

Inside Ghana's Private Capital Ambitions: a visual report



Data-driven pictures on the unique opportunity of Ghana's private capital markets, and what needs to be done to unleash their full potential.

Written by:



In partnership with:



1. The capital is already here

Ghana's pension system crossed **GHS 80 billion in assets under management**. Built in little over a decade, it is one of the most significant pools of domestic long-term capital on the continent.

And yet, **only 1.1% is allocated to alternative assets**.

The gap is not about willingness: it is about structure, familiarity, and the availability of the right vehicles.

This chapter traces what Ghana's pension funds have already done — and what it tells us about what is possible.

From

1) **anchoring Ci-Gaba**, a blended fund-of-funds designed specifically to absorb the friction between institutional and private capital,

2) to **backing experienced managers like Oasis Capital, Mirepa Capital and Injaro**

3) to **underwriting the first major GSE IPO in nearly a decade** – pension funds are quietly becoming the connective tissue of Ghana's private capital ecosystem.



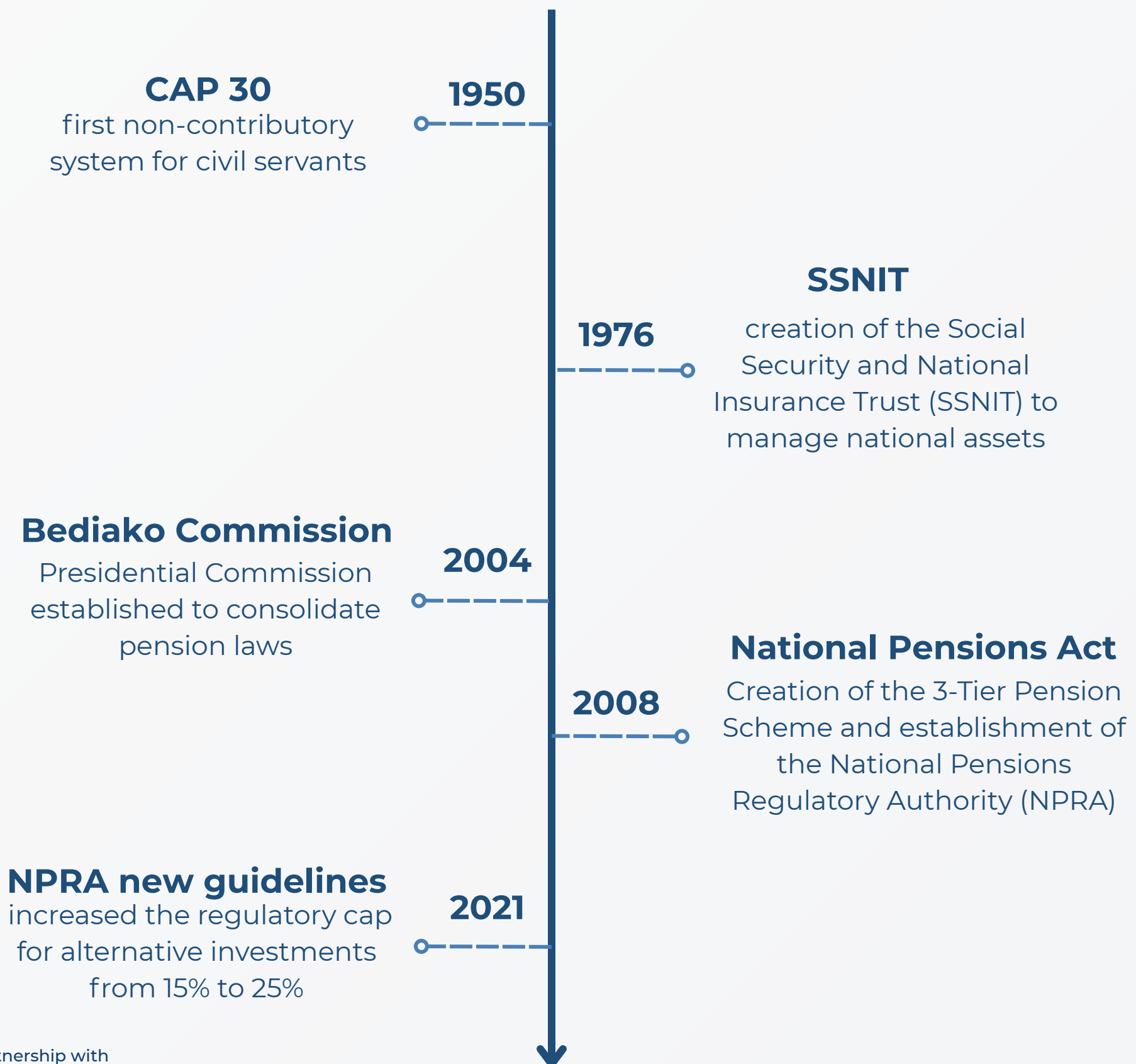
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From zero to 80 billion

A short history of Ghana's pension system



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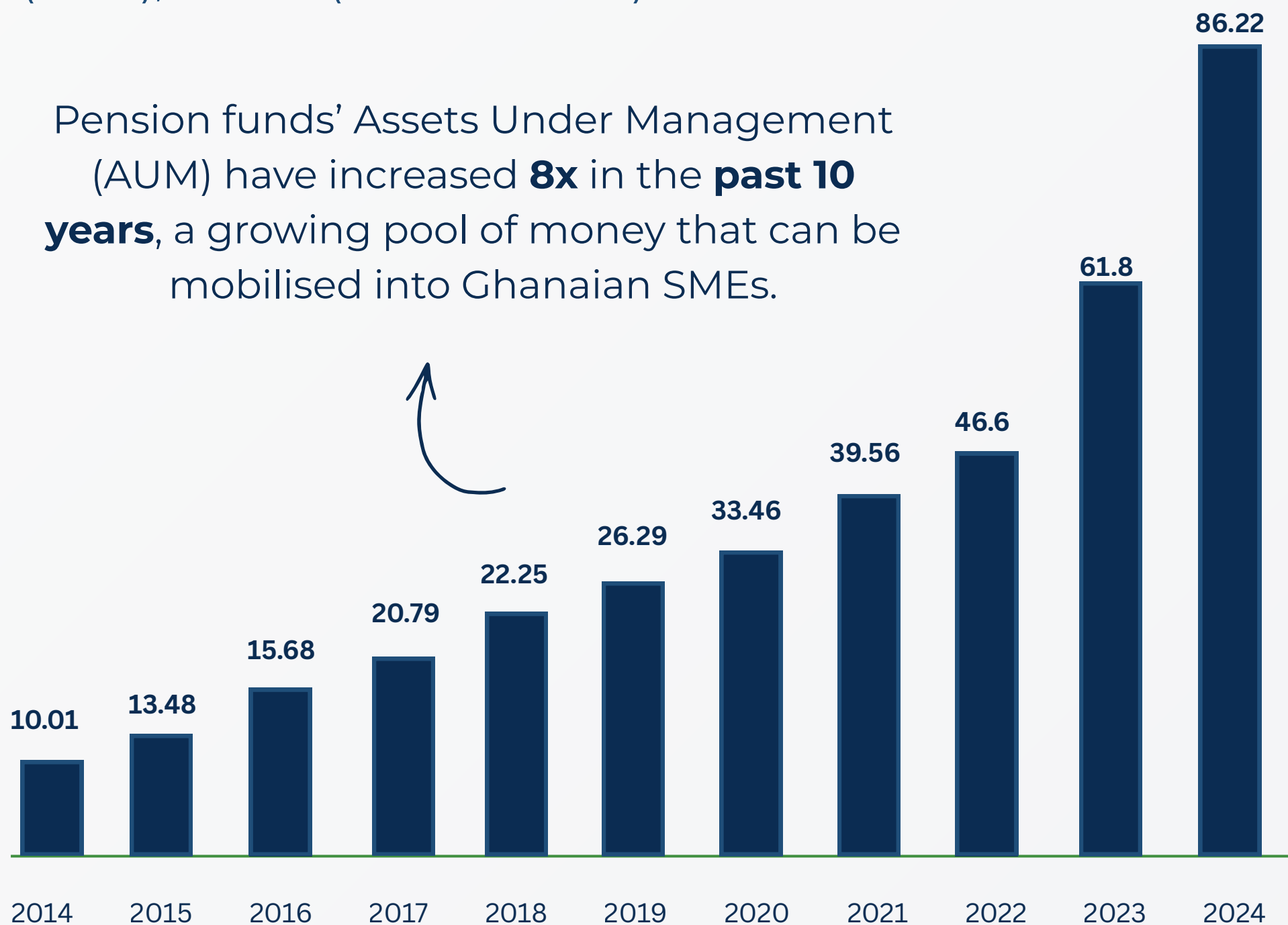
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The opportunity of Ghana's *domestic capital*

Chart 1 - Total pensions funds' Assets Under Management (AUM), Ghana (in billion GHS)

Pension funds' Assets Under Management (AUM) have increased **8x** in the **past 10 years**, a growing pool of money that can be mobilised into Ghanaian SMEs.



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source: NPRA (annual reports)

The opportunity of Ghana's *domestic capital*

Chart 2 - Total pensions funds' Assets Under Management (AUM) allocation (2024)



Yet only **1.1%** of current allocations go into “**alternative investments**”, a category that includes private equity, venture capital and private debt.



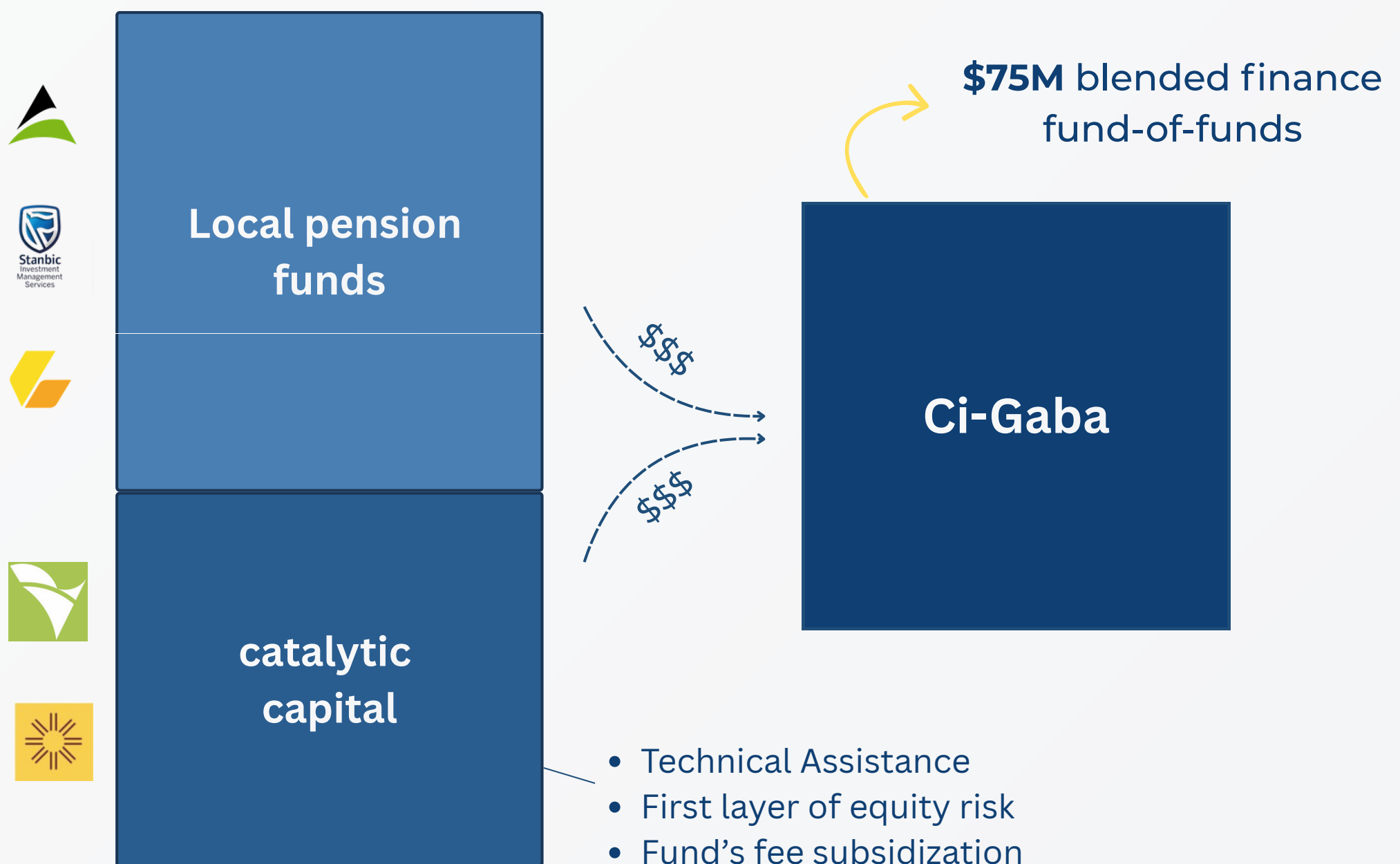
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source: AVCA

