (52%) year-to-date. Despite this dominance, venture capital deal volumes declined 21% YoY while deal values dropped by nearly half (49%). As the funding downturn persists within the venture capital industry, startups in Africa have been forced to scale down growth and shift focus to streamlining processes and product offering to stay afloat<sup>1</sup>.

<sup>1</sup> Rest of World, [Africa's B2B e-commerce startups are struggling to survive](#)

Private equity observed a 28% YoY upswing in deal volume, triggered by an increase across both buyout and growth capital deals, this however failed to translate to an increase in investment values within the asset class. In the first three quarters of 2024, only US\$0.4bn was deployed across private equity deals on the continent, marking the lowest year-to-date values in 7 years within the asset class, and a 66% YoY decline from the comparable period in 2023. Deal values shrunk across all ticket sizes, however, deals below US\$10mn saw a notable increase, from US\$35mn in the first three quarters in 2023 to US\$55mn invested year-to-date.

Infrastructure, typically the playground for large deals, was not spared from the downturn. The value of infrastructure deals declined by 68% YoY, resulting in US\$0.2bn being invested across infrastructure assets in Africa year-to-date. While deal sizes retreated across all ticket sizes, the completion of a US\$150mn senior loan by Africa Finance Corporation to *Kamoa Copper* in the Democratic Republic of Congo provided a notable boost to deal activity within the asset class.

Amidst the cascade of declines, private debt offered a surprising bright spot as deal values grew by 14% YoY. Although year-to-date deal values remain below the heights seen at its peak in 2022, the rise in private debt deal values signal growing investor preference towards secure investments in the ongoing market volatility. In 2024 for instance, private debt emerged as a critical source of capital for the financial services sector - particularly for lending companies seeking reliable, flexible capital - which grew 2x compared to the same period in 2023.

## Financials, Utilities and Materials Experience Decline While Market Share Holds Steady

As the funding downturn permeated across the continent, year-to-date investment trends revealed varying sectoral performance. Consumer Staples, Communication Services, and Real Estate sectors stood tall amidst the storm with a modest uptick in deal volume while the latter two managed a small increase in investment values. Investment funding into the Utilities, Materials and Financials sectors however shrunk significantly compared to the similar period in 2023.

The Financials sector experienced a 27% YoY drop, marking the second lowest year-to-date values for the sector since 2020. This was precipitated by a decline in the banking (45%) and the financial services (26%) sectors which faced significant headwinds in 2024. Despite the drop, companies driving financial inclusion in Africa such as those offering transaction and payment services, digital banking and lending services continued to capture the interest and cheque books of investors. Year-to-date, these companies attracted a total of US\$805mn in investments, translating to 88% of the value of funding within the Financials sector.

The Utilities sector bore the brunt of the slowdown by suffering a double blow: the steep contraction of deals above US\$50mn as well as a significant drop in smaller transactions. The absence of deals above US\$50mn marked a shift from trends established since 2021, where such deals have consistently made up over 50% of the value of investments within the sector. This dramatic drop cast a shadow over the future of energy projects across Africa, as the sector has traditionally driven much-needed investment into the continent's energy infrastructure.

The Materials sector - which covers investments in manufactured goods such as chemicals, fertilizers, construction and packaging materials - similarly struggled to stay afloat. The sector experienced a 67% YoY decline in deal values, triggered by an absence of deals within the US\$50-99 million range and a reduction in the value of transactions within the US\$100-250mn range, in sharp contrast to its peak performance in the first three quarters of 2023.

## West Africa and East Africa Affected by Capital Squeeze

Year-to-date deal volume in Africa managed to hold ground, remaining stable across most regions except for West Africa, which experienced a 30% YoY decline. Deal values however took a nosedive across all regions, with Southern Africa and East Africa experiencing the biggest declines in absolute terms. West Africa's drop was triggered by a 44% YoY decline in the volume of venture capital investments in Nigeria, which boasts the largest venture capital industry in West Africa. In recent years however, the tepid macroeconomic environment in Nigeria characterised by high inflation and the devaluation of the Naira has had an adverse impact on venture capital investments the country.

The chill of the venture capital funding winter similarly impacted East Africa. While deal volume in the region remained steady compared to Q1-Q3 2023, deal values fell short of last year's levels. In this uncertain climate, investors in East Africa appeared to shift their focus towards more traditional and lower-risk assets like private equity, which saw deal values double compared to the same period in 2023.

### Final Closes Weather Storm, on Track to Surpass Recent Trends

Despite broader trends of caution and capital pullback that have characterised investment activity, final close fundraising remained resilient in 2024, highlighting investor confidence in the African private capital industry. Year-to-date, US\$2bn was raised in final closes, holding steady against 2023's full year benchmark of US\$1.9bn, driven by a 2.3x growth in funds above US\$250mn. Notably was the closing of the *AIIF 4* infrastructure fund by African Infrastructure Investment Managers, which secured US\$748mn in final fund commitments and accounted for 37% of total final close values. Across the different strategies, Africa's innovative

potential continued to attract venture capital commitments, which commanded nearly a quarter of the final close values. However, only 1 private debt fund closed attracting US\$0.1bn in final commitments, falling short of the strong performance in 2023 when private debt funds raised US\$0.8bn in final closes.

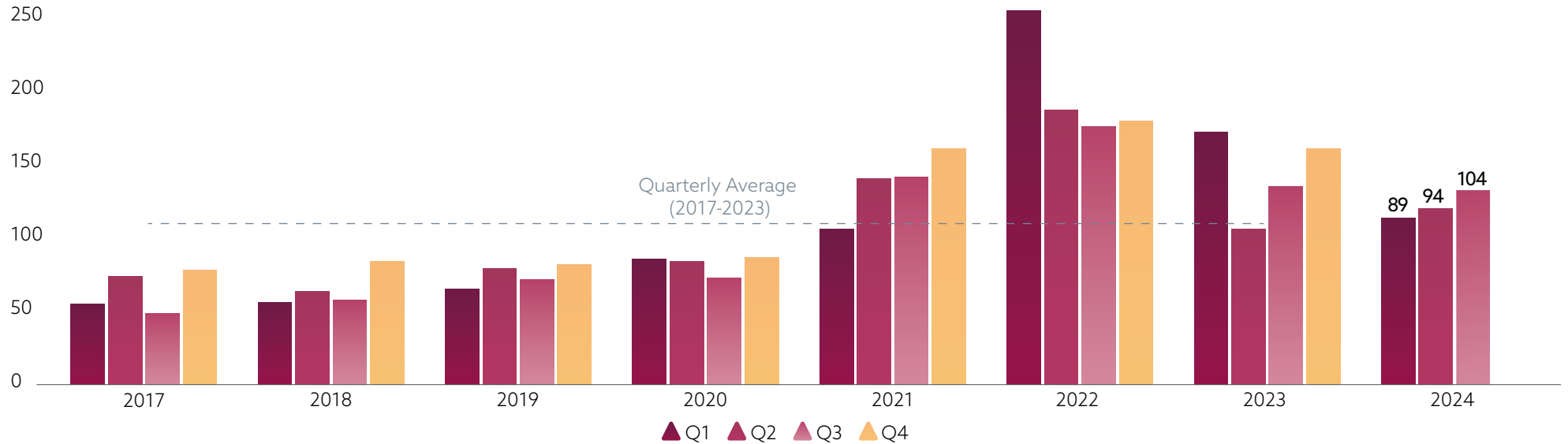
### Exits on Track to Attain 2023 Levels

