SMI AFRICA COUNCIL

Sustainable Markets Initiative (SMI) GEMs 3.0 Journey to MVP: Co-creating a disruptive institutional investment platform for Africa and Emerging Markets, tested and validated with investors and ecosystem partners

JUNE 2025

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Sustainable Markets Initiative

GEMs 3.0 SURVEY REPORT OUTLINE

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GEMs 3.0 Institutional Investor User Survey Report

Ai driven asset allocation as an investment opportunity and enabler for long term global investors:

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GEMs 3.0 Institutional Investor User Survey Report

1. Foreword

In today's rapidly evolving investment landscape, AI-driven asset allocation is emerging as a game changer for sophisticated long-term global institutional investors. By leveraging advanced data analytics, robust climate data, and cutting-edge technology, this paradigm shift is not only enhancing portfolio performance and risk management but also aligning investments with sustainable, future-oriented economic goals. In parallel, the growing global commitment to reducing carbon emissions has spurred heightened interest in transition financing—an essential driver for supporting companies and projects as they move toward low-carbon solutions.

This GEMs3.0 survey briefing, captures the pulse of institutional investors at a critical juncture. The GEMs3.0 Institutional Investor User Survey delves into current investor sentiment, data needs, and strategic considerations, and the growing body of international research highlighting how AI-driven asset allocation can optimize risk-adjusted returns and portfolio resilience which reveal:

Enhanced Data Integration & Risk Management

Investors now harness high-quality climate and sustainability data, using AI to unearth deeper insights into risk factors and opportunities across asset classes.

Growing Commitment to Long-Duration Assets

A noticeable shift toward infrastructure and long-term investments underscores the pursuit of stable, sustainable returns.

Unlocking Value through AI & Technology

Advanced AI applications are transforming traditional investment frameworks, enabling real-time decision-making and optimized, risk-adjusted performance.

Expanding Opportunities in Emerging Markets

AI-driven insights are proving vital for identifying and navigating the complexities of emerging markets and developing economies.

Leadership in Sustainable & Climate-Conscious Investing

Asset owners are increasingly taking a proactive role in integrating climate action into their mandates, ensuring that investments drive both financial and environmental value.

Future-Proofing Financial Infrastructure

The evolution of financial data and market transparency through AI innovations is pivotal for sustaining long-term resilience and growth.

The GEMs3.0 platform is a strategic initiative that equips institutional investors with actionable insights to drive portfolio transformation in the low-carbon transition economy in emerging markets and developing economies. As asset owners seek to secure enhanced climate and nature risk-adjusted returns while championing sustainable progress, the integration of AI-driven asset allocation becomes not only an investment opportunity but a critical enabler for future success.

We invite you to explore the findings of this report and join us in advancing a future where technology and sustainability converge to create lasting value for global capital markets as scale and speed.

GEMs 3.0 Institutional Investor User Survey Report

2. Executive Summary

This report summarizes the findings of the GEMs 3.0 Institutional Investor User Survey, which aimed to understand institutional investors' practices, data needs and perspectives regarding **unlocking value from** technology and AI for transition financing and low-carbon investments in emerging markets and developing economies. The survey was administered to institutional investors representing over $6trn of assets under advisement and management between January 17, 2025, and May 1, 2025.

Global survey respondents representing over $6trn of assets under management and advisement from the following categories participated in the GEMs3.0 survey:

- **Pension Funds**
- **Sovereign Wealth Funds**
- **Insurance**
- **Hedge Funds**
- **Investment Consultants**
- **Asset Managers**
- **Banks**

Key results motivations, sector preferences, data needs and geographies indicate that:

Investment returns (90.00%), government incentives (55.00%), and technological innovation (34.75%) are the main drivers behind transition financing strategies.

Renewable energy infrastructure (84.95%), energy-efficient technologies (79.95%), and electric vehicles and charging infrastructure (64.95%) are the top low-carbon asset classes of interest.

Comprehensive ESG data (100%) and third-party verification (94.95%) are considered crucial for effective decision-making in low-carbon investments.

Europe (94.95%), North America (84.95%) and Asia (64.95%) are the priority regions for transition financing opportunities.

These findings offer a clear picture of institutional investor current priorities and emphasize the critical role of robust risk data, verification processes, and targeted policy incentives in shaping investment decisions.

2. Introduction

The advent of AI-driven asset allocation is reshaping long-term investment strategies by integrating advanced data analytics, robust climate data, and cutting-edge technology into the decision-making and asset allocation process.

