



**DIGITAL
COLLECTIVE
AFRICA**

**December
2025**



Cape Town VC Unconference 2025

Digital Collective Africa |  <https://www.digitalcollective.africa/>



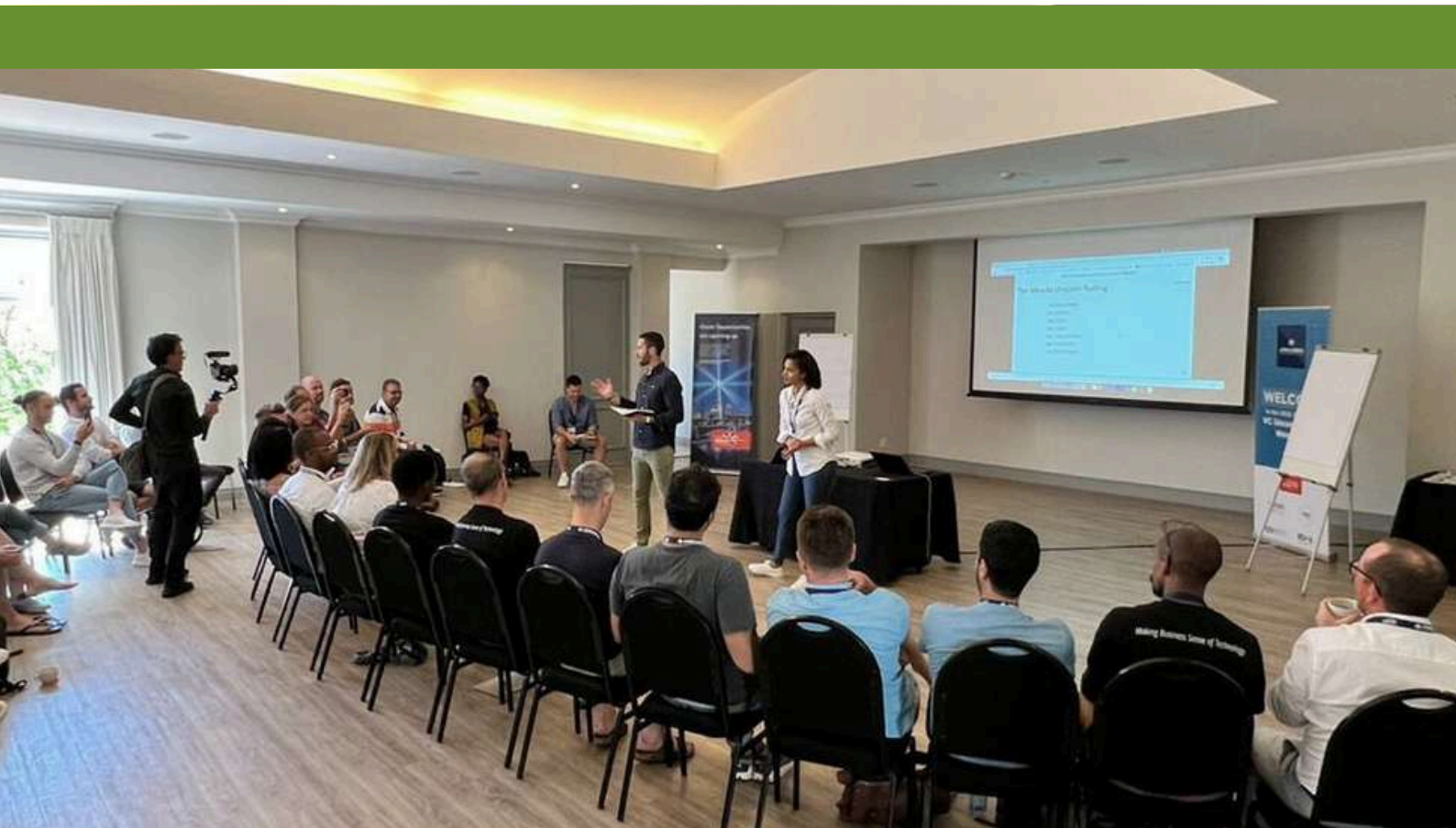
AFRICARENA
THE AFRICAN TECH ECOSYSTEM ACCELERATOR



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Digital Collective Africa (DCA)



About Digital Collective Africa

Digital Collective Africa is a collective of African investors, incubators, accelerators, and founders who aim to support early-stage startups.

We work together on projects to limit friction and offer more transparency within the ecosystems.

We believe in the power of the collective to leverage individuals' talents.

 <https://www.digitalcollective.africa/>



ATTENDEES

Over 40 participants, from 4 continents, representing over 10 countries were present at the two-day Cape Town VC Unconference which took place in Arabella, Hermanus.

ECOSYSTEM

Texaf Digital, Sendemo, Dommissie Attorneys, United Nations International Trade Center, MIRAHTC, Included VC

ACCELERATORS

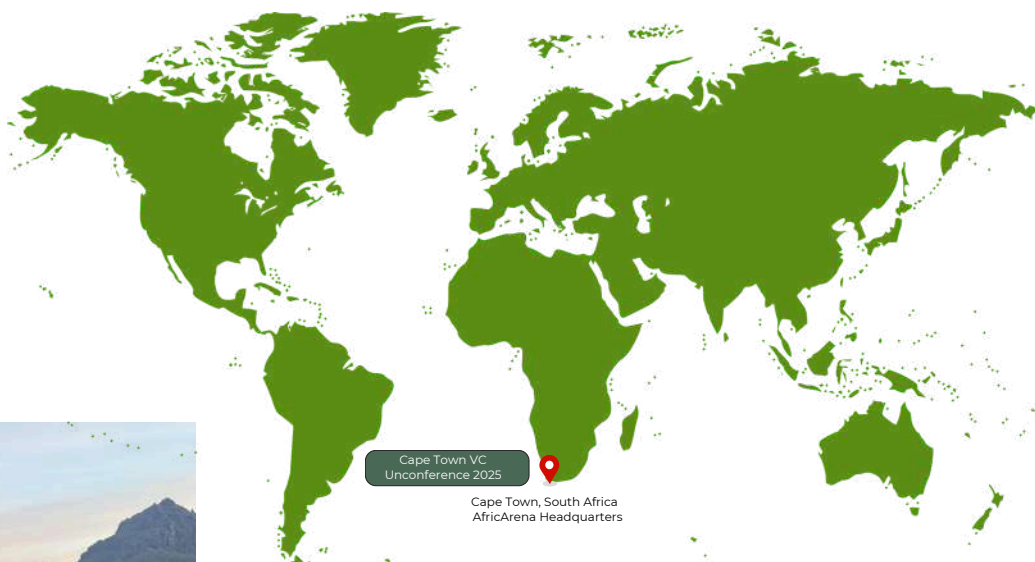
AfricArena, AWS, GIZ SAIS, Startupbootcamp AfriTech

INVESTORS

AIM, Delta40 , Knife Capital, Saviu Ventures, 27four Investment Managers The SA SME Fund Limited, Lofty Inc, Digital Africa, Edge Growth, Future Africa, TCVP, Bosch Innovations, Launch Africa Ventures, Strat Tech, Holocene, FP Capital VC , Allan Grey, MStudio, FMO

ENABLERS

DCA, Digital Africa





- State of the Ecosystem: A Collective Reality Check
- Exploring the Venture Studio Model and its Growing Role in Bridging Early-Stage Funding and Scalable Venture Building
- Questioning the Status Quo: Rethinking the African VC Model
- Offshoring African Startups workgroup
- Launch of South Africa's VC Model Document Suite

KEY DISCUSSION AREAS



Introduction to Digital Collective Africa Purpose

Presented by Christophe Viarnaud, AfricArena founder & CEO

Born in 2019, the Digital Collective Africa (DCA) is teamwork with a mission to **create open-source tools for investment facilitation** between founders and investors. On-going projects under current working groups include the following:



Governance Tool Kit
for best practices.



Standardized Documentation
e.g. standardised term sheets.



Due Diligence Checklist
for various markets.

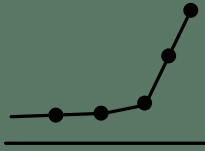


<https://www.digitalcollective.africa/>





Policy Advocacy
around Startup Acts and other
regulations.



Valuation Fundamentals
for high growth startups.



Building Ecosystem Bridges
of innovation between different
ecosystems.

**Digital
Collective Africa
has 316 active
contributors to
its Digital
Community**

Contributions from all who
use tools - from investors and
investment organisations to
Founders' Organizations and
ESOs.



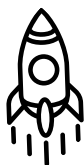
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State of the Ecosystem: A Collective Reality Check

Session Led by Anthony William Catt, founder at Ventures 54



Overview

This unconference session was a candid, open discussion among diverse ecosystem stakeholders and venture capital players, held in Cape Town on 28–30 November 2025. Designed as a “pulse check” for the African startup ecosystem, the 20-minute session leveraged an interactive Menti survey to crowdsource the room’s most pressing questions and ideas. Participants were encouraged to submit challenges or opportunities they’ve observed over the past year, with names and organizations, sparking on-the-spot dialogue. The format was informal yet focused – a facilitator guided the conversation through audience contributions, allowing serendipitous one-on-one connections and spin-off discussions to form.

Six major themes emerged from this collective reality check, reflecting critical issues on everyone’s minds: (1) accelerating startup growth trajectories to fit venture fund timelines, (2) strengthening data infrastructure and governance, (3) supporting founder wellbeing, (4) re-examining the role of development finance institutions (DFIs) amid shifting capital flows, (5) elevating underrepresented markets beyond Africa’s “Big Four,” and (6) creating exit and liquidity pathways backed by local data.



Startup Growth Trajectory

African startups often face a long growth curve that misaligns with the typical 5–7 year life of VC funds. In the session's first provocation, a participant asked how to shorten and accelerate startup growth to better fit fund timelines .

There is a fundamental tension: either speed up company growth or extend fund horizons. On one hand, faster growth would allow ventures to scale and exit within investors' timeframes; on the other, adapting fund structures (e.g. longer fund duration or patience capital) might be necessary to "capture the realities of the ecosystem" where scaling can take longer . This mismatch is widely felt – local startups may take 10+ years to mature, whereas funds expect returns sooner. Several attendees who are exploring this issue connected during the session, indicating interest in collaborative solutions. Ideas raised included enhancing accelerator programs and corporate partnerships to turbo-charge growth, and advocating for more flexible fund models that reflect African market timelines. No definitive answer emerged, but the consensus was that bridging this gap is crucial for the ecosystem's sustainability.

