

From fragmented financing to scalable confidence: what Africa's loan markets need next

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Africa does not lack financing need, ambition, or opportunity.

What it too often lacks is the ability to turn fragmented financing into scalable markets.

That was the central message from Scott McMunn's keynote at the African Capital Markets Investment Conference in London. It is a message with practical implications for lenders, borrowers, regulators, DFIs, ECAs, advisers and market associations alike: if we want growth finance to move from headline transactions to durable market formation, we need to reduce friction and build repeatable pathways for capital to flow with confidence.

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Investors do not price only opportunity. They also price friction.”

Why fragmentation remains a core barrier

In many African markets, the issue is not simply scarcity of capital. It is fragmentation. Fragmentation shows up in multiple, compounding ways: legal and regulatory divergence, currency complexity, inconsistent documentation and market practice, limited investor familiarity, uneven liquidity and distribution, and at times a fragmentation of confidence itself.

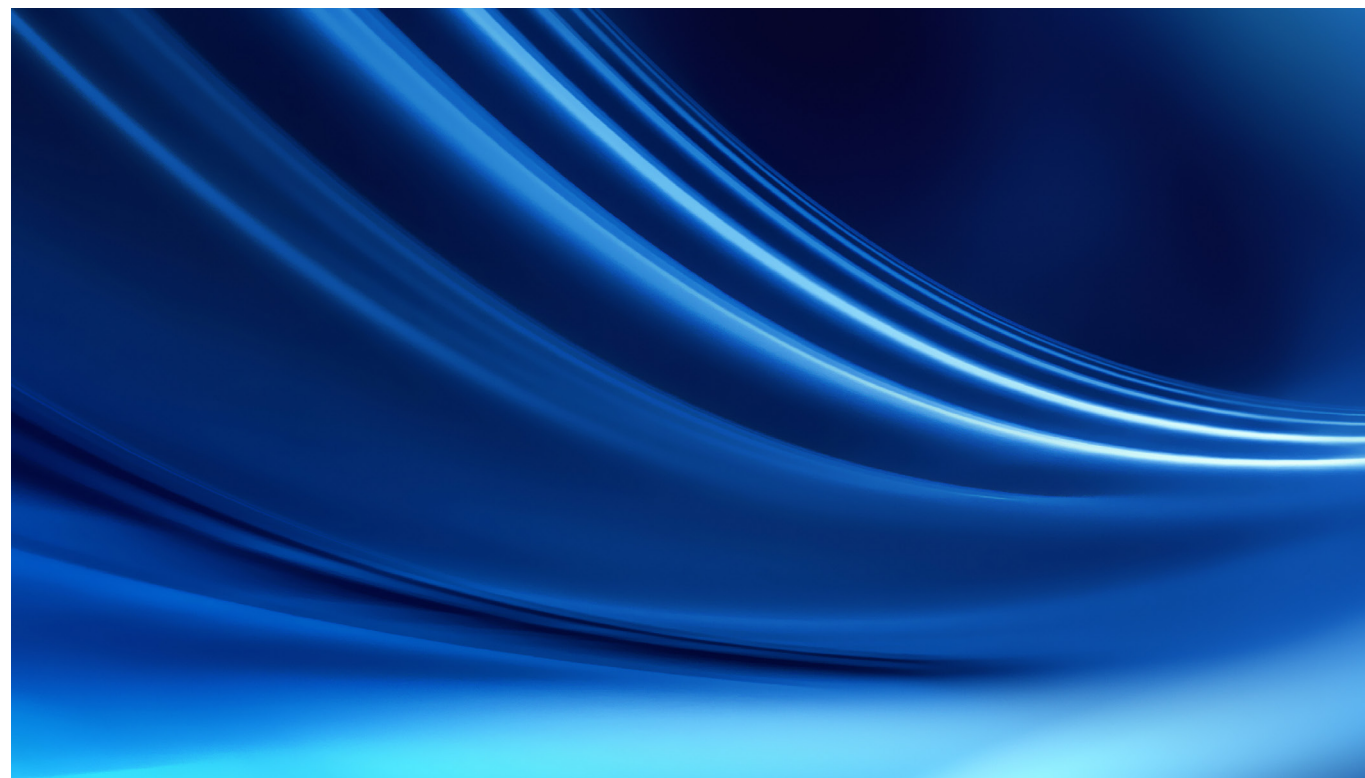
It is important to avoid treating Africa as a single market with a single problem. The continent comprises highly diverse jurisdictions at different stages of development, with differing legal systems, institutional

depth, external funding dependence and financing needs. Yet that diversity makes the cost of fragmentation more visible, because where capital has to work harder to move, execution becomes slower and more expensive, repeatability suffers, and markets struggle to scale.

