



Conference Report AFIF 2014

Organised by :

emrc
Growing Partnerships for Africa

Hosted by :

KfW DEG

Conference Report



AFIF
4 – 5 June 2014
Cologne, Germany
DEG Headquarters



All rights reserved. Reproduction of material in this information product for resale or other commercial purposes is prohibited without written permission of the copyright holders.

Applications for such permission should be addressed to:
EMRC International
Avenue Louise, 287
1050 Brussels – Belgium
tel.: +32 (0)2 626 15 15
Fax: +32 (0)2 626 15 16
E-mail: info@emrc.be
© EMRC 2014

Graphic Design: Pitch Black Graphic Design, Berlin/The Hague
Report: co-authored by Pierre Coetzer

Table of Contents

Acknowledgements	Page 4
Preface	Page 4
About Emrc	Page 5
About DEG	Page 6
Forum Programme	Page 8
Executive Summary	Page 12
Official Opening	Page 14
Day I – 4 June 2014, Wednesday	Page 17
Plenary Session I:	Page 18
Improving Access to Finance	
Part I: International Financial / Development Institutions	Page 18
Developing an efficient and diversified financial sector in Africa	
Part II: Innovative Solutions to Increase Access to Finance	Page 21
Experiences in assisting local enterprises to source funds in foreign and national currencies Addressing the missing middle gap in Africa	
Plenary Session II:	Page 24
Private Sector Development	
Special Presentation: Promoting enterprise based approaches for “long term” growth	
EMRC Project Incubator Award	Page 26
Day II – 5 June 2014, Thursday	Page 29
Plenary Session III:	Page 30
Developing a Sustainable Agribusiness Sector / Increasing access to finance in Agribusiness	
Presentation – Investment Opportunities in Delta State, Nigeria	Page 33
Plenary Session IV:	Page 35
Increasing Access to Finance in Key Sectors – Energy, Water, Infrastructure	
AgriBusiness Forum Announcement	Page 38
Official Closure	Page 38

Acknowledgements

This publication is the report of the Africa Finance & Investment Forum 2014, which was held in Cologne, Germany on the 4th and 5th of June 2014. The forum was organized by EMRC International, hosted by DEG (Deutsche Investitions - und Entwicklungsgesellschaft mbH), at the DEG headquarters.

This year’s programme focusd on the current issues facing Sub-Saharan Africa’s finance sector such as ‘The role of International Financial Institutions’, ‘Development Institutions, Innovative solutions to increase Access to Finance’ and ‘Increasing access to finance in key sectors (agriculture, water, renewable energy)’ amongst other subjects.

EMRC International would like to express its gratitude to the forum partners which included: BNDES (Bank of Development of Brazil); AFREXIMBANK; EIB (European Investment Bank); ICD (Islamic Corporation for the Development of the Private Sector;);IFC (World Bank); UN/WTO – International Trade Centre; ADC (African Development Corporation); Delta State (Nigeria); Shell Foundation and the German Trade/Business organizations AfrikaVerein and SAFRI (Southern Africa Initiative of German Business).

Preface

The Africa Finance & Investment Forum (AFIF) is one of EMRC’s showcase events, aimed at strengthening the private sector in Africa, by encouraging partnerships and attracting investments. The Forum is designed for entrepreneurs interested in securing finance for their projects, for investors (private and institutional) looking for projects, as well as for policy makers, financiers and bankers. AFIF has become a permanent feature on the conference circuit centred on African affairs and the role of the finance sector in the continent’s sustainable development.

This year the Forum combined a training session (one day and a half), plenary sessions, pre-organized B2B meetings and informal networking activities. EMRC International is most grateful for the active participation of delegates, speakers, sponsors and partners in the 2014 edition of the Africa Finance & Investment Forum (AFIF).