Pension funds & private capital

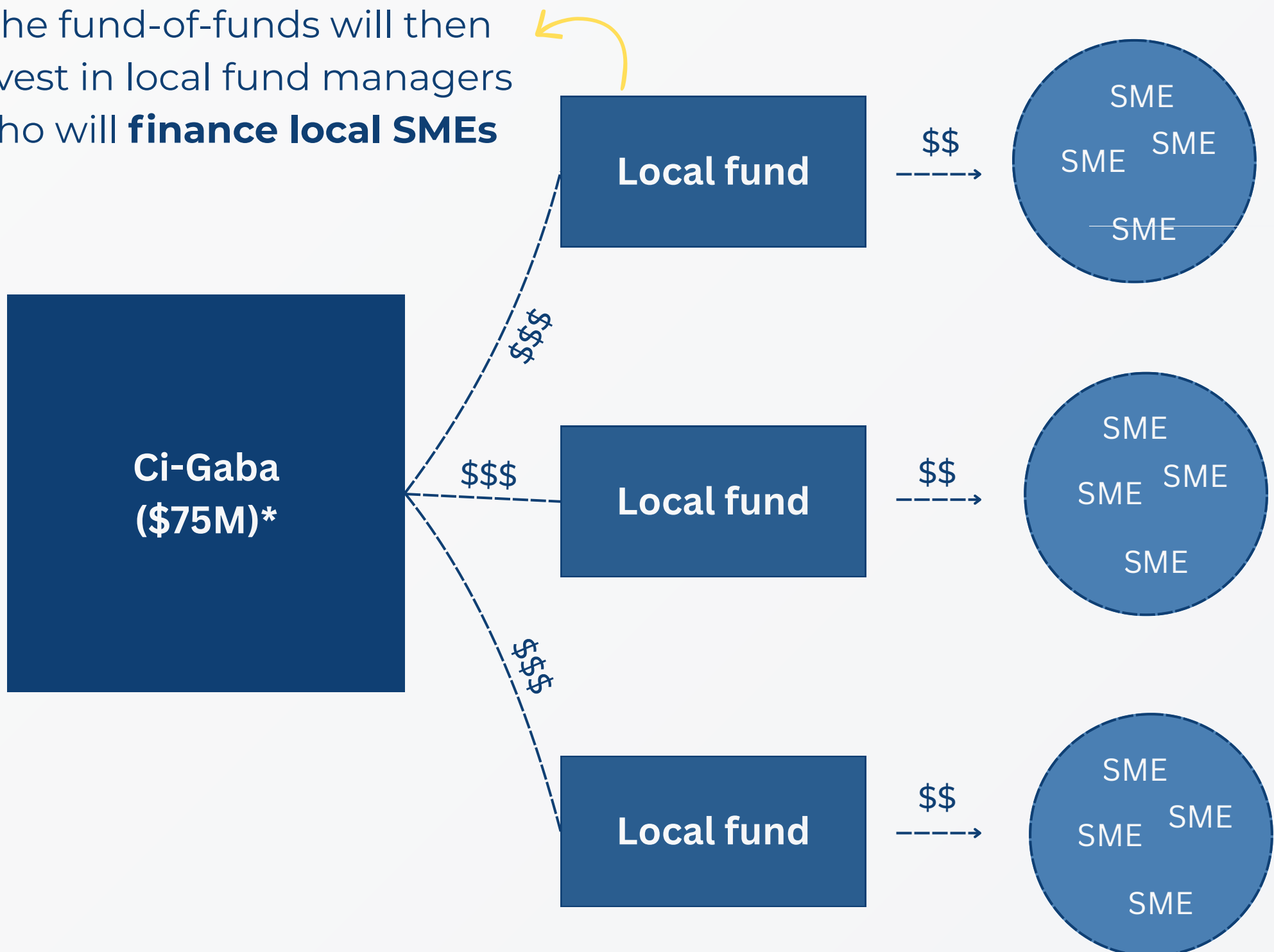
(1) Anchors of local blended vehicles



Pension funds & private capital

(1) Anchors of local blended vehicles

The fund-of-funds will then invest in local fund managers who will **finance local SMEs**



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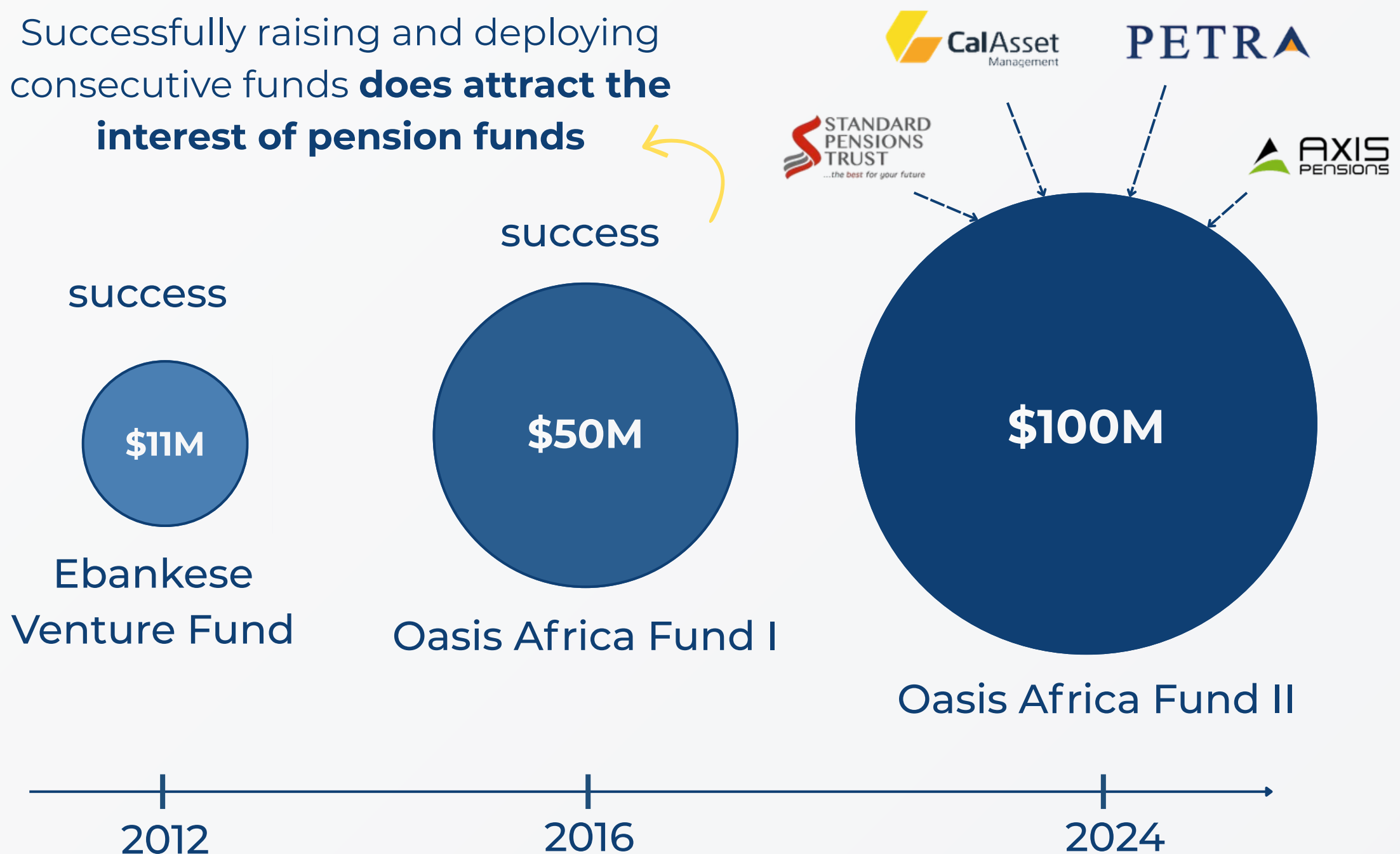
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Pension funds & private capital

(2) Allocating to successful fund managers

Image - Oasis Capital fundraising history

Successfully raising and deploying consecutive funds **does attract the interest of pension funds**



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Pension funds & private capital

(2) Allocating to successful fund managers

Image - Injaro & Mirepa Capital fundraises from local pensions in 2022



Injaro Ghana Venture Capital Fund (IGVCF)



Mirepa Capital SME Fund I (MCSFI)



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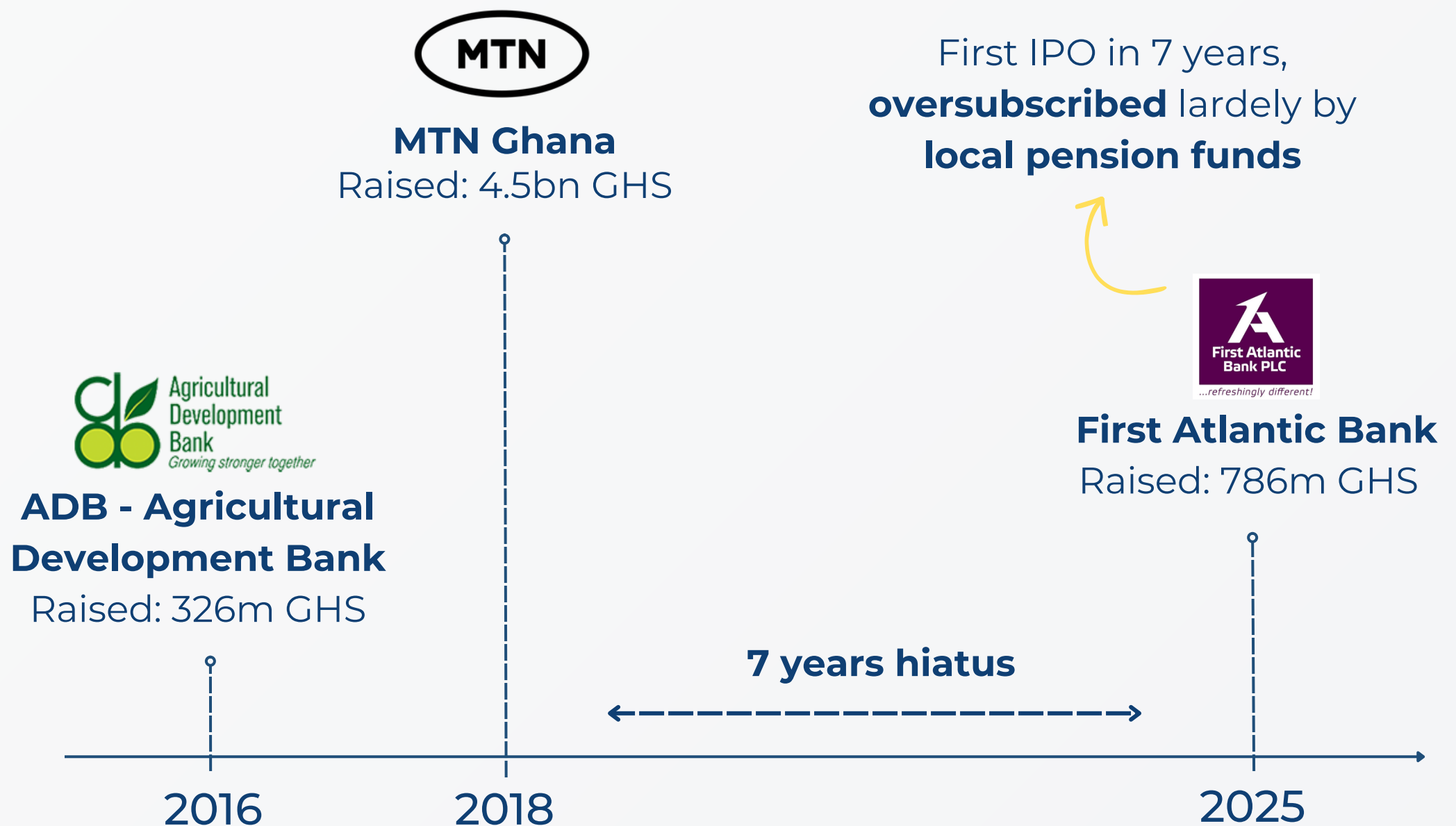
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Pension funds & private capital

(3) Early subscribers of local IPO market

Image - Ghana Stock Exchange IPO history (2016-2025)



Local pension funds anchored **~93% of First Atlantic Bank committed capital.**

No pension funds → no local buyers → no exit for private capital

Table - Investors in First Atlantic Bank IPO

Investor	Amount (GHS)	% of Offer
Health Sector OPS - Bora	145,000,000	19.54%
Health Sector OPS - Delta	145,000,000	19.54%
Ghana Education Service OPS	141,900,000	19.12%
Universities Staff OPS	40,000,000	5.39%
GENTRUST/Sankofa	32,780,000	4.42%
Other (36 pension & provident funds)	183,731,000	24.75%
Total	688,421,000	92.76%



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source: First Atlantic Bank (IPO prospectus)

2. Bridging the gap

Pension funds and private capital **operate on different logics**. Different time horizons, different currency exposures, different risk frameworks. **They speak different languages** — and bridging them requires more than goodwill.

This chapter examines what that bridge actually looks like in practice: the structural innovations, instrument design choices, and blended finance mechanisms that are **beginning to make private capital legible to institutional investors**.

From **GIP Ghana's permanent capital vehicle** to the **FCMB/TLG private credit fund in Nigeria**, the solutions are emerging. They share one insight: alignment doesn't happen by default. **It has to be built.**



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Bridging the gap

between institutional & private capital:

The need for more domestic capital

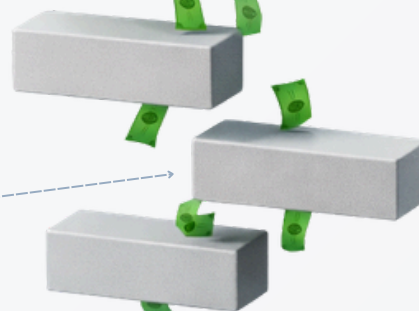
\$217bn

The amount of Africa's
**penion funds' managed
assets**



Main obstacles:

- lack of institutional-grade vehicles
- risk-aversion
- time to exit



\$5.5bn

Total amount invested into
SMEs private capital deals



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Sources: Mo Ibrahim Foundation, AVCA.
Data for 2024, including all sources of capital.

Bridging the gap

between institutional & private capital

Two different investment routines

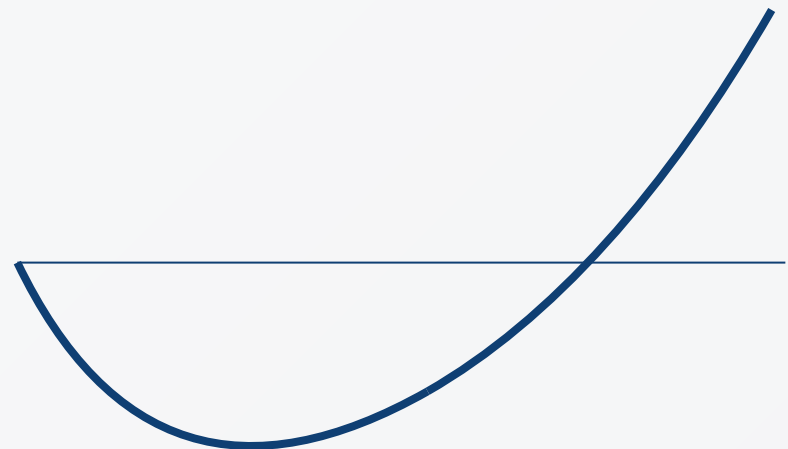
1) LIQUIDITY

Pension funds want...



- **Predictable cash flows**
- Focus on **capital preservation**

VC/PE funds give...



- **Assets locked** for 10+ years illiquid
- **Uncertain exit timelines** with high upsides



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Bridging the gap

between institutional & private capital

Two different investment routines

2) CURRENCY

Pension funds have...



- Liabilities in **local currency**
- Investments in local currency

VC/PE funds have...



- **Fundraise & returns in hard currency** (i.e. dollars)
- Investments in local currency

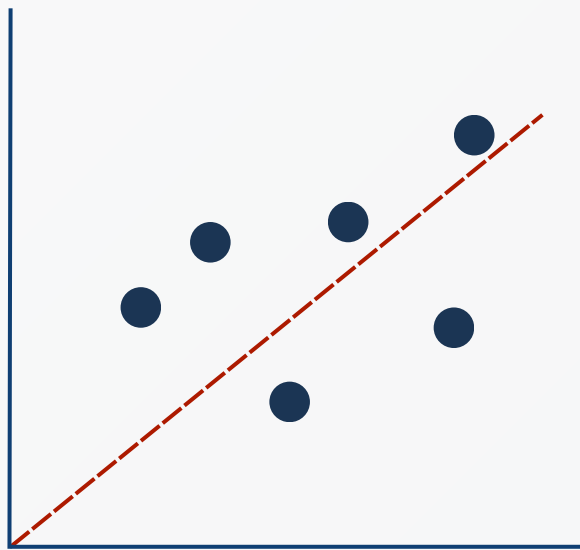
Bridging the gap

between institutional & private capital

Two different investment routines

3) RISK MANAGEMENT

Pension funds prefer...