In the midst of the ongoing market turbulence, exit activity in Africa's private capital industry demonstrated remarkable resilience. 31 exits were reported in Africa year-to-date, representing a stable volume of exits to the comparable period in 2023. This suggests that the exit pipeline is crafting a path to match 2023's full-year volumes. Excluding 2022 which was an outlier year for exits on the continent, exit volumes in 2024 are on track to achieve the 4-year annual average of 37 deals. Sales to trade buyers remained the main exit strategy for African assets, accounting for 52% of the exits year-to-date. Notably, exits within the financial sector, a key focus for trade buyers in 2023, saw a decline in 2024 while other sectors experienced modest growth.

# INVESTMENTS

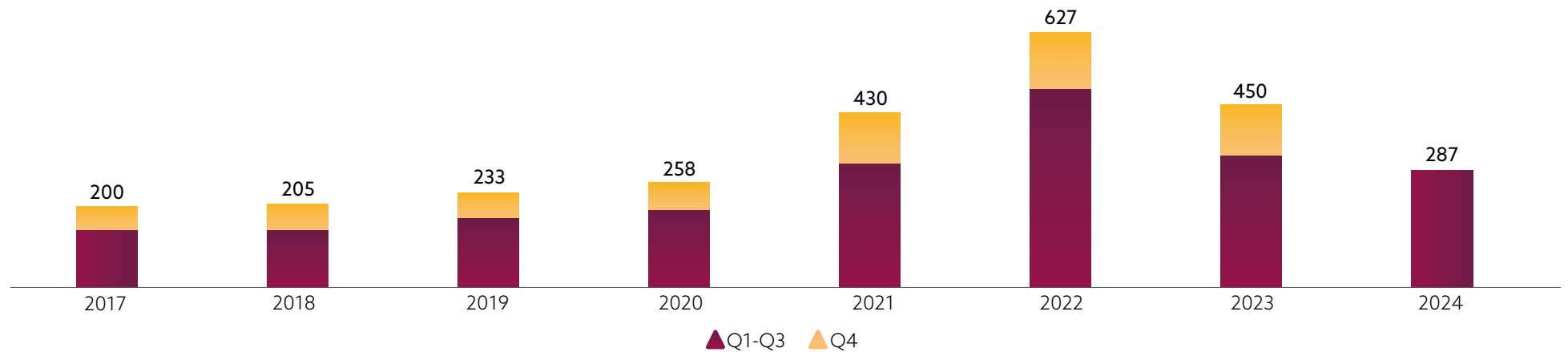
## Deal Volumes Align Closely with Recent Trends Despite 11% YoY Decline

Figure 1a: Total Volume of Private Capital Deals in Africa, by Year and Quarter



Source: AVCA

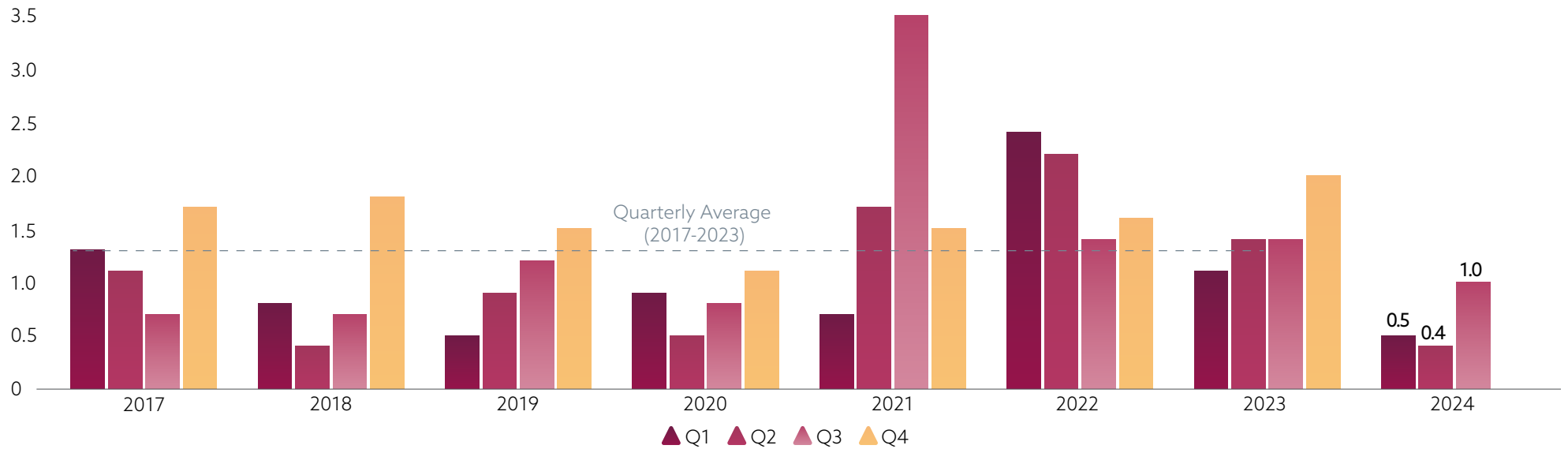
Figure 1b: Total Volume of Private Capital Deals in Africa, by Year, Q1-Q3 vs Q4



