



A non-Traditional Approach to Impact Venture Capital Investment in Africa

An IHV2-Oriented Interpretation of the *Rethinking Venture Capital*
2025 White Paper

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Executive Summary

The global venture capital (VC) industry is undergoing a period of strategic reassessment. While **traditional VC models** have delivered extraordinary returns in mature technology ecosystems, mounting evidence suggests that **these models are poorly suited to emerging and frontier markets**, particularly where structural market failures, institutional gaps, and social priorities dominate enterprise dynamics.

The *Rethinking Venture Capital 2025* White Paper argues that the next generation of venture capital must move beyond **financial engineering and speed-driven scaling** toward **long-term value creation rooted in governance, operating capability, and ecosystem resilience**.

This Background Note builds on that argument through the lens of **4IP Group's Invisible Heart Ventures II (IHV2)**, drawing directly on **4IP-IHV2's Investment Thesis**, which articulates a **non-traditional, impact-first approach to VC in Africa and emerging markets**

IHV2 represents a **practical, investable response** to the shortcomings of traditional VC—one that integrates diaspora capital, faith-informed stewardship, gender inclusion, and climate resilience into a disciplined venture strategy.



1. Why Venture Capital Must Be Rethought in Emerging Markets

Conventional VC models were designed for environments characterized by:

- Deep exit markets
- High liquidity
- Strong institutions
- Rapid technology adoption
- Abundant follow-on capital

Most emerging markets—particularly in Africa—do not meet these conditions.

As highlighted in 4IP-IHV2 Investment Thesis, applying Silicon Valley-style VC logic in African and other EMEs has often resulted in:

- **Premature scaling**
- **Founder dilution without capability transfer**
- **Mission drift**
- **Fragile enterprises optimized for fundraising rather than resilience**

The *Rethinking VC 2025* White Paper similarly observes that **speed, valuation inflation, and exit-centric incentives systematically undermine enterprise durability** in non-core markets.

IHV2 starts from a different premise:

Venture capital in EMEs must first solve for resilience, governance, and ecosystem embeddedness before optimizing for exit velocity.

2. Structural Limitations of Traditional VC in Africa and EMEs

Traditional VC assumes that:

- Capital is the primary constraint
- Founders require minimal operational support
- Markets will self-correct inefficiencies

However, evidence from African VC cycles shows that **capital without capability often amplifies risk rather than mitigating it.**

Key structural mismatches include:

a) Capital–Capability Mismatch

Many ventures fail not due to lack of demand, but due to:

- Weak governance structures



- Underdeveloped financial controls
- Poor regulatory navigation

Traditional VC rarely prices or supports these realities.

b) Exit Fallacy

Exit pathways in EMEs are:

- Fewer
- Slower
- More strategic than financial

Yet most VC funds retain **exit timelines imported from developed markets**, creating **misalignment** between LP expectations and market reality.

c) Impact as a Residual, Not a Driver

In many “impact VC” funds, impact is layered onto:

- Tech-first
- Platform-first
- Valuation-driven strategies

4IP-IHV2 Investment thesis critiques this approach, arguing that **impact must shape investment selection, governance, and value creation from inception**, not be retrofitted ex post

3. From Capital Extraction to Capital Stewardship

The *Rethinking VC 2025* White Paper introduces a fundamental shift: **from capital extraction → to capital stewardship**.

This shift has three implications that are central to IHV2:

1. Time Horizon Extension

Value in EMEs compounds through:

- Trust
- Institutional learning
- Ecosystem depth

IHV2 explicitly adopts a **patient capital orientation**, avoiding financial engineering that sacrifices long-term enterprise health.

2. Stewardship over Control

Instead of aggressive control rights, stewardship emphasizes:



- Governance quality
- Founder capability
- Ethical alignment

IHV2's GP model reflects this by prioritizing **board-level engagement, covenant design, and mission protection.**

3. Shared Value Creation

Returns are generated by strengthening:

- Value chains
- Employment systems
- Market infrastructure

Not merely by extracting firm-level multiples.