This innovative approach not only enhances portfolio performance and risk management but also aligns investments with sustainable, future-oriented economic goals. In parallel, global efforts to reduce carbon emissions and transition to sustainable energy sources have spurred increased interest in “transition financing,” which supports companies and projects moving toward low-carbon solutions.

Against this backdrop, the GEMs 3.0 Institutional Investor User Survey was designed to capture current investor sentiment, data needs, and strategic considerations in this rapidly evolving space.

This report details the survey’s objectives, methodology, and key findings, offering actionable insights for institutional investors , financial institutions, and market participants seeking to optimise portfolio resilience and enhance the effectiveness of AI-driven asset allocation to risk-adjusted low-carbon economy transition investments in emerging markets and developing countries.

GEMs 3.0 Institutional Investor User Survey Report

3. Methodology

01 Survey Period:
January 17 – May 1, 2025

02 Participants:
20 institutional investors, including pension funds, asset managers, insurance companies, and other large-scale investment entities.

03 Survey Format:
Online questionnaire, consisting of 23 questions categorized into four main sections:

1. Organization details
2. Transition financing and low-carbon investments
3. Data requirements and access
4. Verification and integration of data

Responses were collected anonymously to encourage candid feedback. Participation was voluntary, and results were aggregated to present overall trends rather than individual responses.

GEMs 3.0 Institutional Investor User Survey Report

4. Survey Topics

4.1 Organization Details (Q1–Q6)

These questions collected background on participant organizations, including size (assets under management), location, and investment focus. The information helps contextualize subsequent responses by providing a baseline of the types of institutions surveyed.

4.2 Transition Financing & Low-Carbon Investments (Q7–Q15)

This section delved into how investors approach transition financing, their motivations, and the specific sectors or technologies of interest for low-carbon investments.

4.3 Data Requirements & Access (Q16–Q20)

Investors were asked about the types of data they deem essential for making informed decisions on transition financing, including ESG metrics, financial performance indicators, and macroeconomic data.

4.4 Verification & Integration of Data (Q21–Q23)

This section assessed the importance of third-party verification and real-time data integration in the investment decision-making process, highlighting any barriers or challenges in accessing reliable information.

GEMs 3.0 Institutional Investor User Survey Report

5. Key Findings

5.1 Transition Financing Strategies

- **Investment Returns (90.00%)**
Most respondents prioritize potential returns on capital when evaluating transition-financing opportunities. This underscores the necessity of demonstrating strong financial performance alongside sustainability goals.
- **Government Incentives & Policy Support (55.00%)**
Governmental policies and subsidies emerged as a significant catalyst. Investors indicated that clear policy frameworks and incentives can reduce uncertainties and encourage longer-term commitments.
- **Technological Innovation (34.75%)**
Advances in clean technology (e.g., breakthroughs in energy storage or carbon capture) were also highlighted, albeit by a smaller portion of respondents. This suggests room for growth in awareness or confidence in emerging technologies.

5.2 Low-Carbon Investments

- **Renewable Energy Infrastructure (84.95%)**
Most investors are interested in infrastructure tied to renewable energy sources, such as wind, solar, and hydroelectric projects.
- **Energy-Efficient Technologies & Green Buildings (79.95%)**
A substantial segment prioritizes investments that offer immediate energy savings and long-term sustainability benefits, such as retrofitting and green construction.
- **Electric Vehicles & Charging Infrastructure (64.95%)**
Growing interest in electrified transportation signals a broader move toward decarbonizing mobility sectors.

5.3 Data Requirements

- **Comprehensive ESG Data (100%)**
Every respondent emphasized the need for thorough environmental, social, and governance metrics to evaluate the sustainability credentials of potential investments.
- **Financial Performance & Risk Data (94.95%)**
Nearly all participants require detailed financial analysis, highlighting the integration of ESG assessments with traditional risk-return evaluations.
- **Geopolitical & Macroeconomic Risk Data (84.95%)**
International and regional dynamics are pivotal considerations for global investors, reinforcing the importance of scenario planning and risk assessments.

5.4 Data Verification & Integration

- **Third-Party Verification (100%)**
All respondents value independent verification of ESG and performance data, underscoring the importance of credibility and trust in the reporting process.
- **Real-Time Data Integration (94.95%)**
Nearly all investors seek immediate data feeds and analytics, suggesting that up-to-date information is essential for staying ahead of market shifts and regulatory changes.