Source: AVCA

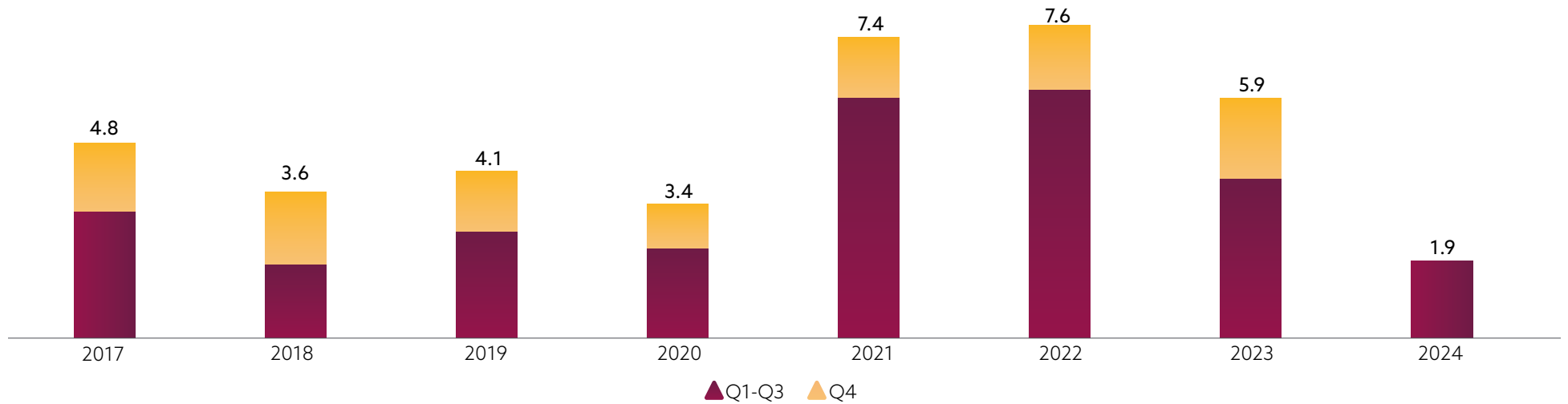
## Deal Values Decline by 53% YoY, Marking Lowest Q1-Q3 Since 2020

Figure 2a: Total Value of Private Capital Deals in Africa, by Year and Quarter, US\$bn



Source: AVCA

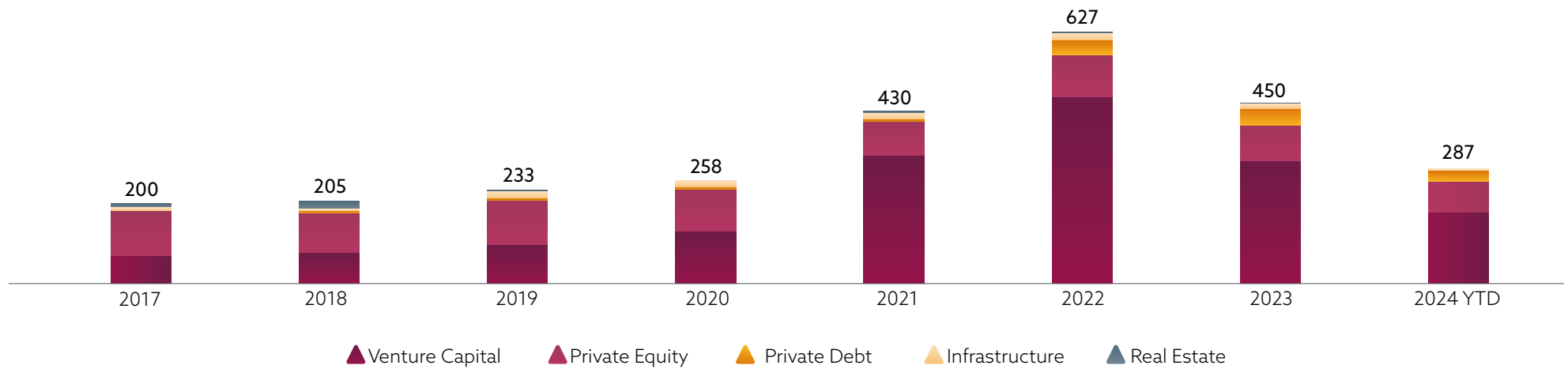
Figure 2b: Total Value of Private Capital Deals in Africa, by Year, Q1-Q3 vs Q4, US\$bn



Source: AVCA

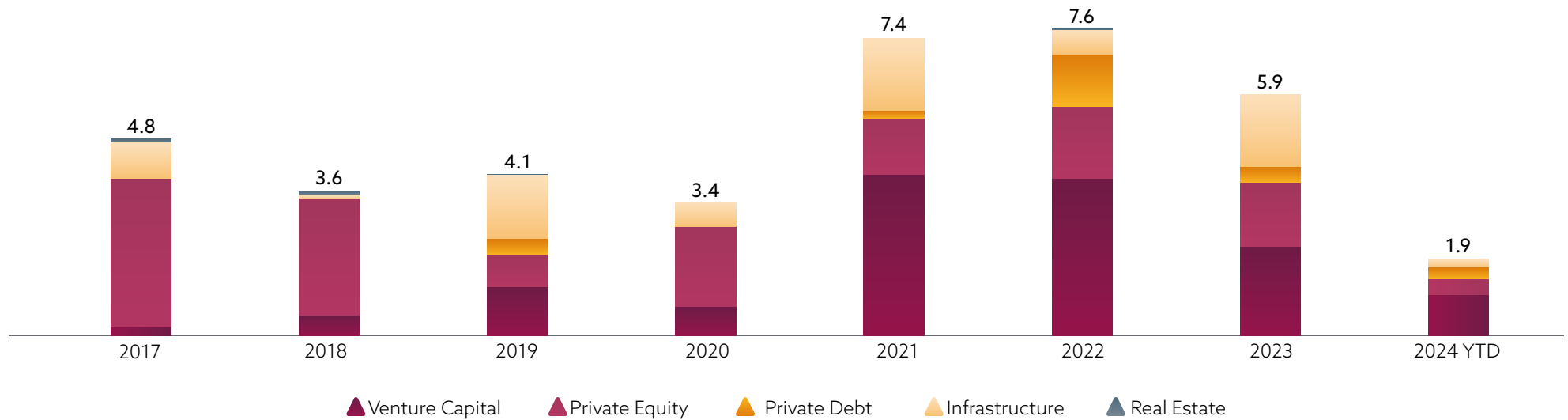
# Funding Slowdown Impacts Venture Capital, Private Equity and Infrastructure Investments

