ODI Global Advisory

Making the case for African manufacturing

From opportunity to investment

African manufacturing is not short of opportunity. It is short of **bankable deals**.

Manufacturing can drive structural transformation, create quality jobs and deepen regional and international trade. Yet across much of the continent, its share of GDP remains low. Opportunities exist, but viable firms struggle to access appropriately structured capital.

The binding constraint is bankability.

THE PROBLEM

Why FDI is missing from African manufacturing

Africa's manufacturing firms face a structural financing gap:

- Equity finance is underused and poorly understood. Firms draw first on their own resources, then on debt, and only rarely on equity. Family-owned firms often avoid equity to preserve control and legacy ownership structures.
- Private equity has made limited headway in African manufacturing. Investors tend to favour sectors with more familiar risk profiles, lower capital requirements or faster returns, such as finance and technology.
- Manufacturing is perceived as risky and complex, and remains underserved even where commercially viable firms exist.

> " The constraint is not opportunity – it is investment readiness and deal bankability."

THE MARKET FAILURE

The gap in services that companies need

A structural gap separates what advisors supply from what companies need:

- Transaction advisors prioritise large, standardised deals with corporate or government clients rather than small to medium manufacturing firms.
- Many viable firms cannot afford specialised, high-quality advice, and find generic advisory services poorly matched to their needs.
- Many firms are not yet investment-ready: they lack the governance structures, financial reporting, ESG policies or strategic clarity that investors require. This constrains capital deployment. Manufacturing Africa (MA) was designed to fill this niche.

Result: Capital exists, but it cannot be effectively deployed.

THE RESPONSE

What Manufacturing Africa delivers

Targeted advisory support – provided free of charge – in Ethiopia, Kenya, Rwanda, Tanzania, Senegal and Nigeria helps viable firms become investment-ready and bankable.

Support includes:

- Financial modelling and corporate finance
- Investor identification
- Commercial due diligence and business strategy
- SG, climate, gender and governance strengthening

IMPACT AT A GLANCE

- **£2.2bn+** FDI mobilised since 2019
- **150k+** Direct and indirect jobs supported
- **55 companies** Deals successfully closed
- **30%+** Deal closure rate

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DOES THE SUPPORT CHANGE OUTCOMES?

Evidence of additionality

Velocity
deals close faster
Companies report transactions completing months earlier than expected.

Scale
larger or better - structured deals
Some firms raised 30–55% more capital than originally planned.

Existence
deals that would not have happened
Investors confirm that MA analysis was decisive in bringing a deal to committee.

Quality
stronger ESG and governance
Improved investability; in some cases, ESG strengthening was a binding condition for investors.

> "Catalytic support can turn viable firms into investable propositions."

BEYOND THE FINANCIAL CLOSE

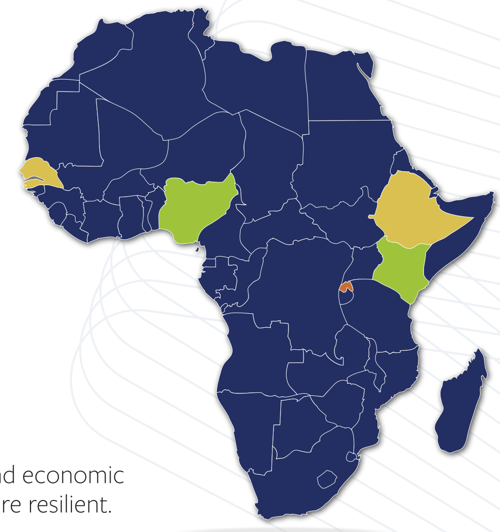
Supporting diversification

Manufacturing Africa supports investment in sectors the market struggles with:

Pharmaceuticals
Senegal Ethiopia

Machinery and electrical equipment
Kenya Nigeria

Automotives
Rwanda



This advances industrial deepening and economic diversification, making economies more resilient.

Long-term impact includes:

- Stronger governance and investor-readiness
- Supply-chain linkages
- Sustainable job creation
- Environmental improvements
- Increased tax revenues

WHY THIS MATTERS

Re-centring manufacturing

As global debates increasingly favour services-led growth, manufacturing's contribution to productivity, jobs and diversification warrants renewed attention.

Manufacturing is not only just a development priority.

It is an investable asset class capable of delivering competitive returns.

The binding constraint is bankability – and that can be addressed.

THE POLICY TAKEAWAY

From donor to catalyst

Manufacturing Africa demonstrates that well-targeted official development assistance (ODA) can:

- Mobilise private capital
- Support structural transformation
- Strengthen markets rather than substitute for them

A replicable model for catalytic development finance.

Scan the QR code to access the full publication.

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