Data Infrastructure

There is a need for better data across Africa's startup ecosystem. Participants repeatedly emphasized that despite years of discussion, reliable data remains a "pebble in the shoe" for ecosystem development . Data collection and transparency are insufficient, hindering informed decision-making and trust. Attendees called for investment in robust data infrastructure – including improved data collection methods, data governance standards, and open platforms to share information .



Many basic metrics (investment amounts, startup performance, exits, etc.) are often under-reported or scattered, making it hard to create playbooks for success. Firm-level data in particular was highlighted as a gap: beyond headline funding numbers, stakeholders need deeper insight into how companies grow in various sectors and regions . Such data, once aggregated and anonymized, can be transformed into knowledge resources (benchmarks, case studies, best practices) for founders, investors, accelerators and policymakers. Encouragingly, participants felt that building a pan-African data platform is feasible and not overly expensive – what’s required is coordination and will. After a decade of ecosystem growth, the room agreed it’s time to finally “unlock that funding” and build the data backbone that can drive evidence-based strategies .

Founder Wellbeing

Amid the focus on funds and startups, the wellbeing of founders emerged as a pressing and often overlooked issue. Participants voiced increasing concern about founder burnout, noting that entrepreneurs are under intense pressure to “do everything” in their businesses . The discussion revealed a lack of structured emotional and strategic support for founders. Unlike in more mature ecosystems, few African VC networks or accelerators provide formal coaching, mental health resources, or mentorship programs dedicated to founder resilience. One attendee shared an example of an exited founder now building a startup (Alchemy) focused on founder coaching – an indication that the gap is starting to be recognized . The group concurred that support systems for founders need to be strengthened. Ideas included integrating mentorship and coaching into accelerator curricula, training fund managers to better play a “partner/coach” role for portfolio founders, and creating safe peer forums for founders to share challenges.



Participants noted that founder stress and burnout are not just personal issues, but also commercial ones – founder turnover or breakdown is a leading cause of startup failure . By proactively addressing wellbeing (e.g. via coaching, mental health services, or simply more empathetic investor relationships), the ecosystem can improve startup durability and outcomes. In sum, there was a call to “optimize support for founders” as a core element of ecosystem development, treating founder health as seriously as financial metrics.

DFI & DevCo Role

With global capital retrenching, the session turned to the changing role of Development Finance Institutions (DFIs) and developmental organizations in Africa’s venture landscape. This topic “came up three or four times” in different forms , underscoring its importance. Participants observed that traditional sources of development capital are shifting – for instance, the US government has pulled back certain funding, and the UK’s aid budget was reportedly cut in half . Such moves raise the question: what should DFIs be doing now to support the ecosystem? Historically, DFIs and development agencies have been cornerstone investors in African VC funds (often providing anchor capital or guarantees) and have heavily influenced the ecosystem’s evolution. Their presence has been double-edged: indispensable for seeding funds and absorbing risk, but sometimes criticized for imposing constraints or distortions.



Underrepresented Markets

the lack of visibility and support for African startup markets outside the “Big Four.” Nigeria, Kenya, South Africa, and Egypt attract the lion’s share of attention and investment, but many smaller or emerging ecosystems struggle to gain any exposure. Participants from “frontier” markets shared frustrations about the discovery gap – investors often overlook opportunities in, say, Francophone West Africa or Central Africa, because they simply don’t know who or what is there. One founder working in the Democratic Republic of Congo noted that when exploring the DRC startup scene, he was “starting from zero” in terms of knowing local partners or investors, unlike in the well-networked big markets . There was broad agreement that these ecosystems remain underrepresented in pan-African forums and deal flow. A key reason discussed is the digital visibility problem: many startups, hubs, and even funds in smaller markets are “digitally not present.” They lack basic online footprint – up-to-date LinkedIn profiles, websites, media – making it hard for outsiders to find or trust them . This naturally limits cross-border investment and collaboration, creating a vicious cycle of obscurity.

To address this, the group emphasized a need for intentional inclusion and capacity-building for underrepresented markets. Suggested actions included: actively inviting more founders and ecosystem builders from these regions to events like the unconference; creating directories or maps of startups and support organizations in every African country (an effort some organizations, like Bright Africa, have begun with sector-specific directories); and training regional ecosystems on improving their digital presence. Encouragingly, some positive data emerged: 21 African countries have each raised over \$10 million in startup funding in 2025, the first time this many countries have reached that level in a single year .



Exit and Liquidity Data

Perhaps the most emphatic consensus in the session was around exits and liquidity – or the lack thereof. All stakeholders recognize that without credible exit pathways, the venture cycle breaks down: investors hesitate to deploy capital if they can't eventually get returns. The African VC ecosystem is grappling with limited exits to date, and this reality loomed large in discussion. Participants bluntly noted that hard data on successful exits in Africa is virtually nonexistent, which makes African venture investment look like a “horrible” proposition from a returns standpoint. Mergers or acqui-hires happen, but big cash exits (IPOs, high-value acquisitions) are rare, and many are not publicly reported. This fuels a narrative that African startups can't deliver real returns, creating a vicious circle of skepticism.

To counter this, the group agreed on the urgent need to create systemic liquidity and document it. Two priorities emerged: one, develop more exit mechanisms; two, capture and share data on exits. On mechanisms, participants explored ideas like strengthening secondary markets (so early investors can sell stakes to later-stage investors), encouraging local corporate acquisitions, and even working with regulators to ease IPO processes or regional listing options. Any steps that allow investors to recycle capital will buoy confidence.



Ecosystem Insights & Challenges

Beyond the specific themes above, the open discussion underscored several cross-cutting insights about Africa's tech ecosystem and the challenges ahead:

- **Interconnected Issues:** It became clear that none of these challenges exists in isolation. Data, funding, support, markets, exits – all are “super-connected and super-linked,” as one participant observed . For example, lack of data feeds investor uncertainty about exits; limited exits feed risk-aversion in funding; underfunding leaves founders overburdened, impacting wellbeing; and so on. This insight reinforces that solutions, too, must be holistic.
- **Level Playing Field & Local Context:** Participants acknowledged that Africa is not operating on a level playing field compared to more developed startup ecosystems . Historical context matters. For instance, Silicon Valley's success was underpinned by decades of U.S. government and foundation funding (from defense grants to federal programs), seeding an innovation culture that today's African ecosystems did not benefit from . Yet global investors often compare Africa to Silicon Valley without adjusting expectations. This “apples to oranges” comparison penalizes African ventures for lower returns or slower growth, without recognizing structural differences. The consensus was that African ecosystem builders must actively educate global partners about these context gaps – essentially, tell the story that our ecosystem is younger and was built with far less subsidy, so different yardsticks are needed.
- **Collaboration and Proactivity:** A positive theme was the appetite for collaboration across the ecosystem. Founders, investors, enablers, and DFIs in the room all showed willingness to work together on these tough issues.

State of the Ecosystem: A Collective Reality Check



KEY ACTION ITEMS

A recommendation to align actions with key organisations:

- **Startup Acceleration & Fund Alignment:** Explore models to compress startup growth timelines or adjust fund structures. This could involve developing best practices for accelerators and scale-up programs to speed up growth, as well as publishing guidelines for extended fund lifecycles or alternative financing (e.g. revenue-based funding) that better fit African growth realities. A DCA workgroup can convene VCs and accelerators to design a collaborative framework ensuring founders get the support needed to scale faster and investors have realistic expectations.
- **Ecosystem Data & Intelligence Platform:** Initiate the build-out of an open-data infrastructure for the African startup ecosystem. This workgroup would define standards for data collection (covering investments, exits, and firm-level performance), develop a governance model for data sharing, and potentially create a centralized digital platform where stakeholders can contribute and access reliable data.
- **Founder Wellbeing & Support Network:** Establish a community and toolkit dedicated to founder health and development.
- **DFI Engagement & Capital Diversification:** Form a task force to liaise with DFIs, development agencies, and large institutional investors to reshape the funding landscape. This DCA workgroup would create a structured dialogue with DFIs to advocate for more flexible, responsive investment approaches – for example, simplifying processes, co-investing with private VCs, or targeting gap areas (like seed funding or follow-on rounds) more effectively.

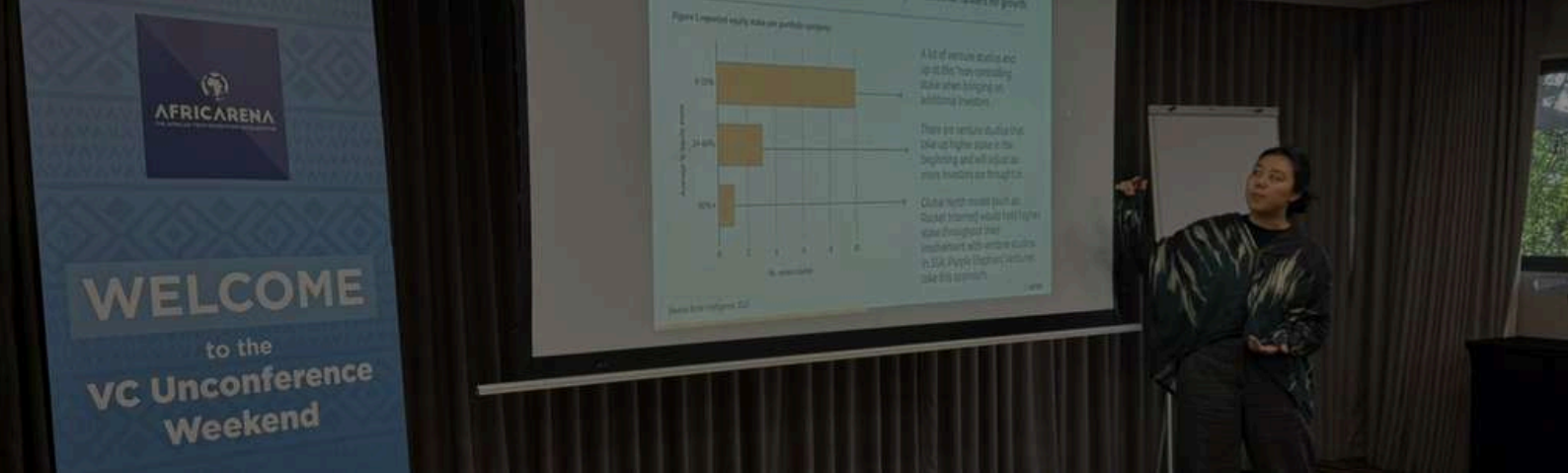
State of the Ecosystem: A Collective Reality Check



KEY ACTION ITEMS

A recommendation to align actions with key organisations:

- **Emerging Ecosystems & Inclusivity:** Coordinate an initiative to map and integrate underrepresented startup ecosystems. The workgroup would gather information on startups, incubators, investors, and ecosystem builders in markets outside the big four, compiling this into directories or an interactive map. It can also develop outreach programs: e.g., helping organize regional meetups or including more representatives from smaller ecosystems in major tech events.
- **Exits & Liquidity Pathways:** Launch a workgroup to tackle the exit gap head-on. This group would focus on both policy and market-based solutions for increasing liquidity. Activities could include working with stock exchanges and regulators to make it easier for startups to list or be acquired, creating a platform for secondary transactions where investors can buy/sell equity in later-stage startups, and building a confidential database of exit valuations and multiples to share with investors.