- **Public benchmarks**
- Standard valuation methods
- History of track record

VC/PE funds have...



- Few available benchmarks
- **Fund-level valuations**
- Short history of track record



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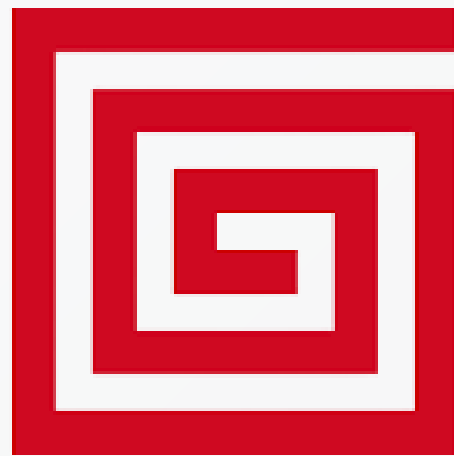
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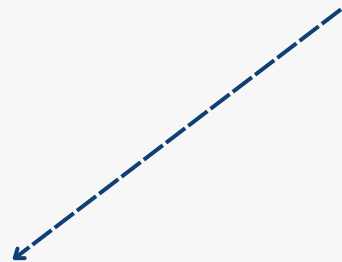
Bridging the gap

between institutional & private capital:

Frontier SME vehicles: GIP Ghana



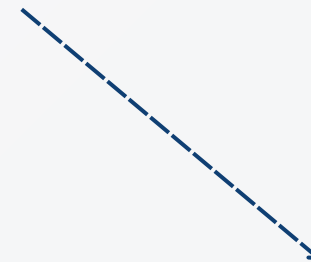
**GROWTH
INVESTMENT
PARTNERS**



1) innovative
capital structure



2) overlooked
target segment



3) flexible financing
instruments



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Bridging the gap

between institutional & private capital:

Frontier SME vehicles: GIP Ghana

1) Innovative capital structure

A **permanent capital vehicle** (limited liability company) **domiciled in Ghana** and
Licensed by the Securities and Exchange
Commission

GIP Ghana

Investment company

Domiciled in Ghana

Cedi-denominated

Typical PE fund

Close-ended fund

Domicilide abroad

Dollar-denominated



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Bridging the gap

between institutional & private capital:

Frontier SME vehicles: GIP Ghana

2) Overlooked target segment

Patient and flexible growth financing, primarily through local currency investments between **\$500k and \$5 million** (with the ability to follow-on)

GIP Ghana

Target missing middle
(\$500k-5M)

Multiple options of
financing

Typical PE fund

Target mature
SMEs (\$6M+)

Standard equity
ticket



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Bridging the gap

between institutional & private capital:

Frontier SME vehicles: GIP Ghana

3) Flexible financing instruments

Using **self-liquidating debt and quasi-equity** instruments that should **recycle money in the fund** to make it attractive risk/return base for pension funds

GIP Ghana

No need to exit

Capital is recycled in the fund

Typical PE fund

Pressure to exit in x years

Need successive fundraises (Fund I, Fund II...)



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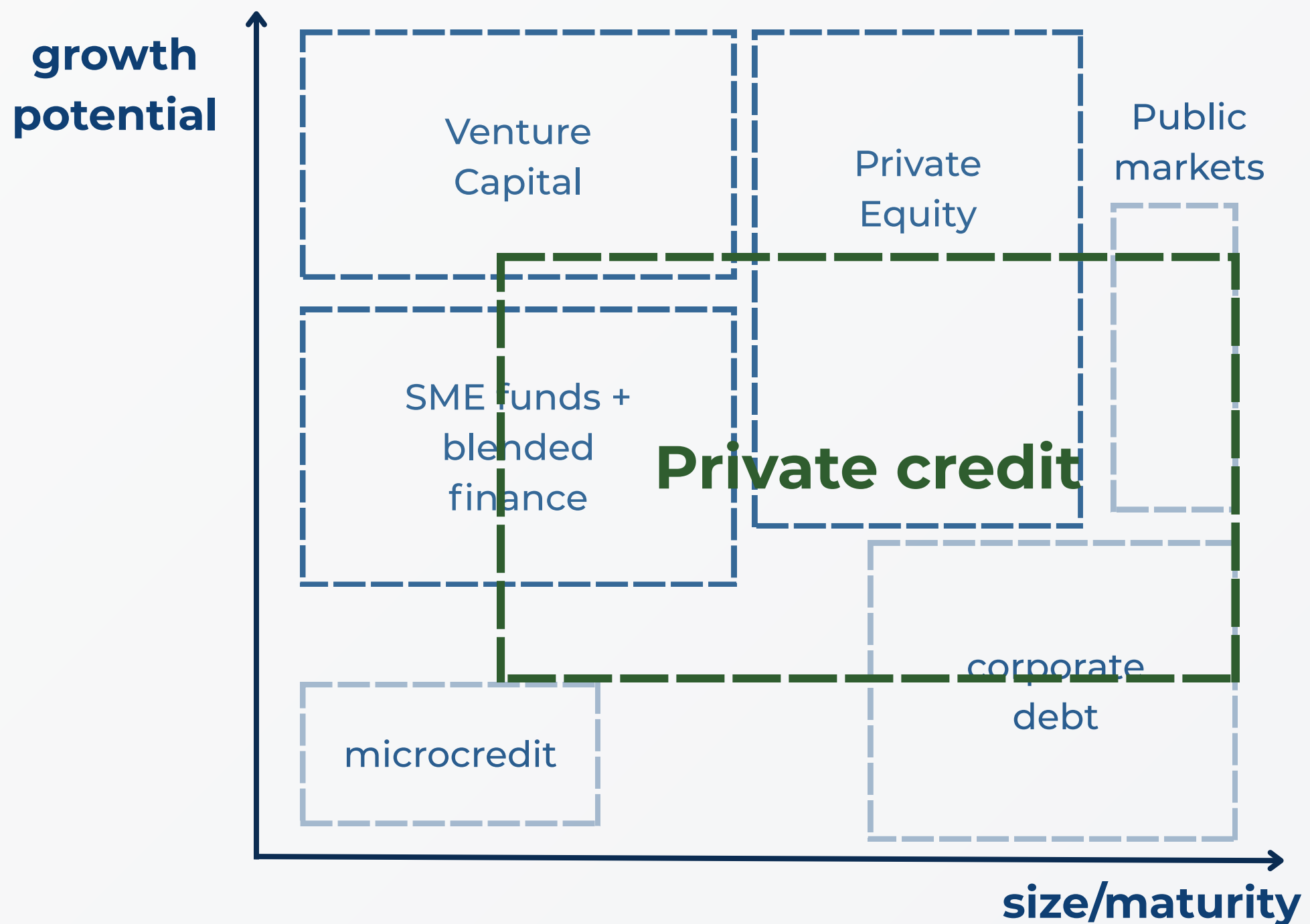
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Bridging the gap

between institutional & private capital:

Mobilizing local pensions: FMCB/TLC



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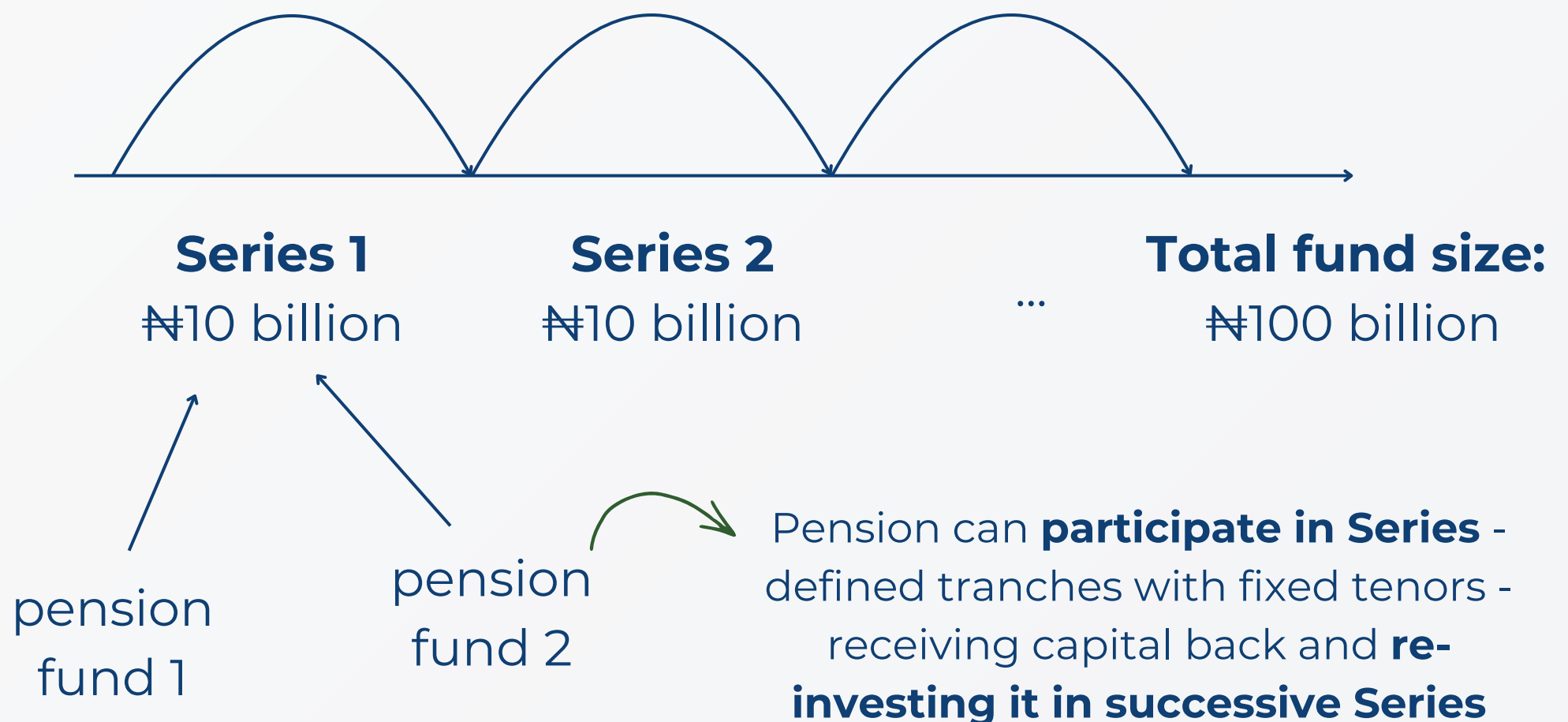
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Bridging the gap

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Mobilizing local pensions: FMCB/TLG

FCMB/TLG is **the first naira-denominated private credit fund in Nigeria**, investing in high-potential SMEs with measurable impact.



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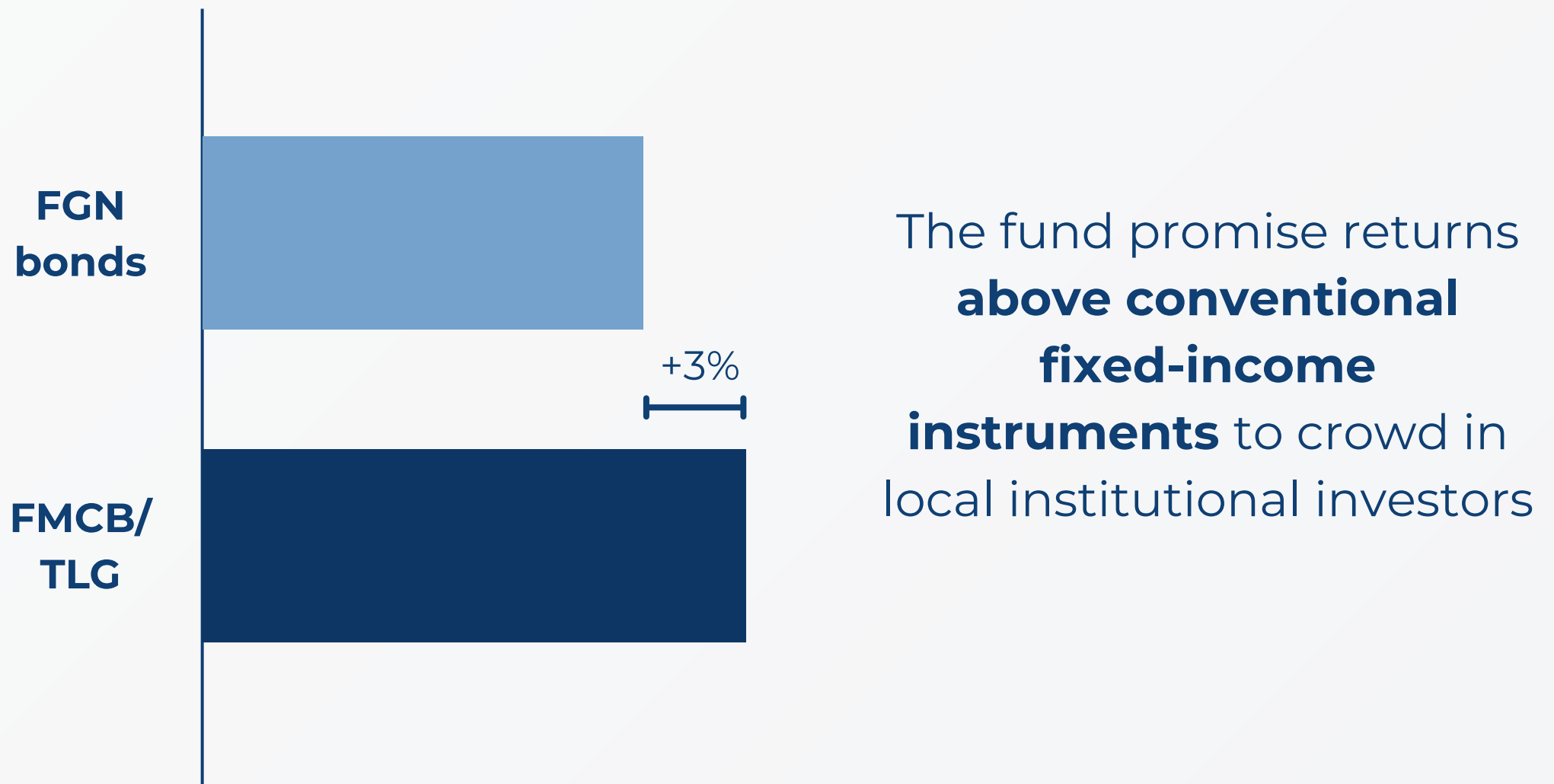
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Bridging the gap

between institutional & private capital:

Mobilizing local pensions: FMCB/TLG



Its **senior secured structure** and **Series approach** mirror instruments pension funds already know