Figure 3: Total Volume of Private Capital Deals in Africa, by Year & Asset class



Source: AVCA

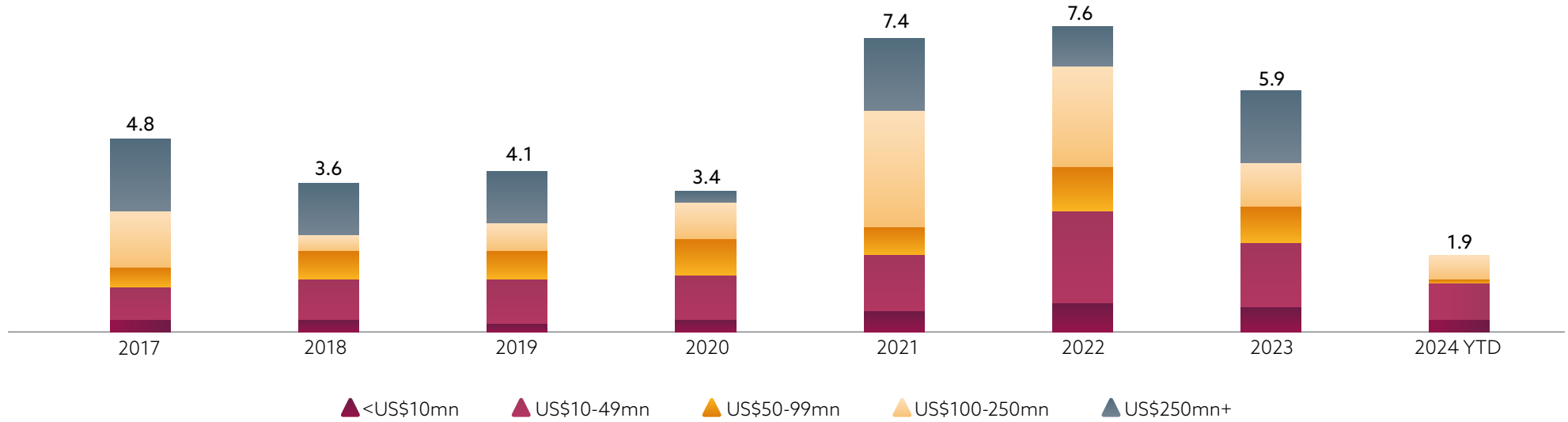
Figure 4: Total Value of Private Capital Deals in Africa, by Year & Asset class, US\$bn



Source: AVCA

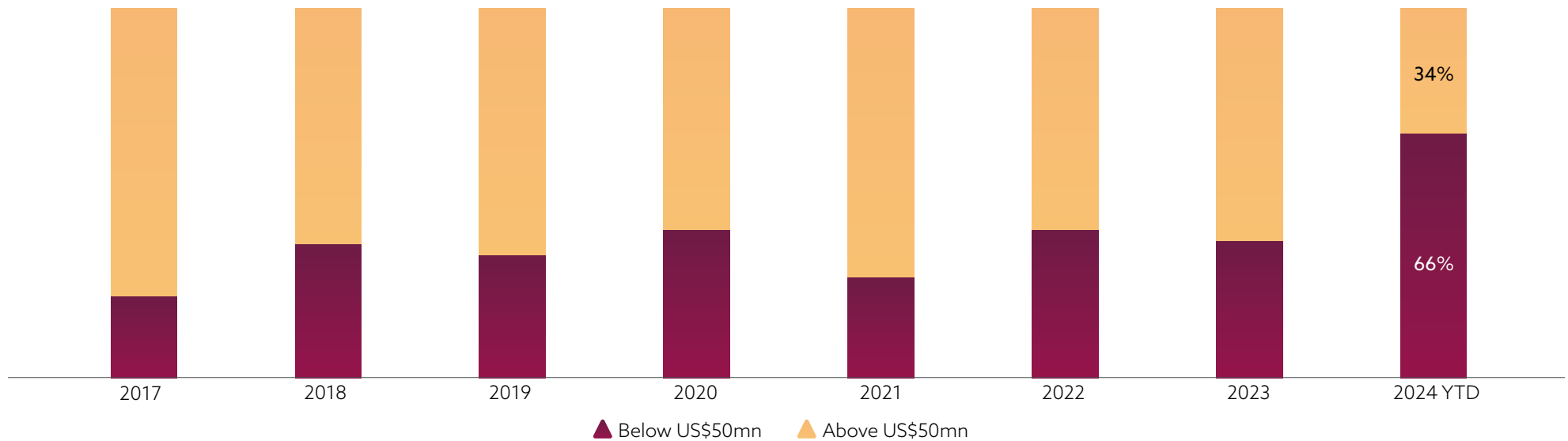
## Investors Pull Back from Large Commitments

Figure 5: Total Value of Private Capital Deals in Africa, by Year & Ticket Size, US\$bn



Source: AVCA

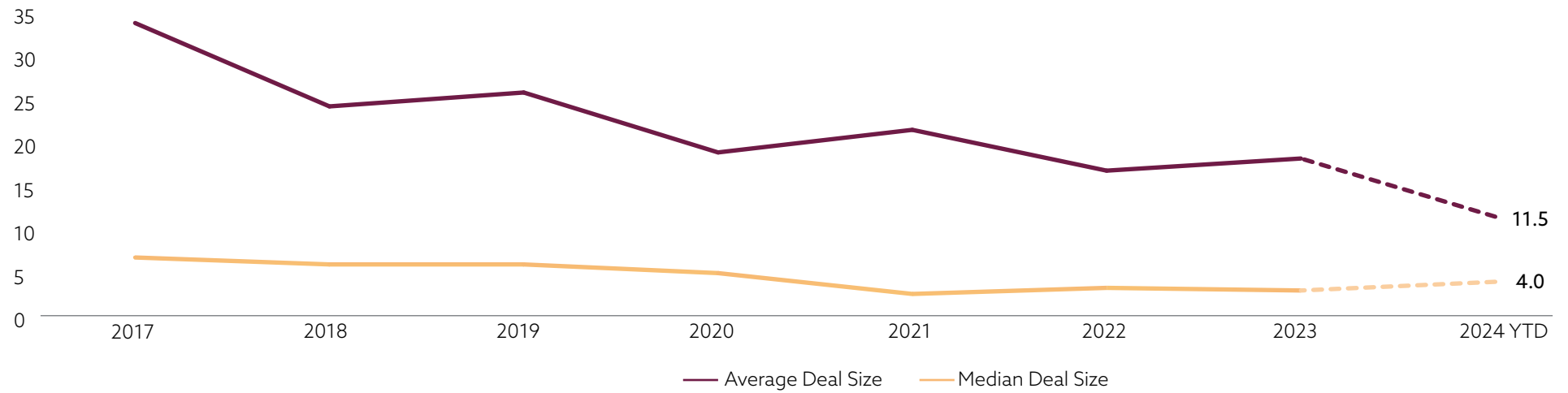
Figure 6: Share of Private Capital Deals in Africa Below and Above US\$50mn by Year