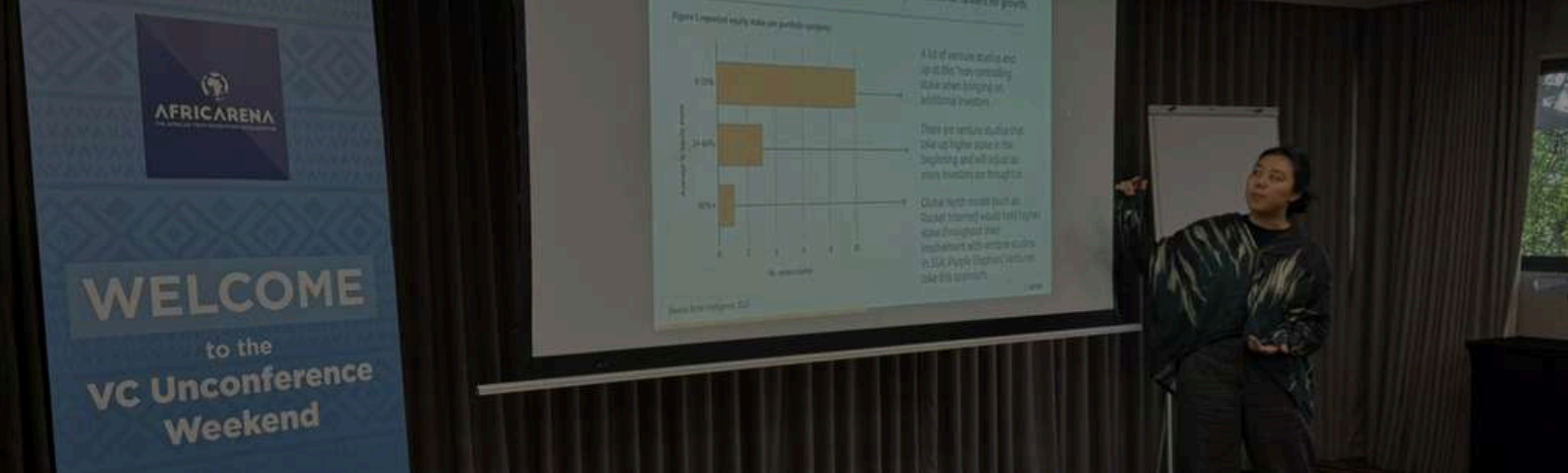
Exploring the Venture Studio Model and its Growing Role in Bridging Early-Stage Funding and Scalable Venture Building

Session Led By Hangyul Lee-Song, Data Lead at Briter Bridges, Aude Juglard, head of corporate finance at M Studio and Christophe Viarnaud (CEO and founder of Methys)



Overview

This session explored how venture studios are emerging as a powerful model to bridge the early-stage funding gap and build scalable ventures in Africa. It was a deep-dive discussion at the VC Unconference Cape Town 2025, bringing together venture studio founders, investors, and ecosystem builders. The session opened with a presentation of fresh research by Briter Intelligence (funded by FMO) on African venture studios' definitions, models, and performance, led by Hangyul Kim of Briter . Following the data overview, an impromptu fishbowl panel – including studio operators (e.g. Delta40, M Studio, and others) and VCs – shared on-the-ground experiences, challenges, and perspectives . The interactive format allowed both structured insights and open discussion, with a focus on how “institutional co-founders” (venture studios) can co-create and de-risk startups in the African context.



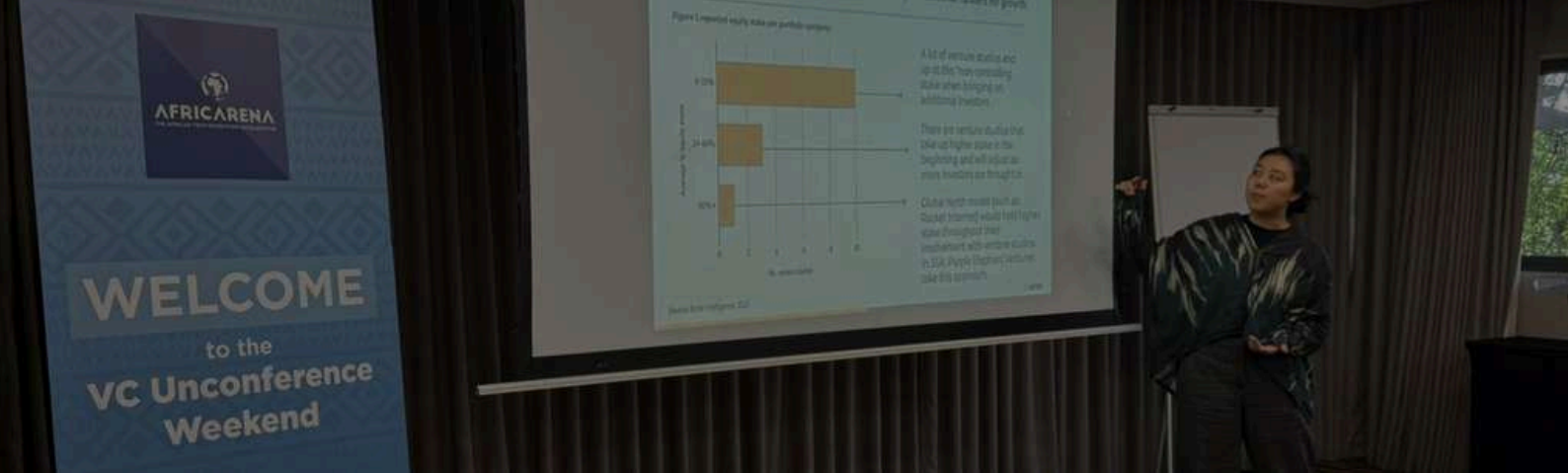
Definition and Core Functions of Venture Studios in Africa

Venture studios in Africa serve as institutional co-founders that co-build companies from the ideation stage through scaling by providing both capital and hands-on operational support. They are essentially “one-stop shops” for early venture creation, combining many roles traditionally spread across founders, incubators, and investors. A working definition from the research summarized venture studios as “institutional entrepreneurs with a team of operators that build companies from the ground up... deploying shared resources (CXO services) and funding, and taking significant equity stakes as long-term partners”. In practice, five core characteristics were identified in African venture studios:

- Institutional Co-Founder Role
- CXO Operational Support
- Founder-Driven Teams
- Sector Specialization
- Flexible Funding Models

Venture Studios vs. Accelerators, VCs, and Incubators

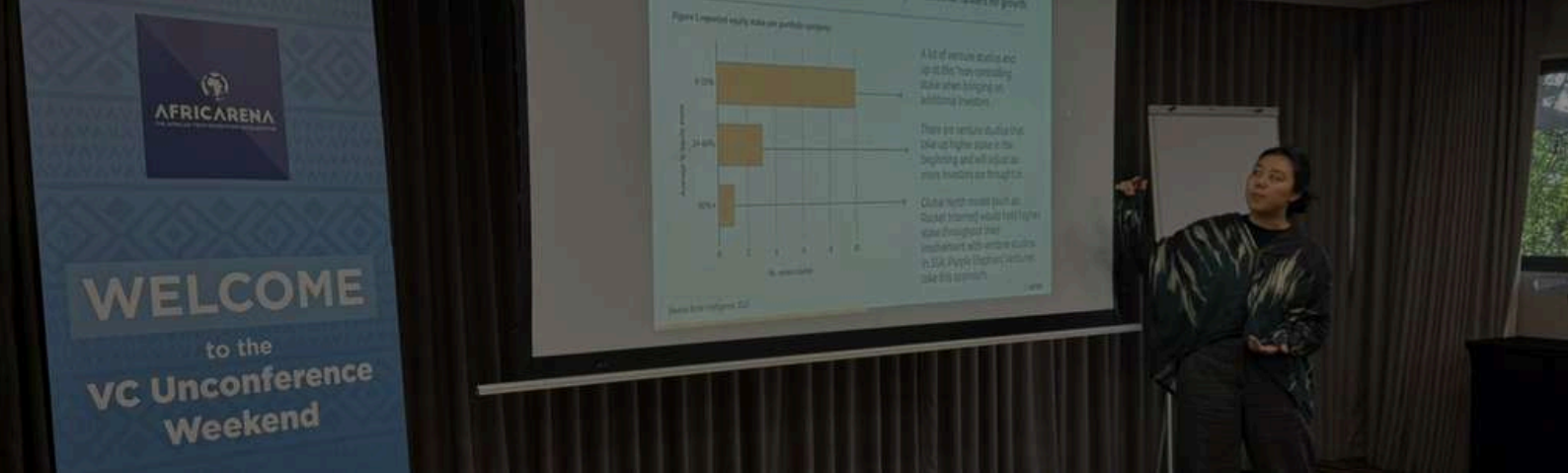
- A key discussion point was how venture studios compare to traditional accelerators, incubators, and venture capital investors. Venture studios differ markedly in their engagement model and incentives. The research presented a comparative summary (see Table 1) illustrating these differences



Venture Studio: Builds ventures in-house with a customized suite of in-kind support (shared marketing, admin, product development, etc.), typically over 6–24 months per venture . Studios co-create a handful of startups simultaneously (often ~3–10 at a time) from ideation through prototyping, MVP, and early revenue. They take significant equity stakes (often 5%–50%+) in each company and rely on diverse funding sources to fund operations (ranging from self-funding and consulting revenue to DFI grants and foundations) . Crucially, the studio is a long-term partner, usually remaining involved until exit as a shareholder .

