

Convergence Partners to drive digital inclusion in Africa with latest fund

Convergence Partners, a private equity investor focused on the technology sector across sub-Saharan Africa, announced the successful first close of its third fund, the Convergence Partners Digital Infrastructure Fund (CPDIF) at \$120m. The fund is targeting a final size of \$250m.



Andile Ngcaba, chairman of Convergence Partners

Now with more than \$400m of capital under management, Convergence Partners is reportedly the largest private equity investor dedicated to digital infrastructure in Africa.

Investors in CPDIF are leading institutions that continue to support African growth such as the CDC Group (the UK's development finance institution), the United States International Development Finance Corporation (DFC), the European Investment Bank (EIB), the International Finance Corporation (IFC) and Proparco (the private sector arm of the Agence Française de Développement - AFD Group).

CPDIF investments will be driven by the infrastructure needs of the emerging growth themes in the digital infrastructure ecosystem, specifically fibre, wireless, data centres, towers etc., as well as 5G, Cloud, Internet of Things (IoT), Artificial Intelligence (AI), fintech and network virtualisation. CPDIF's first investment is in Ctrack, a transaction that was announced earlier in the year. As a data analytics business servicing the fleet management and insurance industries, the business sits at the intersection of AI and IoT with all its solutions being cloud delivered.

The fund also has a strong and measurable impact objective and, via its participation in the build out of Africa's digital infrastructure, will boost entrepreneurship, innovation, skills development and job creation though massively boosting access to the internet and all the critical digital tools it offers.



Go1 raises \$200m in Series D funding

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Driving digital inclusion in Africa

Africa remains by far the most underserved region in terms of broadband and digital technology access. Despite the advances in the rollout of digital infrastructure on the Continent, fixed broadband penetration in sub-Saharan Africa still lags far behind at about 7% of the population. There is a massive investment opportunity that still exists to address digital inclusion with the World Bank estimating that more than US\$100 billion of capital is required to bring sub-Saharan Africa to acceptable levels of digital access by 2030.

Says Brandon Doyle, CEO of Convergence Partners, "we are delighted to have achieved this milestone particularly given the headwinds in African PE fundraising generally, and the impact of the Covid pandemic on business activity, over the past 12 months. We are very pleased with the level of support from both repeat and new investors and believe this reflects our solid track record and the opportunity CPDIF presents at this crucial time in both a tech and African context."

CPDIF is a continuation of the strategy that has been successfully implemented by Convergence Partners since inception in 2006 across its funds under management. In the past 15 years, Convergence Partners has invested in submarine cable systems, geostationary satellites, terrestrial long-haul, metro and access fibre, wireless networks, data centres, as well as service provision delivered by these networks such as enterprise connectivity, SD-WAN, fintech and healthtech solutions, data switching and more.

Andile Ngcaba, chairman of Convergence Partners, added, "in the past 20 years, we have witnessed the exponential growth of internet penetration on the African continent. Internet penetration in sub-Saharan Africa alone has grown tenfold, compared to the threefold increase the rest of the world has seen. As Convergence Partners, we pride ourselves on contributing to this growth through our numerous communication infrastructure investments across the Continent.

"However, the Covid-19 pandemic has shown us that there is still much work to drive digital inclusion. Today, Africa is experiencing the highest growth in international internet bandwidth compared to any other region in the world. As we embark on this journey as CPDIF, the next twelve years will be spent continuing to build on our original vision of ubiquitous pan-African communications.

"As the African Continental Free Trade Area (AfCFTA) commences in the same year, we embark on the next step of our journey as Convergence Partners. We believe that AfCFTA will benefit immensely from the availability of digital infrastructure. Our greatest strength is our knowledge of technology, investments, and deep understanding of the African market and cultures."

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