Source: AVCA

## Absence of Large Deals Drives Down Average Deal Size

Figure 7: Evolution of Average and Median Deal Size in Africa, by Year, US\$mn

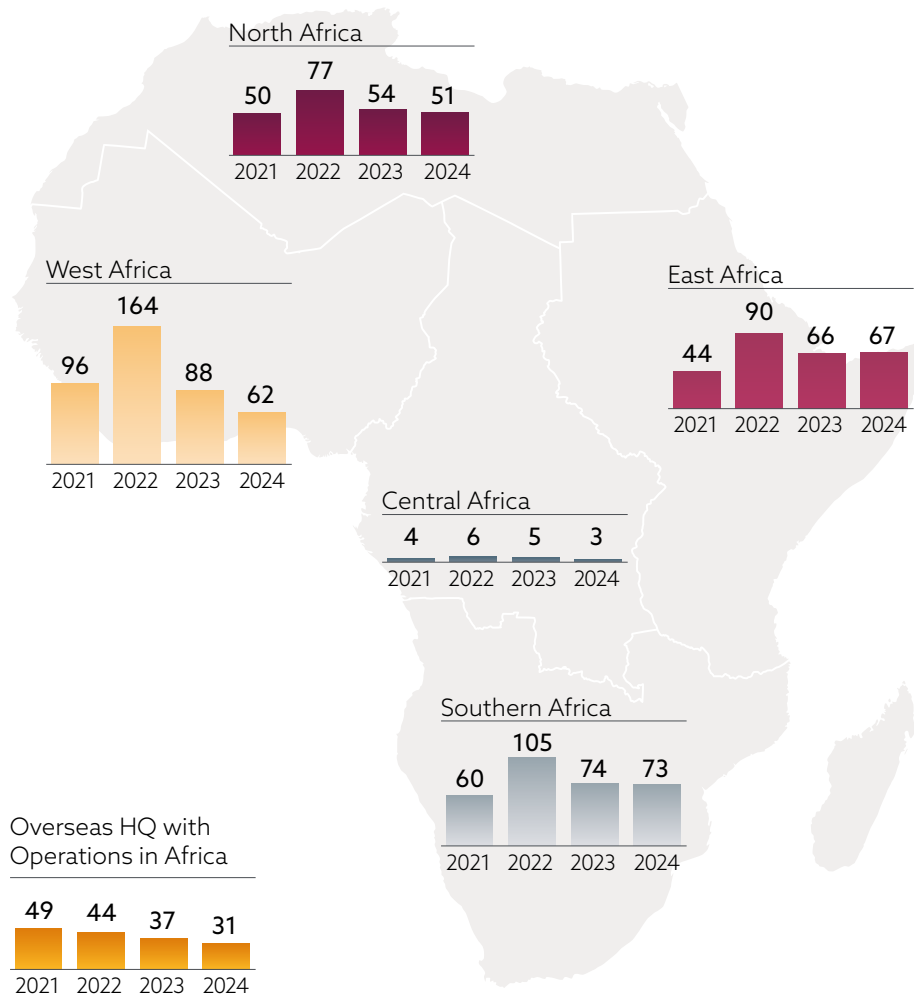


Source: AVCA



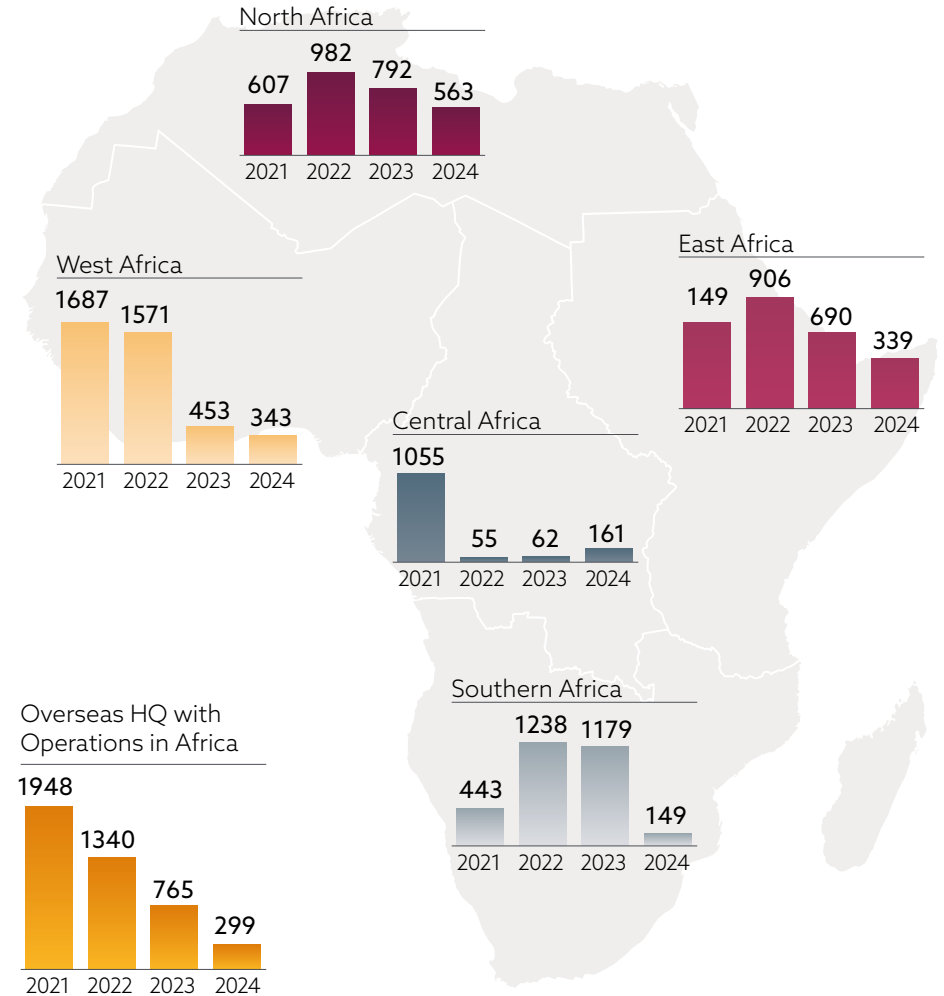
# West Africa and East Africa Affected by Capital Squeeze Despite Maintaining Dominance