Accelerator/Incubator: Runs fixed-duration programs (typically 3–6 months) for cohorts of startups, providing generalized mentorship and business training aimed at investment readiness . Accelerators may invest a small amount for 5%–20% equity, but their support is time-bound and they usually graduate larger cohorts (10+ startups per batch). They focus on early stages (ideation to product-market fit) and often rely on donor funding or sponsorship (DFIs, corporates, development agencies) . Unlike studios, accelerators do not co-found companies and rarely stay involved long-term.

Venture Capital Fund: Provides financing (capital investment) rather than in-kind operational support, typically from pre-seed or seed stage onward . VCs invest in many companies (10+ per fund) and take equity stakes usually in the 5%–20% range, but do not build the companies internally. Their value-add is through governance (board seats), networks, and strategic guidance, rather than day-to-day operational involvement. Funding comes from LPs (DFIs, private investors, fund-of-funds), and VCs operate on a 10-year fund cycle with return targets, which contrasts with the open-ended venture building timeline of studios .

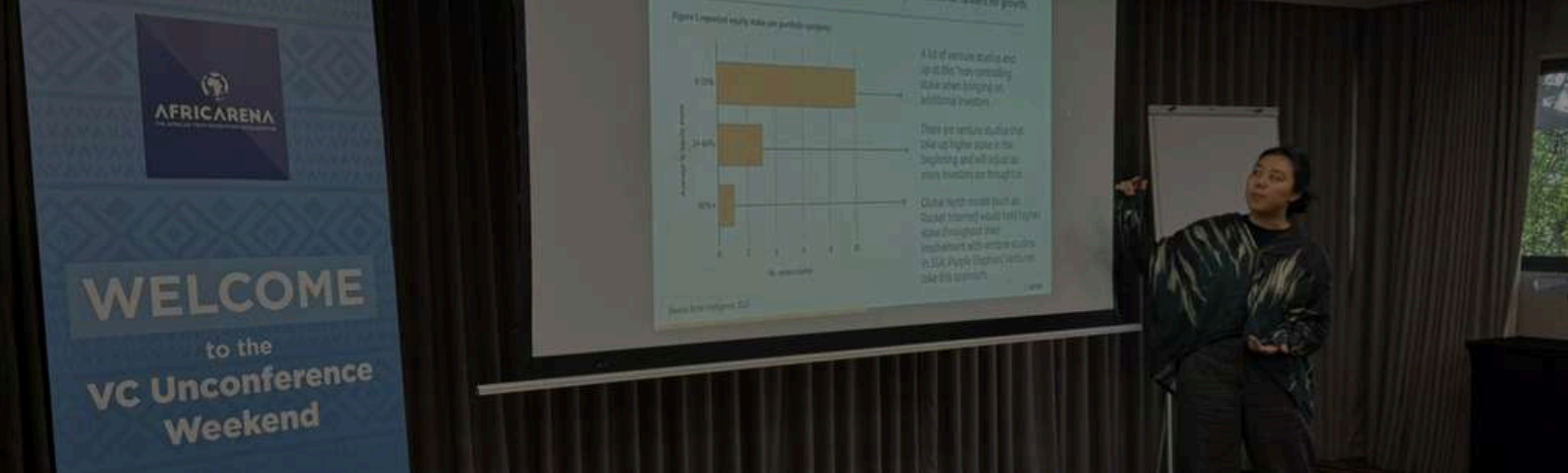


Shared CXO Services and Sector Focus in the Studio Model

One of the venture studio model's hallmarks is providing shared "CXO" services and centralized resources to jumpstart new companies. The rationale is simple: most idea-stage startups cannot afford full-time senior talent in areas like technology, finance, marketing, or legal, nor do they require it at the very beginning. The studio bridges this gap by employing a high-caliber team of operators (CFOs, CTOs, growth leads, etc.) who are deployed across multiple ventures, especially in the first 6–18 months. This pooled talent model greatly improves capital efficiency – it gives each startup just-in-time expertise without the overhead of hiring individually, and ensures critical functions (product development, compliance, hiring, go-to-market strategy) are executed to a high standard from day one.

The only solution was to create a shared services pool – centralizing technical and business resources that could be used to concurrently build multiple products, which made venture building possible with very little capital. This shared CXO approach is now a defining trait of studios, albeit an expensive one (studios incur the costs of those employees until ventures can raise outside capital).

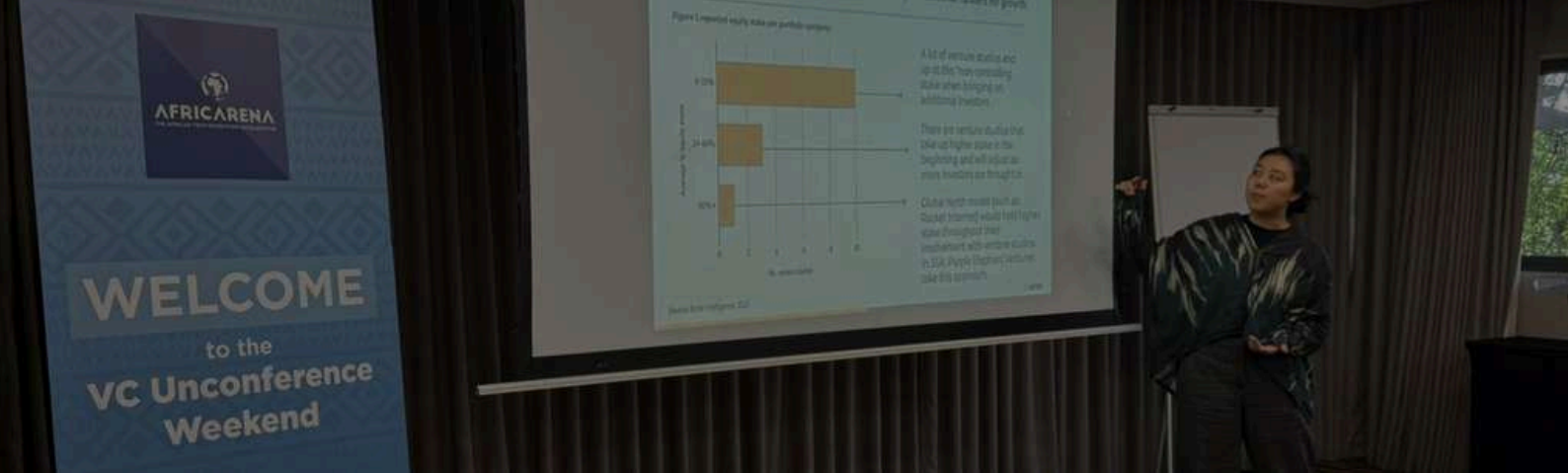
Many African venture studios deliberately concentrate on sectors where they have expertise and see high impact potential. For example, some studios focus on climate-tech, others on agriculture or fintech, often reflecting the founders' backgrounds. The Africa Venture Studio Lookbook presented during the session underscored this, listing studios with focuses like Agri/Climate, FinTech, Health, etc., each leveraging domain-specific knowledge and networks. A studio typically brings deep market insight and contacts in its chosen field, which helps in designing ventures that fit local market gaps and in recruiting industry-aligned founders. This specialization also influences the shared services



Funding Dynamics and De-Risking Early-Stage Investments

From an investor's perspective, venture studios produce de-risked, investment-ready startups. A VC in the audience noted that compared to an accelerator (which offers advice but “has no stake most of the time”), a studio's deep involvement and ownership stake align it with the startup's success and result in a venture with much stronger foundations by the time it seeks seed funding . Studios ensure that key building blocks – solid tech architecture, sound unit economics, proper governance, and a tested go-to-market strategy – are in place, giving later investors more confidence . “It really works for the VC to de-risk, because the VC can come in at seed stage [and] the companies have solid, lean, strong foundations on the tech, on the legal, on the processes,” one participant observed, adding that this model is “very fit for Africa” where early-stage infrastructure is still maturing .

Early evidence supports the de-risking claim: the research found that startups emerging from studios often raise larger early funding rounds than their peers. For instance, median pre-seed or seed rounds for venture studio companies appear somewhat higher than those of non-studio startups at similar stage . In other words, by the time a studio venture goes to market for outside capital, it may be able to command a seed round (say \$500k+) whereas a typical startup might only raise a \$100k pre-seed at that stage. This suggests that studios are effectively “skipping” the very small pre-seed phase by self-funding and incubating companies to a more advanced milestone before external fundraising . Moreover, the aggregate follow-on funding into studio portfolio companies is growing: across ~35 disclosed deals, about \$76 million of outside capital has been raised by African studio-built startups so far .



Data Gaps and Follow-On Performance of Studio Startups

Despite the enthusiasm, all agreed that the venture studio model needs more data and study to fully validate its effectiveness in Africa. Venture studios are a relatively new phenomenon on the continent – the average studio is only ~5 years old – so there is limited track record on long-term outcomes. “Venture studio models, especially in the African context, still need to be better studied and demystified in order to provide clarity to funders and entrepreneurs,” the Briter research noted. Basic questions such as how many studio-founded companies go on to raise Series A or achieve exits remain open. During the Q&A, an investor asked if data was available on how many studio startups progressed through funding stages; the researcher conceded that those analyses are still in progress and that they’d be following up as more information is collected. Indeed, as of late 2025, few exits have occurred – it’s simply too early, so any assessment of IRR or ultimate success is preliminary. (Globally, venture studios have shown promising IRRs and follow-on rates, but whether that will hold true in Africa is yet to be determined.)

