

Gender-Inclusive Capital To Build Africa's Investment Future



Thobile Finca,

Strategic Partnerships, Manager

African Women Impact Fund Foundation (AWIFF), Standard Bank

Africa is emerging as a significant global investment destination, driven by dynamic population growth, urbanization, and robust economic expansion. Despite this, many investors are unaware of the evolving African investment landscape and the critical role women have in driving economic growth across the continent.

Africa's rapid population growth is one of the key factors positioning it as a future economic powerhouse. By 2035, the continent is expected to have the largest and youngest workforce in the world with projections indicating the emergence of six megacities, each with over 10 million residents.

In addition to population growth, African markets are seeing a surge in mobile connectivity and technological advancement. With over 600 tech hubs and a growing number of tech start-ups, Africa is becoming a global hub for innovation particularly in fintech, AgriTech, and e-commerce.

The demographic and technological shifts create substantial opportunities for investors across sectors such as infrastructure, renewable energy, health, and telecommunications. Africa's overall economy has the potential to grow from \$3 trillion to \$20 trillion by 2050, bolstering the investment case for the region.

WOMEN ARE PIVOTAL TO AFRICA'S ECONOMIC FUTURE

Women make up 50% of Africa's population. Fostering gender diversity and inclusion into investment strategies is therefore an essential element to achieving Africa's full economic potential. A report by McKinsey & Company found that advancing gender equality in Africa could add \$316 billion to the continent's GDP by 2025, underscoring the broader economic impact of investing in women. Supporting women at the entrepreneurial level uplifts entire communities which contributes to sustainable development of the continent.

Despite this, Crunchbase indicates that less than 3% of private equity and venture capital funding is currently allocated to female fund managers, with only 2.3% directed towards women led companies. This substantial underinvestment in female fund managers is estimated to result in \$4.5 trillion of foregone economic opportunities globally.

Gender diversity and financial inclusion play a critical role in driving better financial outcomes through innovative capital allocation and market transformation. Diversity can unlock unique opportunities that might otherwise go untapped as women bring broader perspectives and networks to the table. Through gender-inclusive investment strategies, investors are able to tap into a wider opportunity set and achieve substantial returns while contributing to sustainable economic growth and empowerment across the continent.

THE PATH FORWARD IS THROUGH COLLABORATION AND CONTINUED EDUCATION

While the investment opportunities on the continent are abundant, challenges exist particularly around risk perception and mitigation. Collaborations between Development Financial Institutions (DFI's), private investors, and government agencies are essential to successfully navigate the African investment landscape, develop innovative tools and structures to de-risk investments transforming investment propositions and mobilizing capital at scale for Africa.

That said, a notable private-public partnership contributing towards the economic development of Africa is the African Women Impact Fund (AWIF). AWIF is a Pan-African initiative, and a collaboration between the UN Economic Commission of Africa (ECA), the African Union Commission, the African Women Leadership Network (AWLN), Standard Bank, MiDA Advisors, and RisCura.

As a platform that allocates capital and builds the capacity of female-led asset managers, AWIF presents an opportunity to cultivate catalytic change on the continent, both economically and socially. The program is structured to address a variety of investors' needs such as the ability to absorb large pools of capital, investments in highly regulated investment vehicle, and robust risk management practices. As such, AWIF is a prime example of a solution through which private investors such as pension funds, foundations, and family offices can create meaningful impact through collaborative investments.

Continued education on the available investment opportunities and risk mitigation strategies available is also essential for successfully investing on the continent. Platforms such as the Standard Bank and MiDA Advisors educational webinar series titled "Investing in Africa – The Time is Now", foster exchange and dialogue amongst industry experts and asset allocators on understanding the unique value creation of African investments.

Africa is an attractive investment destination for investors looking to diversify their portfolios and tap into new growth opportunities. The time is now to harness the investment potential of Africa and to recognize the vital role of women in this journey. As the continent continues to grow and evolve, those who invest now will be well-positioned to benefit from the economic transformation underway.