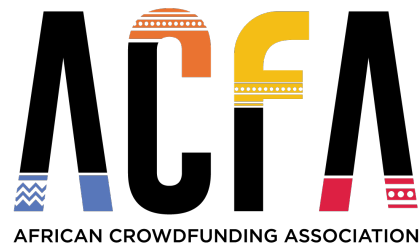



# Investments crowdfunding in Nigeria: making it work.

Lagos, 28 May 2024



# From entrepreneurship to regulatory design



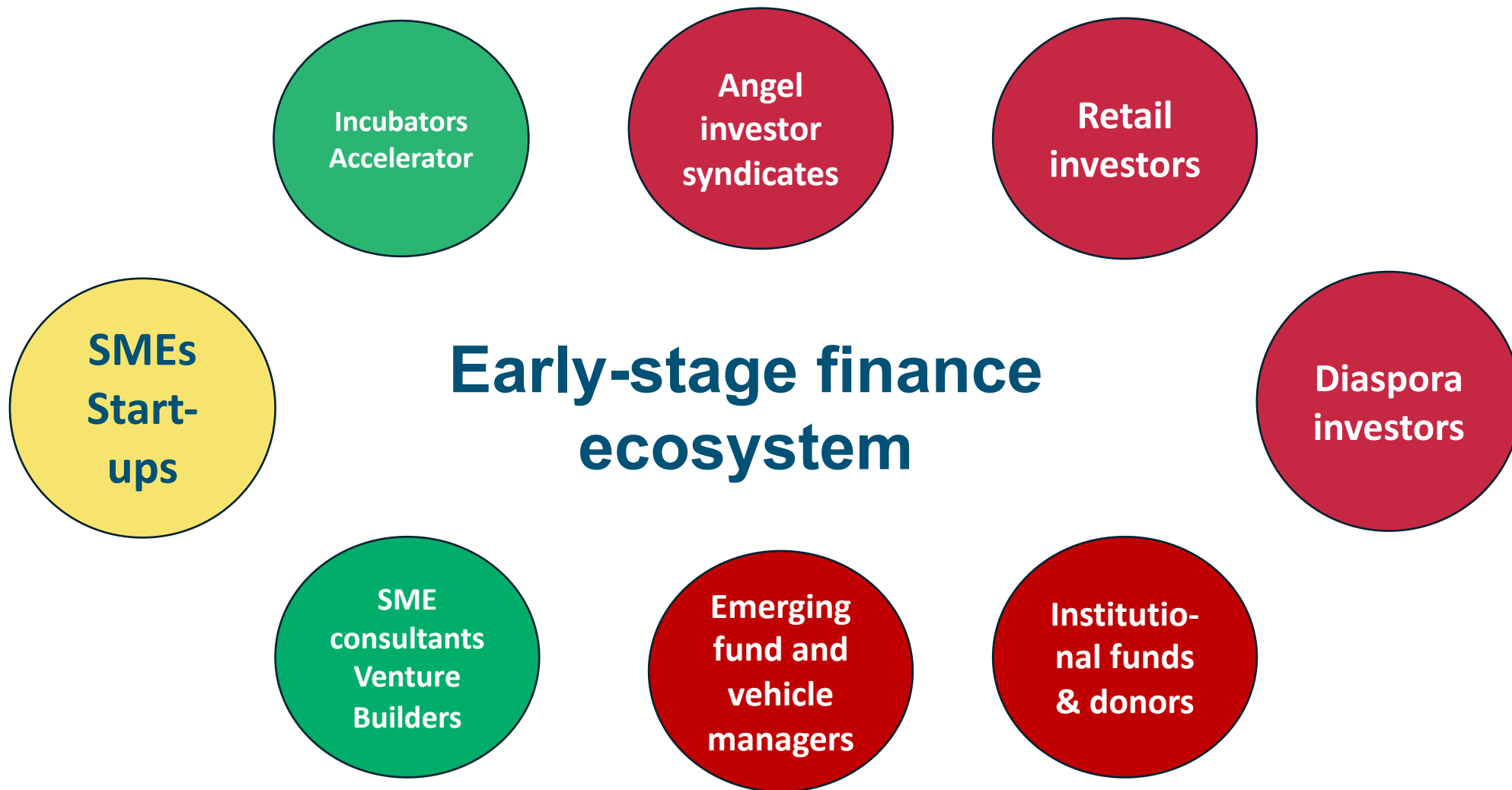
  
 "Ensuring Investor Protection"  
 SECURITIES AND EXCHANGE COMMISSION  
**SECURITIES INDUSTRY (CROWDFUNDING) GUIDELINES 2024**  
 SEC/GUI/002/03/2024

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**Investments-crowdfunding works when  
it responds to the needs of the whole  
early-stage finance ecosystem.**



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**The central problem of this ecosystem  
is that the deal economics of African  
SMEs and start-ups do not work.**