About EMRC

EMRC Goals

Established in Brussels in 1992, EMRC is an international non-profit organisation whose mission is to promote sustainable economic development in Africa through the growing of business partnerships with a specific focus on the private sector. EMRC includes a vast network of entrepreneurs, financiers and officials from over a hundred countries around the world.

EMRC Vision – To grow sustainable business partnerships for Africa.

In September 2000 the United Nations General Assembly unanimously adopted the Millennium Declaration. The declaration devised a plan to achieve a set of Millennium Development Goals (MDGs) whose primary objective is to cut poverty in half across the globe by the year 2015. EMRC has taken up this challenge and is determined to play a role in achieving this deadline, by focusing on the growing of sustainable business partnerships for Africa.



At EMRC we are committed to the following goals that are the cornerstones of our vision:

- 1. To contribute to the development of Africa’s private sector and feed the vibrant growth of Africa’s emerging markets
- 2. To encourage the collaboration between the Public and Private sectors
- 3. To mobilise innovation for an evolving African Private Sector
- 4. To create the optimum environment for the matching of sustainable business partnerships to ensure that the right investors do business in Africa
- 5. To stimulate dialogue and promote knowledge-sharing
- 6. To drive innovation, trade and industrialisation across the African continent

We believe that personal contact and business gatherings, during which information is shared and ideas are exchanged, are the best way to foster effective business partnerships, promote collaboration between people across continents and build a mutual understanding in the international marketplace.



Our main tools to implement our goals are the following:

- A multilingual & multicultural team of experts: We are a multicultural & multilingual team. We come from 8 countries and 3 continents and speak 9 languages between us. We are all passionate about fulfilling the EMRC organisational goal of growing meaningful partnerships for a sustainable development in Africa.
- A “bank of information”: EMRC acts as a hub where practical information is constantly gathered and disseminated. This is done in cooperation with various sources: investors and entrepreneurs, private and public sectors, governmental bodies and international institutions from around the world.
- Strategic partners and viable contacts worldwide: With 20 years of experience in planning, organising and producing conferences, seminars, business forums and business missions, we have gained valuable partners and contacts worldwide: multinationals, donor organisations, Government agencies, UN agencies, banks, academic institutions, global brands and more.
- EMRC partners include: PanAAC, UNDP, AfDB, FAO, IFAD, WFP, IFC, FARA, The Global Fund, UNAIDS, Rabobank, FMO, Heineken, Diageo, KPMG, Monsanto, Yara, Omnia, Afgri, ABC South Africa, Absa, Progis and more) to offer the broadest platform possible in order to match the demands from Africa with worldwide offers.

About DEG

DEG Mission

The mission of DEG, a subsidiary of KfW, is to promote business initiatives in developing and emerging market countries as a contribution to sustainable growth and improved living conditions of the local population. To this end, we make long-term financing and advice available to private enterprises investing in these countries.

To be precise:

- We finance direct investments in our partner countries in order to make a sustainable contribution to advancing their economic development.
- We make long-term investment capital available as a means to share the risks arising from the investments and to make them less vulnerable to crises.
- We give advice to companies on questions related to risk analysis and product development.

- We invest in undertakings in all sectors of the economy, ranging from agribusiness to the manufacturing industry and services to infrastructure.
- And we promote the development of the financial sector while strengthening local capital markets in order to facilitate reliable access to investment financing on the ground, especially for small and medium-sized enterprises. By doing so, we contribute to additional growth effects.
- We use almost exclusively own funds rather than budget funds from the Federal Government.
- We are guided by international standards for environmental and social sustainability.
- We pay particular attention to ensuring that our investments generate positive development impacts in our partner countries. DEG thus contributes to the Millennium Development Goals, which are a joint commitment of industrial and developing countries to tackle poverty in a sustainable manner.

DEG Vision

We take an impact-oriented approach

It is of utmost importance to us that the investments co-financed by DEG have a sustainable beneficial impact in developing countries. We put emphasis on companies that are successful in the long term and on value-added investments that make an impact. And we regularly analyse these impacts.

