

Strategic levers for transformation

Selecting deals for impact and returns

August 2026

**Based on the findings of a study conducted by
the LSE Trade Policy Hub
with the LSE Growth Lab and the Firoz Lalji Institute for Africa**



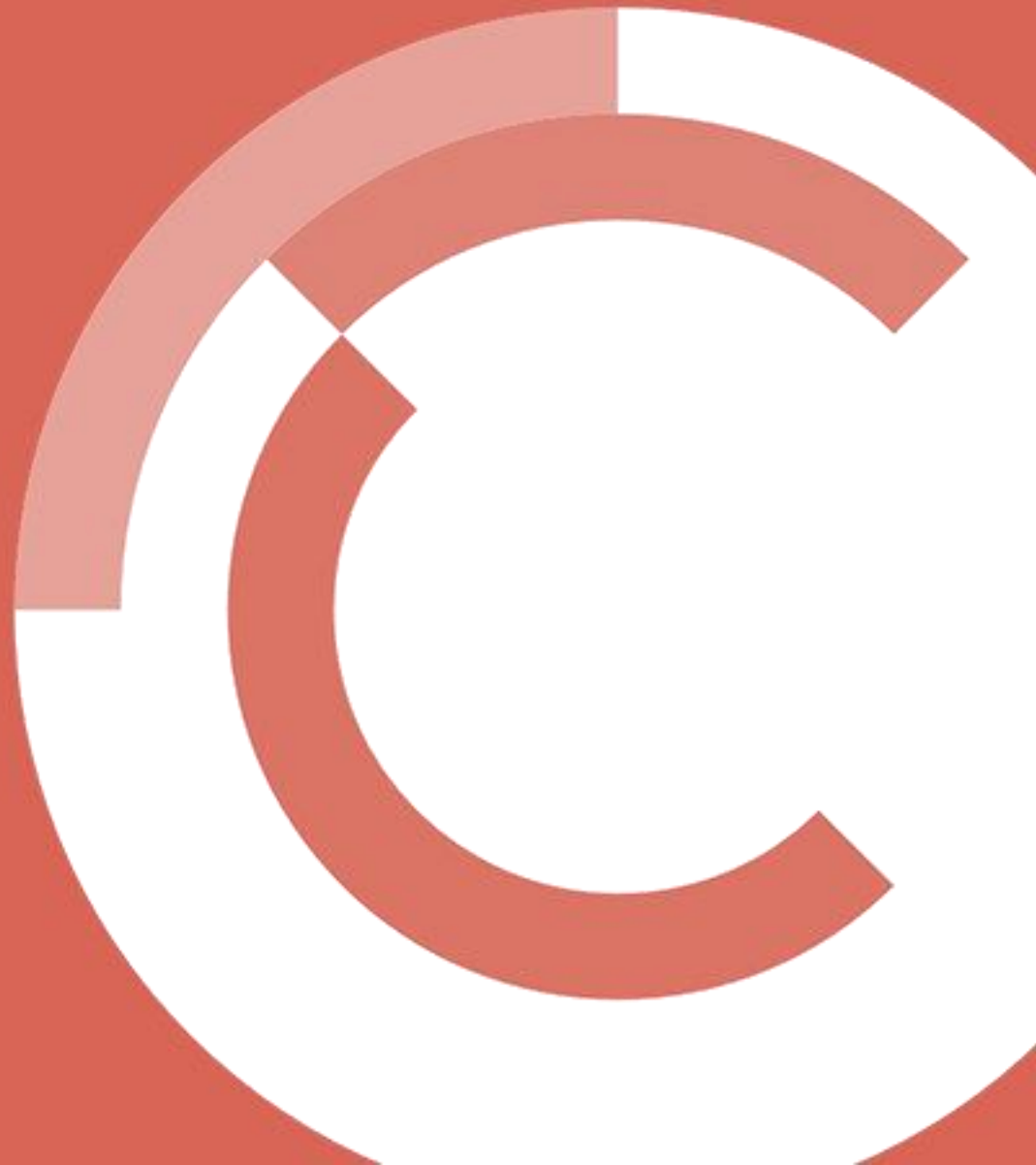
Agenda

Context

Methodology

Key findings

Recommendations



Context of the Study: What are the trade-offs between impact and commercial success?