That said, some early data points were shared. Briter’s mapping identified 40+ venture studios in Africa (with some debate on definitions) that have collectively launched around 140 startups in recent years. Out of those ventures, at least 35 have raised follow-on funding (likely more, as not all financings are disclosed publicly) totaling roughly \$76 million to date. These include a range of outcomes – some studio companies are thriving and operational, others have folded or stagnated. Importantly, many studio-backed startups are still in the pre-seed/seed stage, so their “graduation” to growth stages will become clearer in the next 2–3 years.

Exploring the Venture Studio Model and its Growing Role in Bridging Early-Stage Funding and Scalable Venture Building



KEY ACTION ITEMS

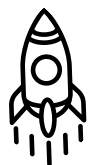
A recommendation to align actions with key organisations:

- **Shared Services Playbook Development:** Create standardized playbooks for the venture studio “shared CXO” model, documenting best practices in providing centralized talent (tech, growth, finance) and streamlined processes to multiple startups.
- **Exit Pathways Research:** Launch an exit-focused research initiative to study and strategize realistic exit routes for studio-built ventures. This includes analyzing secondary sales, corporate acquisitions, and management buy-outs in Africa.
- **Innovative Investment Vehicles for Studios:** Design and propose new funding vehicles tailored to venture studios, such as hybrid fund structures, evergreen holding companies, or DFI-backed financing facilities.
- **Regional Venture Studio Collaboration:** Establish a formal network or platform for regional collaboration among venture studios across Africa. This could involve regular summits or working groups for studios to share insights, co-invest in ventures, exchange talent, and harmonize approaches



Questioning the Status Quo: Rethinking the African VC Model

Session Led by Alyune Diop, Principal at LoftyInc Capital Management, Aunnie Patton Power, Founding Director at the Innovative Finance Initiative and Kartik Sharma, Head of Exits Manager at Launch Africa Ventures



Overview

This unconference session convened investors to confront a pressing issue: the misfit between traditional venture capital models and the realities of African markets. Most African VC funds still mimic a Silicon Valley-style 10-year closed fund playbook built for deep capital pools and quick software exits, whereas African startups operate in fragmented markets with lower purchasing power and scarce infrastructure. The result is a “failure of fit” – not a failure of venture capital itself, but a structural mismatch between how African businesses grow and how funds are designed. This conversation was pivotal in shining light on those misalignments and exploring solutions, especially for Limited Partners (LPs) and Development Finance Institutions (DFIs) whose engagement is crucial to resetting expectations. Uniquely, the session was run as an interactive workshop: fund managers were asked to design their “ideal” fund models free of LP constraints, with the output intended for a closed-door LP roundtable at the conference. The goal was to deliver a clear message to ~50 LPs: the status quo 10+2 year fund model isn’t working in Africa, and here’s what investors would build if they could. By directly involving LPs, including DFIs, the session underscored that any lasting fix will require LP buy-in and a willingness to question long-held doctrines.



Timeline Mismatch: Short Clocks vs. Long Journeys

“Conflicting timelines” emerged as a fundamental disconnect. Roughly 60% of African VC funds still operate on a 10-year clock (the standard private equity-style fund term), yet building a scalable business in Africa simply takes longer. In reality, many African funds end up lasting 15–17 years after extensions. Late-stage investments (made in year 4–5 of a fund) struggle to mature before the fund winds down, especially given illiquid markets. Participants affirmed this problem immediately – “there’s a timeline issue, [in] returning funds,” as one manager put it, noting that the typical fund horizon often runs out before startups can fully bloom. African founders face longer growth trajectories (often “phygital” businesses with heavy offline components), and their journey to scale can’t be shoehorned into a decade.

The implication for performance is stark: managers forced to seek exits too early or write off still-promising companies. It also warps behavior – some founders feel pressure to redomicile or relocate abroad to access later-stage capital and exit markets within the set timeframe. As one attendee observed, “we’re creating a system where we condition startups to relocate offshore... build a wonderful thing in Africa, and [then] here’s your path to deliver [value elsewhere]”. Such outcomes defeat the purpose of developing local ecosystems.

The session made clear that LPs need to adjust their expectations on timelines. Funds in Africa may require inherently longer durations or more flexible extension policies to realize value. Indeed, Ani noted anecdotally that many GPs would raise longer-life funds “if [they] were able to”, challenging the misconception among some LPs that managers don’t want extensions. The message to LPs: patience can pay off – rigid 10-year fund cycles are misaligned with African market reality, and insisting on them may be leaving returns on the table.



Capital Stack Mismatch: Equity Overdependence vs. Hybrid Needs

The African startup landscape is characterized by businesses that are rarely pure software plays – many ventures must build physical operations, asset pools, or financing capabilities alongside tech. Yet, as the briefing note bluntly states, the continent’s capital stack remains largely dominated by equity. This over-reliance on equity financing for every capital need was identified as a major structural flaw.

Fund managers in the room voiced strong agreement. Several noted that many African startups could safely take on debt or other instruments at certain stages – but VC funds and investors haven’t traditionally offered these. One GP remarked, based on 15 years of early-stage investing, “I’m yet to find a company that doesn’t need both debt and equity at different stages”. Another pointed out the irony that some of Africa’s biggest tech “success stories” (e.g. Andela, Moove, M-Kopa, or Moniepoint) succeeded precisely because they paired technology with heavy operations, assets, or financing – the very scenarios where pure equity is inefficient. The consensus was that Africa’s venture ecosystem must embrace a more hybrid approach to financing.

Liquidity Constraints: Exits, Secondaries and the Rise of ‘Zombies’

Perhaps the most daunting challenge discussed was the dearth of exit opportunities in African markets. Liquidity (or lack thereof) was repeatedly cited as the bottleneck stifling the VC cycle.



With few natural acquirers, shallow public markets, and limited secondary-buyout activity in the region, investors struggle to find exit paths for portfolio companies . In a recent industry survey, 58% of African investors said fewer than a quarter of their portfolio companies have a visible exit path; moreover, 40% reported that 10–50% of their investees are essentially “zombies” – surviving but not scaling and with no clear path to exit and return capital . This sobering data was echoed by the anecdotal experiences shared in the session. Participants agreed that today “when you run a fund, you invest, but then [struggle to] make money from the investments” because converting equity into cash is so challenging . Everyone has stories of strong startups that, absent acquirers or IPO prospects, plateau as long-term “living dead” in the portfolio.

The group discussed existing mechanisms like secondary sales (direct share purchases by later-stage investors or secondaries funds) and buybacks, but acknowledged “all of these mechanisms today are full of friction” .

Ideas raised included: structuring “alternative exits” like management or community buybacks (e.g. a successful company buying out an early funder’s stake with cash flow or debt) ; more aggressive pursuit of secondary sales and funds (including urging DFIs or governments to seed secondary fund vehicles or guarantee buyouts to create a safety valve) ; and developing local capital markets (e.g. SME-focused exchanges or debt funds) to enable smaller-scale liquidity events. One speaker stressed that unless the ecosystem “builds the fundamental infrastructure to make exits easier”, everyone will keep relying on ad-hoc workarounds and short-term fixes .



The final structural misalignment discussed was the incentive structure for fund managers – particularly the prevalent “2 and 20” fee model and its viability in Africa. Traditional VC funds charge around 2% annual management fees and 20% carried interest on profits. This model assumes a certain fund size and quick turnover that simply isn’t the norm in Africa. Most African funds are relatively small (64% of surveyed funds manage under \$50M) and highly hands-on, yet they charge similar fees as large global funds. With long fund durations and intensive portfolio support needs, a 2% fee often doesn’t cover basic operating costs (team salaries, due diligence, portfolio support). Indeed, nearly half of fund managers believe a fund must be at least \$50M in size to be economically sustainable under the 2/20 model – a threshold many African funds have yet to reach.

This issue also connects back to the timeline and liquidity problems. In a conventional 10-year fund, the 20% carry (performance incentive) only materializes if exits happen and returns are realized, often years down the line. In Africa, as noted, meaningful exits might come very late (year 10–15) or require extensions; carry could be a mirage for well over a decade. One fund manager wryly noted that in practice, “you’ll be able to get your carry 15 years in, maybe”, which “disincentivizes fund managers” from sticking with the model.

Across all these misalignments, a unifying insight was the need to realign expectations between African GPs and their capital providers (LPs). The conversation frankly addressed a tendency of some LPs to impose global templates or overly stringent terms that don’t fit the African context. One attendee remarked that LPs must recognize that what is “market standard” in Silicon Valley or London is not working in Africa. This reframing positions LPs not as passive capital allocators, but as key partners who can enable or inhibit innovation. The session challenged LPs – notably DFIs, which are major backers of Africa funds – to become part of the solution.



That means being open to fund proposals that may look “non-standard” (longer durations, flexible mandates, creative fee structures) and adjusting their due diligence lens to focus on fit-for-market strategy over formulaic compliance. As Aunnie put it, “if [LPs] see something that’s not standard, they should consider it” – because sticking to standard is leaving many promising ventures underfunded or unsupported. The dialogue also underscored that LPs have influence to catalyze change: for example, a DFI willing to anchor an evergreen fund or accept a novel fee model could pave the way for others. Conversely, as long as LPs cling to practices like the 10-year fund, 2/20 fees, and strict exit timelines, fund managers alone can only do so much. By the end of the session, it was clear that a new social contract between GPs and LPs is needed, grounded in trust, flexibility, and a shared commitment to Africa’s success even if it breaks the mold.

Ecosystem Reflections

For African fund managers, the session’s insights offer a mixture of caution and optimism. The caution is that sticking with business-as-usual will increasingly strain outcomes – the misalignments discussed (timing, capital type, liquidity, incentives) explain many of the frustrations GPs face in delivering returns. The optimism comes from seeing that local GPs are not only aware of these issues, but eager to innovate in response. The whitepaper briefing found a broad willingness among African fund managers to pioneer new models, and this was evident in the room. Some managers are already piloting the ideas raised – whether it’s raising 13-15 year funds, creating sidecar debt vehicles, structuring exits via buybacks, or revamping their fee and carry models – providing proof-of-concept that alternatives can work.