5.5 Investment Instruments

- **Equity Investments (84.95%)**
Public and private equity remain popular vehicles for channelling capital into transition-focused companies.
- **Green Bonds (59.95%)**
Over half of the respondents use or are interested in green bonds, recognizing their ability to direct funds toward sustainable projects while offering predictable returns.
- **Tokenized Assets (34.95%)**
A smaller but notable segment is open to digital/crypto-based instruments, indicating an emerging frontier for alternative financing

Multilateral Trading Facilities (MTFs)

Multilateral Trading Facilities (MTFs) play a pivotal role in the GEMs3.0 platform by serving as regulated, transparent venues for the listing, trading, and aggregation of green industrialization, investable NDC aligned financial instruments.

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6. Conclusions & Recommendations

Conclusions:

01

Balancing Financial Returns with Sustainability

The top priority for institutional investors remains strong financial returns, but there is clear recognition of the value in supporting a global transition to lower carbon emissions.

02

Importance of Policy and Regulation

More than half of respondents highlight government incentives as a primary driver, indicating that stable, supportive policy environments are critical for scaling transition financing.

03

Data Integrity and Timeliness

Investors overwhelmingly demand robust, independently verified ESG data and real-time updates, signalling a need for enhanced data infrastructure and reliable reporting standards.

Recommendations:

01

Policy Engagement

Governments and regulatory bodies can foster more effective transition financing strategies by offering consistent incentives, transparent guidelines, and supportive legislation.

02

Technological Partnerships

Financial institutions and technology firms should collaborate to develop user-friendly platforms that provide accurate, real-time ESG and market data.

03

Expanded Verification Standards

Organizations offering third-party verification services should continue refining and standardizing metrics to build investor confidence and comparability across different projects.

04

Regional Diversification

While Europe and North America dominate current investment interest, opportunities in Asia and emerging markets may warrant increased attention as policy and market conditions evolve.

GEMs 3.0 SURVEY RESULTS

02

GEMs 3.0 Institutional Investor User Survey

Question Summaries | Data Trends | **Individual Responses**

Respondent #20

Complete

Started:	Monday, February 24, 2025 3:28:26 AM
Last Modified:	Monday, February 24, 2025 3:44:21 AM
Time Spent:	00:15:54
IP Address:	102.89.23.204

GEMs 3.0 Institutional Investor User Survey

Question Summaries | Data Trends | **Individual Responses**

Q1

Survey Participant First Name

Q2

Survey Participant Surname

Q3

Survey Participant Organisation

Q4

Survey Participant Role

Q5

Survey Participant Organisation CEO

Q6

Survey Participant Email Address

Q7

Survey Participant Phone Number

GEMs 3.0 Institutional Investor User Survey

Question Summaries | Data Trends | **Individual Responses**

Q8

Is your organisation an SMI Member?

Yes

Q9

What is your organization's primary industry?

Other (please specify):
International Finance

Q10

What is the total value of assets under management (AUM) for your organization? ($ USD)

Over $50 billion

Q11

Where is your organization primarily based?

North America

Q12

What is your role within your organization?

Other (please specify): MD - Head of Africa

Q13

What is the current share of your portfolio dedicated to transition financing and low-carbon investments?

Less than 5%

Q14

How do you foresee your organization's allocation to transition financing changing in the next 3 to 5 years? (1 = Significant Decrease, 5 = Significant Increase)

(no label) 3

GEMs 3.0 Institutional Investor User Survey

Question Summaries | Data Trends | **Individual Responses**

Q15

When considering investments in transition financing, which regions are a priority for your organization? (Select all that apply)

- Africa
- Europe
- North America
- Asia
- Latin America

Q17

What investment instruments are you most interested in using for transition financing? (Select all that apply)

- Green Bonds
- Sustainability-linked Loans and Bonds
- Infrastructure Funds
- Tokenized Assets

Q16

What specific asset areas are you most interested in within the low-carbon transition financing space? (Select up to 3)

- Renewable Energy Infrastructure (Solar, Wind, Hydro)
- Energy-efficient Technologies and Green Buildings
- Green Bonds and Sustainable Fixed-income Instruments

Q18

What are the key drivers for your organization's transition financing strategies? (Select Top 3)

- ESG Mandate/Regulatory Pressure
- Market demand for Sustainable Investment Products
- Pressure from Stakeholders (Shareholders, Clients, etc.)