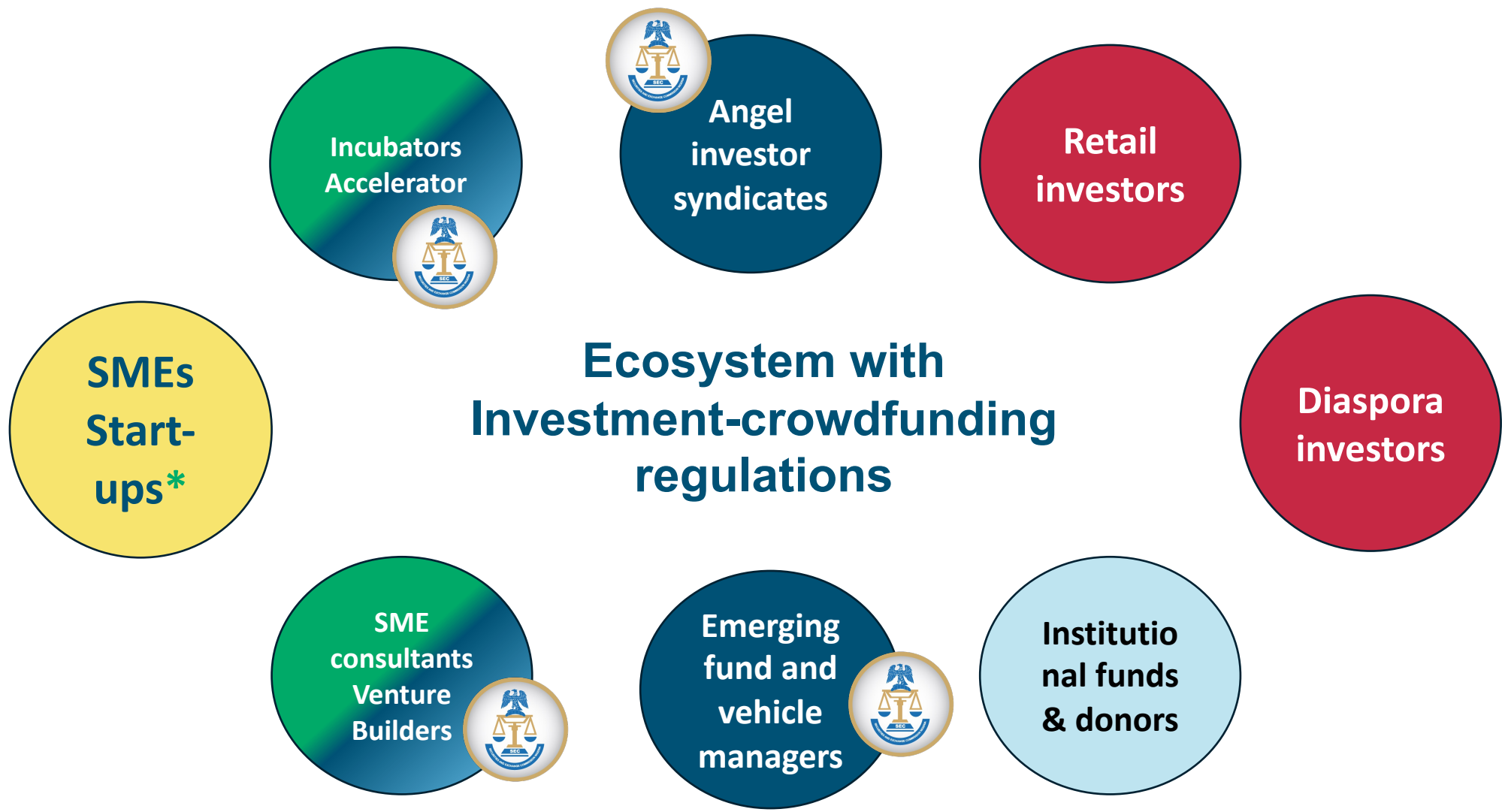
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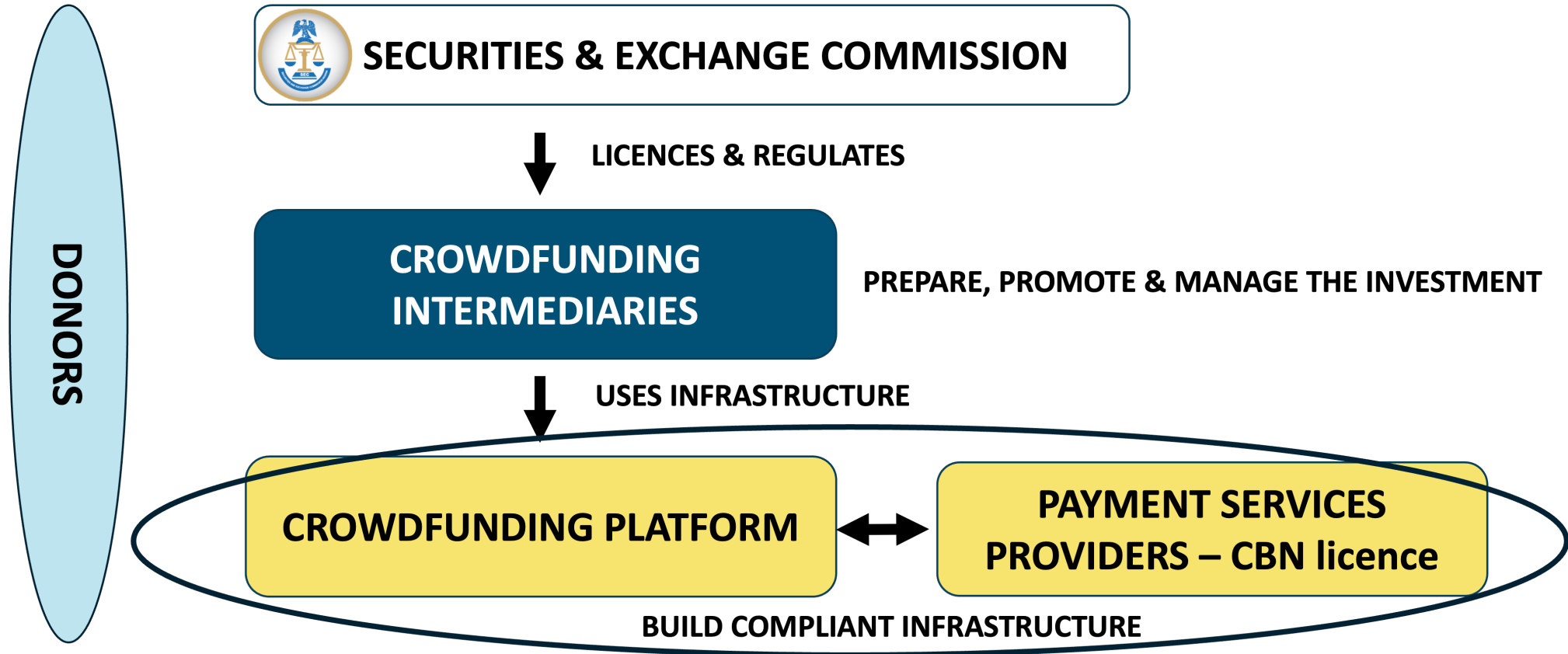
**Investments-crowdfunding is an  
opportunity to fix this.**