The most recent financial year offers an example of the positive impacts of the finance provided by DEG. In our partner countries, the new commitments in 2012 were responsible for:

- creating and securing 435.000 new jobs
- contributing EUR 827 million annually to public revenue
- generating EUR 4.1 billion in net currency earnings per year

Making development possible

DEG's activities create sustainable development. For us, sustainable development means improving the living conditions of the local population economically, ecologically and socially on a lasting basis (impact). The most certain way to improve living conditions in developing and emerging market countries (outcome) is by creating skilled employment, with the private sector providing nine out of ten jobs. This is the approach we take by making long-term investment capital available to private enterprises, and in doing so, we facilitate investment projects in developing and emerging market countries (input). The companies are then able to, for instance, increase their production capacities (output).

Programme

Tuesday, 3 June 2014

17h00 – 18h30 **Welcome Reception, hosted by Jürgen Roters**
Mayor of the City of Cologne
City Hall, Cologne
Presentations by
Gabriele C. Klug, Treasurer – City of Cologne, Germany
Karl Weinfurtner, Director Africa – DEG, Germany
Monty Jones, President – EMRC International, Belgium

Wednesday, 4 June 2014

08h00 – 08h45 Registration to the Conference

08h45 **Official Opening**
• AFIF2014 Chairman – Monty Jones, President – EMRC International, Belgium
• Bruno Wenn, Chief Executive Officer – DEG-Deutsche Investitions - und Entwicklungsgesellschaft mbH (German development finance institution), Germany
• Thomas Silberhorn, Parliamentary State Secretary – German Ministry for Economic Cooperation and Development (BMZ)
• Emmanuel Eweta Uduaghan, Executive Governor – Delta State, Nigeria

09h45 **Plenary Session I – Improving Access to Finance**
Part 1 – International Financial / Development Institutions
▪ **Developing an efficient and diversified financial sector in Africa**

Moderator: Babacar Ndiaye, former & Honorary President – African Development Bank, founder of Afreximbank and African Business Roundtable, Senegal

• André Laude, Chief Investment Officer – IFC (International Finance Corp, WB), France
• Luiz Eduardo Melin, Managing Director – BNDES (Development Bank of Brazil)
• Heike Rüttgers, Head of Portfolio Management and Policy Division in the ACP Department – EIB (European Investment Bank), Luxembourg
• Bruno Wenn, Chief Executive Officer – DEG, Germany
• Farid Mohamed Masmoudi, Acting Director Business Development & Partnership Department – ICD (Islamic Corp. for the Development of the Private Sector, Kingdom of Saudi Arabia)

Wednesday, 4 June 2014

11h00 **Coffee Break**

11h30 **Part 2 – Innovative solutions to increase Access to Finance**
▪ **Experiences in assisting local enterprises to source funds in foreign and national currencies**
▪ **Addressing the missing middle gap in Africa**

Moderator: Arthur Levi, Senior Advisor – EMRC International, Belgium

- Dirk Harbecke, Chief Executive Officer – ADC (African Development Corp), Germany
- Hendrik Jordaan, President and CEO – One Thousand & One Voices (1K1V), USA
- Kenneth Ruredzo, Manager, Business Development – Afreximbank, Egypt
- Cheick-Oumar Sylla, Director, Direct Investment & Financing Department – ICD (Islamic Corp. for the Development of the Private Sector), Kingdom of Saudi Arabia
- Terek Farhadi, Sr Adviser Access to Finance for SMEs – ITC (UN/WTO Intl Trade Centre), Switzerland

13h30 **Lunch**

15h00 **Plenary Session II – Private sector development**
Part 2 – Special Presentation:
Promoting enterprise-based approaches for “long term” growth

Introduction by: Arthur Levi, Senior Advisor – EMRC International, Belgium

- Chris West, Managing Director – SHELL Foundation, United Kingdom
- Sello James Mahlangu, Director – Mbali Administrations, South Africa
- Bamanga Tukur, President – ABR (African Business Roundtable), South Africa, Advisory Board Member, IsDB, Saudi Arabia