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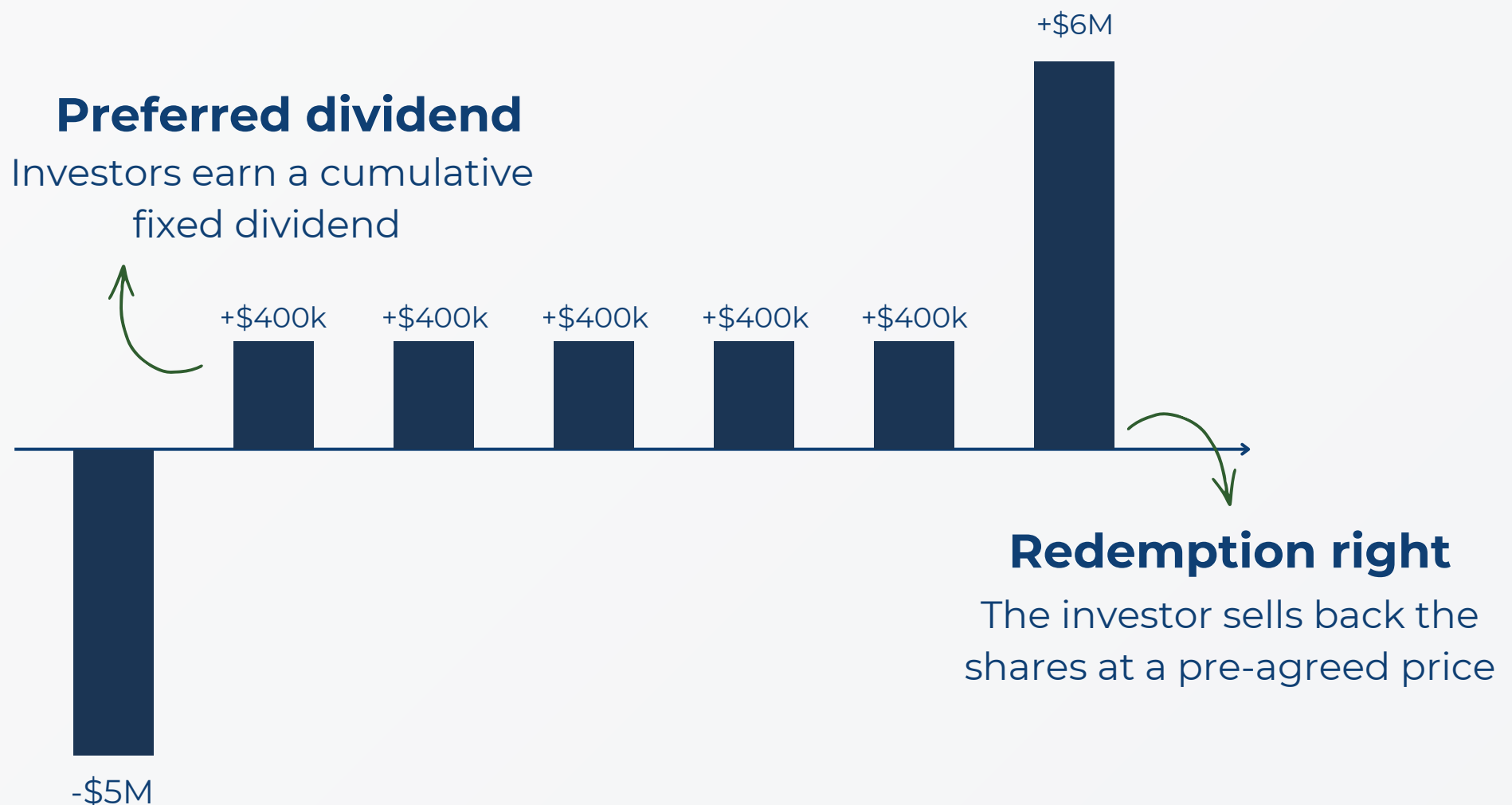
Bridging the gap

between institutional & private capital:

The rise of quasi-equity instruments

Preferred Equity

Equity that carry **preferential rights** - like preferred dividend payouts and redemption rights - that protect investors from downside risk



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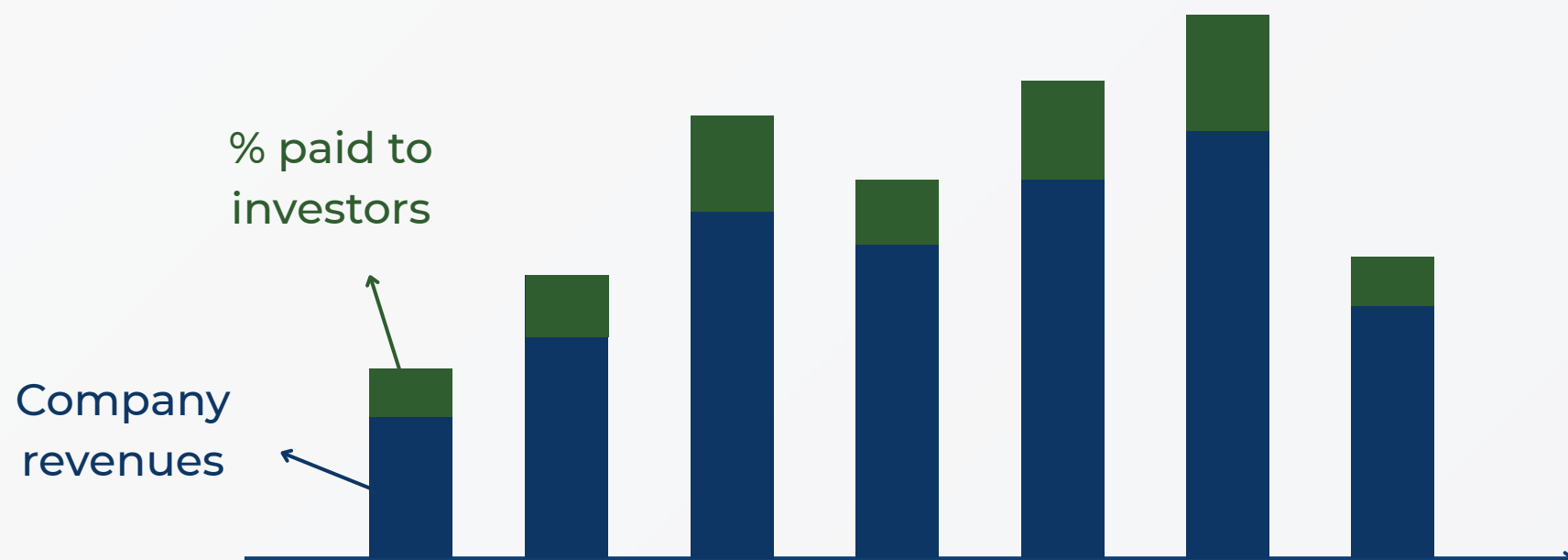
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Revenue-share

Capital provided in exchange for a **fixed percentage of future revenues** until a total repayment cap is reached (typically 1.5x to 3x the original amount).



Gives more flexibility to the business while
**aligning repayment with the actual capacity
of the company to pay.**



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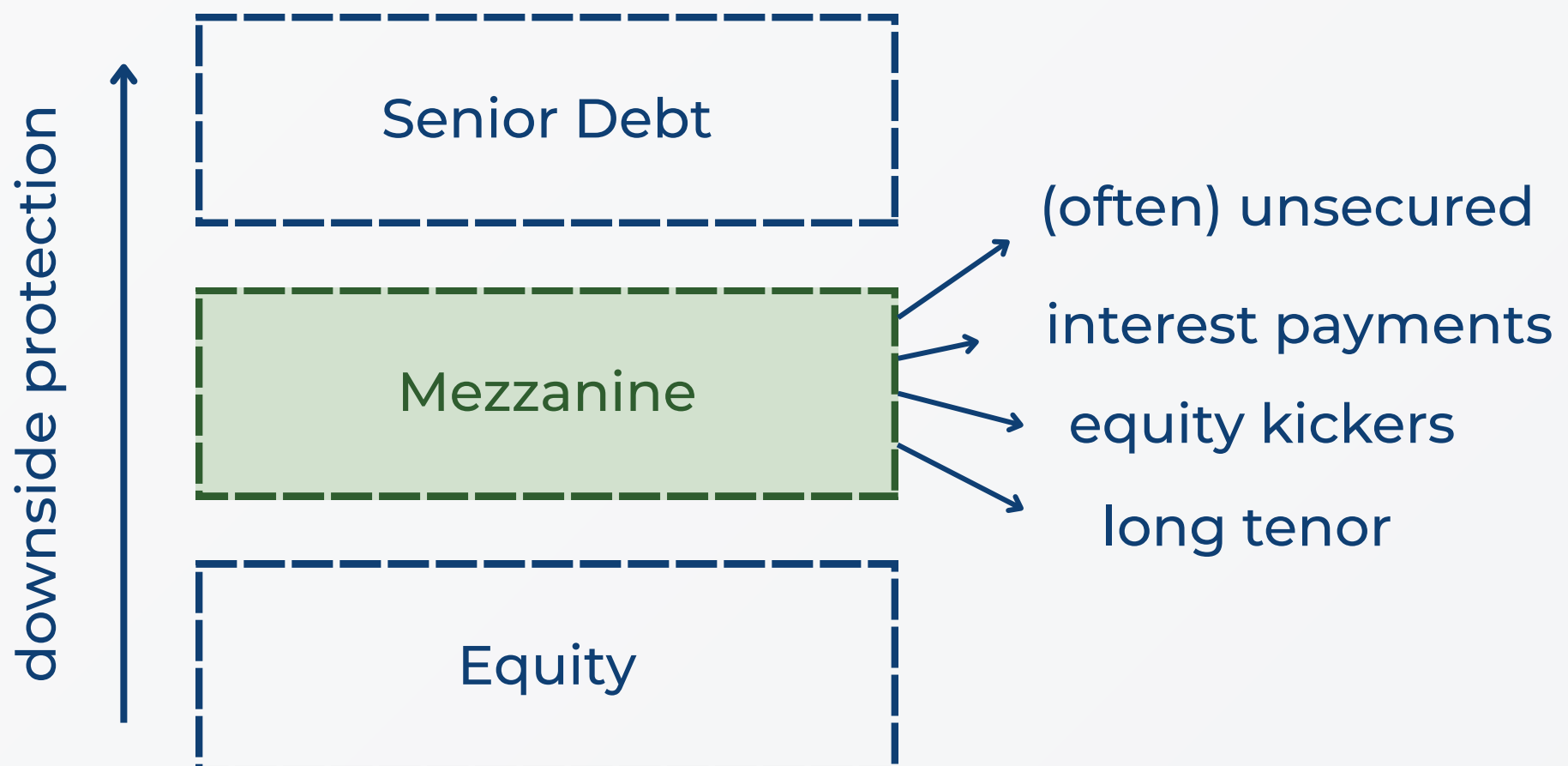
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The rise of quasi-equity instruments

Mezzanine finance

Subordinated debt with fixed interest schedule, like normal debt, and **options to buy shares** as additional compensation



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3. The investment case

This chapter makes the investment case of private markets. Over 60 years of IFC data, **private equity has delivered annualized returns of 13.4%** — outperforming both the S&P 500 and MSCI Emerging Markets. For pension funds heavily concentrated in government securities, it also introduces a fundamentally different return driver: one tied to company-level performance rather than sovereign credit conditions.

The data from South Africa illustrates this precisely. Between 2015 and 2018, a period of significant bond market volatility, long-term bond returns compressed sharply. Private equity returns held steady in the 13–17% range — with **an average correlation to bond indices of around -0.22.**

The argument is not that private capital is risk-free. It is that the risks are different — and in a portfolio dominated by a single set of macro exposures, that difference is important.



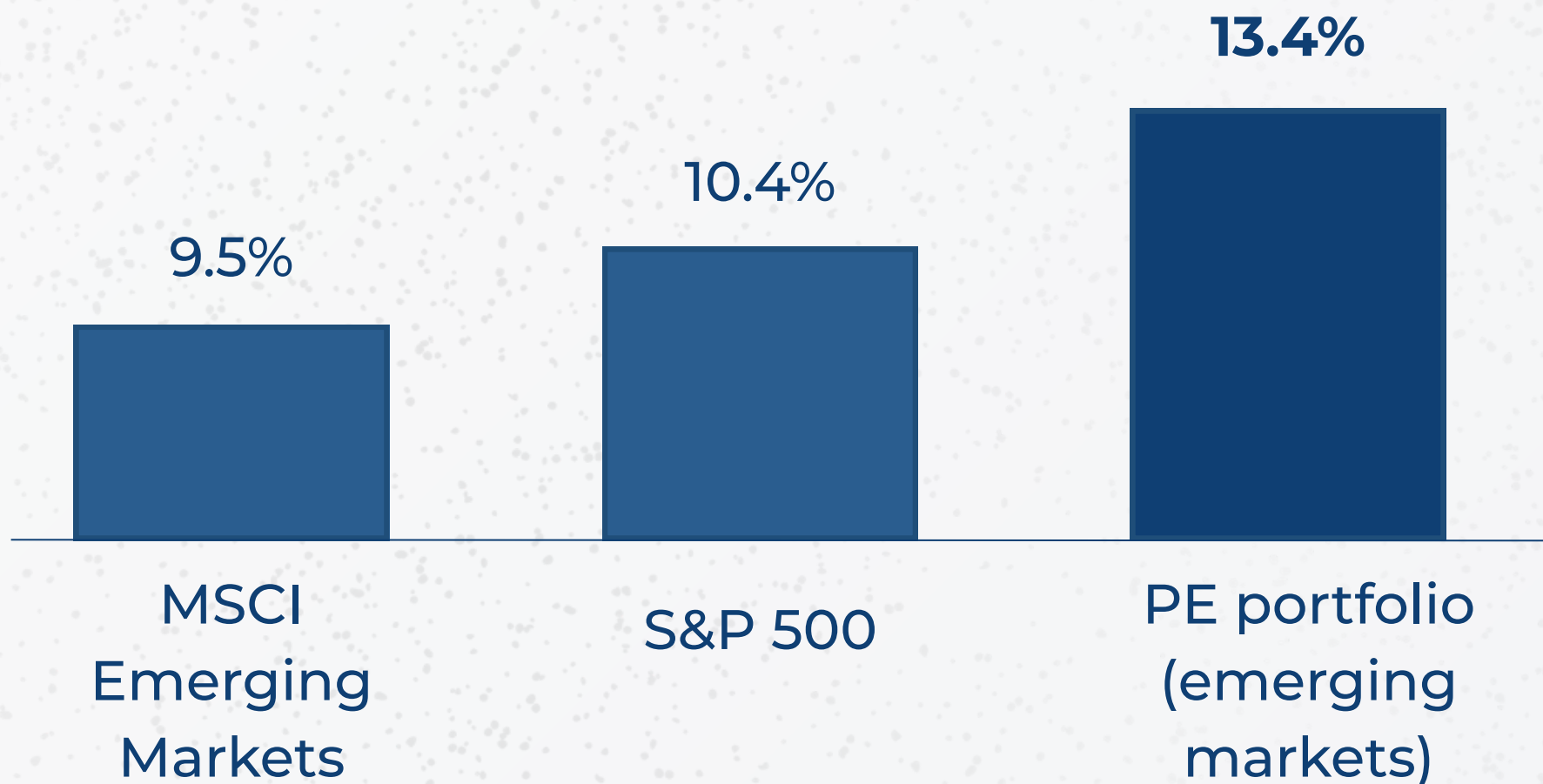
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The return potential of *PE portfolios*