For LPs and DFIs, the conversation was something of a wake-up call and a roadmap. The takeaway is that rebalancing risk and reward in African VC may require LPs to recalibrate their models for “risk-adjusted returns.” In practice, that means acknowledging certain risks (like illiquidity or longer tenors) as inherent in African investments rather than trying to force them away through rigid fund terms. It also means adjusting return expectations to align with those longer horizons and hybrid structures – for example, accepting that J-curve timelines will be extended, or that interim DPI (distributions to paid-in) metrics will look different if exits are slow. Several LPs in attendance (and those to be engaged in the follow-up roundtable) represent DFIs and foundations with development mandates; for them, the session underscored that aligning investment structures to African realities is not just about maximizing returns, but also about increasing impact and capital absorption. If funds are structured in a more patient, flexible way, they can back more good companies for longer, ultimately yielding both financial and developmental payoffs.

One concrete reflection for LPs was the need to proactively support mechanisms that de-risk and unlock local capital flows. For instance, DFIs could use their tools to guarantee certain high-risk tranches – an idea raised in the context of secondary exits, where a DFI might guarantee a portion of a secondary fund or backstop buyer commitments. This would encourage more secondary market formation by reducing downside risk. Similarly, DFIs can partner with local banks or fintech lenders to expand venture debt, by providing first-loss capital or credit insurance for loans to tech startups. These actions would fill critical gaps (working capital, bridge financing, etc.) that today are undermining startups but are outside the scope of equity-only VC funds.



Additionally, LPs should invest in educating themselves and aligning their own incentives: the session noted that within large institutions, the individuals making fund commitments are often constrained by bureaucratic rules or perverse incentives (e.g. rotating staff, or M&E metrics that don't reward patience) . As one participant quipped, there isn't "a course for DFIs and family offices on how to better invest in African funds" — but perhaps there should be. LP organizations could dedicate efforts to train their teams on flexible mandate design, or even create specialized Africa VC allocation vehicles that permit longer/alternative structures without jeopardizing the LP's internal requirements. The bottom line is that LPs have as much "homework" to do as GPs in rethinking the African VC model. If they can evolve from rigid gatekeepers into creative partners – willing to take informed risks on new fund structures and to measure success in more nuanced ways – they will not only earn better risk-adjusted returns in the long run, but also help catalyze an inclusive, thriving African innovation ecosystem.

Questioning the Status Quo: Rethinking the African VC Model



KEY ACTION ITEMS

A recommendation to align actions with key organisations:

- **New Fund Structures:** Exploring fund models beyond the standard 10-year closed-ended fund. This could mean open-ended or evergreen funds, holding company structures, or blended finance vehicles that mix investment capital with concessional layers. For example, longer initial fund terms (e.g. 13+2 or 15+2 years) and permanent capital vehicles (PCVs) with periodic liquidity windows were discussed as ways to better match Africa's growth timeline. Hybrid structures – such as a permanent core fund for patient capital complemented by shorter SPV “pop-ups” for high-growth bets – are on the table. The workgroup will design templates and engage LPs on piloting such structures.
- **Alternative Instruments:** Developing and mainstreaming financing instruments that fit African startups' needs. The focus will be on venture debt, revenue-based financing (RBF), and other forms of catalytic capital (e.g. first-loss or guarantee funding). Given that non-equity options remain nascent, DCA can facilitate partnerships to launch venture debt funds or RBF facilities in parallel to VC funds. It will also push for creative exit instruments – for instance, redeemable equity or structured buyouts that allow founders and early investors to achieve liquidity without a traditional sale. Catalytic capital from DFIs or philanthropies (such as guarantee programs for loans or secondary purchases) will be pursued to jump-start these instruments and make them viable for private investors.
- **Incentive Redesign:** Rethinking management fees and GP compensation to sustain fund economics in a low-exit, longer-horizon environment.

Questioning the Status Quo: Rethinking the African VC Model



KEY ACTION ITEMS

A recommendation to align actions with key organisations:

The aim is to propose alternatives to the 2/20 model that reward patience and value creation. Ideas include tiered fee structures, extended fee runways for longer funds, deal-by-deal carry, and linking carry to interim milestones. Early experiments show that for permanent or evergreen funds, “the answer is that it’s not 2 and 20” – models more akin to a company’s P&L (with salaries and bonuses) or tiered profit-sharing per exit are emerging . DCA will compile best practices and recommend incentive structures that align GP–LP interests in the African context.

- **LP Education & Expectations-Setting:** Initiating a dialogue and learning platform for LPs (especially DFIs, development banks, and influential family offices) to update their approach to African VC. This will involve workshops or playbooks to help LPs recalibrate their return expectations, risk metrics, and investment processes for the realities on the ground. For instance, educating investment committees that a 12+ year fund lifecycle or an evergreen vehicle can be healthy and necessary, or that interim metrics like portfolio company revenue growth might be better success indicators than quick DPI. One concrete idea is to develop a training module or “LP bootcamp” on innovative fund models in Africa – essentially the “course for DFIs and family offices” that participants wished for . By demystifying structures like PCVs or revenue-share notes and sharing case studies of successful adaptations, DCA aims to make LPs more comfortable stepping outside the usual fund terms. Ultimately, resetting LP expectations is critical: if LPs internalize that “standard is not working” and become champions of change, the funding ecosystem will unlock new potential.



Offshoring African Startups

Session Led By Abderrahmane Chaoui, founder and CEO at Sendemo



Overview

Offshoring African Startups: Beyond Founder Choice was a dedicated research presentation at the VC Unconference Cape Town 2025, examining the rising trend of African startups incorporating their holding companies offshore. Unlike an open discussion, this session featured a detailed researcher-led briefing based on new data. The motivation was to move beyond anecdotes and understand why many high-growth African ventures flip into jurisdictions like Delaware, the U.K., or Mauritius. Offshore incorporation is often treated as an individual founder's choice, but the research posits it as a symptom of deeper structural forces in Africa's early-stage investment landscape. The topic is highly relevant to investors because it touches on governance protections, exit options, and ultimately who captures the value created by African startups. Investors seek the legal certainty and enforceability that established jurisdictions provide, yet this practice raises concerns about local ecosystem impacts – from tax revenues and talent retention to the long-term development of domestic capital markets. In short, the session set out the context that while offshoring can secure investor interests in the short term, it may have unintended consequences for African startup ecosystems in the long run.



Prevalence and Pattern of Offshoring

The analysis revealed that only a small minority of African startups pursue offshore incorporation – roughly 5–10% of ventures, concentrated among those seeking external venture capital and scale . In other words, 90–95% of African startups remain locally registered , including most SMEs and tech ventures that don't engage foreign investors. However, that 5–10% represents the high-growth cohort integrating into global funding pipelines. Notably, flipping tends to occur early in the startup lifecycle, usually at or before the seed stage, well before substantial scaling. Many ventures transition to an offshore holding between pre-seed and pre-Series A, reflecting how early investor expectations shape corporate structure. Once a startup enters later growth stages, its domicile is typically already set. This early flipping pattern underscores that offshoring is driven by initial funding dynamics rather than post-hoc expansion needs.

Top Offshore Destinations

Among startups that do offshore, the United States (Delaware) has emerged as the dominant jurisdiction. Across ecosystems, ~65% of offshored African ventures are registered in Delaware . This is especially true for companies coming out of global accelerator programs or raising capital from U.S.-based investors, where standard term sheets and SAFE notes assume a U.S. C-Corp structure . Requirements set by American lead investors tend to cascade across the cap table, making a Delaware parent company the default even when some backers are non-US .



Apart from the U.S., U.K. and Netherlands vehicles are also common, particularly for startups from South Africa, Egypt, or pan-African operations . These jurisdictions (e.g. a UK Ltd or Dutch BV) align with the domiciles of many Africa-focused funds or holding companies, offering familiarity for European LPs . Other hubs like Mauritius or Cayman Islands appear frequently as well, owing to institutional familiarity – investors and fund LPs “know and trust” these places for their predictable legal enforcement and tax treaties . In some cases, historical and cultural linkages drive the choice: e.g. North African startups might flip into France’s legal system, West African ventures into France or the UK, and so on, reflecting where founders have diaspora ties or prior experience . In sum, a few foreign jurisdictions account for the lion’s share of African startup holdcos, with Delaware by far the largest single magnet .

Drivers of Offshoring – Capital Access and Investor Requirements

A recurring theme was that offshoring is not random; it is a rational response to structural conditions. The root driver is the chronic shortage of risk capital and high-friction business environments in many African markets . Lacking abundant local capital, ambitious founders inevitably turn to foreign venture investors – and foreign capital comes “bundled” with its own preferences and conditions . Limited Partners (LPs) in Europe or the U.S. often mandate that the funds they back operate from familiar legal environments (Delaware, Cayman, Mauritius, UK, etc.), and VCs extend these requirements to startup investments . To access the funding, African founders comply by incorporating in the stipulated jurisdiction . Essentially, the need for capital forces founders into structures that reassure investors.



Those offshore jurisdictions offer clear legal protections, enforceable shareholder rights, and exit pathways that investors trust – advantages that many African legal systems are still developing. Additionally, fragmented regulations at home (complex forex controls, inconsistent tax regimes, and licensing in each country) make scaling across African markets cumbersome. By contrast, flipping into a single overseas entity provides a de facto one-stop structure: one set of laws, one currency environment, and readily standardized investment documents. From an operational perspective, this greatly simplifies cross-border expansion. In short, offshoring acts as a “workaround” solution to structural barriers – offering easier capital access and legal clarity to enable growth.

Influence of Templates and Networks

Beyond pure capital logic, the presentation highlighted how behavioral and network factors reinforce offshoring. At early stages, founders and angels often lack bandwidth for bespoke legal analysis, so they default to prevailing templates and peer advice. With over 8,000 accelerators and incubators globally pumping out similar advice – and many African startups going through programs that recycle Silicon Valley playbooks – a kind of herd behavior kicks in. The research noted a strong “peer heuristic” effect: if everyone in the last cohort flipped to Delaware, new founders take that as the norm. This creates a narrative that “serious startups flip early” to signal investability. Standardized documents also bias the outcome. For example, ubiquitous SAFE notes or convertible loan templates are U.S.-derived and “align more naturally with certain jurisdictions” (namely Delaware or U.S. law). Thus, using those instruments often nudges a venture to incorporate offshore where the paperwork is readily enforceable. The end result is that early-stage ecosystem players – accelerators, mentors, law firms – end up funneling founders into a narrow set of familiar structures. As the study succinctly put it, what is familiar becomes perceived as what is required.