We undertook an independent assessment of MA's portfolio to understand the trade-offs in constructing a deal portfolio and mechanisms driving structural economic transformation

Context

- ◆ In 2025, **Africa accounted** for just 432 deals worth **\$2.1 billion** in a global venture capital **market valued at \$425 billion**
- ◆ Manufacturing is a proven engine for structural economic transformation
- ◆ Manufacturing companies' struggle to raise capital due
 - ◆ Real and perceived investment risk
 - ◆ Lack of incentives to pay for advisory support
- ◆ MA has **achieved remarkable success** by pursuing a **balanced portfolio** of ambitious and commercial deals

Objectives

Levers of economic transformation

MA uses five socio-economic impact measures, to help inform project selection for support and investment. Including:

1. Jobs and livelihoods;
2. Gender and social inclusion;
3. Climate and environment;
4. Multiplier effects (creation of new value chains or industries or import substitution/export activity)
5. Inclusive economic transformation (composite indicator)

From analysing the levers:

1. **What are the trade-offs between impact and closure potential?**
2. **What are the mechanisms driving structural economic transformation?**

Methodology

- ◆ A mixed-methods study of MA's full portfolio over 2019 to 2026 (262 deals)
- ◆ Across six sub-Saharan markets, of which 55 have reached financial close, with \$2.49bn in FDI, 46,589 direct and 112,407 indirect jobs

Calculated lever activation (impact criteria triggered by deal) and depth (number of impact criteria triggered by deal)

- ◆ Quantitative portfolio analysis is paired with qualitative interviews on how levers work inside real firms
- ◆ The study assesses MA's contribution, not strict attribution
- ◆ This report should be understood as an interpretation of available data

Methodology (1/2)

Defining level activation

Five levers of economic transformation

Inclusive Economic Transformation (IET)	A composite transformation measure of quality and depth of impact
Jobs & livelihoods	Direct and indirect employment created by a project
Gender, Economic and Social Inclusion (GESI)	Women's ownership, leadership, and workforce inclusion alongside Black ownership and management
Multiplier Effects	How a firm's impact extends beyond its own operations
Climate & Environment (C&E)	Contribution to a low-carbon, resource-efficient economy

Analysis is grounded on Inclusive Economic Transformation (IET), complemented by four additional levers that capture specific dimensions of impact

IET provides a strong guide on the overall intensity of transformation, while the four additional levers provide signals on breadth



Lever activation methodology

Component indicators

IET

26-point scale

J&L

Direct +
indirect jobs

GESI

2X + BOLD
BII

Multipliers

Innovation
flags

C&E

ICF
framework

For each lever, component indicators are combined into a single activation score between 0 and 1, where 0 indicates none of the relevant characteristics is present, and 1 indicates all of them are.

Intensity of activation

5 Activation
scores [0,1]



Weighted
(GESI),
scaled, and
normalised

Binary activation

Activated

Not
activated

IET uses 50%
activation
threshold

Four supporting
levers use
natural breaks

Key terms

- **Defining "activation."** A project *activates* a lever when its design or operations meet the defined threshold for that lever (see coding criteria in the Annex)
- **Lever-activation depth** — used throughout this report — is simply the number of levers a deal activates, and is our primary measure of how broadly transformational a deal is.

Methodology (2/2): Lever activation rates across all deals

Five levers of economic transformation

1 Inclusive Economic Transformation (IET) (43%)*

Only 43% of projects clear the threshold of 13 out of 26 PbR points. Those above 13 activate Jobs, C&E and Multiplier far more strongly than projects that do not, making IET the strongest single signal of transformation potential

2 Jobs & livelihoods (85%)

The most widely activated lever – near-universal across manufacturing investment. 85% of projects activate it. Indirect employment dominates: 7 in 10 projects project more indirect than direct jobs.

3 Gender, social, economic inclusion (GESI) (46%)

The lowest-activated lever and the only one that does not move in line with the others. It declines as deal size increases and is higher in brownfield than greenfield deals. Unlike every other lever, it does not improve when IET or other levers improve.

