

# TRADE BEGINS WITH FINANCIAL SERVICES

## The Case for Canada in Africa

Connecting capital, technology and opportunity across continents.



DIGITAL PAYMENTS  
& FINTECH



FINANCIAL  
INSTITUTIONS



CAPITAL FOR  
GROWTH



PARTNERSHIPS FOR  
SHARED PROSPERITY



Cross-border Payments

**+28%**

vs May 2025



EXECUTIVE SUMMARY

# Trade Begins with Financial Services

## *The Case for Canada in Africa*

By: Lucas Robinson, Principal, Renew Capital

Canada needs Africa, Africa needs Canada

The conventional wisdom on African investment runs something like this: enormous potential, enormous risk, best left to specialists or development banks. This paper argues that the conventional wisdom is wrong — or at least, that it applies to the wrong era.

Canada is diversifying its trade and investment partners, and the arithmetic points one way. The IMF projects Sub-Saharan Africa to be the fastest-growing region in the world over the rest of the decade, surpassing Asia in real GDP growth.<sup>1</sup> By 2050, African cities will have added more new urban residents than China and India combined — a scale of urbanization the world has never managed before. Africa is no longer a frontier market waiting to be discovered. It is a growth market already in motion.

Canada enters this moment with a structural advantage: trusted financial institutions, globally competitive fintech, limited colonial baggage and operational fluency across both common-law and civil-law jurisdictions. That is precisely the profile Africa's next phase of development requires.

A Canada-Africa economic corridor is not theoretical. It is being built right now — and the question is not whether to engage, but whether Canada helps shape the architecture or arrives later to find others have set the terms.

For more than a decade, Renew Capital has been deploying capital and building local networks across African markets. This paper sets out the structural case for engagement, the sectoral opportunities most relevant to Canadian firms and an honest account of the challenges any investor needs to understand before entering.

***A Canada-Africa economic corridor is not theoretical. It is being built right now — and the question is not whether to engage, but whether Canada helps shape the architecture or arrives later to find others have set the terms.***

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<sup>1</sup> IMF. (2025, October 16). *Regional Economic Outlook for Sub-Saharan Africa, October 2025*. International Monetary Fund. [imf.org](https://www.imf.org)

**SECTION 1**

# The Structural Case

## The Macro Fundamentals

The conventional wisdom on African investment has a long half-life and a short memory. It was formed in an era of sovereign debt crises, commodity dependence and governance failures that defined the continent's economic story through the 1980s and 1990s. That era produced a mental model — enormous potential, endemic risk, best left to specialists or development banks — that has calcified into received wisdom long after the underlying conditions changed.

The IMF projects sub-Saharan Africa to be the fastest-growing region in the world over the rest of the decade, surpassing Asia in real GDP growth. Africa's fintech sector is projected to grow 13-fold to \$65B in annual revenue by 2030,<sup>2</sup> driven by a young, digital-first population leapfrogging traditional banking infrastructure. Private sector investment in African clean energy has tripled since 2019, reaching nearly \$40B in 2024. Despite holding 60% of global solar potential, Africa attracts less than 3% of global energy financing — a capital and execution gap that is, finally, beginning to close.<sup>3</sup>

## The Demographic Engine

Demographics are the force underneath all of it — and the reason this moment is structurally different from any that preceded it. Africa's population of 1.5 billion is projected to reach 2.5 billion by mid-century. By 2030, an estimated 830 million Africans aged 15–35 will form the largest youth cohort in recorded history.<sup>4</sup> Each year, roughly 20 million people enter the labor force. Too often the press frames this as a burden, or as a political rupture waiting to happen. Investors should see a consumer base, a workforce and a digital economy that compounds annually.

Whether this becomes an engine of growth or a source of instability depends entirely on investment outcomes. UNICEF estimates that with adequate investment in education, health and employment systems, per capita incomes across Africa could increase up to fourfold by 2050.<sup>5</sup> Without it, the same demographic structure becomes a source of persistent unemployment and fiscal strain. Demographics are not destiny — but they are a powerful multiplier of capital allocation decisions.

Joe Studwell's *How Asia Works* is useful here. His argument is that Asia's economic takeoff followed a consistent structural logic — productive agriculture generating surplus capital, export-oriented manufacturing disciplined by global competition, financial systems directed toward productive investment — but what made that logic work was population density. Dense labor markets gave governments the raw material to industrialize at scale, kept wages low enough to compete globally in manufacturing and concentrated consumer demand in ways that justified infrastructure

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<sup>2</sup> McKinsey & Company. (2022). *Fintech in Africa: The end of the beginning*. McKinsey & Company.

<sup>3</sup> IEA. (2025). *World Energy Investment 2025*. IEA, Paris. [iea.org](https://www.iea.org)

<sup>4</sup> ECA. (2024). *As Africa's Population Crosses 1.5 Billion, The Demographic Window Is Opening; Getting The Dividend Requires More Time and Stronger Effort* | United Nations Economic Commission for Africa. [uneca.org](https://unece.org)

<sup>5</sup> UNICEF. (2017, November 25). *Generation 2030 Africa 2.0*. UNICEF DATA. [data.unicef.org](https://data.unicef.org)

investment. Asia's takeoff was not simply a policy story. It was a population story, and the two were inseparable.<sup>6</sup>

The relevance for Africa is not that the continent will replicate the Asian experience — political economies, institutional histories and geographic realities differ too widely for that. The relevance lies in something more fundamental: Africa is now crossing the population density thresholds that preceded Asia's boom. Urban corridors from Lagos to Nairobi to Abidjan are reaching the concentration levels at which infrastructure investment becomes commercially self-sustaining, consumer markets become addressable at scale and manufacturing supply chains become viable. Africa is not repeating the Asian story. It is arriving at the same starting line — with mobile infrastructure already in hand. Capital deployed into finance, energy, logistics and digital platforms today is not chasing current demand. It is positioning ahead of demand that compounds with every person who enters the labor force.