Chart - Private Equity vs. Public Markets:
Annualised Returns data from IFC investments
(1961-2023)



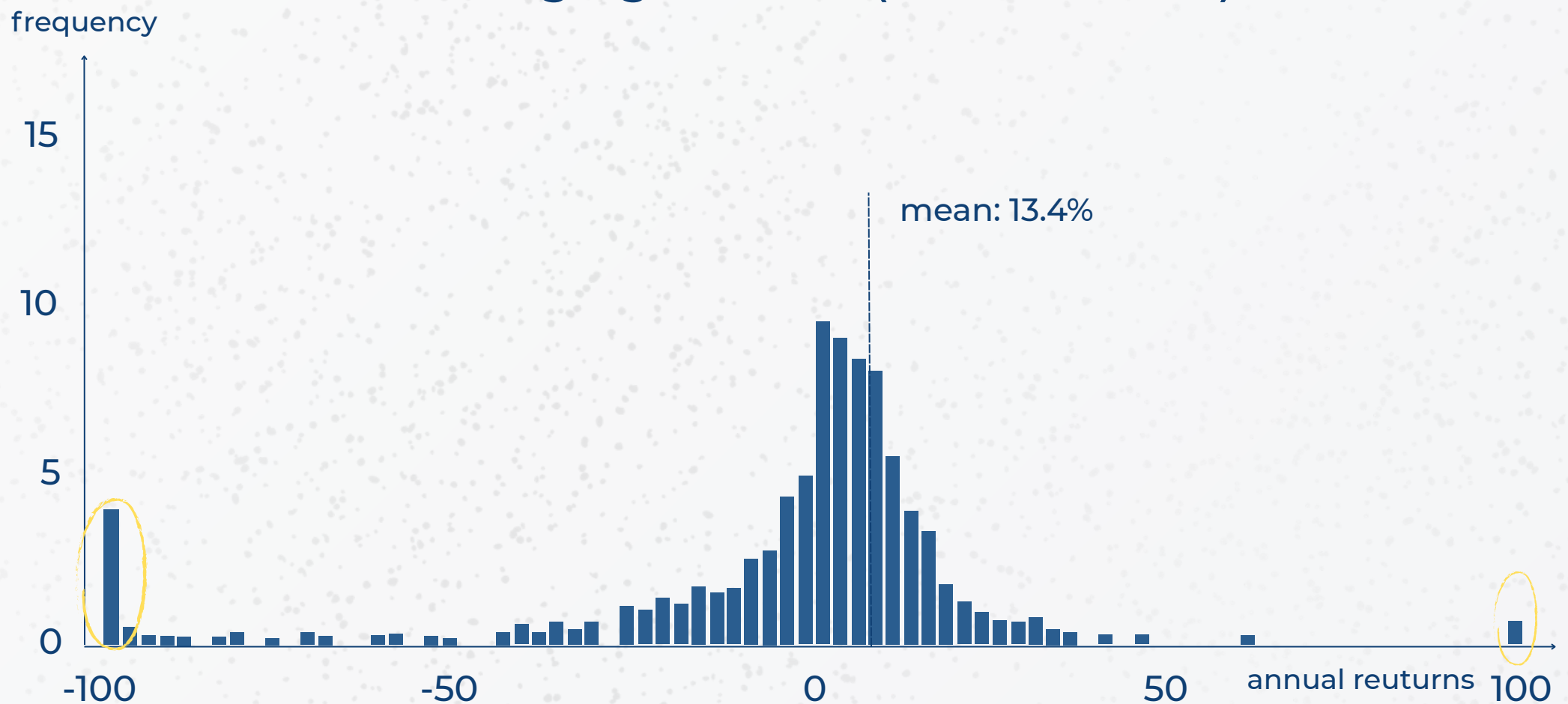
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source: World Bank (IFC investment data)

The return potential of *PE portfolios*

Chart - Return Distribution of PE Investments in Emerging Markets (IFC, 1961-2023)



Over the past 60 years, IFC's private equity portfolio in emerging markets has **outperformed public markets on an annualized basis.**

Returns are uneven, with a few home runs (>100%) and many write-offs (0%).



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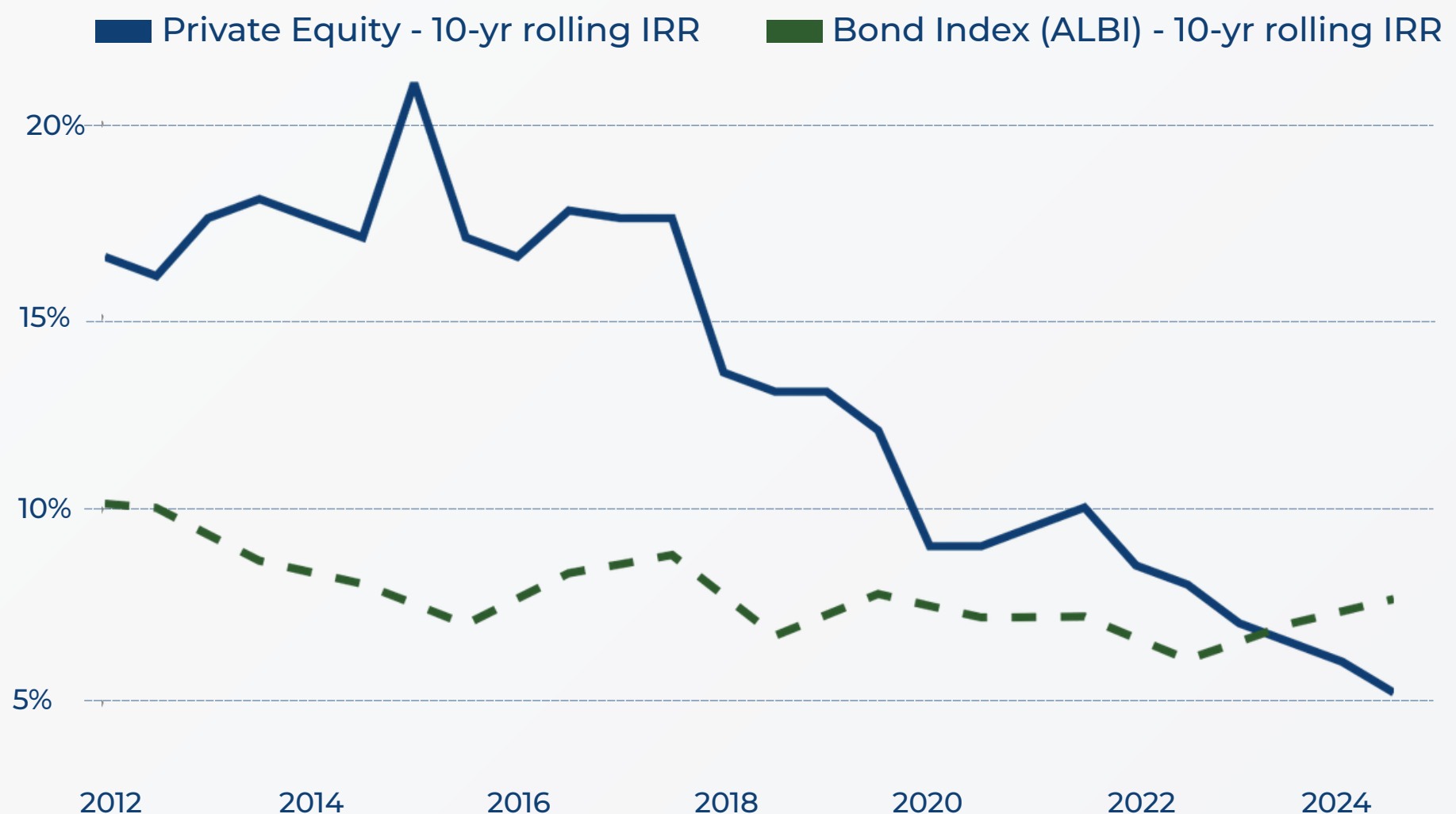
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source: World Bank (IFC investment data)

The uncorrelated returns of *private capital*

Private Equity vs. Bonds in South Africa

Chart - 10-year rolling IRR: Private Equity Index (SAVCA) vs Bond Index (ALBI)



Over the past 14 years, Private Equity returns have **outperformed Bonds**, with the two asset classes being **highly uncorrelated**.



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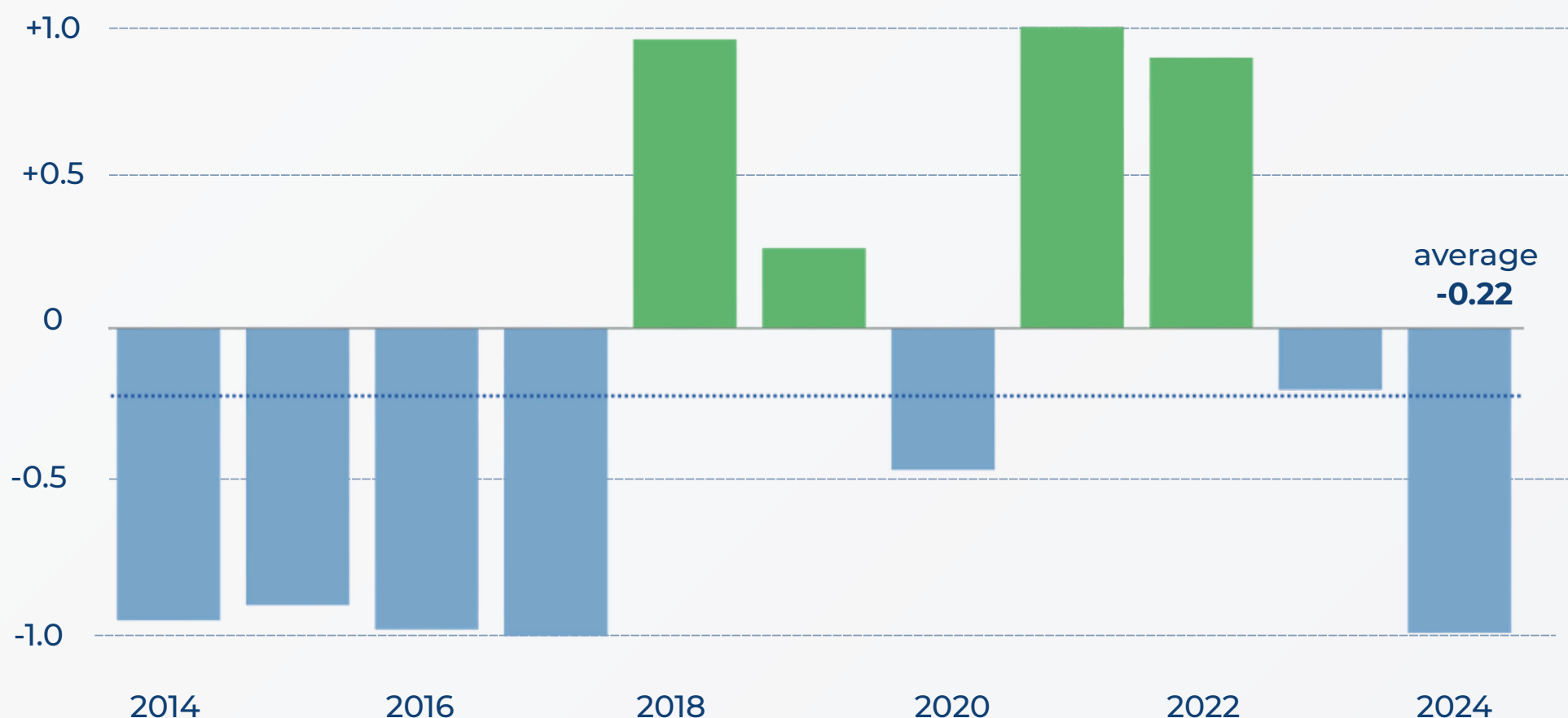
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The uncorrelated returns of *private capital*

Private Equity vs. Bonds in South Africa

Chart - 3-year rolling Pearson correlation between Private Equity Index and Bond Index (ALBI) returns



The correlation oscillates , with an average across the period of roughly -0.22.

This shows **PE and Bonds are uncorrelated**, driven by different underlying factors.



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4. The economic case

Policy-makers should pay attention to the economic benefits of private capital.

In Ghana, private equity-backed companies **grew employment by 76% over a six-year period**, generating over 2,400 net new formal jobs. In South Africa, at the peak of the COVID shock, **PE-backed firms grew headcount by 4.2%** while national employment fell by the same margin.

Beyond employment, the effects compound. More productive firms pay more taxes. More formal jobs generate more pension contributions. **More infrastructure equity unlocks four to nine times its value in total project financing.**

This chapter reframes the question. Private capital is not just a return opportunity for investors. For policymakers, **it is an economic tool** — one that builds firms, deepens tax bases, and closes infrastructure gaps that public budgets alone cannot bridge.