Figure 8: Evolution of Private Capital Deal Volume in Africa, by Region, 2021- 2024 YTD



Source: AVCA

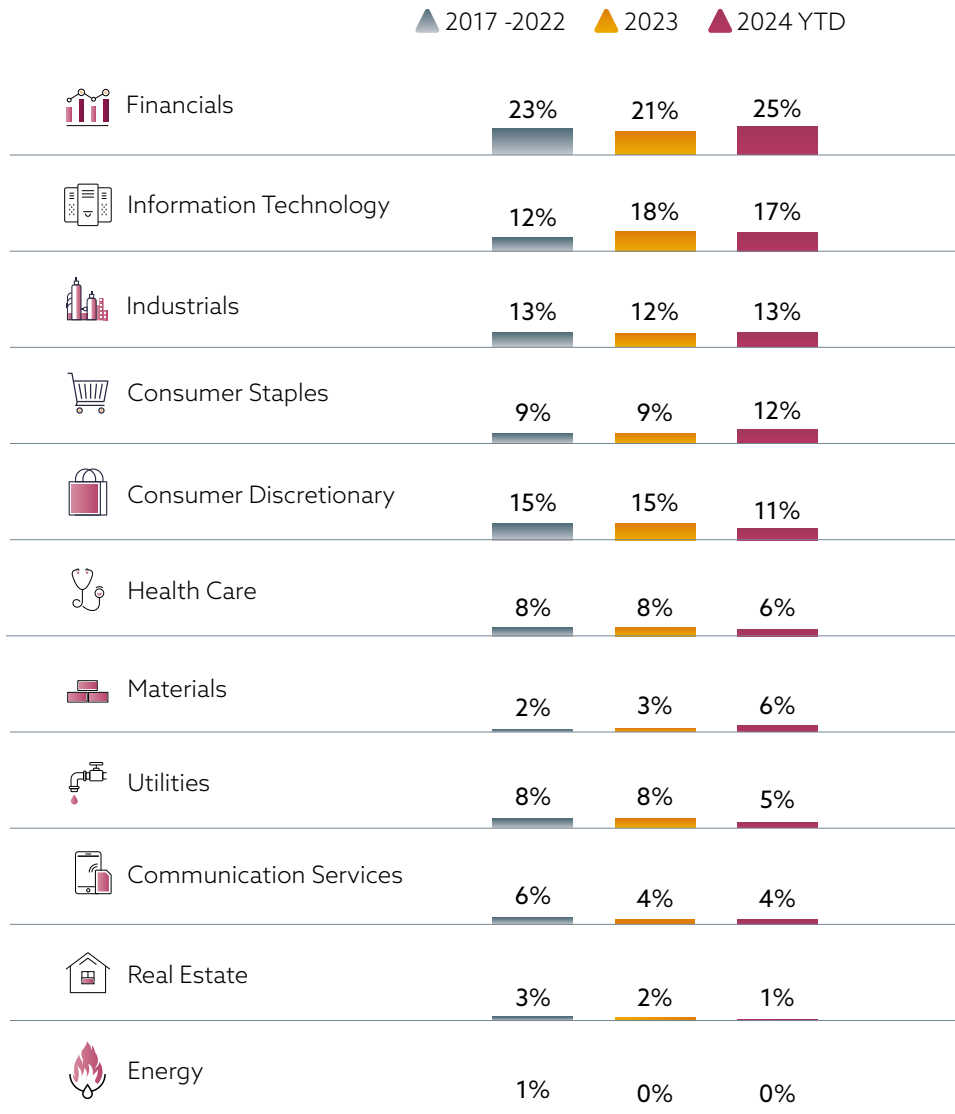
Figure 9: Evolution of Private Capital Deal Value in Africa, by Region, 2021 - 2024 YTD, US\$m



Source: AVCA

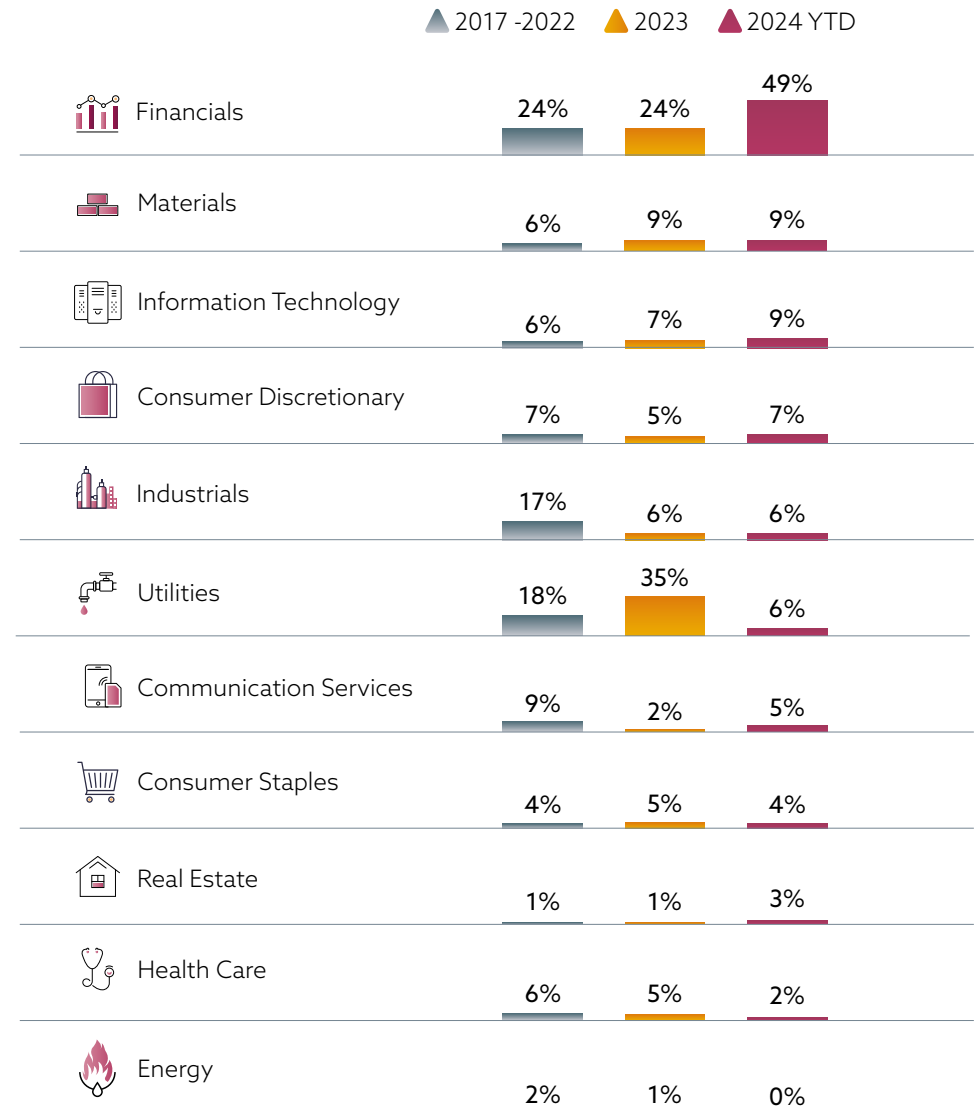
# Financials, Utilities and Materials Experience Decline in Absolute Values While Market Share Holds Steady