SMEs sit at the center of this story. They account for more than 50% of Africa's GDP and drive the majority of job creation, yet remain chronically underserved by formal financial systems.<sup>7</sup> This is the gap that Africa's fintech sector was built to close — and the gap that still defines the primary investment opportunity. The infrastructure exists. The next phase is making it more reliable, more interoperable and more capable of serving the businesses — not just the individuals — that sit above the microfinance layer and below the commercial banks.

This is not a market waiting to be discovered. It is a market already in motion, being built by African firms, for African needs — and the question of who shapes its financial architecture is what the rest of this paper is about.

## What Africa is Not

Before making the investment case, three misconceptions need to be directly challenged.

MYTH	REALITY
“Africa is cheap”	The cost of living in Nairobi, Lagos, Accra and Johannesburg is high. Skilled talent is competitive and increasingly mobile. Africa's value proposition is growth potential and underserved markets, not low-cost arbitrage.
“Corruption is the primary barrier”	Governance challenges exist and regulatory environments vary enormously by country. But the companies that have succeeded did so not by waiting for perfect governance, but by building (ethical) models that worked under real-world conditions.

<sup>6</sup> Studwell, J. (2013). *How Asia works: success and failure in the world's most dynamic region*. Profile.

<sup>7</sup> World Economic Forum. (2025). *Home | World Economic Forum SME Resource Hub*. Weforum.org. [initiatives.weforum.org](https://www.weforum.org/initiatives/weforum.org)

“Africa’s fragmentation makes it uninvestable”

54 countries, over 1,500 languages,<sup>8</sup> and a wide dispersion of regulatory regimes. That fragmentation is real – and it is the opportunity. When Africa’s richest man, Aliko Dangote, needs 38 visas to move goods across the continent he built his fortune on, the friction cost of intra-African commerce is not a background fact. It is a market failure waiting to be solved. The African Continental Free Trade Area (AfCFTA), mobile money interoperability frameworks and shared payment infrastructure are all direct responses to this problem. The firms helping to close that gap – in payments, logistics, compliance and identity – are not fighting fragmentation. They are building the connective tissue of a market that does not yet fully exist, but will. Success requires a market-specific approach today; the prize is continental scale tomorrow.

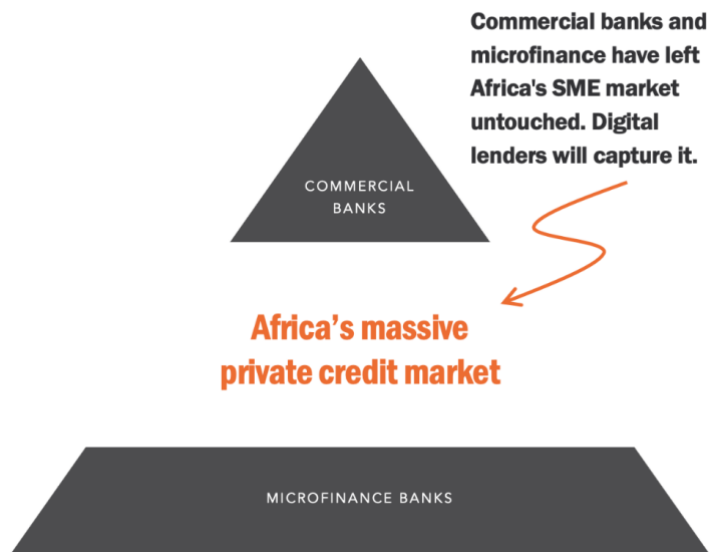
**SECTION 2**

# Trade Begins with Financial Services

The central argument of this paper is straightforward: sustainable trade between Canada and Africa does not begin with extractive projects or development aid. It begins with financial infrastructure. Without reliable payment systems, cross-border credit and efficient settlement mechanisms, trade cannot scale. Transactions fail, working capital is trapped and counterparties cannot trust the system. Financial infrastructure is not an enabler of trade. It is the precondition for it.

Africa’s SME segment sits between commercial banks that serve the government, state-owned enterprises and large corporates, and then microfinance institutions that serve individuals and informal traders. This is what development economists like to call ‘the missing middle.’ It is the segment that drives most of the continent’s job creation and that formal credit has historically failed to reach.

In 2024, Kuda Bank announced plans to launch remittance services in Canada as part of its cross-border expansion. In the same year, Lemi received a Payment Service Provider license from the Bank of Canada, enabling direct settlement into African currencies.<sup>9</sup> Nomba, the



<sup>8</sup> UNESCO. (2025). *UNESCO and the promotion of languages in Africa: cultural diversity and multilingualism*. unesco.org.  
<sup>9</sup> Renew Capital internal research. (2025). *Canada-Africa Fintech Summit Materials*.

Nigerian payments company backed by Shopify, acquired a licensed Canadian payment service provider, enabling it to offer Canadian-dollar accounts and settle directly in African currencies.<sup>10</sup>

Taken together, these moves mark the early formation of a Canada-Africa financial corridor, one in which regulatory alignment, settlement capacity and cross-border liquidity are being built in parallel by actors on both sides.