4. The Strategic Role of Diaspora Capital

A central contribution of 4IP-IHV2 is its articulation of the **diaspora as a strategic investment actor**, not merely a remittance source.

Diaspora investors uniquely combine:

- Cultural fluency
- Market access
- Risk tolerance
- Long-term commitment

The *Rethinking VC 2025* White Paper echoes this by highlighting the importance of **“embedded investors”**—those with contextual intelligence and relational capital.

IHV2 operationalizes this insight by:

- Prioritizing diaspora-led and diaspora-connected founders
- Leveraging diaspora networks for sourcing, governance, and follow-on capital
- Treating diaspora capital as **patient, catalytic, and reputationally aligned**

5. Faith-Driven and Values-Based Capital as an Investment Advantage

Faith-driven capital is often misunderstood as concessionary. Both the *Rethinking VC 2025* framework and 4IP-IHV2 Investment thesis argue the opposite.

Values-based capital contributes:

- Lower moral hazard



- Stronger founder discipline
- Higher mission consistency
- Reduced governance friction

Faith-aligned investors are often:

- Longer-term oriented
- Less exit-obsessed
- More tolerant of early volatility

IHV2 integrates faith-driven principles not as ideology, but as **a governance and incentive stabilizer**, particularly in fragile operating environments.

6. Ecosystem-Led Venture Capital

Traditional VC optimizes for **firm-level alpha**.

IHV2 adopts an **ecosystem-led model**, consistent with the *Rethinking VC 2025* emphasis on system-building.

This includes:

- Value chain development
- Policy alignment
- SME finance infrastructure
- Talent and capability pipelines

As argued in 4IP-IHV2 Investment thesis, **ecosystems—not individual firms—ultimately determine scalability in EMEs**.

IHV2 therefore acts as:

- Investor
- Convenor
- Platform builder

Rather than a passive allocator of capital.

7. Operator-Led GP Models and Impact-Integrated Value Creation

Both source documents converge on a key insight:

Financial returns in EMEs are driven more by execution quality than by multiple arbitrage.

IHV2's operator-led GP model reflects this by embedding:

- Impact measurement into operating decisions
- Gender inclusion into workforce and product design



- Climate resilience into revenue durability

This aligns with the *Rethinking VC 2025* call for **impact-integrated value creation**, where impact intelligence enhances—not constrains—financial performance.

8. Governance, Incentives, and Impact Integrity

Weak governance is a leading cause of VC underperformance in EMEs.

IHV2 addresses this through:

- Strong GP capital alignment
- Advisory boards with regional, faith, and impact expertise
- Impact-linked carry mechanisms

As emphasized in 4IP-IHV2 Investment thesis, **governance is the primary transmission mechanism between values and outcomes**

9. Implications for LPs and Founders

For LPs:

- Exposure to real-economy growth
- Reduced downside risk through governance and ecosystem depth
- Credible impact with institutional discipline

For Founders:

- Capital that strengthens enterprise resilience
- Partners, not financiers of last resort
- Protection from extractive growth dynamics

10. Conclusion: IHV2 as a Practical Expression of “Rethinking VC”

Invisible Heart Ventures II is not a theoretical response to the critique of venture capital. It is a **practical, investable embodiment** of the principles articulated in the *Rethinking Venture Capital 2025* White Paper and 4IP-IHV2 Investment thesis.

IHV2 demonstrates that venture capital in emerging markets can be:

- Disciplined without being extractive
- Impact-driven without being concessional



- Values-based without sacrificing returns

In doing so, it offers LPs and founders a **credible alternative** to legacy VC models—one built for the realities, responsibilities, and opportunities of emerging markets in the decade ahead.