Figure 10: Share of Volume of Private Capital Deals in Africa, by Sector, 2017 - 2024 YTD



Source: AVCA

Figure 11: Share of Value of Private Capital Deals in Africa, by Sector, 2017 - 2024 YTD

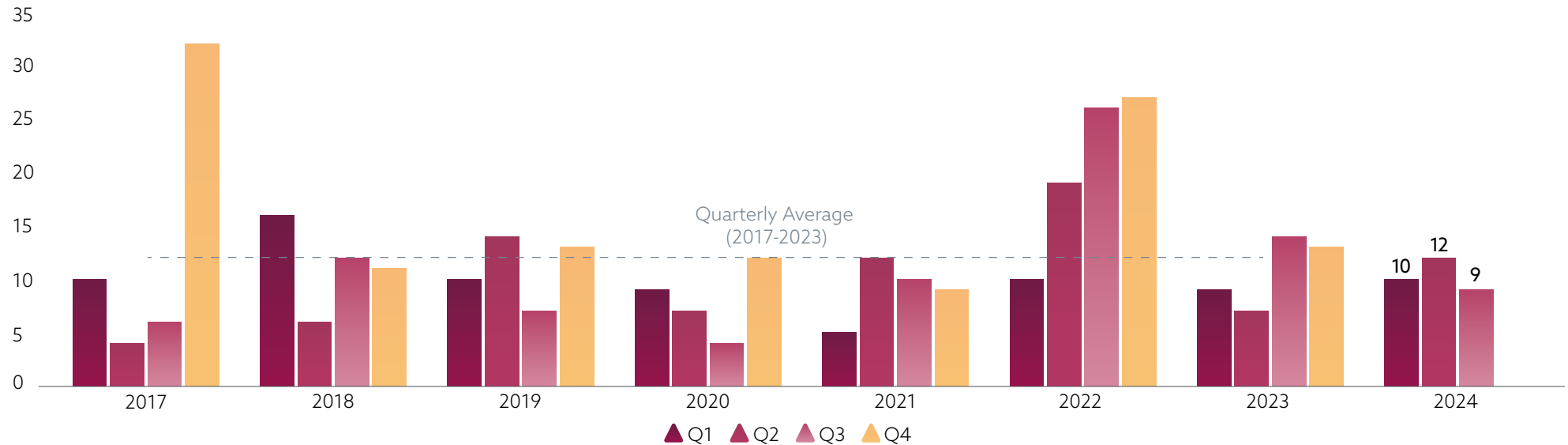


Source: AVCA

# EXITS

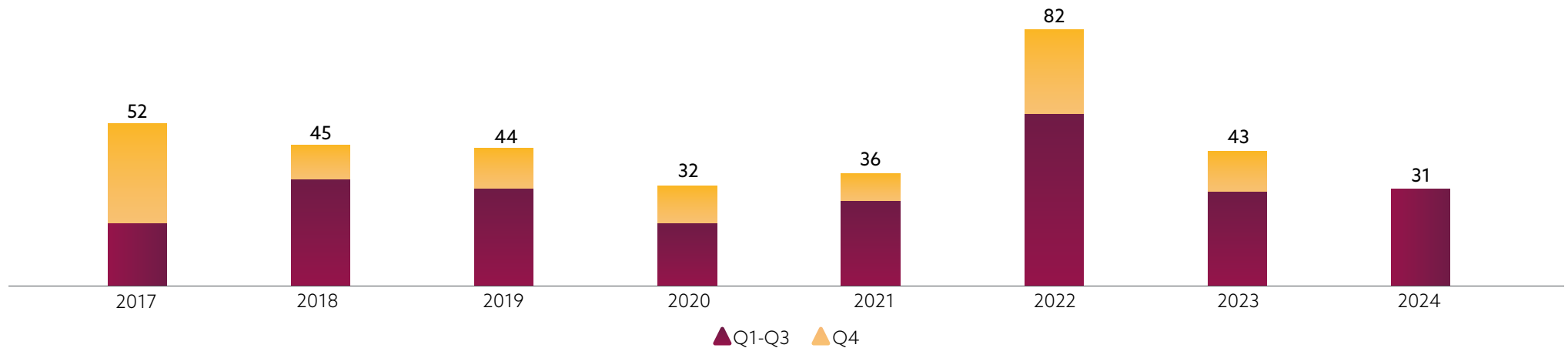
## Exits on Track to Match 2023 Performance