Mobile money and embedded finance have already demonstrated what financial infrastructure can do at scale in this missing middle. M-PESA now processes transactions equivalent to roughly four times Kenya's GDP annually.<sup>11</sup> More than 1.1 billion mobile money accounts exist across Africa, processing \$1.1T in transaction volume in 2024, generating an estimated \$190B in contribution to sub-Saharan Africa's GDP.<sup>12</sup>

But mobile money has a ceiling. Transaction failure rates remain too high. M-PESA's dominance in Kenya peaked near 98% market share and has since declined to around 89% as competitors address reliability and interoperability gaps.<sup>13</sup> The first-generation model is sticky but imperfect. The firms that improve on it (that offer more reliable rails, better interoperability and lower failure rates) will not merely compete with incumbents. They will provide the foundation for the next generation of African commerce. Critically, that next generation of financial architecture is being built by African firms themselves. African fintechs are not waiting for global incumbents to bridge these markets.

### ***African fintechs are building the rails themselves – the question is who shapes those rails, and on whose terms.***

At the same time, a broader structural shift is underway. Finance is no longer a standalone sector – it is becoming embedded infrastructure. Ride-hailing platforms, marketplaces and utility providers are integrating payments, lending and insurance directly into their core offerings. By 2030, most platforms will ultimately function as fintech platforms.<sup>14</sup> In this environment, the distinction between “financial services” and “commercial platforms” is dissolving. The firms that control financial rails will shape how and where economic activity occurs.

## **SECTION 3**

# **Where to Play: Three Sectoral Opportunities**

Not all sectors and markets in Africa offer the same level of strategic relevance to Canadian firms. The opportunity is broad but not uniform.

The three sectors below are not merely high-growth segments of the African economy; they are the points where capital, infrastructure and institutional capability converge. They are also the areas where early

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<sup>10</sup> Chingozirim Nwokoma. (2026, February 4). *Nomba acquires licensed Canadian payments firm to power Africa-Canada trade*. Techpoint Africa. [techpoint.africa](https://techpoint.africa)

<sup>11</sup> Stadler, C. (2024). *How M-PESA cornered the market in Kenya* | News | Warwick Business School. Warwick Business School. [wbs.ac.uk](https://wbs.ac.uk)

<sup>12</sup> NCFA. (2025, May 28). *NCFA x CAFS 2025 Partner to Bridge Canada-Africa Fintech*. National Crowdfunding & Fintech Association of Canada. [ncfacanada.org](https://ncfacanada.org)

<sup>13</sup> Adonijah Ndege. (2026, January 28). *If M-Pesa fails, Kenya's financial system could wobble, central bank says*. TechCabal. [techcabal.com](https://techcabal.com)

<sup>14</sup> Okoye, D. (2025). *The Future of African Fintech: Key Trends for 2025-2030*. Unipesa. [unipesa.com](https://unipesa.com)

positioning creates disproportionate long-term advantage, as market structure is still being defined. They are not the only sectors worth investing in. They are the ones in which Canada can build a defensible and differentiated position.

01 <b>FINTECH &amp; FINANCIAL INFRASTRUCTURE</b>	02 <b>CLEAN ENERGY</b>	03 <b>NATURAL RESOURCES 2.0</b>
Payments, embedded finance and the trust layer (fraud, identity and interoperability) that underpins African commerce.	Commercial & industrial solar, PAYGO financing, EV infrastructure and climate-resilient systems.	Locally led resource development with Canadian technical, financial and operational partnerships.

## **01: Fintech and Financial Infrastructure**

Africa's fintech ecosystem has expanded rapidly, growing from approximately 450 companies in 2020 to over 1,263 by 2024.<sup>15</sup> Revenue is projected to reach \$65B by 2030,<sup>16</sup> and the continent's digital payments market is expected to reach approximately \$1.5T in annual volume over the same period.<sup>17</sup>

Canada's fintech ecosystem has already evolved toward infrastructure-layer and embedded finance models, positioning it as a natural partner for African markets. The Canada-Africa Fintech Summit, launched in 2025, formalized what the market had already identified: the two ecosystems are structurally complementary.<sup>18</sup> Canadian regulatory maturity, deep technical talent and institutional capital stand in contrast to Africa's scale and unmet demand, creating genuine partnership opportunities rather than extractive ones.

### **Embedded Finance for the Missing Middle**

The primary investment opportunity has shifted beyond payments alone. Payments serve as a fundamental layer, but they are increasingly necessary and insufficient for sustained competitive advantage. The emerging frontier lies in embedded finance: the seamless integration of financial services within non-financial platforms. This transforms financial services from standalone offerings into embedded features within comprehensive business ecosystems — platforms that deliver working capital, transaction management and financial visibility to SMEs through unified interfaces.

In African markets, limited access to traditional banking infrastructure, coupled with high mobile device adoption, creates a structural gap in business-facing financial services that this embedded model is uniquely positioned to fill.

<sup>15</sup> European Investment Bank. (2024, November 7). *EIB Finance in Africa 2024: Fintech transforms African financial services, but high funding costs hinder climate and digital transitions*. European Investment Bank. [www.eib.org](http://www.eib.org)

<sup>16</sup> African Economic Research Consortium. (2024, December). *Pioneering the FinTech Revolution in Africa: Insights and Innovations* (AERC) - AERC. AERC - the African Economic Research Consortium Bringing Rigour and Evidence to Economic Policy Making in Africa. [aercafrica.org](http://aercafrica.org)

<sup>17</sup> Mpho Sadiki. (2025, November 24). *Africa's Payments Revolution: Modernizing Infrastructure to Unleash Growth*. Forbessafrica.com.