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Annex A: Invisible Heart Ventures II

An Impact Venture Capital Fund Built on Conviction, Stewardship, and Long-Term Value Creation

Invisible Heart Ventures II (IHV2) is a purpose-driven impact venture capital fund Co-led by Dr. Christian Kingombe, Managing Partner of **4IP Group**, a Swiss-based impact investing advisory boutique with almost a decade of experience at the intersection of capital markets, sustainable development, and values-based investing. IHV2 is designed for **Limited Partners seeking disciplined, impact-integrated returns**, and for **founders seeking a principled, long-term General Partner** who acts as a **steward** rather than an extractive financier.

IHV2 deliberately departs from the prevailing “*growth-at-all-costs*” *venture capital paradigm*. Instead, it is built on the conviction that **financial performance, real-world impact, and moral responsibility are not trade-offs, but mutually reinforcing drivers of enduring value**.

A Distinctive Investment Thesis Anchored in Integrity and Impact

IHV2 focuses on **diaspora-led, climate-smart, and faith-aligned ventures** operating across **Eastern Africa and select emerging markets, including India**. These enterprises typically sit at the intersection of commercial viability and deep societal relevance—addressing food security, climate resilience, inclusive finance, essential services, and technology for human flourishing.

The fund’s thesis is informed by global evidence on private capital allocation practices and investor decision-making, including insights from the IFC-led Global Private Capital Investors Survey, which highlights the growing importance of **deal selection discipline, operational value creation, and governance quality** in driving long-term outcomes.

IHV2 translates these insights into a **highly selective sourcing strategy**, prioritizing ventures where:

- **Impact** is embedded in the core business model, not appended as an afterthought.
- **Founders** demonstrate ethical leadership, resilience, and long-term commitment.
- **Growth trajectories** are ambitious but realistic within local market constraints.

An Active, Values-Driven General Partner Model

At the heart of IHV2 is a **deeply engaged General Partner approach**. 4IP Group does not position itself as a distant allocator of capital, but as an **active partner to founders**, offering strategic guidance, governance support, and impact discipline throughout the investment lifecycle.

This approach is shaped by extensive practical experience and external benchmarking exercises conducted with leading academic institutions, including Duke University’s CASE i3 initiative,



which emphasizes **hands-on engagement, rigorous analysis, and alignment between capital providers and real-economy outcomes**

Key elements of the GP model include:

- **Board-level engagement** focused on strategy, ethics, and mission protection.
- **Operational support** in impact measurement, capital structuring, and investor readiness.
- **Patient capital orientation**, avoiding short-term financial engineering that undermines enterprise resilience or founder integrity.

For founders, this means working with a GP who is **known for integrity, faith-informed values, and consistency between word and action**. For LPs, it means confidence that capital is stewarded responsibly, transparently, and in alignment with stated objectives.

A Credible and Rigorous Impact Management Framework

IHV2 embeds impact management and measurement (IMM) at the same level of rigor as financial analysis. Building on internationally recognized standards (including IRIS+, SDG Impact Standards (the Co-GP being an accredited trainer), and GIIN-aligned practices), the fund applies a **theory-of-change-driven investment process** that links capital deployment directly to measurable social and environmental outcomes.

Unlike many funds that rely on high-level ESG narratives, IHV2 emphasizes:

- Clear **ex-ante** articulation of intended impact.
- **Ongoing monitoring** using practical, decision-relevant indicators.
- **Transparent reporting** to LPs that integrates impact performance with financial results.

This **disciplined IMM approach** directly responds to LP expectations identified in global investor research, where credibility, verifiability, and governance are increasingly decisive factors in capital allocation decisions

Thoughtful Fund Governance and Alignment of Interests

IHV2 is structured to promote **trust, accountability, and long-term alignment** between LPs, the GP, and portfolio companies. Governance mechanisms are intentionally designed to **avoid the incentive distortions** often seen in traditional VC funds.

Key governance characteristics include:

- Strong GP commitment and personal capital alignment.
- Advisory structures that incorporate impact, faith-based, and regional expertise.