15h30 **EMRC AFIF Project Incubator Award 2014**
Introduction by EMRC and Presentation of the 2014 finalists’ projects

- Magloire N'Dakon, Africa Pure Technology, Côte d'Ivoire
- Jacques Mabanza, Fonds d'Actions Mutuelles, République of Congo
- Ismaël Yameogo, MÂÂM Expertises, Burkina Faso

Moderators:
• Babacar Ndiaye, former & Honorary President – African Development Bank, founder of Afreximbank and African Business Roundtable, Senegal
• Idit Miller, VP & Managing Director – EMRC International, Belgium
• Arthur Levi, Senior Advisor – EMRC International, Belgium

16h30 **Coffee-Break (served during B2B)**

16h30 – 19h00 **B2B – Pre-arranged Business Meetings**

19h30 **AFIF2014 Networking dinner**
Announcing the Project Incubator Award Winner – AFIF2014

Thursday, 5 June 2014	
09h00	<p>Plenary Session III: Developing a sustainable Agribusiness Sector</p> <p>Increasing access to finance in Agribusiness</p> <ul style="list-style-type: none">▪ Presentation of the “Africa Agriculture & Trade Investment Fund”▪ Value proposition for balancing private and public investments in managing agricultural risks in family farm agribusinesses in Africa▪ Intra-regional and intercontinental trade in Agri-food, experiences, opportunities and challenges <p>Moderator: Rosemary Nankabirwa, Journalist, Kenya</p> <ul style="list-style-type: none">• Anne-Katrin Gruenewald, Fund Manager Africa Agriculture and Trade Investment Fund – Deutsche Bank, Germany• Jonathan N. Agwe, Rural Finance Adviser – IFAD, Italy• Toshiaki Ono, Agribusiness Officer (Finance and Investment) – Rural Infrastructure and Agro-Industries Division (AGS), Food and Agriculture Organization of the UN (FAO), Italy• Philippe Tokpanou, Special adviser to the President – ECOWAS TEN & EXPECT Initiative Lead Facilitator, Côte D’Ivoire• Jean Panti, Managing Director – Fonds National de la Microfinance, Benin
10h30	<p>Presentation – Investment Opportunities in Delta State, Nigeria</p> <p>“Delta beyond Oil”, by</p> <ul style="list-style-type: none">• H.E. Dr. Emmanuel Eweta Uduaghan, Executive Governor of Delta State, Nigeria• Special presentation of “Delta Leisure Resorts Limited” by• Princess Abiodun Oyefusi, Group Managing Director <p>Moderator: Idit Miller, Managing Director – EMRC International, Belgium</p>
11h10	<p>Coffee-Break</p>
11h40	<p>Plenary Session IV: Increasing access to finance in key sectors – Energy, Water, Infrastructure</p> <p>Part 2 – Special Presentation:</p> <p>Promoting enterprise-based approaches for “long term” growth</p> <ul style="list-style-type: none">▪ The challenges of financing small-medium-large projects in Africa <p>Moderator: Arthur Levi, Senior Advisor – EMRC International, Belgium</p> <ul style="list-style-type: none">• Karl Weinfurtnr, Director Africa – DEG, Germany• Günther Mate, Senior loan officer – European Investment Bank (EIB), Luxembourg• Randy Welsch, Chief Executive Officer – JIBU, USA• Tali Levin, Consultant – Water Projects, Israel
13h10	<p>Official Announcement AgriBusiness Forum 2014</p> <ul style="list-style-type: none">• AgriBusiness Forum 2014 - Kinshasa, Democratic Republic of Congo
13h30	<p>Lunch</p>
14h50	<p>Official Closure AFIF 2014</p> <ul style="list-style-type: none">• Joachim Schumacher, Senior Director Africa & Latin America – DEG, Germany• Arthur Levi, Senior Advisor – EMRC International, Belgium