<sup>18</sup> NCFCA. (2025, May 28). *NCFCA x CAFS 2025 Partner to Bridge Canada-Africa Fintech*. National Crowdfunding & Fintech Association of Canada. [ncfacanada.org](http://ncfacanada.org)

Opareta clearly exemplifies this shift. The Ugandan firm digitizes and streamlines mobile money agent networks to improve liquidity management and operational oversight. Following two seed investments from Renew Capital, present-day Opareta is expanding into secondary and tertiary markets, demonstrating both scalability and strong demand for infrastructure-based financial tools.

### **Cross-border Rails: The Canada Africa Corridor**

Cross-border activity is where the Canadian commercial connection is most visible. Over \$104B flowed into Africa in remittances in 2024 (twice the level of overseas development assistance, which continues to decline), and Canada is one of the world’s largest remittance-sending countries.<sup>19</sup> Africa’s instant payment systems collectively processed 64 billion transactions worth nearly \$2T in 2024, with 36 systems now live across 31 countries.<sup>20</sup> But these systems operate largely in isolation due to differing regulatory frameworks, compliance requirements and currencies, making cross-border payments costly, slow and unpredictable. In Q1 2025, the cost of sending \$200 to Sub-Saharan Africa exceeded 10% in three out of every four corridors, against a UN target of 3%.<sup>21</sup>

Canada is home to one of the largest and fastest-growing African-born populations in the OECD.<sup>22</sup> The strategic value here is not assumed appetite for “investing back home” — it is networks, market intelligence, founder pipelines, language fluency and recruitment depth. The Toronto-based Passage partnership with Lagos-based LaborHack on education financing and migration pathways is one early example of this bridge being built deliberately.

Kuda, Lemi and Nomba are the first wave of firms building licensed, two-way capacity between Canadian and African settlement systems. Canadian firms with expertise in payment architecture and compliance infrastructure are entering this market with a clear partnership thesis rather than a competitive one.

### **The Trust Layer: Fraud, Identity and Interoperability**

Reach is not the same as reliability. Africa’s payment landscape is not lacking infrastructure — it is lacking cohesion. Between 50% and 75% of cash-first users cite fraud risk as a key barrier to adopting digital payments: not a lack of access, but a lack of trust.<sup>23</sup> Financial inclusion in Sub-Saharan Africa has nonetheless risen from 34% of adults owning a financial account in 2014 to 58% in 2024, and Sub-Saharan Africa saw formal savings increase by 12 percentage points between 2021 and 2024 — the fastest rise in over a decade.<sup>24</sup>

Countries with domestic, interoperable instant payment systems show a strong correlation with above-average increases in financial account ownership and digital payment usage. This means the firms that help build that interoperability (fraud prevention, identity verification, compliance infrastructure) will sit at the foundation of Africa’s next phase of financial growth, not merely participate in it.

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<sup>19</sup> Remitscope. (2024). *RemitSCOPE Africa*. Remitscope.org. [remitscope.org/africa/](https://remitscope.org/africa/)

<sup>20</sup> AfricaNenda. (2025). *Africa’s Digital Payments Gain Momentum: SIIPS 2025 Reveals \$2 Trillion in Instant Payments Driving Growth and Inclusion – AfricaNenda*. [Africanenda.org](https://africanenda.org)

<sup>21</sup> Srinivasan, R., Mahadevan, B., & Saxena, A. (2025). *Understanding Cost Patterns in Remittance Corridors of Sub-Saharan Africa: A Data-Driven Analysis of Infrastructure and Inclusion Gaps*. Reserve Bank.

<sup>22</sup> OECD. (2025). *Canada: International Migration Outlook 2025*. OECD. [oecd.org](https://oecd.org)

<sup>23</sup> AfricaNenda. (2024). *The State of Inclusive Instant Payment Systems in Africa – 2024 report*. Africanenda.org. [africanenda.org](https://africanenda.org)

<sup>24</sup> World Bank. (2025). *The Global Findex Database 2025: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19*. World Bank. [worldbank.org](https://worldbank.org)

***The strategic point is that fintech in Africa is no longer a sector; it is the substrate on which many other sectors run.***

The strategic point is that fintech in Africa is no longer a sector; it is the substrate on which many sectors (including the next two, clean energy and natural resources) run. Clean energy needs PAYGO and asset-backed lending. Natural resources need cross-border settlement. SME commerce needs embedded credit. The firms that build the rails define the terms on which everything else operates.

## **02: Clean Energy**

The African continent holds approximately 60% of the world's highest-quality solar resources yet attracts less than 3% of global energy financing.<sup>25</sup> At the same time, over 600 million people remain without access to electricity.<sup>26</sup> By any measure, this is the largest energy access gap in the world — and the largest single clean energy investment opportunity.

Momentum is shifting. Private-sector investment in African energy systems has tripled since 2019 to nearly \$40B in 2024.<sup>27</sup> 2025 marked Africa's fastest year of solar growth, with installations rising 54% year-on-year, totaling 4.5 gigawatts of new capacity.<sup>28</sup> Crucially, the underlying economics have inflected: solar photovoltaic generation is now the lowest-cost source of power in most African markets. What was once a development-led sector is increasingly investable on purely commercial terms.