Figure 1a: Total Volume of Private Capital Exits in Africa, by Year and Quarter



Source: AVCA

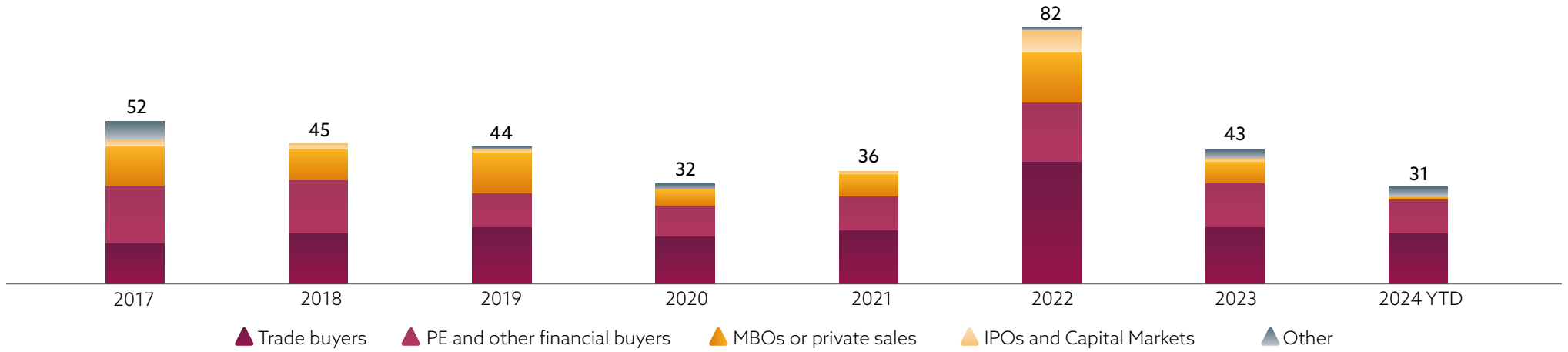
Figure 1b: Total Volume of Private Capital Exits in Africa, by Year, Q1-Q3 vs Q4



Source: AVCA

## Sales to Trade Buyers Dominate Exit Activity

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

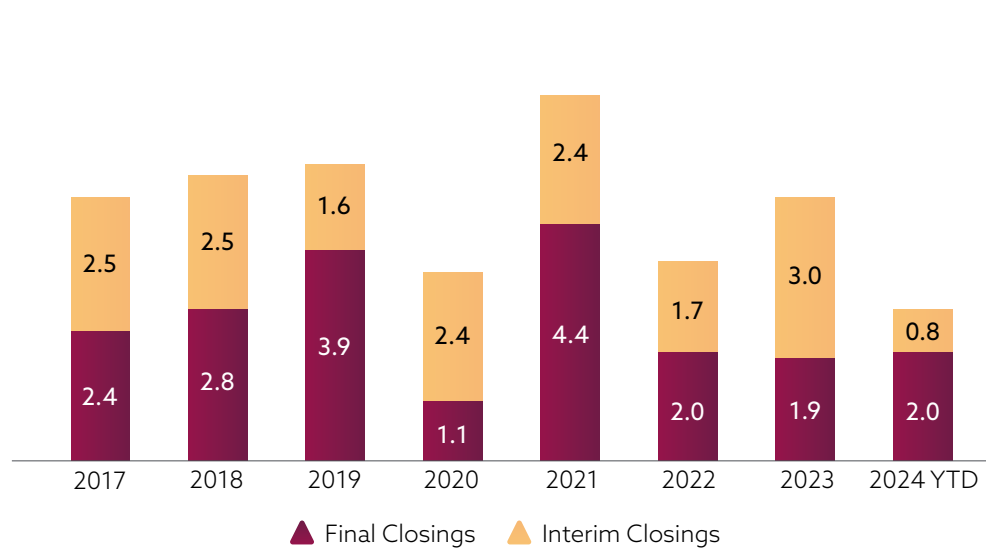


Source: AVCA

# FUNDRAISING

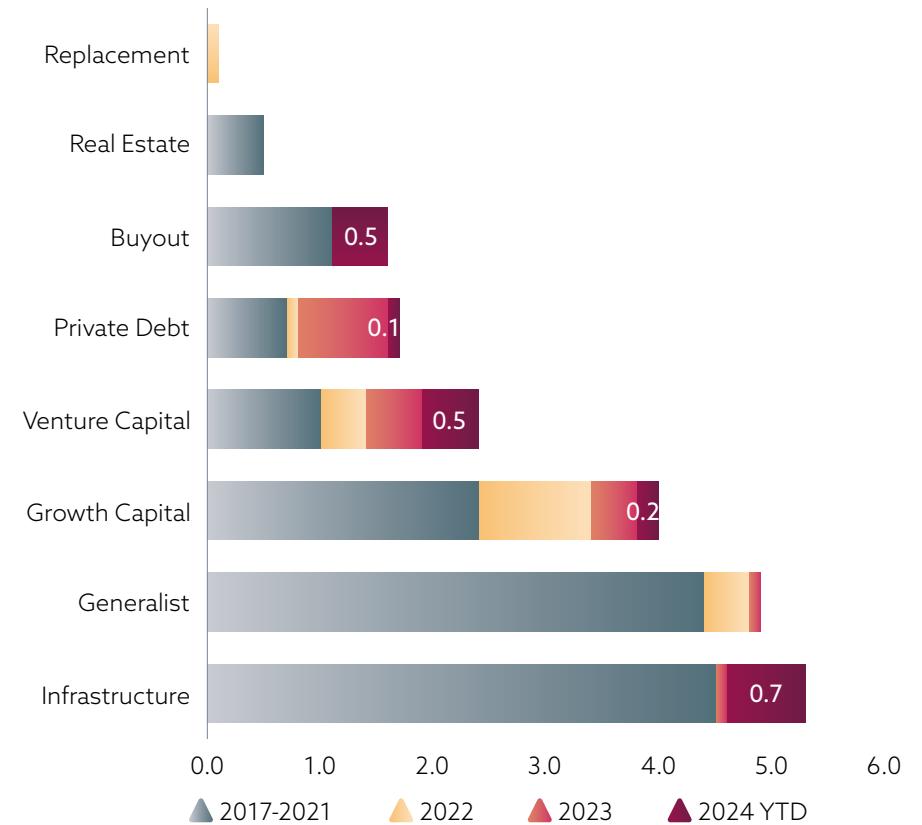
## Final Closes Weather Storm, on Track to Surpass Recent Trends

Figure 1: Total Value of African Private Capital Fundraising, by Type of Closing & Year, US\$bn



Source: AVCA

Figure 2: Total Value of African Private Capital Fundraising, by Fund Stage Focus & Year of Final Close, US\$bn



Source: AVCA

## Research Methodology

This report maintains the same methodology used in the full year AVCA African Private Capital Activity Report. A detailed overview of the Research Methodology used can be accessed [here](#), on page 40.



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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.