Thursday, 5 June 2014	
15h30	<p>Coffee-Break (served during B2B)</p> <p>Announcing the Project Incubator Award Winner – AFIF2014</p>
15h30 – 18h00	<p>B2B – Pre-arranged Business Meetings</p>
Pre-Conference Training – Cologne, Germany	
<p>Monday, 2 June 2014 – 10h30/17h00 & Tuesday, 3 June 2014 – 09h00/17h00</p> <p>As an introduction to and in preparation for the AFIF2014, a two-day Executive Training on “Sources of Funding/ Pitching & Presenting a Business Plan” was organised in collaboration with a team of experts from UN/WTO International Trade Centre (ITC).</p>	



Executive Summary

The “Africa rising” narrative has become familiar to most informed investors around the world. As a result, for an increasing number of businesses, it is no longer a matter of *whether* to establish a foothold in the African market, but rather a matter of *when, where exactly* and *how*. This is a huge satisfaction for EMRC, which has, for the past two decades, consistently echoed the positive story of Africa’s rising economic fortunes, even when it was not fashionable.

As positive and satisfying as this development is, a massive amount of work remains to be done, and the 2014 edition of the EMRC Africa Finance & Investment Forum (AFIF), held in Cologne, Germany from the 2nd to the 5th of June 2014 served once again to underline this reality.

The 2014 Africa Finance & Investment Forum was the first AFIF event to be held in Germany, Europe’s uncontested economic powerhouse, and a major trade and investment partner of Africa. It was opened by Prof. Monty Jones, the newly elected EMRC President, alongside Bruno Wenn, CEO of DEG (German development finance institution). More than 200 delegates and business representatives from across Africa and the world gathered in DEG headquarters in Cologne.

This year’s Forum was themed around Financing Business Opportunities. Discussions, debates and presentations focused on topical issues such as innovative solutions for access to finance and investment in key sectors of the economy. The African continent is seeing more and more home-grown solutions and innovations, which is in turn inspiring parts of the world to establish new approaches to finance, as far as Africa is concerned.

Several key discussions took place around the need to enhance the development of the private sector and promote enterprise-based approaches for long-term economic growth.

Access to finance for the agricultural sector, Africa’s biggest employer, received special attention, as did a number of other key areas of the economy such as energy, infrastructure and water. A special session was dedicated to investment opportunities in Nigeria’s Delta State.

The Forum gathered high-level speakers and senior experts, including Babacar Ndiaye, former & honorary President of the African Development Bank, Luiz Eduardo Melin, Managing Director of the Development Bank of Brazil (BNDES), and Bamanga Tukur, President of the African Business Roundtable.

The Forum was also the occasion for the **EMRC Project Incubator Award**, which provided a cash prize of **US\$15,000** to the winner. Magloire N’Dakon from Cote d’Ivoire won the award on the merit of his organisation’s innovative IT solutions and the role it played in promoting job creation and income generation.

The event’s plenary sessions were complemented by over 550 business-to-business meetings, leveraging opportunities and creating partnerships with a real impact for thousands of people.

AFIF’s partners for the 2014 Forum included **BNDES** (Bank of Development of Brazil), **Afreximbank**, **EIB** (European Investment Bank), **ICD** (Islamic Corp. for the Development of the Private Sector), **IFC** (International Finance Corp.), **UN/WTO ITC** (International Trade Centre), **ADC** (African Development Corp.), **Delta State** (Nigeria), **Delta Leisure Resort**, **Shell Foundation** and the German Trade/ Business organizations **AfrikaVerein** and **SAFRI** (Southern Africa Initiative of German Business).

The level of debates and discussions during the AFIF 2014 demonstrated once again the growing interest that the African continent is generating amongst business leaders and investors, and illustrated the reality of Africa’s increasing weight and importance in the global economy. EMRC is proud to be part of the African continent’s path to increased well-being and prosperity.