GEMs 3.0 Institutional Investor User Survey

Question Summaries | Data Trends | **Individual Responses**

Q19

What are your organization's most critical future data requirements for low-carbon transition financing? (Select all that apply)

- Comprehensive ESG Data (including Carbon Emissions Data)
- Government and Regulatory Policy Updates
- Transaction Cost and Liquidity Data

Q20

Which types of data do you find hardest to access or least reliable for low carbon investments? (Select all that apply)

Real-time ESG Metrics

Q21

How important is third-party verification of the data used for your investment decisions? (1 = Not Very Important, 5 = Very Important)

(no label) 5

Q22

How important is real-time data integration for your organization's investment decision-making process? (1 = Not Very Important, 5 = Very Important)

(no label) 5

GEMs 3.0 Institutional Investor User Survey

Question Summaries | Data Trends | **Individual Responses**

Q23

Which existing tools or platforms do you currently (Select all that apply)

- Bloomberg
- FactSet
- Excel-based models
- S&P Capital IQ Pro

Q25

What is your preferred jurisdiction for data venues or execution platforms domicile and regulation?

Other (please specify):
All of the above

Q24

What kind of data venues or execution platforms would you prefer for your low-carbon transition investments? (Select all that apply)

Direct Market Access (DMA) for Low-Carbon Securities

Q26

What specific technical tools would be most useful for your organization to support low-carbon transition investments? (Select Top 3)

- AI-Driven Analytics Tools for Asset Selection and Portfolio Optimization
- Predictive Modelling and Risk Analysis Tools
- Regulatory Compliance Tracking Tools

GEMs 3.0 Institutional Investor User Survey

Q27

What emerging technologies or platforms are you most excited about for enhancing low-carbon investment strategies?

Machine Learning and Deep Learning

Q28

How important is it for you to incorporate AI-driven, risk-adjusted asset allocation tools in your investment process? (1 = Not Very Important, 5 = Very Important)

(no label) 5

Q29

Which of the following AI functionalities would be most valuable to you in an asset allocation platform? (Select up to 3)

Other (please specify):
Not Applicable to the business we do in Africa

Q30

What is your organization's typical timeline for adopting new platforms or technologies?

More than a year

GEMs 3.0 Institutional Investor User Survey

Question Summaries | Data Trends | **Individual Responses**

Q31

What is your organization's preferred investment horizon for low-carbon or SDG-oriented assets? (Years)

(no label) ≥ 5

Q32

Is there any other data or tool offering, not mentioned in this survey, that would drastically improve your ability to make decisions about low-carbon transition investments?

No

GEMs 3.0 WAVESPACE SESSION

03

An estimated $6-8 trillion of investment opportunities are required for Africa's transition to the green economy to 2050 (less than 2% of global investment today)

Category	Subcategory	Investment (USD)
Renewable Energy		**$1.2-1.5 Trillion**
	Solar Power	$500-600 billion
	Wind Power	$200-300 billion
	Hydropower and Geothermal	$150-200 billion
Green Building and Urban Infrastructure		**$.9-1.2 Trillion**
	Sustainable Construction and Smart Cities	$700-900 billion
	Sustainable Green Transport	$200-300 billion
Sustainable Agriculture and Water Management		**$400-700 billion**
	Green Agriculture	$300-400 billion
	Water Management	$100-200 billion
Electric Mobility$700-900		**$700-900 billion**
	Electric Vehicles and Infrastructure	$500-600 billion
	Public Transport	$200-300 billion
Carbon Markets and Climate Finance		**$1.9-2.5 trillion**
	Carbon Markets	$400-500 billion
	Climate Finance	$1.5-2 trillion
Circular Economy Initiatives		**$250-400 billion**
	Recycling and Waste-to-Energy	$200-300 billion
	E-Waste Management	$50-100 billion
Digitalization and Smart Infrastructure		**$200-300 billion**
	Smart Grids and Energy Management	$150-200 billion
	Green Data Centers	$50-100 billion
Policy and Regulatory Support		**$400-500 billion**

The GEMS 3.0 Opportunity

Structural Challenges

- Misalignment in incentives and models of syndication in development banks and not focused on private capital
- Misalignment of data between MDBs and private sector leads to mistrust
- Misalignment of time between investing periods and deal reviews
- Misalignment in terms of pricing and expectations of risk

Current Limitations

- Negative biases and data gaps for emerging markets
- Unwarranted negative African risk ratings
- Hidden rating methodologies
- Over-reliance on structured data
- Stereotypical high-risk views
- Very low transparency and view of deal flow in a standardized way