In practice, that means the challenge is not only to attract capital. Interested capital becomes economically useful when it can move with confidence: with clearer enforcement expectations, lower documentation complexity, more comparable structures, and more reliable routes to distribution.

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What scalable markets look like, beyond one off deals

A deep market is not defined solely by transactions happening within it. It becomes deep when participation broadens, structures become repeatable, rights and obligations are more widely understood, risk can be distributed, domestic and international capital can work alongside one another, and confidence extends beyond the individual transaction.

This is where the loan market agenda matters. Loan markets are not the whole answer, but they are one of the key mechanisms through which capital stops being theoretical and becomes executable: risk is

structured, lenders are brought together, funding is mobilised, and growth ambitions take practical financial form.

Loan markets also sit at the intersection of flexibility and scale. They can bring together domestic and international banks, incorporate DFIs and ECAs, accommodate project complexity, and support infrastructure, corporate growth, trade and transition financing, particularly where public capital markets are still building depth. Structured well, they can create pathways into wider capital market development rather than standing apart from it.



What this means in practice for African loan markets

If the objective is market formation rather than isolated execution, several practical enablers stand out.



Stronger domestic and regional capacity.

No market can rely indefinitely on narrow offshore channels if the ambition is resilient long term growth. Deeper domestic and regional ecosystems improve continuity, build

familiarity, reduce dependence on external cycles, and provide a grounded platform for borrowers, lenders and investors.



Better risk distribution through syndication.

Syndication is not only a financing tool, it is a market deepening tool. It broadens participation, supports larger financings than single balance sheets can absorb, and helps connect domestic opportunities to regional and international pools of capital. The

keynote highlighted a timely example: Afreximbank's \$2 billion three year dual tranche syndicated loan, described as its biggest ever, showing what can happen when confidence, structure and distribution come together effectively.





Catalytic capital used intelligently.

DFIs, ECAs and credit enhancement can extend tenor, support bankability and build familiarity. The goal is not to replace private capital permanently, but to make broader participation possible and create bridges where private capital would otherwise remain on the sidelines.



Better frameworks and standardisation.

Documentation and standardisation are not marginal technicalities. They are part of how markets become investable. Clearer documentation reduces transaction costs, familiar frameworks improve negotiation efficiency, shared language makes legal risk easier to assess, and recognisable structures widen participation.



Education and engagement, not documents on a shelf.

Markets deepen through community, shared practice, familiarity, learning and repeated interaction across issuers, lenders, investors, lawyers, regulators and infrastructure providers.

Role of LMA

The LMA’s work in Africa is long standing and practical. A significant milestone came with the integration of the African Loan Market Association into the LMA in January 2014, followed by the development of African documentation and ongoing market engagement. Today, the LMA is a trade association representing the EMEA loan markets, approaching its 30th anniversary, with nearly 900 members across 90 countries.

In line with its developing markets strategy, the LMA supports market deepening through a combination of documentation, education and convening. This includes Africa related documentation that has evolved over time, and a recent example cited in the keynote:

the LMA’s multi jurisdictional African facility agreement published in 2024 to assist investors with cross border lending into the continent, designed to promote greater certainty for investors engaging in cross border African lending.

Convening also remains central. The keynote referenced the LMA and ICMA Annual Africa Summit in Cape Town, which focused heavily on capital market development and regional integration, including a panel on Africa’s loan market agenda covering syndicated lending, private credit and how DFIs, commercial lenders and private credit providers can work together to close financing gaps and support infrastructure investment.



A final thought: enabling capital to flow

Ultimately, Africa's opportunity is not in doubt. The question is whether financing frameworks can match the scale of that opportunity. Progress will be measured not just by visibility, but by usability: reducing friction, widening participation, strengthening channels for risk distribution and building repeatable structures that allow capital to move with confidence.

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Growth is not driven only by capital that is available. It is driven by capital that can actually flow.”

About the LMA in Africa

The LMA supports the development of African loan markets through practical market infrastructure: documentation, education and convening. The African Loan Market Association was established with the support of the LMA in 2011 and was fully integrated into the LMA in January 2014, reflecting a strategic focus on supporting standardisation, market connectivity and capability building over time. The LMA is a trade association representing the EMEA loan markets, approaching its 30th anniversary, with nearly 900 members across 90 countries.

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