Global Gateway

**CONNECTING CAPITAL, VENTURE SUPPORT AND NETWORKS ACROSS AFRICA**

# CAPITAL STACK | AFRICA

## Catalytic financing for early-stage ventures

CAPITAL STACK | AFRICA is a joint initiative by SPARK and Make-IT in Africa, implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), in collaboration with the EU Team Europe Initiative Africa – Europe Digital Innovation Bridge (AEDIB).

The programme **addresses the funding gap for high-potential, early-stage ventures** by combining catalytic financing with structured venture support. It **operates across Sub-Saharan Africa**, targeting ventures, investors, venture builders, and accelerators, and **delivers a model that strengthens both capital access and operational capability**.

## The Challenge

Across Africa, there's a disconnect between available capital and the kind of support and finding early-stage ventures in need. Many ventures find themselves caught in a frustrating situation where funding may exist, but it's often not the right fit, and it rarely comes with the hands-on guidance founders need to grow. A climate-tech venture might secure a grant that helps with initial development but offers no follow-up support to refine its business model or expand into new markets. An agri-tech venture might need patient, flexible capital to test its solution across rural regions, yet only finds short-term funding with rigid expectations.

As a result, there's a clear mismatch between financing and real venture needs, along with limited access to capital that aligns with a venture growth stage. This contributes to the "missing middle," where ventures are too advanced for early-stage grants but not yet ready for large-scale investment. On top of that, ecosystem players such as incubators, accelerators, investors and development partners often operate in silos, making it hard to build coherent support pathways As such, startups are not lacking capital per se, but they are missing the right Capital Stack: a coordinated mix of different type of funding and support that evolves with their needs and enables them to scale effectively and sustainably.

**CAPITAL STACK | AFRICA** addresses these systemic challenges by aligning capital with structured venture support, creating a scalable and replicable model for early-stage ventures.

## Our Approach

CAPITAL STACK | AFRICA delivers catalytic financing and structured venture support through a partner-driven model:

- **Identifying the right partners:** We work with a curated set of strategic investment partners, selected through a competitive process.
- **Structuring the investments:** Our partners deploy catalytic capital through a blended financing approach, combining non-dilutive funding with commercial capital to de-risk investments and unlock additional funding.
- **Implementation:** The programme rolls out in structured phases, combining capital, hands-on technical support, and ecosystem collaboration to strengthen the operational and investment capacity of early-stage ventures and offers a unique approach to layer capital on an individual needs base.

**This approach establishes a scalable model that expands across partners, ventures, and sectors – enabling ventures to move from validation to investable, growth-ready businesses.**

*The model is designed to scale across additional partners, portfolios, and thematic sectors.*

D4D HUB

AFRICA - EUROPE DIGITAL INNOVATION BRIDGE

german cooperation DEUTSCHE ZUSAMMENARBEIT

Implemented by giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

SPARK

Make-IT in Africa

## The Pilot

We are currently applying the CAPITAL STACK model through an initial pilot focused on climate-related ventures, using it as a practical test case to refine and strengthen the approach.

In this phase, we are working with two selected investment partners to deploy the model across West and Southern Africa. Together, we are supporting an initial cohort of 5–7 early-stage ventures per partner by:

- Deploying catalytic, non-dilutive capital alongside structured technical support
- Applying a blended finance approach that layers concessional and commercial capital
- Providing targeted technical assistance alongside capital (1:2 ratio)
- Ticket size of up to EUR 120,000 per venture

This pilot is designed to generate insights, validate the model in practice, and inform its expansion across additional partners, larger portfolios and multiple sectors.

## Our Role

**We acts as a strategic architect and ecosystem integrator:**

- Connects investors, venture builders, and other ecosystem actors
- Co-designs tailored financing approaches for early-stage ventures
- Strengthens collaboration across fragmented ecosystem actors
- Embeds climate relevance and gender-responsive innovation principles
- Supports ventures through hands-on, structured programme delivery

CAPITAL STACK | AFRICA **drives measurable, ecosystem-level impact:**

- **Unlock early-stage financing:** Ventures gain access to catalytic, non-dilutive capital deployed by investors, addressing the "missing middle" in Africa's funding landscape
- **Strengthen venture capital continuum capabilities:** Ventures emerge with stronger operational and financial modeling capabilities, ready for follow-on funding and scaling
- **Align ecosystem collaboration:** Investors, venture builders, and other ecosystem actors work in a collaborative model, improving efficiency and capital deployment
- **Building an adaptable model for blended finance:** The initiative **provides a tested framework** for combining capital and structured support, setting a blueprint for scaling financing across Africa

CAPITAL STACK | AFRICA aims to become the trusted platform for catalytic financing and structured venture support for early-stage ventures in Sub-Saharian Africa. We are actively building a network of like-minded partners and invite investors, debt providers, venture builders, and venture studios who share this vision to join us in strengthening Africa's innovation ecosystem.


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