Canada has already demonstrated relevance here. JCM Power, a Canadian company, built the first solar power plants in Malawi with backing from FinDev Canada. Stardust Solar Energy, a Vancouver-based public company, is active in established African solar markets.<sup>29</sup> At the industrial level, the Canada-IFC Renewable Energy Program for Africa, established in 2017, committed CA\$150M in concessional capital to catalyze private investment in renewable energy projects across sub-Saharan Africa.<sup>30</sup>

The most attractive entry point for private capital lies in commercial and industrial (C&I) solar. Unlike household-level electrification, C&I projects serve businesses with immediate and bankable demand for

<sup>25</sup> Economic Commission for Africa. (2025). *Africa leads in energy potential but trails in investment* | United Nations Economic Commission for Africa. United Nations Economic Commission for Africa. [uneca.org](https://uneca.org)

<sup>26</sup> United Nations. (2024a). *UNSDG | Decoding Africa's Energy Journey: Three Key Numbers*. Un.org. [unsdg.un.org](https://unsdg.un.org)

<sup>27</sup> IEA. (2025). *Africa - World Energy Investment 2025 - Analysis* - IEA. IEA. <https://www.iea.org/reports/world-energy-investment-2025/africa>

<sup>28</sup> Hiney, F. (2026, February 23). *Africa's Solar Sector Posts Record Growth; New Investment In Distribution and Transmission Needed*. Forbesafrica.com. [forbesafrica.com](https://forbesafrica.com)

<sup>29</sup> Chung, E. (2026, April 6). *Solar power in Africa is heating up — thanks in part to chili peppers*. CBC. [cbc.ca](https://cbc.ca)

<sup>30</sup> IFC. (2024). *The Canada-IFC Renewable Energy Program for Africa*. IFC. [ifc.org](https://ifc.org)

reliable power. Offtake risk is more manageable, contract structures are clearer and the economic value proposition is direct: replacing expensive, unreliable grid- or diesel-based power with cheaper, distributed solar. For African businesses, energy is often not a marginal cost — it is the primary constraint on growth.

This is where fintech becomes indispensable. The expansion of distributed energy systems relies on financing models that align with customer cash flows. Pay-as-you-go, asset-backed lending and embedded financing solutions enable adoption at scale, transforming energy infrastructure into a financially accessible service. Clean energy in Africa is increasingly a fintech-enabled infrastructure play, where capital deployment, risk management and payment systems are tightly integrated.

Canada-registered Sawa Energy, operating in Rwanda and Uganda, demonstrates the demand for these models. Renew Capital's initial seed capital in 2023 helped to unlock millions more in third-party debt financing and equity, thus validating the commercial model and accelerating deployment.<sup>31</sup> In markets where perceived risk constrains capital flows, early-stage equity plays a critical role in de-risking opportunities and crowding in institutional follow-on capital.

Adjacent sectors are beginning to scale alongside solar. Electric mobility and battery storage represent the next layer of opportunity, with venture investment in African EV infrastructure increasing rapidly — look at EazyPower in Ethiopia and Roam (a Renew Capital portfolio company) out of Kenya among the many recent examples. These segments will further reinforce the convergence between energy systems and financial infrastructure, as charging networks, leasing models and battery financing require sophisticated payment and credit solutions.

### **03: Natural Resources Version 2.0**

Canada is already well-represented in African natural resources. Mining companies, oil and gas majors and engineering firms have operated on the continent for decades. That is not the gap.

At the 4th Canada-Africa Business Conference in Zambia, Zambia's Minister of Mining reminded participants that companies that position themselves as partners in value creation (rather than as extractors of raw materials) will build more durable businesses and relationships.<sup>32</sup> The firms that have built durable resource businesses in Africa did not do so by treating community relationships as a compliance requirement.

The gap (and the opportunity) lies in locally led resource development. Africa holds an estimated 125 billion barrels of proven oil reserves and 625 trillion cubic feet of natural gas,<sup>33</sup> and it sits atop the minerals most critical to the global clean energy transition: copper, lithium, cobalt, manganese and rare earth metals.<sup>34</sup> These are the inputs the world needs for electric vehicles, renewable technologies and the decarbonization of industry. Currently, raw materials leave African ports and return as high-priced electronics and batteries manufactured elsewhere.

Countries like Morocco and South Africa are beginning to disrupt this dynamic, attracting downstream industrial investment. Morocco has secured a \$6.4B battery gigafactory from GOTION High-Tech.<sup>35</sup> This is

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<sup>31</sup> Dearloom (2026), "Sawa Energy secures \$10M to deploy 35 MW of solar across East Africa." [app.dealroom.co](http://app.dealroom.co)

<sup>32</sup> The Canada-Africa Chamber of Business. (2025). *4th Canada-Africa Business Conference, Zambia*. The Canada-Africa Chamber of Business. [canadaafrica.ca](http://canadaafrica.ca)

<sup>33</sup> Ayuk, N. (2025, December 16). *A Stronger Africa Requires Stronger Investment Policies - African Energy Chamber*. African Energy Chamber - Leading Chamber of Successful Networks, Transactions and Partnerships. [energychamber.org](http://energychamber.org)

<sup>34</sup> Femi Akinrebiyo. (2025, March 26). *Africa's green opportunity to be an industrial powerhouse*. World Economic Forum.

<sup>35</sup> Femi Akinrebiyo. (2025, March 26). *Africa's green opportunity to be an industrial powerhouse*. World Economic Forum.

not an isolated development; it is a signal that resource-to-product value chains are beginning to close within the continent.

For Canadian firms, the most defensible position is to serve locally led projects: providing the financial, technical and operational infrastructure that enables African governments and companies to capture more value from their own resources. Canadian firms with expertise in mine financing, environmental standards, community engagement and resource governance are positioned to be partners of choice — as African governments increasingly select partners based on long-term value alignment rather than extraction capacity alone.