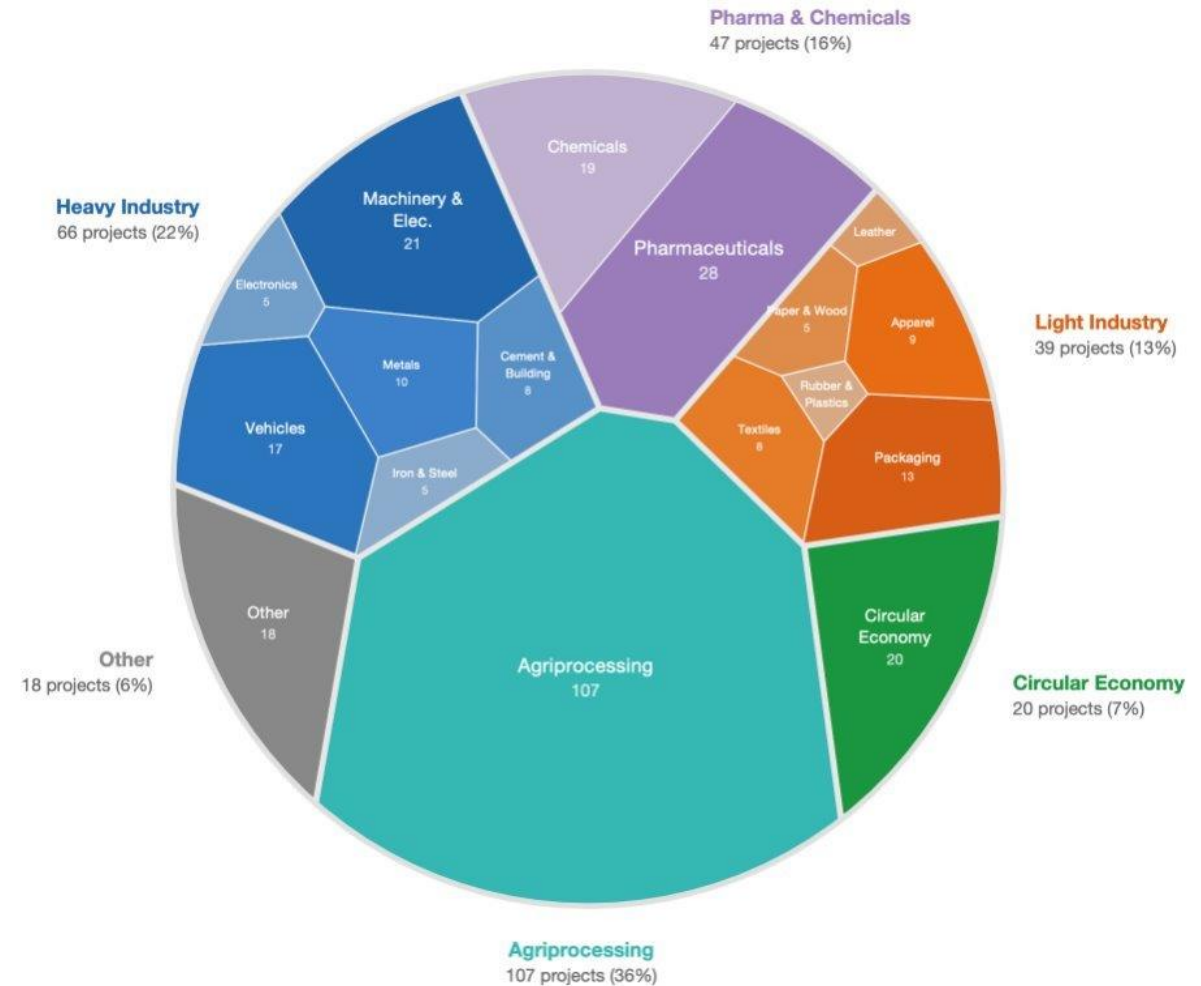
4 Multiplier effects (82%)

Activated in 82% of projects, and the only lever that becomes more likely to activate as deal size increases. Largest deals generate broader supply chain and export linkages. Strongest in Heavy Industry and Machinery & Electrical (92%).

5 Climate & Environment (C&E) (63%)

C&E activation requires a project to meet at least the medium level of FCDO's International Climate Finance framework, meaning the project must demonstrate a meaningful commitment to climate-aligned investment, not just a minor environmental consideration. 63% of projects clear this bar.

