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Key Takeaways from the 1ST East Africa Private Equity & Venture Capital Breakfast Nairobi 22ND May 2025

1. Macroeconomics & External Factors

Liquidity constraints are pressuring funds to pursue more M&A and alternative value realisation strategies.

2. Fund Structures & Fundraising Trends

• Fundraising is consolidating - larger, Pan-African or thematically specialised funds (e.g. climate, credit) are succeeding, while first-time fund managers struggle.
• Strategic partnerships help stabilise fund trajectories.
• DPI is under intense LP scrutiny, reflecting pressure on GPs to demonstrate realised returns.

3. High-Opportunity Sectors & Market Segments

• Healthcare: broad opportunity from clinics to distribution and tech (AI, genomics).
• Financial Services & FinTech: Continues to attract capital, especially where AI can reduce costs.
• Agriculture & Value Addition: Taps Africa's natural advantages with strong margins. Includes export-oriented manufacturing (food & non-food, such as textiles).

4. Value Creation & Exit Strategies

• Creative exit routes—including M&A and partnerships with strategic acquirers (e.g., Toyota/CFAO with Goodlife) - are becoming more prevalent.
• Local capital markets remain weak, limiting IPO/secondary market exits. Building domestic exit capacity is key to ecosystem maturity.

5. ESG, Governance & Impact

• True impact investing in Africa is rooted in job creation and local supply chains, rather than superficial metrics.
• Operational ESG integration is ongoing; many funds lack full-time specialists and rely on existing internal resources or third-party advisors.
• ESG requirements should be staged, especially for early-stage companies - communicated clearly at term sheet stage.

6. Human Capital

• Human capital due diligence is underutilised due to cost and deal structure limitations. Legal/financial DD is often prioritised, with human capital assessment overlooked.
• Strategic use of advisors: Subject matter experts and advisors can be leveraged during due diligence and transitioned post-deal to leadership or Independent Board roles.

7. Regional Investment Trends & Geographic Strategies

• Kenyan founders vs. foreign founders: Local founders understand the market well but need to improve self-promotion and investor communication. Foreign founders often align better with global investor expectations.
• Need for local LPs: Their participation can catalyse broader investment and build confidence in African PE ecosystems.