## SECTION 4

# Before Arriving

This paper has made a deliberate case for engagement. A credible case must also be an honest one. There are real challenges in African markets that any investor needs to understand, price and plan for — not as reasons to disengage, but as the operating reality within which successful companies are built.

## Currency and Macro Risk

Currency volatility is a genuine constraint, and the recent track record makes the point directly. The Nigerian naira fell from roughly ₦460 to the dollar before the June 2023 float to ₦1,535 by the end of 2024 — a depreciation of more than two-thirds over eighteen months.<sup>36</sup> The Ghanaian cedi, Kenyan shilling, and Zambian kwacha have each absorbed shocks within the past three years. These are not edge cases. They are recurring features that must be priced into entry assumptions, not discovered after deployment. Repatriation is a separate constraint — Nigeria's foreign exchange backlog, which trapped over \$7B in unpaid corporate and airline remittances at its peak in 2023, is the canonical recent example.<sup>37</sup>

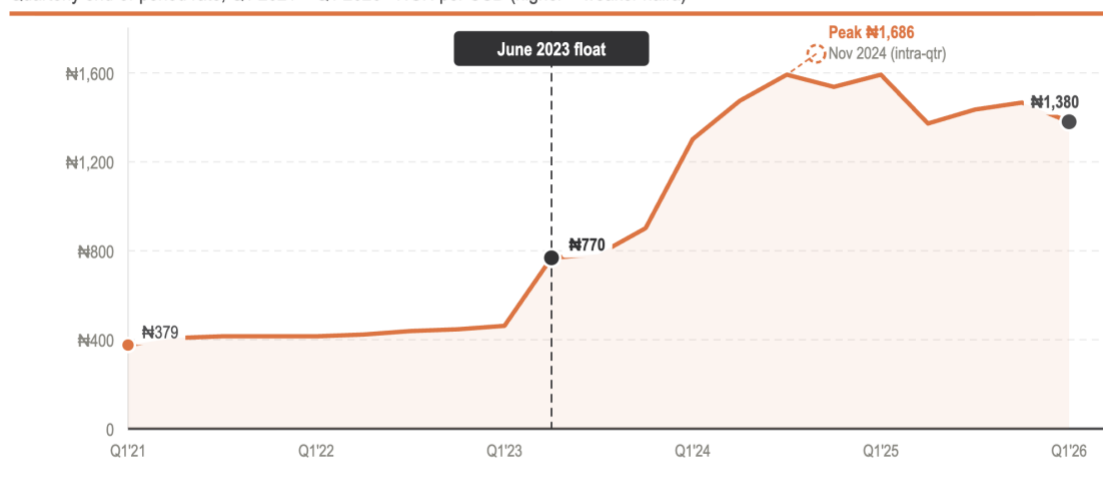
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<sup>36</sup> Central Bank of Nigeria. (2024). *Exchange rates* | Central Bank of Nigeria. [cbn.gov.ng](https://www.cbn.gov.ng)

<sup>37</sup> Central Bank of Nigeria. (2023). *Recent CBN Reforms and Initiatives* | Central Bank of Nigeria. [cbn.gov.ng](https://www.cbn.gov.ng)

## Nigerian naira per US dollar

Quarterly end-of-period rate, Q1 2021 – Q1 2026 · NGN per USD (higher = weaker naira)



**-70% in 18 months (Jun 2023 – Nov 2024)**

Partial recovery through 2025 into 2026

Source: Central Bank of Nigeria; FocusEconomics; TheGlobalEconomy.com · Official/unified rate. Pre-June 2023 parallel market rate was materially weaker than the official peg shown here. Quarterly points show end-of-period close. Dashed marker indicates intra-quarter peak of ₦1,686 on 27 November 2024. CBN unified official and parallel market rates in June 2023.

The mitigations are well-established but require deliberate structuring at the entry point. Hard-currency revenue alignment (energy PPAs, B2B SaaS, cross-border payments, export-oriented businesses) is the cleanest hedge available. Local-currency debt matched to local-currency revenue creates a natural hedge, which is increasingly supported by IFC, FMO, BII, FinDev Canada and synthetic instruments. Jurisdictional structuring through Mauritius or treaty-network jurisdictions preserves repatriation optionality. Political risk insurance from MIGA and ATI covers inconvertibility and expropriation. Currency risk is hard to eliminate, but it can be priced and structured for, provided the work is done before the capital moves.

## Regulatory Discrepancy

There is no single African regulatory framework. A fintech operating across Kenya, Uganda, Nigeria and South Africa is running four parallel regulatory tracks with different capital requirements, reporting cadences and timelines. Nigerian Payment Service Bank licensing in practice takes between six and twelve months from initial application to final approval, with the official AIP-to-final-license window of nine months frequently extending.<sup>38</sup> The African Continental Free Trade Area (AfCFTA) is a meaningful directional shift, but financial services harmonization and mutual license recognition remain years from operational reality. Investors who model timelines on the assumption that AfCFTA solves fragmentation in the near term will overshoot.

The mitigations are operational. Country-by-country playbooks are non-negotiable. Local regulatory affairs leadership materially shortens licensing timelines and reduces the risk of misreading supervisory expectations. Sequenced market entry (depth in one or two markets before expansion) consistently outperforms simultaneous multi-country launch. In African markets, regulatory navigation is not a tax on the business model. It is the business model.