- A balanced approach to risk management, particularly in frontier and emerging markets.

By prioritizing governance quality and transparency, IHV2 directly addresses one of the most cited concerns among private capital investors: the need for **credible first-time and emerging managers who demonstrate institutional discipline from day one**

A Compelling Proposition for Limited Partners and Founders

For **Limited Partners**, IHV2 offers:

- **Access to differentiated deal flow** in undercapitalized but high-potential markets.
- **A fund manager** with deep impact expertise and global credibility.
- **A clear, values-consistent investment strategy** that aligns fiduciary duty with moral purpose.

For **Founders**, IHV2 offers:

- A General Partner who invests with **conviction, patience, and respect**.
- Capital that strengthens—not compromises—**the mission and culture** of the enterprise.
- A partnership rooted in **trust, shared values, and long-term success**.

Conclusion: Capital with a Conscience, Returns with Responsibility

Invisible Heart Ventures II is not merely another impact fund. It is a **statement of intent**: that venture capital can be **principled without being naïve, disciplined without being extractive, and ambitious without losing its soul**.

In a crowded landscape of funds competing for attention, IHV2 stands apart by placing **integrity, faith-informed leadership, and real impact** at the center of its investment philosophy—offering LPs and founders alike **a rare opportunity to participate in value creation that endures** economically, socially, and morally.



Annex B: LP-ready “Fund Overview & Differentiation” section, in Private Placement Memorandum (PPM)

Invisible Heart Ventures Fund II (IHV II)

Fund Overview, Investment Thesis, and Differentiation

1. Fund Purpose and Mission

Invisible Heart Ventures Fund II (“IHV II” or the “Fund”) is a Luxembourg-domiciled impact venture capital fund co-led by Dr. Christian Kingombe, Managing Partner of **4IP Group**, a Swiss-based impact investing platform with deep operating, advisory, and ecosystem-building experience across Africa and emerging markets.

The Fund’s mission is to invest in **early- and growth-stage enterprises delivering climate-smart agriculture and SME-enabling solutions across East Africa and India**, with an explicit focus on **gender inclusion, income growth, resilience, and access to essential services for underserved households**. Beyond backing individual ventures, IHV II seeks to **catalyze sector ecosystems** by unlocking follow-on capital, strengthening value chains, and accelerating the adoption of sustainable business models capable of generating long-term, systemic impact.

IHV II is designed for Limited Partners (“LPs”) seeking **commercially disciplined exposure to high-growth emerging markets**, while partnering with a General Partner (“GP”) whose approach is grounded in **integrity, stewardship, and long-term value creation**, rather than extractive venture capital practices.

2. Investment Rationale: Why East Africa and India

East Africa and India represent two of the most compelling impact-driven growth regions globally, characterized by strong demographic momentum, structural market gaps, and accelerating policy and capital tailwinds.

Key drivers include:

- **Agriculture and Food Systems Transformation**
Africa’s agrifood economy is projected to approach **US\$1 trillion by 2030**, while global food demand is expected to rise by approximately **70% by 2050**. East Africa faces acute exposure to climate volatility, creating strong demand for climate-resilient production, logistics, and nutrition solutions.
- **MSME Finance and Productivity Gap**
Across East Africa and India, unmet MSME credit demand is conservatively estimated at **US\$290–420 billion**, constraining enterprise growth, employment creation, and value-chain upgrading.
- **Youth Employment and Skills**
Rapidly expanding youth cohorts drive demand for job platforms, workforce solutions, and SME productivity tools capable of scaling employment and incomes.
- **Gender-Lens Opportunity**
Women’s economic participation represents a high-multiplier investment opportunity, with growing global LP demand for gender-smart capital aligned with initiatives such as the **2X Challenge**.
- **Catalytic Capital Tailwinds**
Increasing DFI participation, blended-finance instruments, and climate-finance frameworks



are lowering the cost of capital and enabling private investors to enter previously underfunded sectors at scale.