This dynamic helps explain why Delaware dominates by default, not because it is inherently best for African business models, but because it's familiar and trusted by foreign investors . In summary, the offshoring trend is propelled not only by rational cost/benefit analysis, but by the standardization of “global best practices” in venture that often aren't tailored to local contexts

Downsides and Risks

While offshoring can be rational for raising capital, the findings also illuminated significant downsides. One concern is fiscal leakage – when a company's domicile (and often its intellectual property) moves abroad, any future exit or profits may be taxed elsewhere, denying African governments revenue. The research flagged “tax leakage” as a real risk of early flipping . Another issue is a regulatory mismatch between the company's legal home and its operational home. A startup incorporated in Delaware but operating in Lagos faces complexity in complying with both U.S. corporate law and local Nigerian regulations (and neither jurisdiction alone has a full picture). Moreover, if all high-growth firms are offshore, domestic regulators and courts rarely interact with these companies. The session noted that when startups incorporate abroad, local institutions “never gain exposure to venture instruments or exits”, hampering their learning .

African central banks, tax authorities, and courts remain on the sidelines, never pressured to update foreign exchange rules or interpret startup equity disputes, because those battles play out in London or New York . This translates to a lost opportunity for capacity-building. Over time, ecosystem weakness can become self-reinforcing: with few local success stories headquartered onshore, there's less impetus for local capital-market development or legal reform . The study pointed out that this cycle ultimately “weakens job creation, tax revenue, capital-market depth, and long-term competitiveness” in African economies .

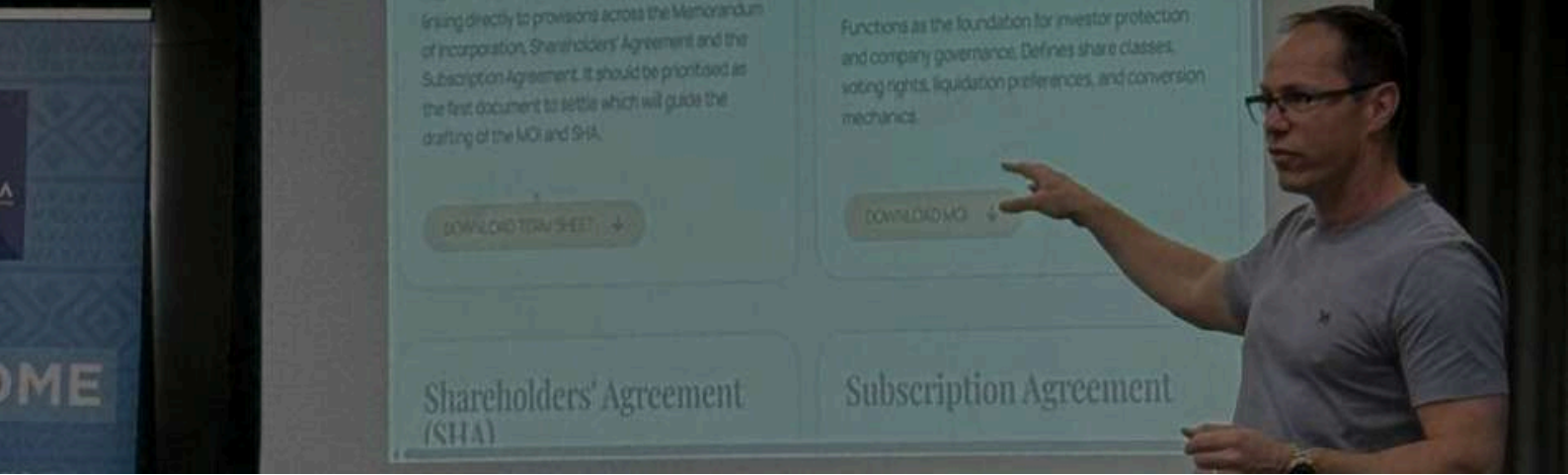
Offshoring African Startups



KEY ACTION ITEMS

A recommendation to align actions with key organisations:

- **Explore a Pan-African Structure:** Is there a viable Pan-African legal entity or harmonized framework that could serve as an alternative to Delaware? Participants are interested in assessing models that offer startups one umbrella structure across Africa – for example, expanding treaty networks or creating regional incorporation hubs. Aligning continental regulations (FX rules, tax treaties, investment laws) could dramatically reduce the need to flip abroad. DCA can convene legal experts to evaluate options for an Africa-centric holding company template.
- **Standardize Local Investment Documents:** Recognizing that unfamiliar or cumbersome paperwork drives many deals offshore, there's a push to develop standard term sheets and instruments under African law. DCA workgroups should collaborate with law firms and VCs to produce open-source templates (for equity, SAFE-like notes, etc.) that investors find acceptable.
- **Develop Founder & Investor Toolkits:** Finally, there was consensus that the insights from this research should be translated into practical guidance. DCA could lead the creation of **toolkits or decision guides** helping founders navigate structuring choices in an “ecosystem-aligned” way. This might include decision frameworks (weighing pros/cons of local vs. offshore), checklists for what to consider before flipping (e.g. treaty gaps, FX controls, “permanent establishment” risks), and resources to compare jurisdictions.



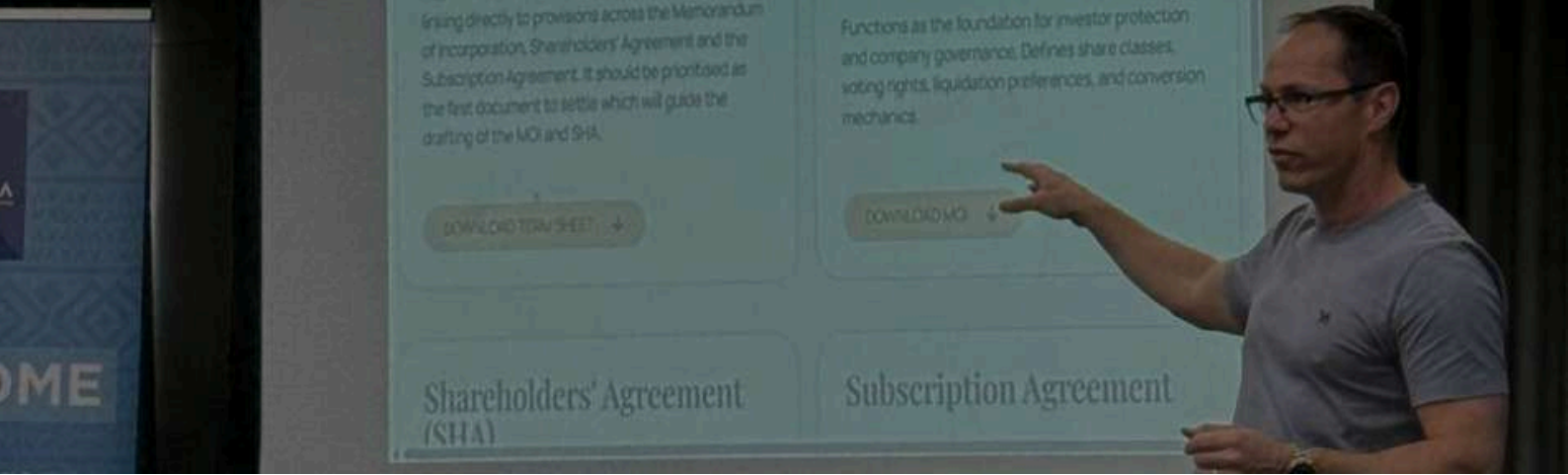
Launch of South Africa's VC Model Document Suite

Session Led By Abderrahmane Chaoui, founder and CEO at Sendemo



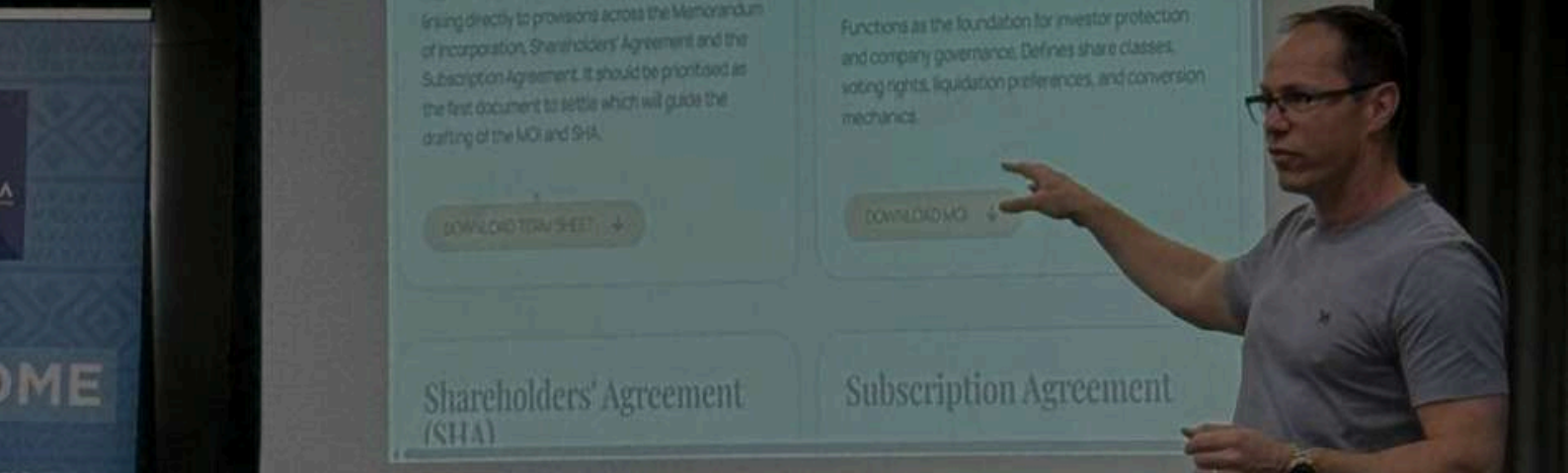
Overview

South Africa's startup ecosystem saw the launch of a free, locally-adapted suite of standardized venture financing documents designed to streamline early-stage deals. This initiative – unveiled by Adrian Dommissie (Founding Director of Dommissie Attorneys) at the VC Unconference Cape Town 2025 – delivers a set of open-access VC Model Documents tailored to South African law and context. The motivation is clear: early-stage investments have long been bogged down by fragmented legal templates, costly custom legal work, and the impractical transplanting of foreign (US/UK) documents into local deals. By providing homegrown templates that mirror globally recognized standards while grounding them in South African frameworks, the project seeks to cut friction in deal execution. Dommissie emphasized that this “game-changer” will save time and legal costs, improve transparency for all parties, and attract more local and international capital into early-stage businesses. The Unconference session was a direct call to action for the ecosystem: investors, founders, and legal advisors were urged to adopt these standard documents to unlock faster, fairer deals and help nurture a more vibrant venture environment in Southern Africa.