<sup>38</sup> Central Bank of Nigeria. (2020). *CENTRAL BANK OF NIGERIA GUIDELINES FOR LICENSING AND REGULATION OF PAYMENT SERVICE BANKS IN NIGERIA*. [cbn.gov.ng](http://cbn.gov.ng)

## Talent and Execution Capacity

The African tech talent market has bifurcated. Senior engineers working remotely for foreign employers in Lagos and Nairobi command \$60k-\$120k annually, with leads earning much more.<sup>39</sup> This has reset wage expectations across the continent and forced local employers to compete on USD-indexed compensation or accept structural turnover. The expansion of Andela, ALX, and global remote-first hiring has accelerated this dynamic — top engineers in Lagos and beyond can struggle to be retained on fixed local-currency salaries.<sup>40</sup>

Equity for local hires is consistently underused and among the highest-leverage retention tools available. Local CEOs and country managers, rather than expatriate placements, typically produce materially better commercial outcomes. Renew Capital's portfolio is overwhelmingly led by African founders operating in their home markets — not as a values statement, but as an underwriting position. The firms that build durable local execution capacity tend to outperform those that do not, and the gap is widening.

## The Right Return Expectations

Returns are real, but they do not follow Silicon Valley timelines. Investors who have generated strong risk-adjusted returns across African private equity and venture typically operate on a 5–10-year horizon, willing to engage at early stages and let compounding work. The exit environment deserves direct acknowledgment: IPO activity remains thin, and secondary markets are shallow. With that said, strategic acquisitions have accelerated meaningfully: Africa recorded 63 exits in 2024 (a 47% year-on-year increase).<sup>41</sup> 67 M&A deals were done in 2025 (a 72% jump and the highest annual total on record).<sup>42</sup> Fintech accounted for nearly 46% of 2025 M&A activity.<sup>43</sup>

### SECTION 5

# Why Canada? Why Now?

The sections above make the structural case for Africa. This section makes the case for Canada — why this country specifically is positioned to act, what has changed to make 2025 the right moment, and what it will take to convert position into participation.

## The Structural Fit

Canada's advantages in this corridor are not rhetorical. Quebec's civil-law tradition is rooted in the same Napoleonic Code that underpins the legal systems of francophone Africa. Combined with English common-law expertise across the rest of the country and operational bilingualism, Canadian firms can navigate both halves of the continent in a way that US- or UK-only firms cannot. That is a working capability, not a marketing line.

Canada ranks among the top three countries globally by venture capital intensity — trailing only Israel and the United States when measured as a share of GDP<sup>44</sup> — and sits consistently in the top five countries

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<sup>39</sup> Emmanuel, V. (2026, March 31). *What are software engineers earning in 2026?* Condia. [thecondia.com](https://thecondia.com)

<sup>40</sup> Emmanuel, V. (2026, March 31). *What are software engineers earning in 2026?* Condia. [thecondia.com](https://thecondia.com)

<sup>41</sup> The African Private Capital Association. (2024). *Research: Africa's Private Capital Landscape in 2024*. AVCA. [avca.africa](https://avca.africa)

<sup>42</sup> Agwaibor, S. (2026, January 28). *State of Tech in Africa 2025 Recap: From growth at all costs to sustainable scale*. TC Insights. [insights.techcabal.com](https://insights.techcabal.com)

<sup>43</sup> Eleanya, F. (2026, January 23). *Why acquisitions, not fundraising, defined Africa's tech ecosystem in 2025*. TechCabal. [techcabal.com](https://techcabal.com)

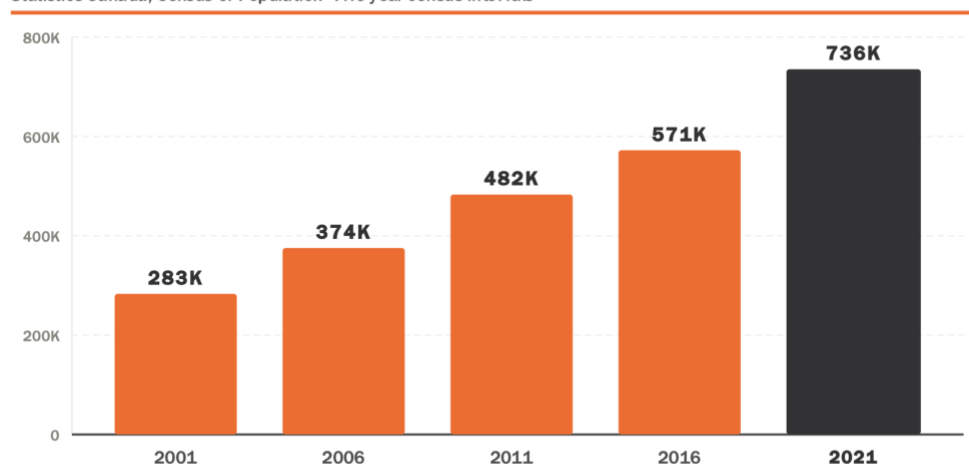
<sup>44</sup> At 0.18% of GDP, Canadian firms attract proportionally more venture capital than almost all OECD countries, except Israel (0.38%) and the United States (0.55%).<sup>45</sup> See Inclusive Innovation Canada: [inclusiveinnovation.ca](https://inclusiveinnovation.ca)

worldwide by fintech ecosystem size, alongside the U.S., U.K., India and Brazil.<sup>45</sup> The fintech hubs in Waterloo, Toronto and Montreal are producing infrastructure-layer companies: payments rails, embedded lending, compliance tooling. These are precisely the capabilities African markets are seeking to import. Shopify has backed Nomba, a Nigerian payments firm.<sup>46</sup> Flutterwave is building cross-border flows between Canada and Africa.<sup>47</sup> LaborHack has partnered with Toronto-based Passage to bridge education financing and migration pathways.<sup>48</sup> These are not experiments. They are early signals of a corridor being built in real time.