This convergence of **demographics, climate urgency, and policy momentum** creates a unique window for disciplined venture capital to generate both attractive returns and durable impact.

3. Investment Strategy and Thematic Focus

IHV II invests in **Seed (rare) to Series A and selective Series B enterprises** with demonstrated revenues and scalable impact models. The Fund targets around **20 core portfolio companies**, with typical ticket sizes of **US\$1–5 million**.

Investments are concentrated across four interrelated **thematic windows**:

(i) Climate-Smart Agriculture and Value Chains

Including regenerative ag-tech, precision productivity, climate adaptation services, cold-chain logistics, and nutrition-focused platforms. These sectors offer large addressable markets, strong climate-finance eligibility, and measurable resilience outcomes.

(ii) Youth Employment and SME Enablement

Covering digital marketplaces, workforce platforms, SME working-capital technologies, receivables and inventory finance, and productivity-enhancing tools that expand jobs and firm-level performance.

(iii) Gender-Smart Systems Investing

A cross-cutting lens emphasizing women founders, workforce inclusion, supply-chain participation, and products designed for women consumers. Gender integration is embedded throughout the investment lifecycle, translating inclusion into enterprise performance.

(iv) Climate Resilience and Essential Services

Including distributed energy, green logistics, trade-enabling infrastructure, health, and education technologies that strengthen climate adaptation while meeting daily economic needs.

Geographically, the Fund focuses on **East Africa (EAC, Ethiopia and Zambia)**, with selective thematic extension into **India**, particularly where cross-regional innovation and scalable business models are evident.

4. Differentiated General Partner Model

4IP Group operates as an **active, operator-led GP**, combining investment discipline with ecosystem engagement. The GP's approach is defined by:

- **Proprietary sourcing** through regional advisory boards, accelerators, DFIs, and policy-linked networks.
- **Hands-on portfolio engagement**, including governance, impact integration, and capital structuring support.
- **Ecosystem-building orientation**, facilitating partnerships among enterprises, investors, and public actors.

This model positions IHV II as a **long-term steward of capital**, aligning founder success, LP interests, and societal outcomes, rather than pursuing short-term financial optimization.

5. Impact Management, Measurement, and Integrity

IHV II embeds **impact intelligence directly into enterprise value creation**. The Fund's Impact Management and Measurement ("IMM") system is aligned with **IRIS+, SDG Impact Standards**, and global best practice.

Core elements include:

- Clear articulation of intended impact at investment entry.



- Quarterly monitoring of income-related KPIs.
- Annual independent verification of SDG and gender outcomes.
- **Impact-linked carry**, with up to **10% of GP carry contingent on achieving predefined impact thresholds**.

This structure ensures **accountability, credibility, and alignment** between financial performance and impact outcomes.

6. Governance, Risk Management, and LP Alignment

IHV II is structured to address the principal risks associated with emerging market venture investing:

- **Portfolio construction** balances concentration with thematic diversification to reduce correlated commodity and climate exposure.
- **FOREX and liquidity management** emphasize hard-currency revenues, local pricing power, and the selective use of local debt and receivables finance.
- **Enhanced due diligence** leverages external technical partners for climate, gender, and sector expertise.
- **LP structuring flexibility**, including optional faith-aligned sleeves and customized reporting for mission-aligned investors.

7. Conclusion

Invisible Heart Ventures Fund II represents a **next-generation impact venture capital platform**—combining institutional-grade investment discipline with deep integrity, faith-informed stewardship, and ecosystem-level ambition.

For LPs, IHV II offers access to **high-growth, undercapitalized markets** through a GP committed to transparency, alignment, and long-term value creation. For founders, it provides patient, principled capital that strengthens—not compromises—mission and resilience.

IHV II is founded on the conviction that **capital, when deployed with discipline and conscience, can deliver enduring financial returns while advancing inclusive and climate-resilient economic transformation**.