GEMS 3.0 Benefits

- AI-driven balanced risk assessment
- Transparent, open-source methodology
- ESG/SDG and nature accounting integration
- Alternative data filling critical gaps
- Expert network input integration
- Dynamic portfolio construction
- Multi-stakeholder barrier resolution
- Enhanced core-EM asset bundling

Potential Impact: Increase EM portfolio allocations from 3% to 20%+

FIRST SANDBOX USE CASE: BLENDED INVESTMENT & GREEN INFRASTRUCTURE / IIPPS

How might we unlock institutional capital for **Grid and Transmission Infrastructure** as an investable NDC-aligned asset class in South Africa, as a scalable model for the continent

EY GEMs 3.0 Workshop Summary: High-Level MVP Concepts Discussed

Our brainstorm centred around how a multi-sided platform could disrupt current established ways of allocating by providing standardization, transparency, and matching of institutional investors to bankable NDC-aligned asset classes and bankable projects

Producer Segments: Data Owners

- Project Data
- Grid Projects data
- ESG / SDG data
- Credit and counterparty risk data
- Technical Risk Data
- Macroeconomic and Market Risk Data
- Insurance and Climate Resilience Risk Data
- Other Unstructured Data

Interaction

- Intuitive user interface (Asset allocation <5 clicks)
- Notification of new deal (blind bidding system / gamification)
- Easy filters and matching of investors to risk adjusted assets with ESG data and automatic scorecard
- Clearing house concept to test (direct interaction between gov and investor community)

Consumer Segments: Institutional Investors

- Start with SMI's community of institutional investors especially focused on influencers

Producer Value Proposition

- Access to more deals
- Gov: immediate feedback on project pipeline and consultation on issues
- Philanthropic funders that can crowd in private investment
- Preferred pricing based on data contributed
- Potential compensation for data

Facilitation

- Curation of credible process (DD, Fact Checked)
- Standardization and validation of data
- Regulatory compliance built in
- Multiple trusted third-party service providers (guarantees as service, dd as a service)
- AI engine for risk prediction, impact forecasting, policy intent detection etc.

Consumer Value Proposition

- Continuous deal flow of credible NDC-aligned projects
- Projects are comparable (common metrics and standardization)
- Easy access and quick find projects that meet my requirements
- Transparent and on-going scoring / rating / dynamic pricing based on detailed data
- Cost efficiencies (up to 500 basis points cheaper)
- Investor x government x philanthropy meeting place

About our Approach

We bring Silicon Valley-Style Strategy & Execution

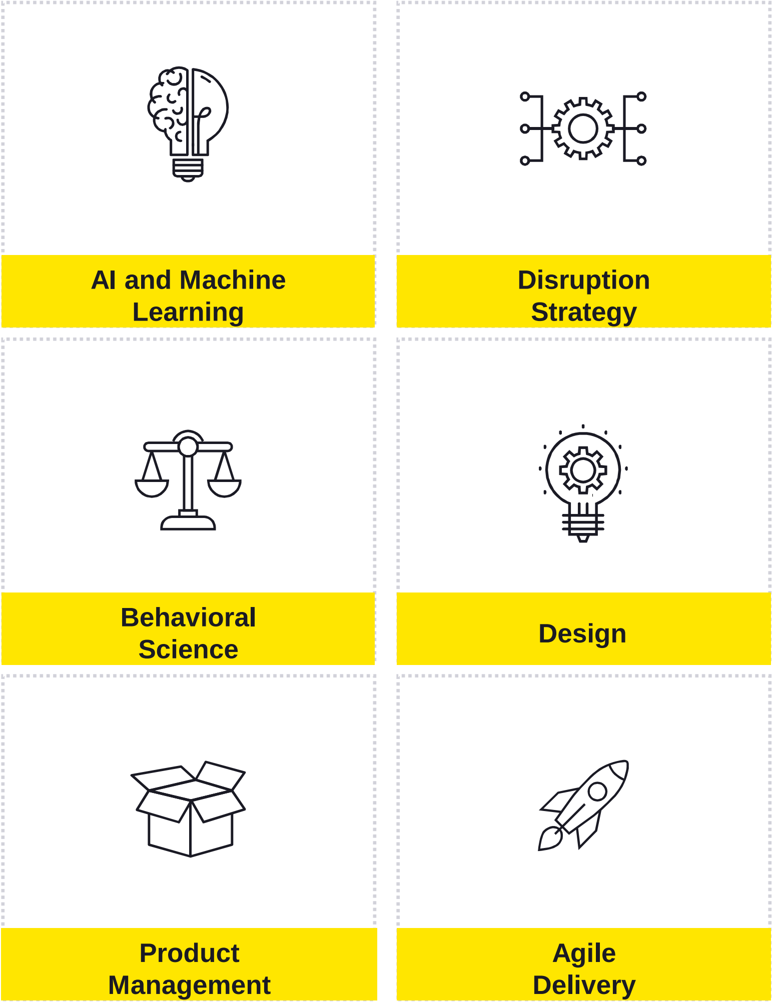
Having run Silicon Valley startups, we lived or died by our ability to solve real customer problems, launch early and prove traction.