Canada is also home to one of the largest and fastest-growing African-born populations in the OECD — more than 736,000 people as of the 2021 census, up 160% since 2001, with Africa now the second-largest source continent of new immigrants after Asia.<sup>49</sup> That diaspora is not simply a remittance channel. It is a source of market intelligence, founder pipelines, language fluency and local trust that no amount of foreign direct investment can replicate.

### Canada's African-born population

Statistics Canada, Census of Population · Five-year census intervals



**+160% over 20 years**

Africa overtook Europe as Canada's #2 source continent in 2016

Source: Statistics Canada, Census of Population 2001, 2006, 2011 NHS, 2016, 2021 · Includes all persons born in Africa holding permanent resident status or

Relative to other potential partners, Canada enters this moment with limited colonial baggage on the continent and fewer geopolitical entanglements — a posture that matters increasingly as African governments become more selective about the terms on which they admit foreign capital.

## What Has Shifted

Until recently, Canada's federal posture toward Africa was more episodic than embedded — a fact the Senate's Standing Committee on Foreign Affairs and International Trade acknowledged directly in calling for

<sup>45</sup> FinTech Weekly. (2025). "What the Top Fintech Countries Are Building — And Why It Matters Now." [fintechweekly.com](https://fintechweekly.com)

<sup>46</sup> Shrivastava, A. (2023, May 4). *Latest Shopify investment is an African payments startup*. The Tech Factor.

<sup>47</sup> Fintech Newsdesk. (2023, August 4). *Flutterwave's Send App Revolutionizes Money Transfers to Africa from Canada*, [Fintech.ca](https://fintech.ca).

<sup>48</sup> Schwartz, G. (2026, March 30). *From Kitwe to Lagos: Africa's Financial Plumbing* | Canadian Lenders Association. Canadian Lenders Association. [canadianlenders.org](https://canadianlenders.org)

<sup>49</sup> Statistics Canada. (2024, October 25). *The Diversity of the Black Populations in Canada, 2021: A Sociodemographic Portrait*. [www150.statcan.gc.ca](https://www150.statcan.gc.ca)

a shift from periodic summits toward sustained, on-the-ground engagement.<sup>50 51</sup> That is why this moment matters: the posture is changing, and Canadian firms have a window to help shape the corridor while it is still being built.

Canada's *Africa Strategy*, launched in March 2025, is the government's first comprehensive continental framework — covering trade, investment, innovation, peace and people-to-people ties. It established a new pan-Africa trade hub, a dedicated Africa trade and development program at Global Affairs Canada and a FinDev Canada office in South Africa.<sup>52</sup> The Trade Commissioner Service now operates 53 commissioners across 20 offices on the continent.<sup>53</sup> Canada chaired the G7 in 2025. South Africa hosted the G20 — the first African country to do so. The AfCFTA is moving toward becoming the world's largest single market by mid-century.

This is early infrastructure rather than finished architecture. But the direction is clear, and it is arriving at precisely the moment when Canadian firms in fintech, clean energy and natural resources are demonstrating the commercial case in the market.

## **Execution Will Decide**

Whether this momentum translates into durable commercial relationships depends on how the catalytic financing mechanisms being developed under the Africa Strategy are designed and deployed. The lesson from every market where blended finance has worked at scale is the same: capital is most effective when allocated by experienced, on-the-ground operators — not managed at a distance.

Renew Capital has spent over a decade building that capacity. Relationships with local operators across multiple markets. A network of African investors providing first-mover intelligence. A track record of identifying early-stage companies capable of absorbing follow-on institutional capital. The companies profiled in this paper — Opareta, Sawa Energy and others — did not emerge from a mythical pipeline. They emerged from on-the-ground presence, local trust and the willingness to deploy conviction capital when institutional risk frameworks would not.

The corridor's architecture — payment rails, regulatory alignment, settlement capacity, financing structures — is being assembled now. The firms that help build it will define the terms. The firms that wait will inherit them.

***The firms that help build it will define the terms. The firms that wait will inherit them.***

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<sup>50</sup> Senate of Canada, Standing Committee on Foreign Affairs and International Trade. (2025, December). *Canada–Africa: Seizing a Strategic Opportunity*. Parliament of Canada.

<sup>51</sup> Langan, M. (2026, January 8). *Why Canada Is Falling Short with Its Africa Trade Strategy*. Carleton University. [carleton.ca](https://www.carleton.ca)

<sup>52</sup> Global Affairs Canada. (2025, March 6). *Canada launches its first global Africa Strategy: A partnership for shared prosperity and security*. Government of Canada. [canada.ca](https://www.canada.ca)

<sup>53</sup> Global Affairs Canada. (2025). *Canada and Africa*. Government of Canada. [international.gc.ca](https://www.international.gc.ca)



## RENEW CAPITAL

Renew Capital has spent more than a decade building a presence across Africa and recognizes its evolution. We work with Canadian investors, corporates and policymakers who are ready to move on this exciting wave of growth.

This paper is intended for Canadian investors, companies and policymakers exploring strategic engagement with African markets. It does not constitute investment advice. All statistics are sourced and cited.

Contact us at [connect@renewcapital.com](mailto:connect@renewcapital.com) to learn more