**The job of the regulatory framework is to  
enable that.**





# Who does what in the investments-crowdfunding value chain?





# Key features of an enabling regulatory framework

## CONSUMER PROTECTION

- ✓ Licence the **Crowdfunding Intermediary**, not the Crowdfunding Platform.
- ✓ Make the **licence zero-cost** or low-cost. Create non-financial barriers to entry.
- ✓ Enable CIs to list deals and **investment vehicles** on platforms. Place limits on size.
- ✓ Enable **all investment instruments** relevant to SMEs, not just debt and equity.
- ✓ Require CIs to categorise investors and provide **educational tools**.
- ✓ **Harmonise** regulations through agreements with peer regulators.

# VISION

- Ambitious SMEs can access risk capital in local currency on suitable terms in a shorter timeframe. It is their first step into formal capital markets. We build the next generation of companies to list on the NSE.
- Local and diaspora African investors can participate in the growth story beyond capital through brand championing, bringing skills home and boosting access to new markets. They build their investment literacy in a modern, tech-driven way.
- A new class of local fund managers is created with the investments-crowdfunding intermediary licence. This might be their first step towards becoming larger fund managers, or it might be a side-step that allows them to provide capital to the companies they care about.



# Q&A



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# Extra notes – not for presentation

# Investor protection

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**The cost of SME investment-readiness is too high relative to the size of the deal.**

**Most early-stage investors do not have a business model, which means institutional LPs will not back them.**

**This has resulted in a fragmented, inefficient early-stage private capital market that is not fit for retail investor participation.**

**Yet retail investors are the **only option.**  
Africans must invest in Africans.**

# What does this look like? Examples from abroad.

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## 1. Enabling angel networks, first-time and emerging fund managers

- [Seedrs LP/GP and Institutional services](#)
- [Republic Venture Partner model](#)
- [Hustle Fund angel club](#)
- Local examples:
  - Aly Al Shakany (Egypt) [Acasia angels](#) and Acasia Ventures

## 2. Enabling holding structures:

- [Seedrs Nominees](#)
- Local: [GoGetta](#) – South Africa

## 3. Enabling blended structures and investment instruments

- [Untapped Global](#): revenue-share
- [Lendahand](#): uncollateralized debt and blended finance
- Local: [Fundkiss](#) – Mauritius



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# How do we all fit in to this vision?

**REGULATOR**

= *Market enabler*

**FUND MANAGERS**

= *Crowdfunding Intermediaries*

**FINTECHS**

= *Crowdfunding Payments & Platform*

**DONORS**

= *Market builders*

# What does an emergent value chain for ICF in Ghana look like?

## SEC-licenced Investment Crowdfunding Intermediaries

## Bank of Ghana-licenced Payment Services Providers and Crowdfunding platform operators