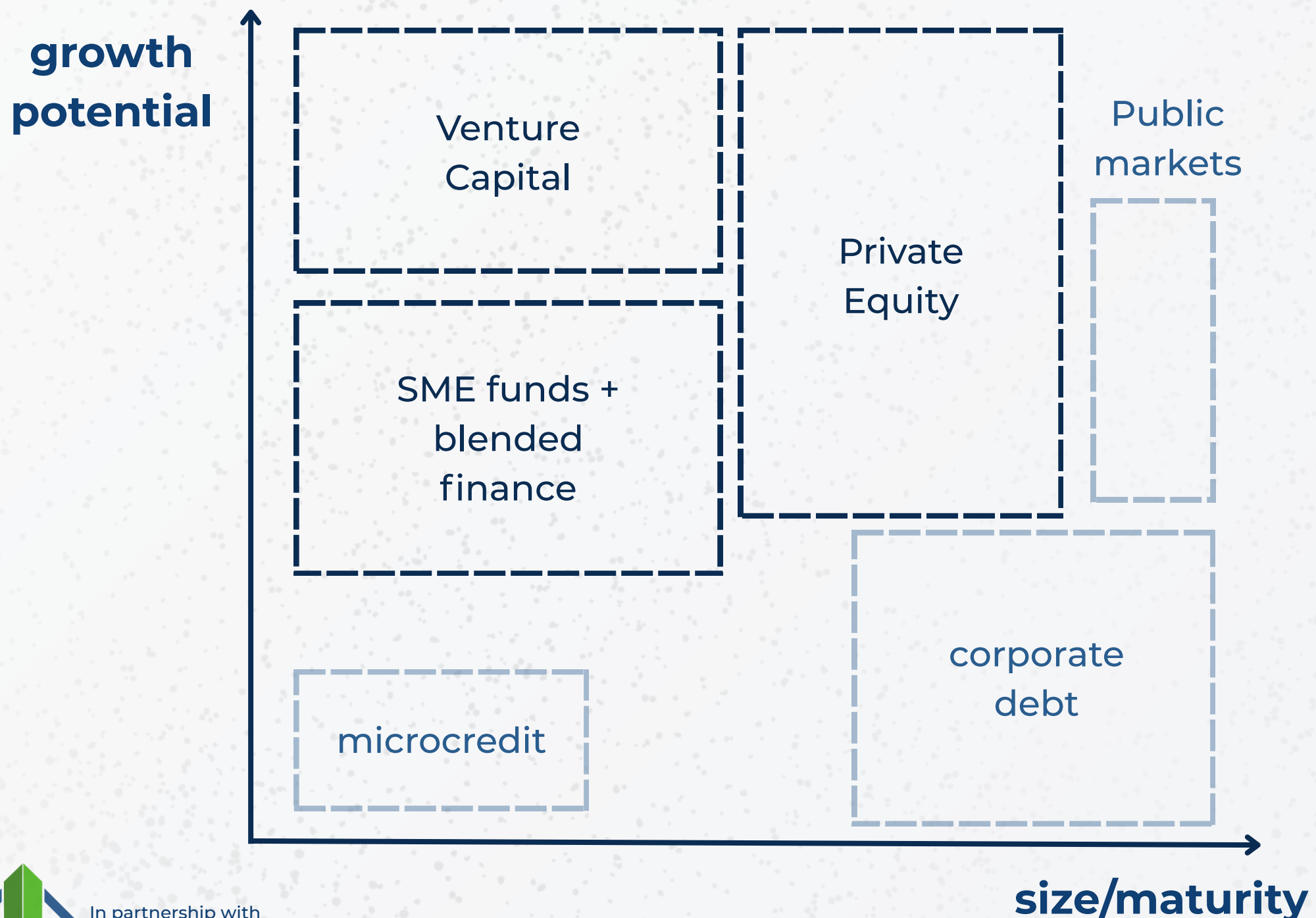
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The economic benefits of *private capital*

Chart - Capital Allocation by Company Size and Growth Profile



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The economic benefits of *private capital*

Venture Capital

What is it

- Invests in **early-stage, high-growth companies**
- **Focused on innovation:** new technologies, new business models, new markets
- Equity-based, with high risk and **power-law returns**

Economic benefits

- Funds innovation and **pushes the economy toward future sectors** (tech, digital, new services)
- Builds and **trains talent in critical skills** for the global economy
- **Creates new categories** and ecosystems where incumbents are absent or lagging

Example:



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The economic benefits of *private capital*

Private Equity

What is it

- Invests in established, **revenue-generating businesses**
- Provides growth capital to **scale proven models**
- Focus on **improving governance and operations**

Economic benefits

- Drives **job creation** through expansion of already viable businesses
- Improves **governance, formalization, and efficiency** across companies and supply chains
- **Increases tax revenues** through larger, more productive and compliant firms

Example:



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The economic benefits of *private capital*

SME blended finance funds

What is it

- Targets small and medium enterprises **underserved by traditional capital**
- Often uses blended finance: **combining catalytic and private capital**
- Structured to **de-risk investments** (e.g. first-loss, guarantees, concessional layers)

Economic benefits

- Unlocks capital for the **“missing middle” that would otherwise be excluded**
- Supports **broad-based job creation** across sectors, not just high-growth niches
- **Crowds in private investors** by reducing risk and building investable pipelines

Example:



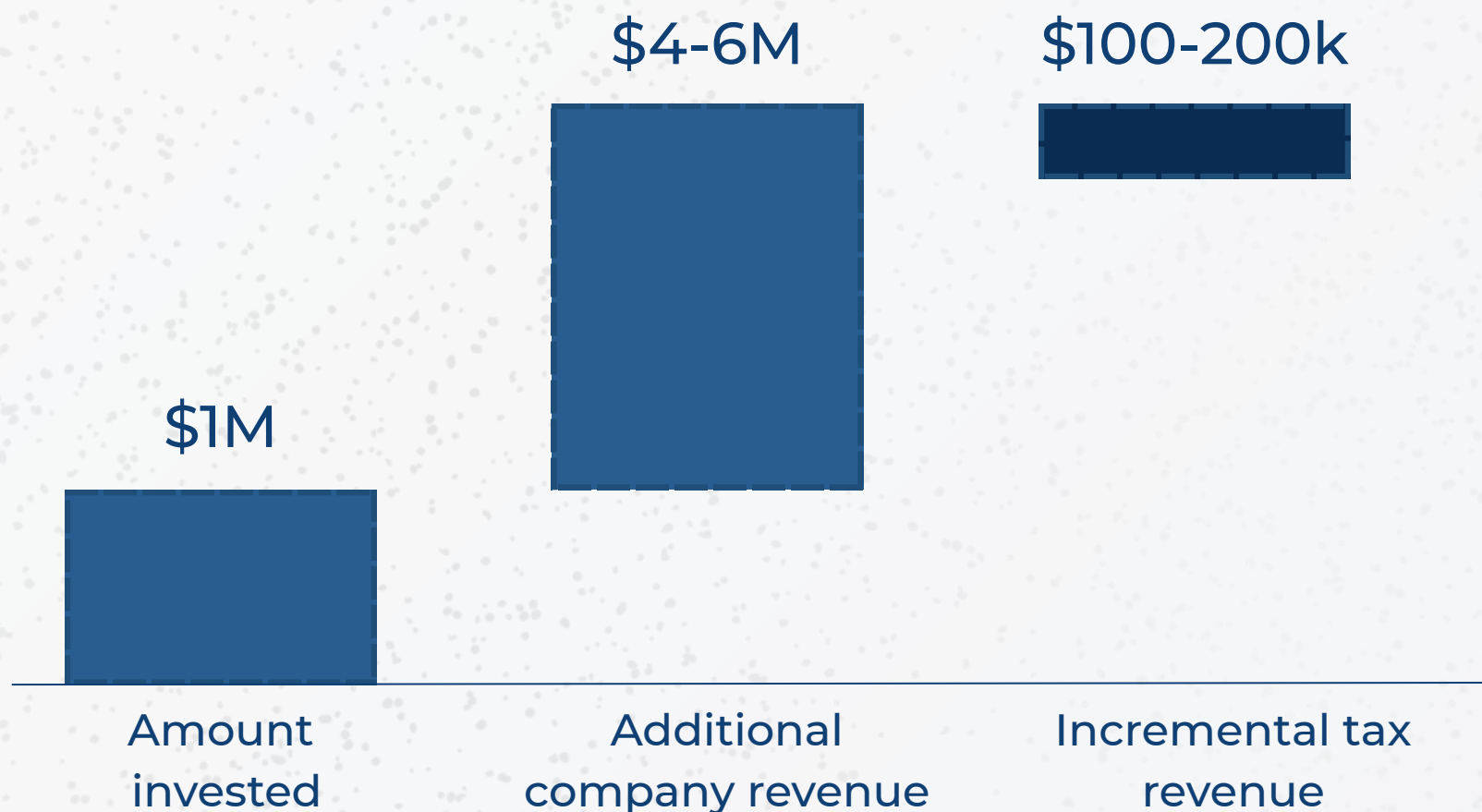
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The tax benefits of *private capital*

Chart - Additional Tax Revenue per \$1M of Private Capital Invested



Every \$1 million deployed today can generate roughly **\$100k–\$200k in additional tax revenues** over a five-year period.



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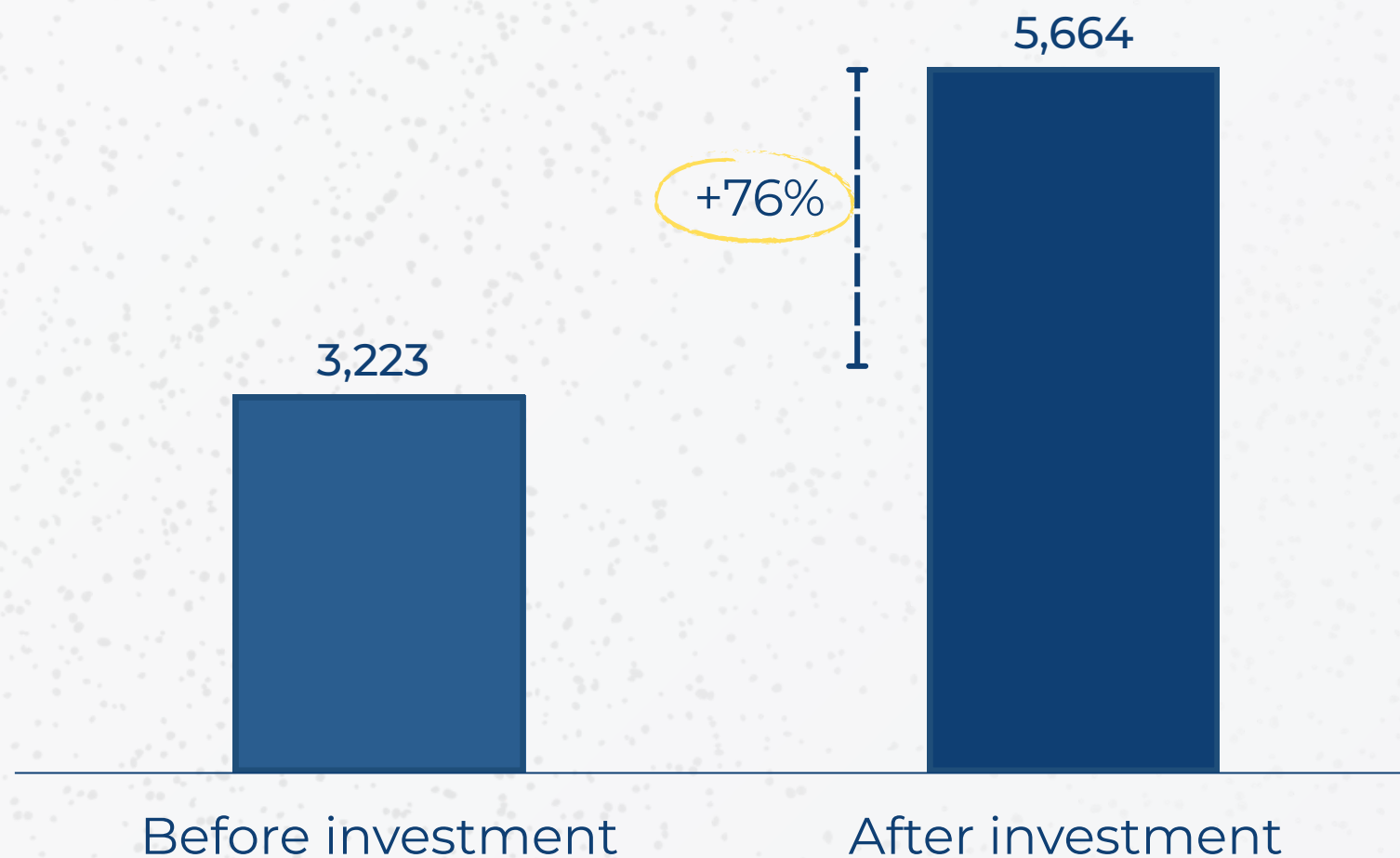
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source: GVCA estimation, based on BII report

The employment benefits of *private capital*

Chart - Employee Growth in Ghanaian PE Portfolio Companies (Pre- vs Post-Investment, 2009–2015)



Over six years, Ghanaian companies in PE portfolios created a **net 2,441 jobs**—representing a **76% increase** compared to pre-investment levels.



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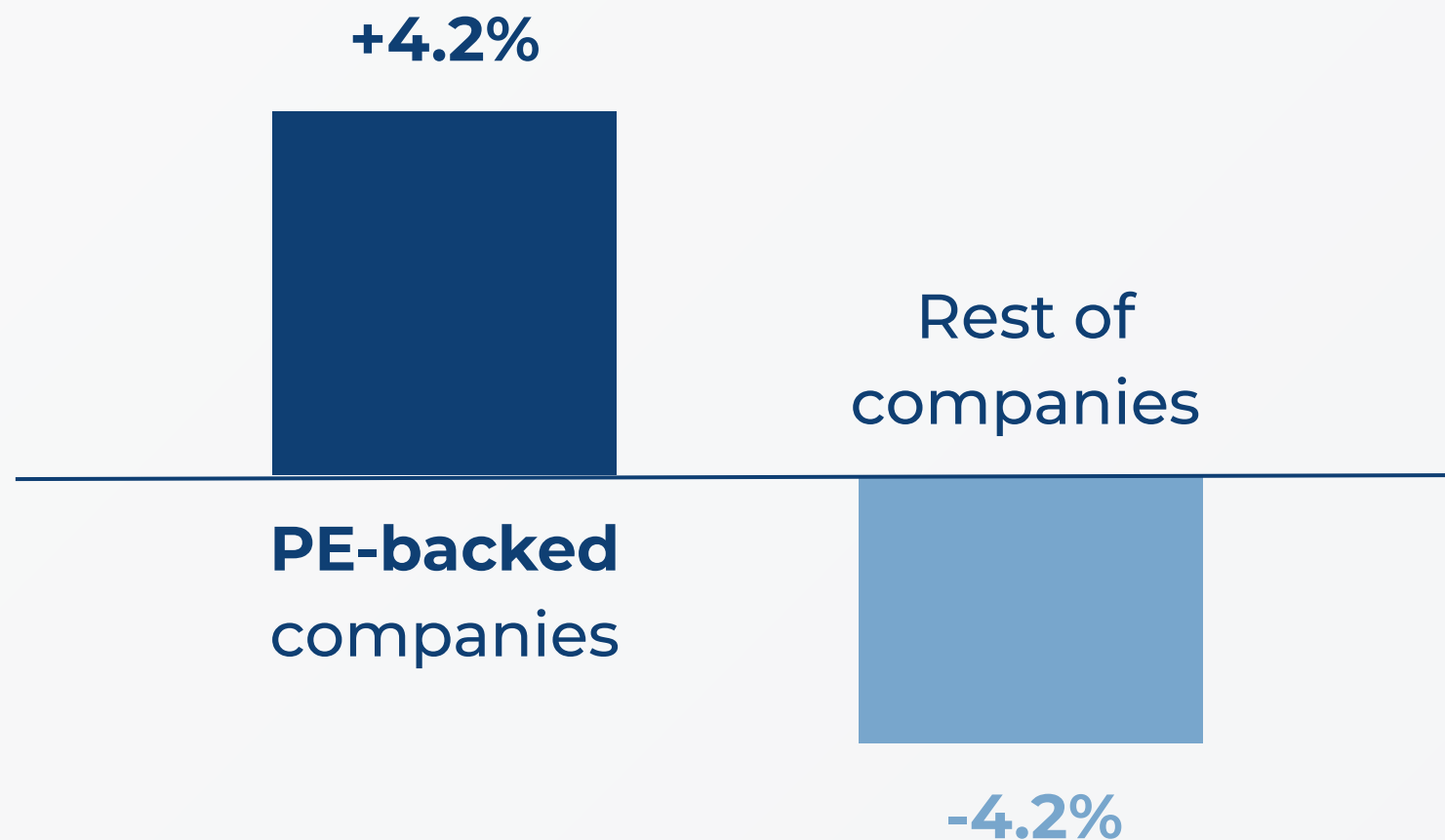
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source: AVCA members data (2009-2015)

The economic upside of *private capital*

Evidence from South Africa

Chart - Employment Growth in 2020: PE-Backed vs. Non-PE Companies (South Africa)



PE-backed employment is **counter-cyclical**: while the average company in South Africa was cutting jobs, PE-backed companies were **creating them**.