MA's sector distribution



Key findings

Five key findings point to impact being generated from **depth + volume + market demonstration**



1. Ambitious deals are slower, not less likely, to close

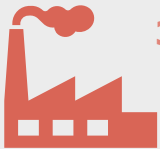
Transformational, complex, and greenfield deals close just as reliably as simpler deals

But complex and transformational deals can take longer to close, particularly if they have wider economic multiplier effects



2. Country context impacts close timeframes, not likelihood

When factoring in a lag time, close rates increase significantly – further emphasising that **time-to-close** can be significant, but **should not be a determinant of support**



3. Closure speed is affected by sector, but no sector offers both volume and closure

20% of **Kenyan deals** close in 10 months of support completion. Offering the **quickest and most reliable route to close**

Noticeable **difference in country-time-to-close rates**, with Ethiopia, Nigeria, and Rwanda taking long, **but overall close rates are similar**



4. More jobs do not always mean better transformation outcomes

Portfolio selection should target a balance across volume, job quality, and inclusion – rather than optimising a single category, as **each category entails trade-offs**



5. Impact on gender and race inclusion declines with deal size

Deal size shows no meaningful relationship with the number of levers a deal activates
The **largest deals score less than half as well as the smallest** on inclusion criteria

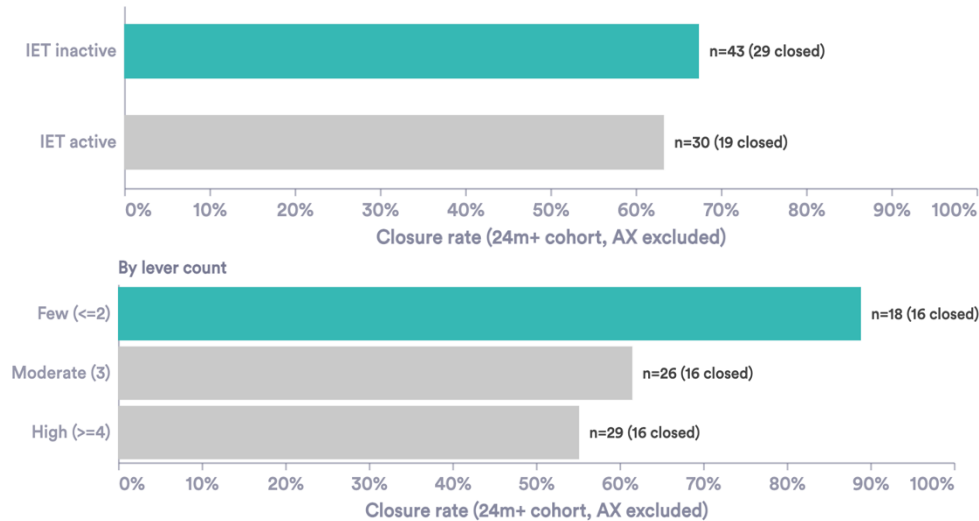
Impact comes from depth + volume + market demonstration

The binding constraint is not closure risk; it is that genuinely ambitious deals are scarce

A balanced portfolio delivers the strongest across types of impact, close rates, and speed of close

1. Ambitious deals are slower, not less likely, to close

Transformational deals close rate

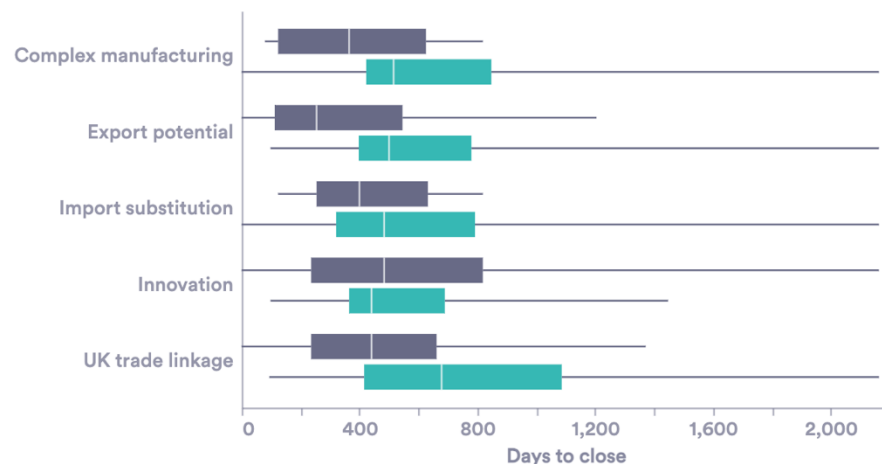


Close duration for economic multiplier effects

Ambitious deals
= significant size
and the largest
number of levers
triggers

Flag not activate

Flag Activated



Large and impactful deals (ambitious) do not sacrifice the reliability of closure, but simpler, smaller deals with less economic multipliers close slightly faster