We know the power of data-driven, fast execution. We know how to organize and filter signal from noise, and demonstrate wins in regular succession.

We are experienced Product Managers with leadership roles in Big Tech. We understand how to turn complex challenges into sources of rich opportunities.

We take a unique evidence-based, multi-disciplinary methodology to problem-solving, combining AI, Product, Human Behaviour and Design, offering unbeatable combination of value and unique insight to every client problem.

- **Breakthrough Thinking**. Rethink a strategic challenge, solve an intractable problem, and unlock an outsized opportunity. Address it in a way that disrupts the market and gives you a sustainable competitive advantage.
- **High Speed to Value.** Extreme agility. Go from complex problem to a practical solution, validated with real users in only 5 days. Demonstrate impact every week.
- **Low Risk.** Multiple stage-gates based on proof points.
- **OpEx Light.** Flexible staffing of world class, rare talent, and experts to supplement your team. No unnecessary overheads.



Key Deliverables

1.
Validated Sandbox Prototypes and MVP Scope

A tested and refined prototype with clear user feedback, along with a defined scope for the Minimum Viable Product (MVP) that outlines essential features and functionalities.

2.
High-level Business Case

A high-level analysis outlining revenue opportunities, cost estimates, and key risks to support informed decision-making on investment and next steps.

3.
Fundraising Pitch Deck

A compelling, investor-ready presentation that clearly articulates the problem, solution, market opportunity, business model, and funding needs.

Value: Helps SMI identify and test the most compelling ideas and high-risk assumptions with potential users and partners, ensuring a well-defined MVP that maximizes GEMS3.0's chances of success.

Value: Evaluates GEMS 3.0's viability by helping SMI identify a sustainable business model that ensures long-term self-sufficiency and impact.

Value: Equips SMI with a compelling pitch deck to effectively communicate the vision, business model, and opportunity in order to secure funding for the MVP build

About the Sustainable Markets Initiative (SMI)

The Sustainable Markets Initiative is the world's go-to private sector organization for sustainable transition; characterized by our unique brand of 'private sector diplomacy'. With the vision of our founder, His Majesty King Charles III, and our unique convening power, the Sustainable Markets Initiative facilitates action between world leaders and CEOs to position sustainability at the heart of global value creation.

Together, we seek to mobilize the trillions of dollars required to achieve a sustainable future. Investment at this scale requires global systems-level change with a default sustainable orientation across markets, industries and supply chains. Here, our mandates, the Terra Carta and Astra Carta, provide practical private sector trajectories.

The Sustainable Markets Initiative believes that with bold ambition and courageous leadership, we can seize a new era of global prosperity that will last for generations to come. We call this **'The Growth Story of Our Time'.**

About the SMI Africa Council (SMIAC)

The Sustainable Markets Initiative's Africa Council was launched in November 2023 following a roundtable meeting of leading African CEOs at the United Nations Office in Nairobi as part of the state visit of His Majesty King Charles III to Kenya.

The SMI Africa Council (SMIAC) is the Sustainable Markets Initiative's first Regional Council and was established in recognition of the current realities of the African continent's 1.3 billion people, and the shared ambition of its 55 countries to establish a common position in combatting climate change, biodiversity loss and fulfilling the United Nations Sustainable Development Goals. At its heart, the objective of the Sustainable Markets Initiative's Africa Council is to encourage collective and scalable action by business and finance in support of sustainability agendas across the African continent.

Together, the members of the Africa Council develop, propose, and adopt innovative solutions and best practices that address some of the most pressing sustainability needs evidenced across the continent. It is led by Co-Chairs; Dr Hubert Danso (CEO, Africa Investor (Ai) Group) and Dr James Mwangi (CEO, Equity Group Holdings).

For further information please visit: www.sustainable-markets.org

Disclaimer

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