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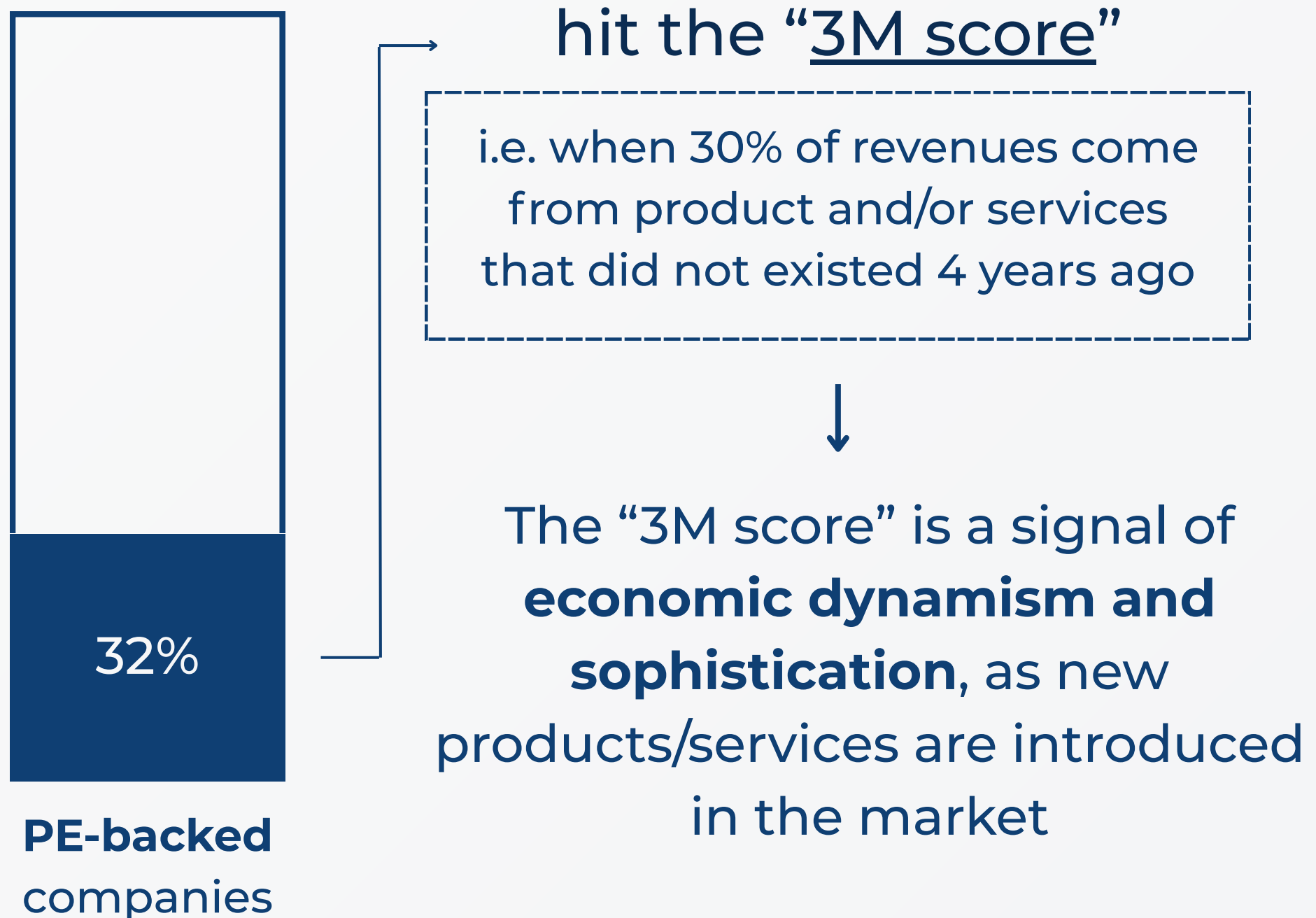
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Source: SAVCA

The economic upside of *private capital*

Evidence from South Africa



The economic upside of *private capital*

Evidence from South Africa

Chart - Debt-to-equity ratio in PE-financed
infrastructure projects

Of the total cost of financing an
infrastructure project...



This means that **every \$1 of equity** unlocks
on average **\$4 in debt financing** for critical
infrastructure



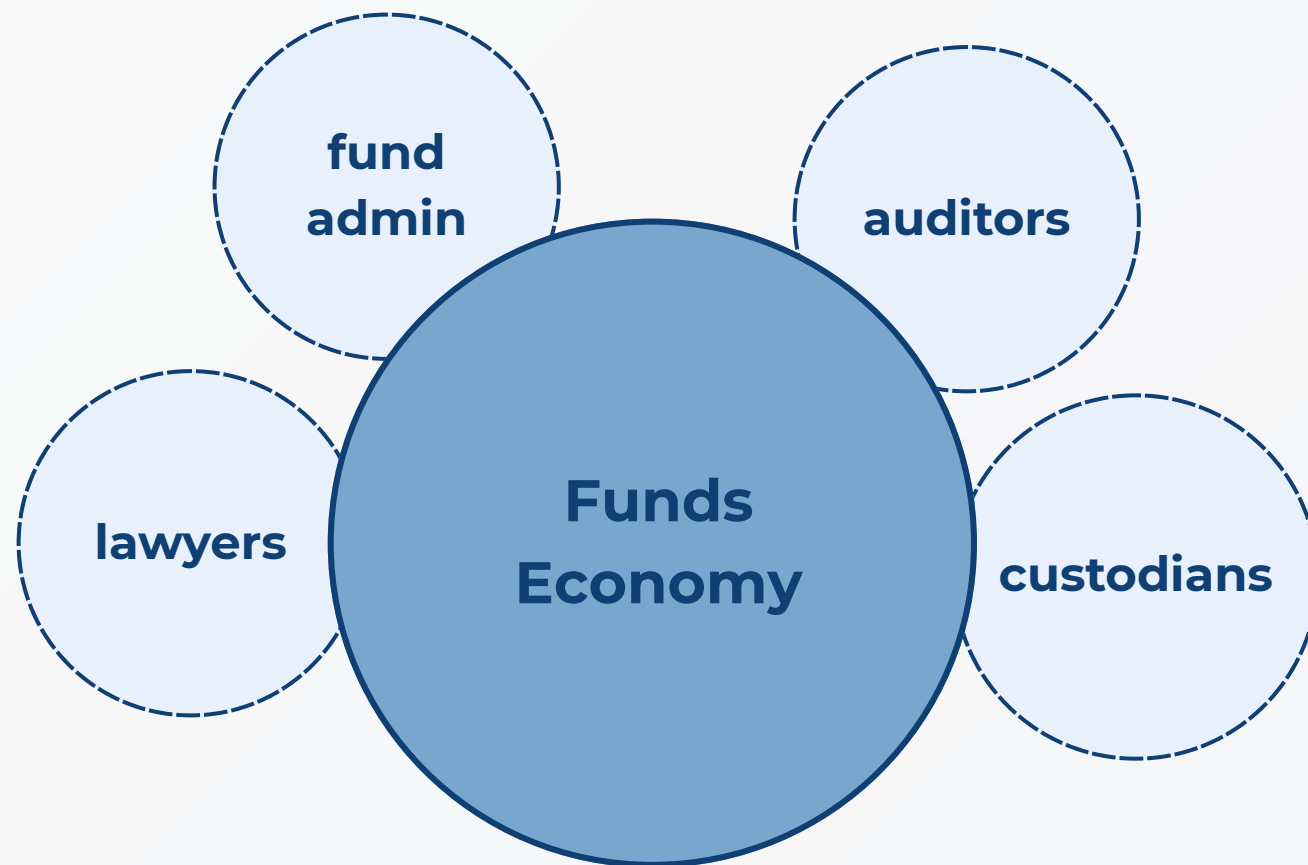
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The long-term benefits of **Fund domiciliation**

- 1) Fund domiciliation helps develop a **complementary service industry**



Case study.



Mauritius has developed a strong fund administration and management industry, driven by its attractiveness as a fund domicile



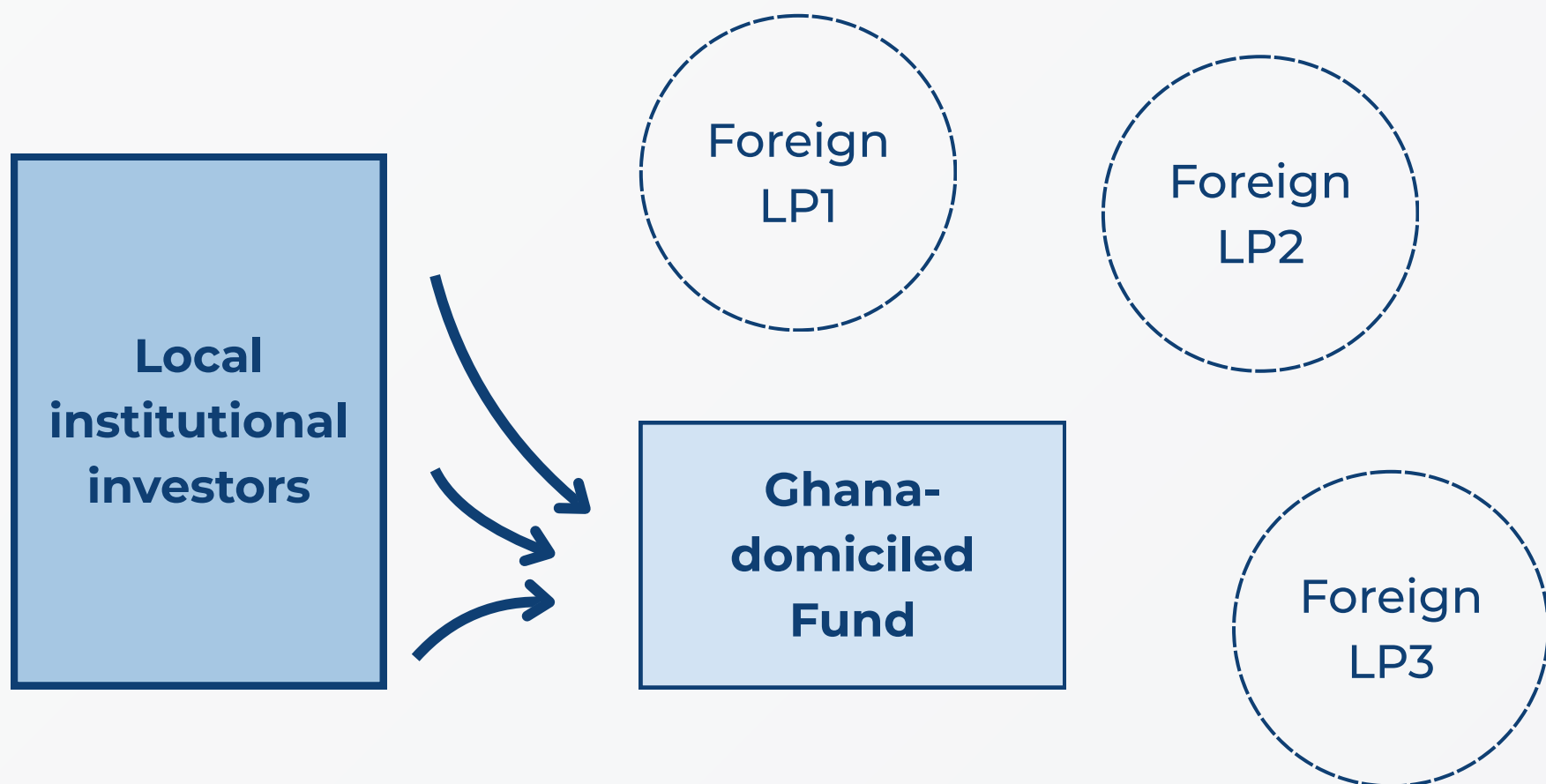
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The long-term benefits of **Fund domiciliation**

2) Local vehicles are the best suited to
mobilize local institutional investors



Case study.



Growth Investment Partners is an SME-focused Ghana-domiciled fund that recently mobilized local pension funds (i.e. Axis Pensions Trustee)



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The long-term benefits of **Fund domiciliation**

3) Potential to become **West Africa's onshore investment gateway**



Case study.



Rwanda is positioning the **Kigali International Financial Centre (KIFC)** as the go-to onshore destination for fund domiciliation in continental Africa.



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5. What needs to change

The fundamentals are in place: and yet, **private capital remains underutilized.**

Not because of a shortage of capital or opportunity — but because the legal and regulatory infrastructure hasn't kept pace.

Ghana's current framework creates structural friction at every level: fund vehicles that trigger **double taxation**, **licensing processes** that delay launches, **minimum capital requirements** that limit the emergence of specialized managers, and the **absence of a Limited Partnership Act** that most competing jurisdictions already have.

This chapter identifies what needs to change — and why the cost of change is low relative to what it unlocks.

The opportunity for Ghana is not speculative. It is grounded in what already exists. What is missing is the legal infrastructure to support it.



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Regulatory barriers to *private capital*



Limited Partnership

PROBLEM

Ghana does not recognize Limited Partnerships, forcing funds into **suboptimal corporate structures**.

SOLUTION

Introducing an LP framework would align the market with global standards and enable competitive fund structuring



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Regulatory barriers to *private capital*



Double Taxation

PROBLEM

Funds are subject to **multiple layers of taxation**, reducing net returns to investors

SOLUTION

Implementing tax neutrality would eliminate double taxation and improve investment attractiveness.