- ♦ IET-active and inactive deals close at near-identical rates (67% vs 63%)
- ♦ But deals that trigger fewer levers close at a higher rate (89%) than deals triggering more levers (55%). **This suggests simpler deals are marginally easier to close or close more quickly**
- ♦ As such, the **depth of impact can be pursued without sacrificing the reliability of closure**
- ♦ The most transformative deals attract the largest investments. They also do not require relatively more support time

Trade-offs

Closure duration is longer for deals that trigger economic multiplier effects

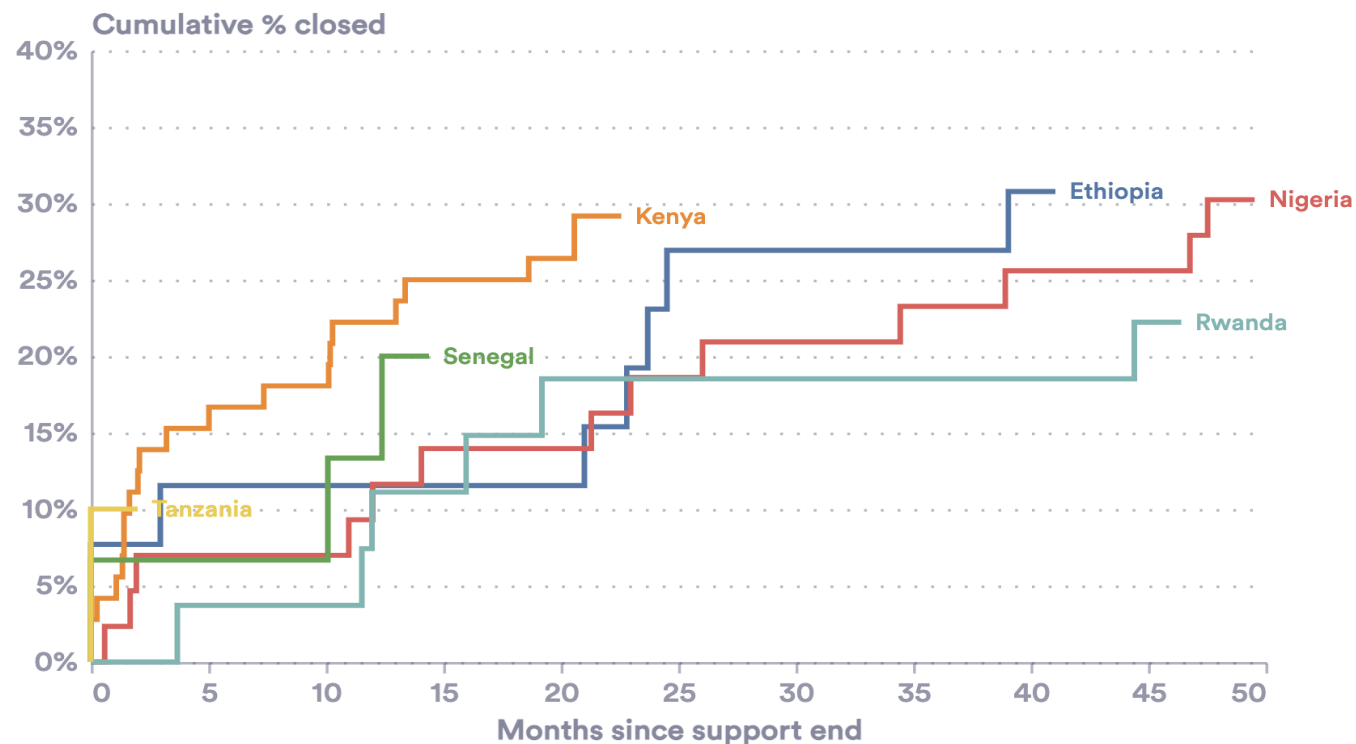
- ♦ Particularly for UK trade linkage and complex manufacturing

GESI moves in the opposite direction. GESI deals do not improve as a by-product of more ambitious deals