VC Model Document Suite

The model suite comprises four core documents – a Term Sheet, Shareholders' Agreement (SHA), Subscription Agreement, and Memorandum of Incorporation (MOI) . Each has been carefully drafted to align with South Africa's Companies Act 71 of 2008 and common venture deal norms, while incorporating best practices from established international templates (notably the NVCA models from the US) . The Term Sheet serves as a high-level summary of the deal and an “index” to the detailed agreements, grouping key terms from the subscription, MOI, and shareholder agreements for upfront alignment . The MOI is the company's constitutional document, establishing share classes and setting out rights/preferences (e.g. preferential dividends and liquidation rights of the new Series A preference shares) in compliance with local law . The Shareholders' Agreement defines the ongoing rights and obligations of founders and investors – including governance, information rights, and transfer restrictions such as standard drag-along and tag-along clauses to protect investor exit options . The Subscription Agreement covers the mechanics of the investment transaction – commitments to subscribe and issue shares, conditions to closing, use of proceeds, and comprehensive representations & warranties with accompanying indemnities .



Customization & Clarity

Notably, the model documents build in optional provisions and clear drafting notes to allow deal-specific tailoring without sacrificing simplicity. For example, the Term Sheet provides multiple liquidation preference structures – from non-participating 1× preference to various participating preference alternatives – which parties can select based on their agreement. Common venture protections like anti-dilution adjustments and pre-emptive rights are included following international norms, but calibrated for the South African context. Share transfer provisions include both drag-along rights (allowing majority investors to compel a sale after a defined period) and tag-along rights (ensuring minority shareholders can piggyback on any major sale) to balance liquidity and minority protection. The documents also address founder and employee equity: an ESOP (Employee Share Ownership Plan) template with a standard 4-year vesting schedule (25% cliff at 1 year, monthly thereafter) is provided to align talent incentives. Throughout the suite, emphasis has been placed on plain-language drafting and explanatory footnotes – the MOI and SHA include venture-specific commentary explaining clauses and outlining alternatives – to make the contracts more accessible and reduce ambiguity. Importantly, the entire set is published as an open-access resource (under a Creative Commons-style license), meaning anyone can download, use, and adapt the templates free of charge. This open licensing is intended to encourage widespread adoption and continuous improvement of the documents as “living” templates. Dommissie and the drafting team explicitly invite the community to use, review, and provide feedback on the model docs, so they can be refined over time for maximum fairness and market alignment.

Launch of South Africa's VC Model Document Suite



KEY ACTION ITEMS

A recommendation to align actions with key organisations:

- **Establishment of a VC Legal Documents Workgroup:** A group that champions the rollout and evolution of the model document suite. This workgroup should encourage all early-stage investors and accelerators in the region to adopt the templates as their default starting point – perhaps setting a target that a majority of angel/seed deals in the next year use the open model docs. To achieve this, DCA (with Dommissie Attorneys and other legal experts) could host practical workshops or clinics for fund managers, angel networks, and startup lawyers. Such sessions would walk stakeholders through the documents, explain the rationale behind key clauses, and train them on how to customize the terms responsibly for different deal scenarios.
- **Peer review and feedback loop:** For instance, creating an online forum or periodic roundtable where users share their experiences, suggest improvements or identify any issues in applying the templates. Remember, these documents are explicitly meant to be “living” and open for continued improvement, so a community-driven revision process is crucial. DCA is well-positioned to coordinate updates in collaboration with SAVCA and the legal drafters, ensuring the templates stay up-to-date with any regulatory changes or emerging market norms. Another important call is to extend the accessibility of the model documents: the workgroup should explore translations and adaptations for other African markets.
- **Track adoption metrics and success stories:** By surveying how many deals use the model docs, and collecting case studies of faster closes or reduced legal fees, the workgroup can quantify the value delivered. These insights can be reported back at next year's Unconference, creating accountability and reinforcing the call to action.



What's next: Towards an Aligned African VC Future



Closing Session Recap (Action Planning Session)

Key commitments that they collectively proposed to carry forward:

- Regional convenings for continued collaboration: There was consensus to keep the momentum going beyond Cape Town. Attendees agreed to organize regional follow-up sessions (e.g. in West, East, and North Africa) to broaden the conversation and include more local stakeholders. These convenings will ensure the Unconference spirit – candid dialogue and problem-solving – propagates across the continent, creating a continuous feedback loop into the next AfricArena summit.
- Formal GP collaboration mechanisms: The group committed to stronger GP-to-GP collaboration. This could take the form of a working group or forum for fund managers to regularly share insights, deals, and even resources. One immediate idea was a blended finance working group – connecting GPs and DFIs to design fund models that mix public and private capital efficiently (with structures like first-loss tranches or local currency sleeves).



- DFI partnership pilots: Several DFI representatives in the room embraced the call to action. They agreed to explore pilot programs with VC funds to test new approaches arising from the Unconference discussions. Examples included piloting co-investment vehicles that address currency risk, simplifying approval processes for faster deployment, or funding experimental “catalytic capital” layers in funds. These DFI pilots are meant to demonstrate what’s possible when development finance works hand-in-hand with agile fund managers – setting precedents that can be scaled if successful. Importantly, DFIs were also pressed to share more of their historical fund data (performance, exits, etc.) to inform industry benchmarks. The willingness to pilot and to be more transparent signaled a new openness to partnership.
- Venture toolkit development: A highly actionable commitment was to develop a shared toolkit of resources for African VC. Throughout the week, participants noted how legal and structural roadblocks often slow down fund setup and deal-making. In response, volunteers agreed to compile best-practice templates, term sheets, partnership agreement frameworks, and structuring guides tailored for African contexts. This open-source VC toolkit will help both emerging and established investors adopt more flexible fund structures and founder-friendly terms. By standardizing proven approaches (from innovative fund vehicles to cooperative term sheet clauses), the toolkit can reduce friction and cost, essentially open-sourcing the collective wisdom from the Unconference.



What's next: Towards an Aligned African VC Future



Unified Ecosystem Call to Action

Closing out the Unconference, the participants issued a unified call to action to the entire African VC ecosystem. This call to action synthesizes the learnings and themes from all the sessions into a bold agenda for the future.

- **Unleash local capital at scale.** *Activate Africa's own sources of capital for African ventures.* This imperative calls for a decisive shift in funding mix towards local **institutional capital** – from pension funds and insurers to family offices and corporates. It means working with regulators to open up pension allocations, crafting incentive structures for local LPs, and showcasing success stories to build confidence. Mobilizing domestic capital not only diversifies the funding base, it roots venture investing in the continent's long-term prosperity. The ecosystem must court local investors as partners, educate them on the asset class, and design funds that meet their needs (e.g. local currency options). **Unlocking local capital** will increase resilience and make African VC truly African-owned.



- **Empower GP innovation and collaboration:** Create space for fund managers to experiment and work together. Africa's VC landscape will thrive through GP (General Partner) innovation – whether it's new fund models, inventive investment instruments, or creative syndication approaches. The call to action is to support and connect fund managers in forging these new paths. This includes fostering forums and networks (formal or informal) where GPs regularly share lessons and even pool efforts on due diligence or co-investments. It also means LPs and industry bodies giving GPs the leeway to depart from one-size-fits-all fund norms – encouraging boutique strategies, venture studios, evergreen funds, and other forms that suit our markets. By empowering GPs to innovate and collaborate, the ecosystem cultivates a laboratory of ideas, where the best approaches can be scaled and the whole community rises together.
- **Expand the toolkit for flexible fund structures:** Embrace diverse fund designs and instruments to fit African realities. A recurring theme was that traditional VC fund models don't always match the continent's conditions – and that a broader toolkit is needed. The community is urged to develop and adopt flexible fund structures that can accommodate longer horizons, smaller check sizes, and varied return profiles. This might include layered capital stacks (with grant or concessional first-loss capital), revenue-based financing or venture debt sidecars, opportunity funds for follow-ons, and more. Expanding the toolkit also means disseminating knowledge: sharing playbooks, legal templates, and case studies of innovative fund setups (for example, structures that allowed local currency investing or that balanced commercial and impact goals).



- **Align investment structures with founder needs:** Put founders at the center with more flexible, founder-friendly terms. A unanimous sentiment was that venture investing in Africa must serve the founders and businesses on the ground – not force them into ill-fitting molds. This imperative calls for a rethinking of how deals are structured to ensure they advance founder success. Concretely, that means promoting founder-aligned structuring: for example, reducing pressure on startups to redomicile overseas when it's not necessary, tailoring terms like liquidation preferences or governance to the realities of early-stage African startups, and offering financing options that fit a company's stage and model (rather than a blanket equity-only approach). Investors and legal advisors are encouraged to be creative and compassionate in dealmaking – to find win-win terms that reward investors while enabling founders to grow sustainable businesses. By aligning structures with founders' needs, we create an environment where entrepreneurs can focus on building value at home, confident that their investors are true partners in growth.
- **Build the next generation of exit pathways and capital:** Accelerate efforts to generate meaningful exits for African ventures. Ultimately, a thriving VC ecosystem is measured by its exits – the successful outcomes that return capital and prove the model. The call to action urges the community to double down on exit-readiness. This involves cultivating later-stage growth capital and even exit-enabling vehicles (such as secondary funds or IPO facilitation platforms) that can take companies to fruition. It also means preparing startups for exit from day one: mentorship on strategic acquisitions, connections to global acquirers, and strengthening linkages with Africa's public markets.

Thank You



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