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Regulatory barriers to *private capital*



Licensing process

PROBLEM

Lengthy and complex licensing procedures discourage the creation of new funds

SOLUTION

Streamlining and **simplifying** the process would enable faster market entry and ecosystem growth



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Regulatory barriers to *private capital*



Capital requirements

PROBLEM

High upfront capital thresholds limit the emergence of local fund managers

SOLUTION

Introducing **tiered requirements** and **phased compliance** would lower barriers and support industry development



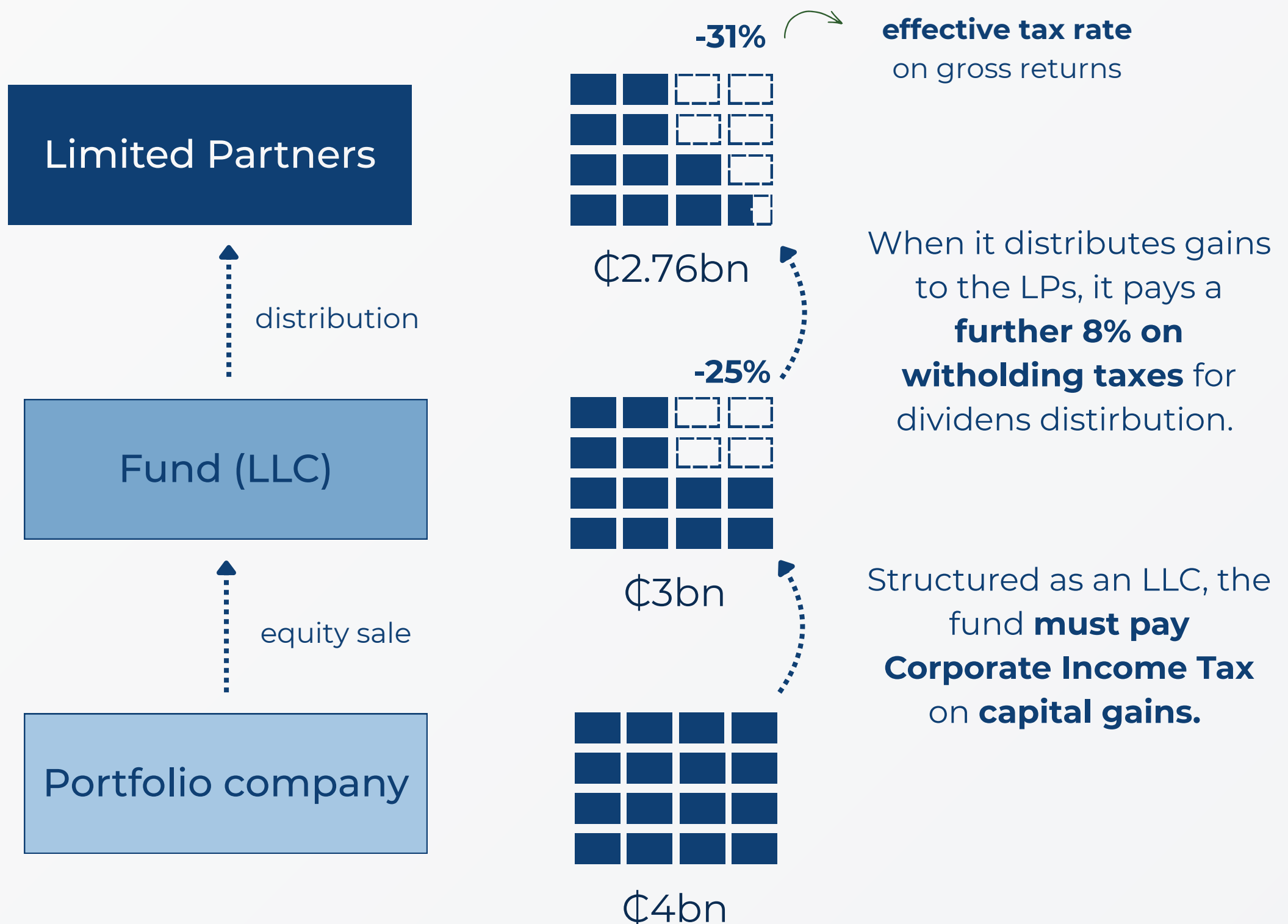
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Ghana Venture Capital
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The need for the Limited Partnership

The current LLC “double taxation” paradox



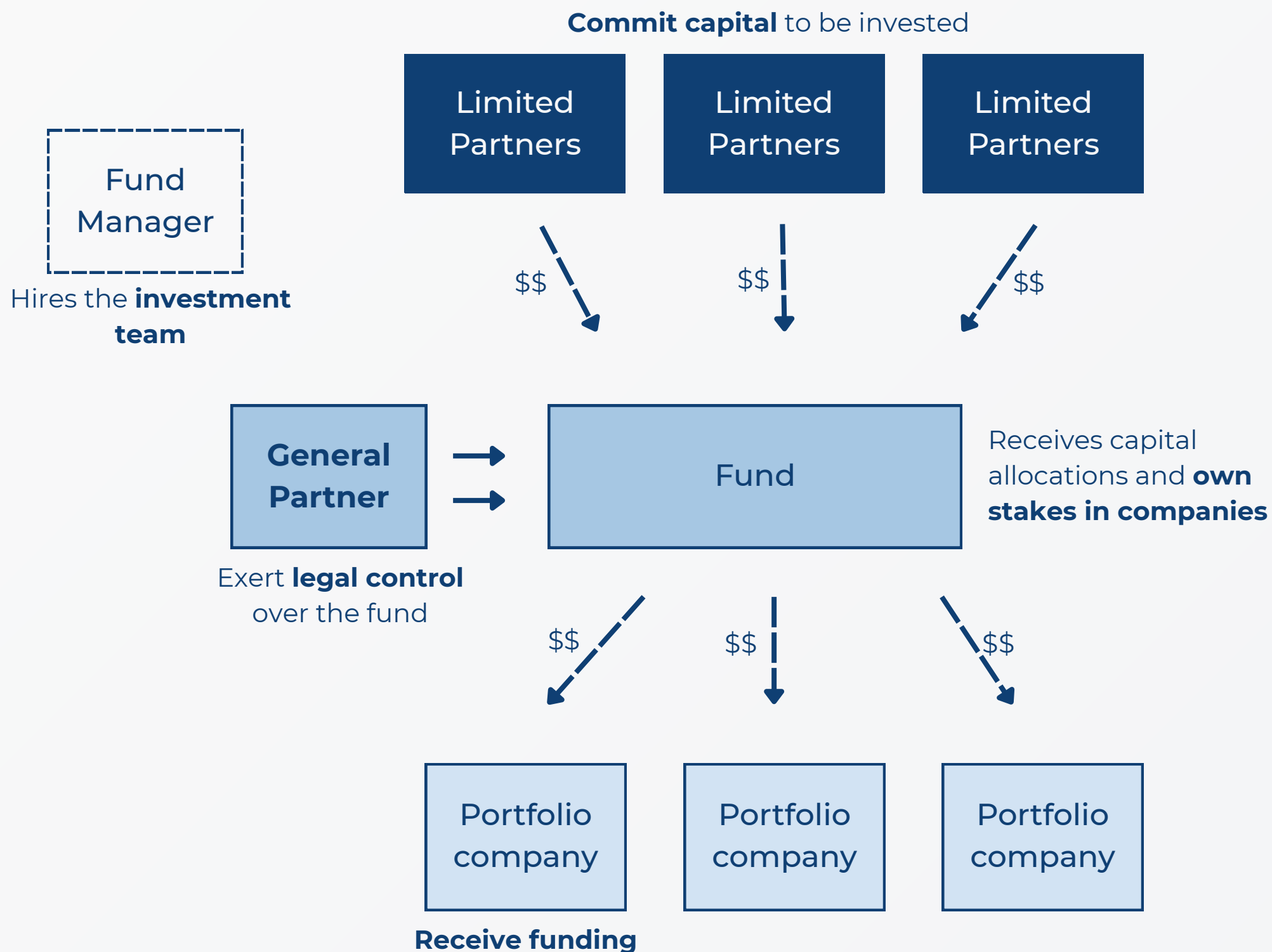
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The need for the Limited Partnership

What is an LP structure?



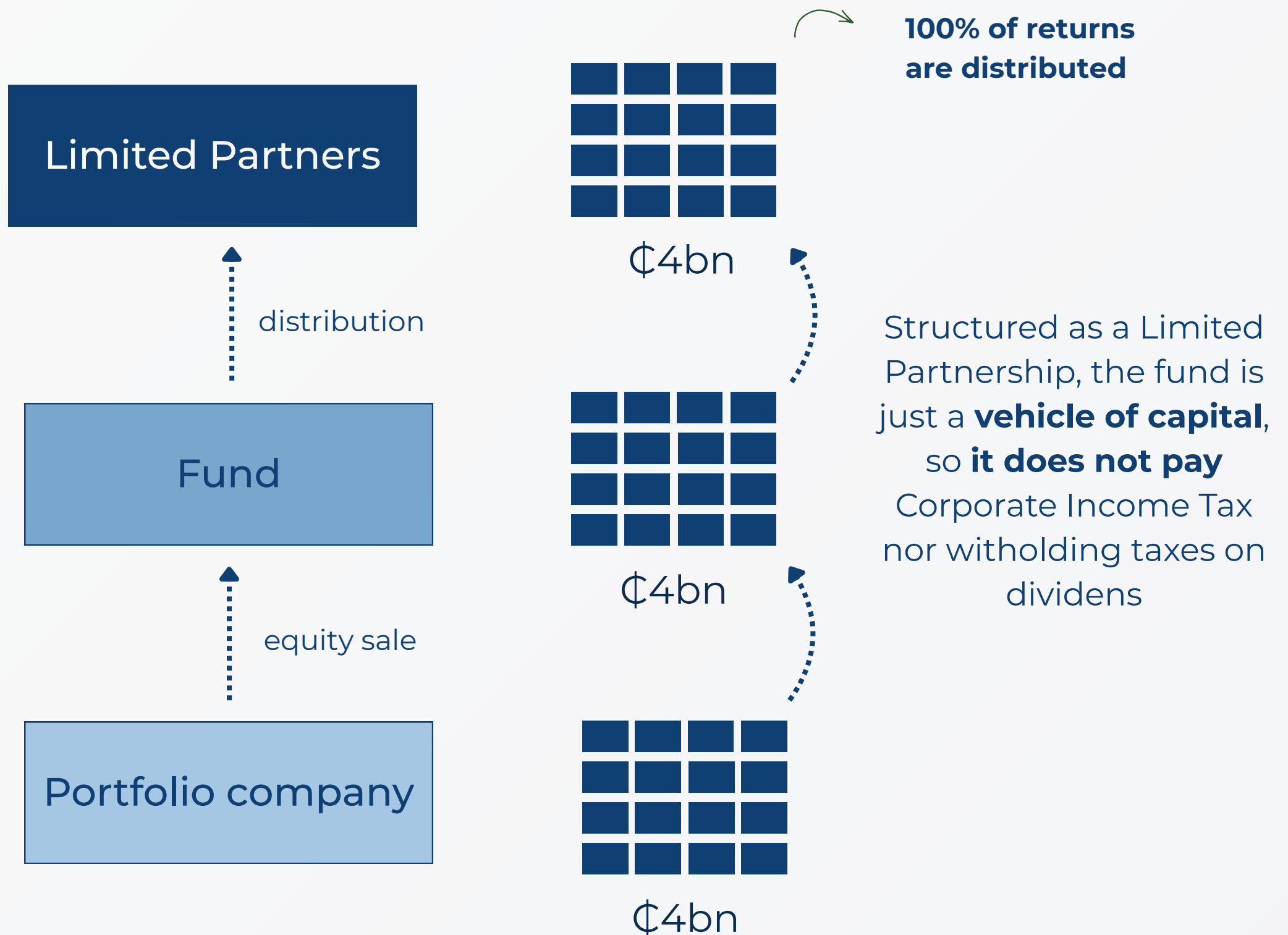
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The need for the Limited Partnership

A neutral vehicle of capital



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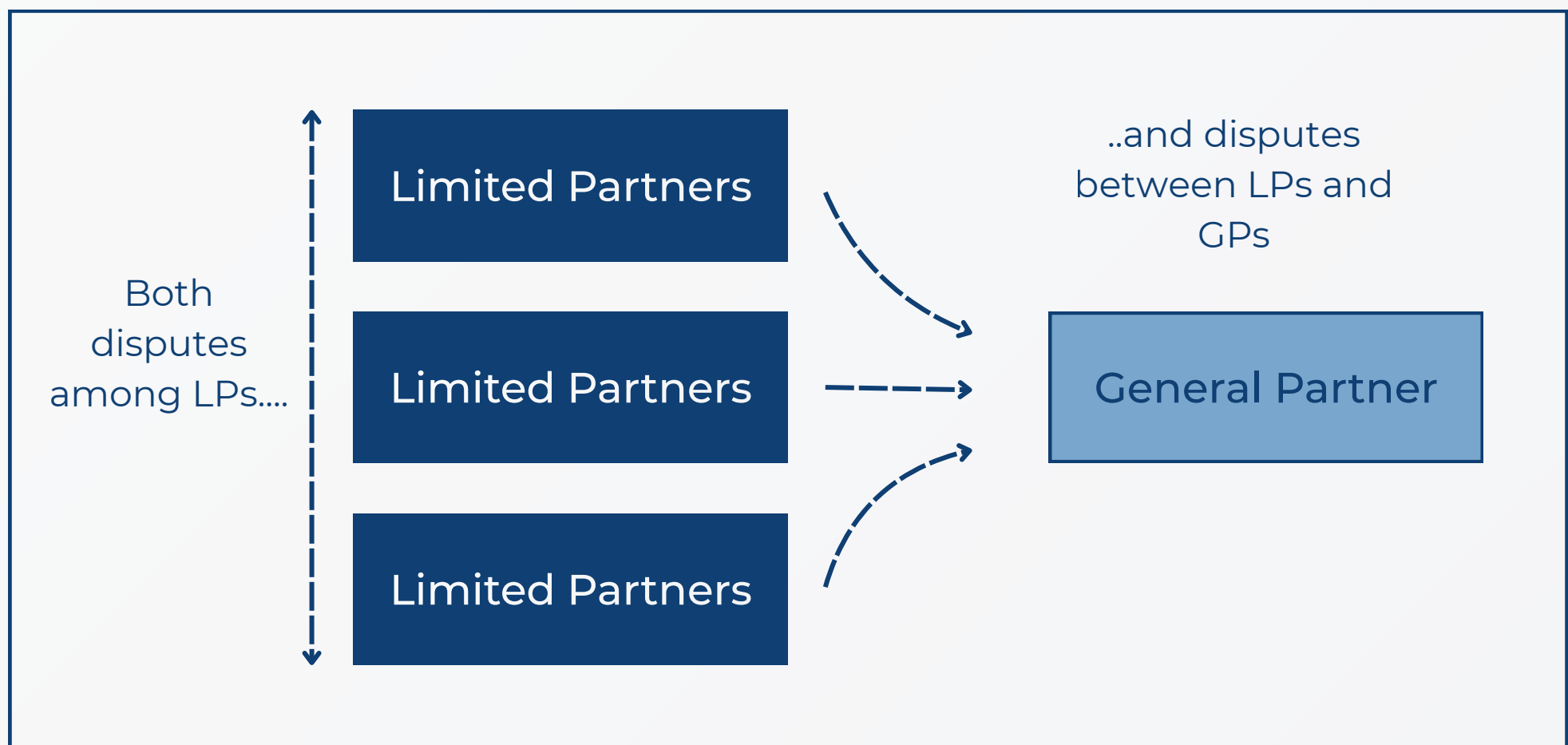
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The need for the **Limited Partnership**

Better international arbitration of disputes

**International
Arbitration**

ICC / LCIA /
UNCITRAL



The LP agreement allows for disputes to be resolved through **international commercial arbitration**, which reassures investors



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Inside Ghana's Private Capital Ambitions:

a visual report



Written by:



“Your intellectual toolkit to make sense of
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“Championing private capital's
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