- ♦ Without action, a portfolio or high-ambition projects will be strong on jobs, climate, and multiplier effects – but weak on gender and racial inclusion

2. Country context impacts close timeframes, not likelihood

Close rates are similar across countries, with Kenya closing fastest



Closure rates by country among deals 24+ months since support ended

44%	39%	36%	29%	29%	0%
Nigeria	Kenya	Ethiopia	Rwanda	Senegal	Tanzania

It is unlikely that country context alone is a key determinant of closure

- ♦ 20% of **Kenyan deals** close in 10 months of support completion. Offering the **quickest and most reliable route to close**
- ♦ Noticeable **difference in country-time-to-close rates**, with Ethiopia, Nigeria, and Rwanda taking long, **but overall close rates are similar**
- ♦ When factoring in a lag time (close rate 24 months since support is complete), close rates increase significantly and tend to equalize – further emphasising that **time-to-close** can be significant, but **should not be a determinant of support**

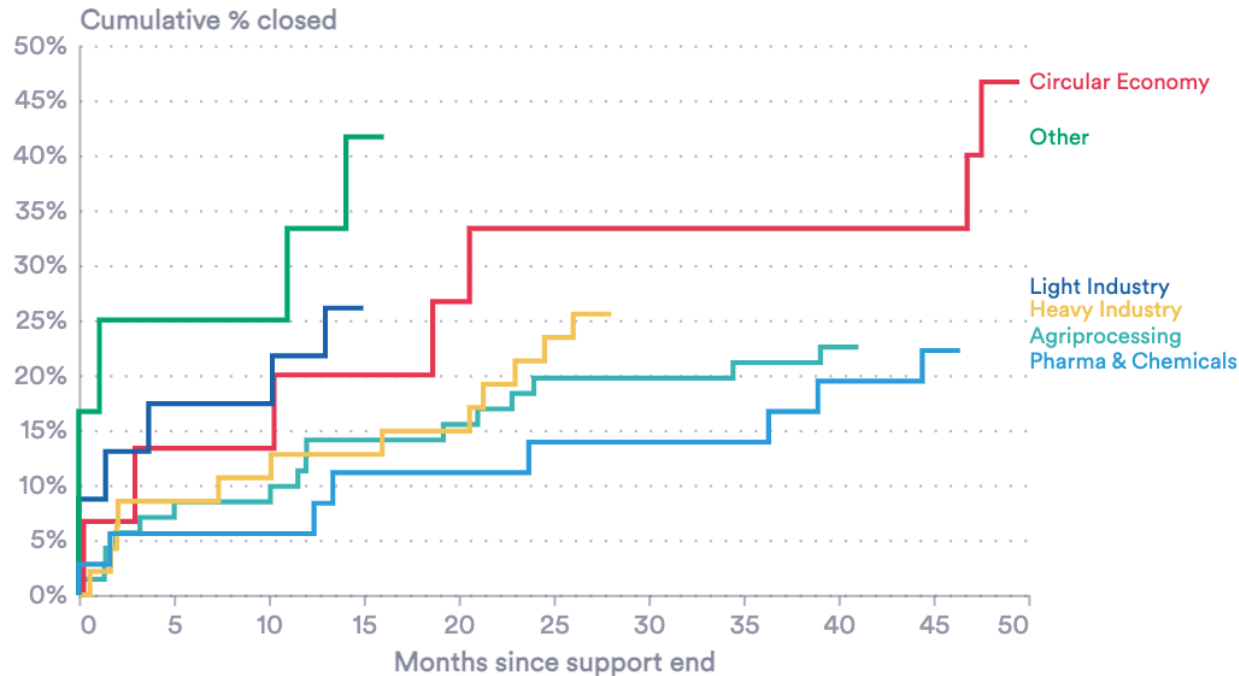
Trade-offs

Kenya market closes fastest, but deals have had a slightly weaker transformational profile with just 27% of deals triggering four or more levers. Thus, fewer transformational deals close quickly in this market

A focus on speed to close may risk creating more transformational impact

3. Sector effects close speed, but no sector offers both volume and closability

Innovative environmental business models are among the strongest closers, particularly circular economy



Closure rates by sector among deals 24+ months since support ended

58% Circular Economy	40% Heavy Industry	36% Light Industry	30% Agri- processing	28% Pharma & Chemicals
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Circular economy deals seem to have the highest closure rate in the long run, however...

Trade-offs

Backing the most environmentally ambitious deals does not mean backing the deals with the broadest economic transformation impact.

C&E shows no significant correlation with Multiplier Effects. This means that deals with strong environmental profiles are not necessarily generating broader sector spillovers or export linkages.

A focus on speed to close may risk forfeiting greater transformational impact

4. More jobs do not always mean better transformation outcomes

Job volume does not always catalyse upskilling, wages and benefit improvements, or formalisation



Light Industry*

Best for No. direct jobs (300 median)
Most jobs per dollar invested (104:\$1)
Scores lower on economic transformation

**CTFL, paper, rubber and plastic*



Agri-processing

Best for No. indirect jobs (1,688 media)
Business model can improve inclusion outcomes



Pharma & Chemicals

Worst for No. direct jobs & indirect jobs
Best for job quality



Small deals

Worst on job quantity, but are typically more inclusive

Business models that focus on quality achieve stronger firm growth when:

Supply chain stability

Formalising relationships with informal workers reduces supply disruption risk and lowers the risk premium investors attach to the business

Customer growth loop

Improving customer livelihoods (where customers are themselves small business owners) is the firm's core value proposition; customer success directly increases repayment reliability and deepens product engagement

Worker retention

Embedding support services into service packages helps retain workers and maintain productivity directly improving revenue

Portfolio selection should target a balance across volume, job quality, and inclusion – rather than optimising a single category, as each category entails trade-offs.

Deal type trade-offs

- ◆ Agri-processing maximises job quantity & livelihoods improvements but typically fails to improve job quality
- ◆ Light industry maximises efficiency per \$ invested for direct jobs, but does not score well for overall transformation
- ◆ Small deals boost inclusion, but have low job quantity
- ◆ Pharma & Chemicals have the lowest job quantity per \$ invested but are stronger on quality

Business model trade-offs

- ◆ **High-quality jobs need to be paired with sustainable business models:** Firms with high numbers of formal, quality jobs face higher operating costs. These firms report cutting the workforce to achieve early profitability
- ◆ **Essential mechanisation leads to early job reductions:** Investment in highly mechanised industries unlocks access to machinery that can lead to a short-term reduction in jobs, but this is essential for longer-term business sustainability

5. Impact on inclusion declines with deal size

Smaller, brownfield deals and Tanzania/Ethiopia offer the strongest inclusion entry points



MA's GESI is above market benchmarks, but still one of the least triggered types of impact

- ♦ 15% female-founded businesses is above the market rate in most countries
- ♦ But the GESI x BOLD lever is second lowest activated lever

GESI is more often activated in brownfield than greenfield

Established operations bring existing workforce relationships and community ties that translate into inclusion outcomes more readily than newly built greenfield facilities, which start from scratch on workforce composition

Small deals can be just as transformational as large ones

Deal size shows no meaningful relationship with the number of levers a deal activates. For instance, deals activating 4+ levers project a median of ~1,519 total jobs vs 576 for those activating ≤2.

GESI is decoupled from all other levers

- ♦ GESI shows no significant correlation with IET, Jobs, C&E, or Multiplier effects
- ♦ Complex Manufacturing, the strongest sector on Multiplier and IET, has the second-lowest GESI activation (27%). The most structurally transformative sector is also one of the least inclusive
- ♦ Pursuing deeper transformation does not deliver better inclusion outcomes

Trade-offs

GESI declines with deal size

- ♦ The most transformative deals attract the largest investments. They also do not require relatively more support time
- ♦ The largest deals score less than half as well as the smallest on inclusion criteria (−0.24 across quartiles)
- ♦ The bigger the deal, the less likely it is to be inclusive
- ♦ Smaller, brownfield deals and Tanzania/Ethiopia offer the strongest inclusion entry points

Ambitious deals need targeted inclusion design or risk failing inclusion objectives

Impact comes from depth + volume + demonstration

The scarcity of ambitious deals means focus should be on deal volume, quality, and the effect these deals have on investors' perceptions



Bigger, more ambitious deals are scarce, and concentration would exhaust the pipeline

A portfolio exclusively pursuing ambitious deals will have fewer active deals and fewer closes, reducing a programme's ability to respond to political, economic, and social changes and opportunities in the market.



No sector provides both high volume and high close rates

Narrow sector focus reduces the programme's ability to stimulate broad and deep impact. A spread of sectors, while simultaneously looking for value chain plays, provides better economic transformation that reach the poorest



Smaller deals are more inclusive and spotlight market opportunities

Smaller deals are more inclusive both in ownership, management make-up and business model. They also spotlight new sectors, innovations, and market opportunities to investors, businesses, and governments. Volume of small deals is more likely to enable success.



Volume of deals spotlights market opportunities

Ensuring a high volume of high-quality deals spotlights opportunities across sectors, countries, and specific supply chains. This can lead to a crowding in of investors and businesses, leading to sustainable economic transformation



Successful financial closes signals opportunity to the market

Achieving a high close rate builds confidence in the market, drawing in new capital, improving the sustainability of donor interventions and unlocking larger deals

Key findings

The programme's impact is generated by the **volume of viable deals** and by each close, **signalling to the market that the sector is investable**

Volume of viable deals

- ◆ MA operates in a deal-scarce market. Bringing a high volume of deals to market creates a powerful market signal to investors

Market signalling

- ◆ Value lies not only in introductions made but in the implicit endorsement that MA's selection and continued support confer on a firm in markets where investor confidence is fragile

Balanced portfolio

- ◆ Concentrating on any one 'best' sector would exhaust its pipeline. Plus, no sectors offer volume and close rates. A balanced portfolio delivers the strongest across types of impact, close rates, and speed of close

Recommendations

Investors



Portfolio selection

- ♦ **Sequence deal selection:** Prime portfolio so fast closers (Kenya deals and light industry deals) fund patience on the scarce, slower deals (ambitious, greenfield, or in Ethiopia and Tanzania)
- ♦ **Moderate price of ambition:** There is less of a penalty for ambition than is assumed. Ambitious deals close at roughly the same rate (67% vs 63%), but are slower
- ♦ Transformation depth and commercial viability move together

Sector guidance

- ♦ **Heavy industry & Machinery/electrical equipment:** largest FDI and strongest scale and multiplier effects; scarcer and slower. Selective large-ticket plays.
- ♦ **Agri-processing:** the largest pipeline, so the most opportunities to deploy, but slow to close (30%) and the least capital-efficient. Use for volume; pick the faster, larger deals within it.

Donors



Information asymmetry

- ♦ Interviews confirmed that firms with genuine transformation potential cannot access capital because investors perceive them as excessively risky.
- ♦ There is a lack of comprehensive, high-quality support that is affordable for early-stage firms
- ♦ **Investment facilitation support is critical** - reducing investor uncertainty and preparing companies for sustainable growth

Portfolio selection

- ♦ A **high volume of high-quality deals brings** the best of **ambition, inclusion, and market signal effects into play**, rather than trying to pick the 'best winners'
- ♦ C&E shows no significant correlation with Multiplier Effects, thus deals with strong environmental profiles are not systematically generating broader sector spillovers or export linkages.

DFIs



Portfolio selection

- ♦ **Select on lever depth, not deal size:** Deal size shows no meaningful relationship with how many levers a deal activates (deals activating 4+ levers project a median ~1,519 total jobs vs 576 for those activating ≤2). **A small deal can be just as transformational as a large one**
- ♦ **Inclusion metrics decline as deals get larger:** Balance the portfolio with smaller, more inclusive deals to deepen impact
- ♦ **Countries that close fast don't create as much impact:** Fast closing markets tend to have the weakest transformation profiles

Sector guidance

- ♦ **Maintain sector breadth:** There are trade-offs in transformation across sectors. Plus, no sector provides both volume and close rates
- ♦ **Circular Economy** closes best (58%) and leads on climate, but does not address GESI concerns

Important Disclaimer

The findings presented here should be read as indicative only.

The analysis covers 204 Manufacturing Africa-supported deals, of which 55 have closed, plus eight interviews. Numbers this small limit what can be established, and disaggregating by country or sector weakens confidence further, so observed gaps may reflect chance. Deals were selected for their transformation potential, not drawn at random, so patterns reflect that selection rather than the wider investment population. FDI and jobs figures are point-of-investment projections, not realised commercial outcomes, so all findings describe this portfolio and should not be read as causal or generalisable.

Recommendations are suggestions based on what may be inferred from indicative findings.