In preparation for the Africa Finance & Investment Forum 2014, EMRC in collaboration with the **UN/WTO International Trade Centre (ITC)**, organised a two-day Executive Training on “*Sources of Funding/ Pitching & Presenting a Business Plan*” on 2-3 June 2014. Organised in collaboration with a team of experts from ITC, the training was addressed exclusively to AFIF2014 participants and gave them practical tools and insights linked to accessing finance, preparing them to the discussions held during the event.



Official Opening



Idit Miller
VP and Managing Director, EMRC, Belgium

Idit Miller, Vice-President and Managing Director of EMRC, officially opened the Forum. She began by thanking DEG (German Development Finance Institution) as EMRC's host partner, and noting that this was the first time that the Africa Finance & Investment Forum (AFIF) took place in Germany.

She then introduced Prof. Monty Jones, the newly elected EMRC President, "a leading African scientist highly concerned about how to bring the African continent on the path to sustainable growth".

Miller then outlined the Forum's core theme, Financing Business Opportunities, an essential subject for the continent's drive towards sustainable growth. "Without doubt", she explained, "the finance sector has to be given the right tools to achieve its role as a driver for economic growth for large and small businesses. Access to finance is key to Africa's long term success and its path to entrepreneurship, trade and sustainable development, not only for the benefit of the private sector but for the economy as a whole," she added. Germany, as Europe's largest economy, financial centre and a major trade partner of the African continent, is clearly a strategic choice of venue in this regard.

As always, Miller added, partnerships help to turn a vision into reality, and EMRC is no exception: "I would like to thank our partners this year, which include BNDES (Bank of Development of Brazil); AFREXIMBANK (the trade bank of Africa); EIB (European Investment Bank); ICD (Islamic Corporation for the Development of the Private Sector, member of the Islamic Development Bank); ADC (African Development Corporation); Delta State (Nigeria); Delta Leisure Resort (Nigeria); Shell Foundation; the German-African Business organizations AfrikaVerein and SAFRI (Southern Africa Initiative of German Business), and last but not least our knowledge partners IFC (Intl Finance Corp. member of the World Bank) and UN/ WTO ITC (International Trade Centre).

Miller then called on delegates to ensure that the Forum be as productive as possible, with clear targets and objectives. "The fact that we are all gathered here, from 46 countries, of which 26 in Sub-Saharan Africa and another 20 in Europe, America and the Middle East, is testament to the importance of the subject of access to finance in Africa".



Monty Jones
President, EMRC, Belgium

Prof. Monty Jones followed Miller on the podium, in his first address as Chairman of the Forum, in his capacity of President of EMRC.

"I would like to personally welcome all of you to this year's Africa Finance & Investment Forum", he started. As many of you know, Africa is rich in natural resources. But there are still many untapped opportunities: the continent has one quarter of the planet's fertile lands, yet only 15 to 20% of the land is used today; we have many rivers for irrigation, and the potential to be the world's breadbasket. As we tend to say these days, Africa, the sleeping lion, has woken up. Several other factors stand out, including:

- Significantly improved governance and policies
- High economic growth driven by investment in natural resources and a sharp increase in remittances
- Sustained political stability as well as improved fiscal disciplines
- Sustained growth despite the 2008/2009 global financial crisis
- Significant flows of direct foreign investment

However, Prof. Jones cautioned, very significant challenges remain, including poverty reduction and fighting food insecurity, high youth unemployment and significant inequality, which inevitably fuel conflict, emigration and despair.

For Jones, emphasis should be placed on the youth, on infrastructure deficits, especially in energy and transport, on removing trade barriers and promoting regional and international trade. Most important is to build capacity at the private sector and the human level, remove bureaucratic barriers and reap the benefits of global markets. "Australia and New Zealand, which are on the other end of the world, both trade more with Europe than the entire African continent does, even though Europe is right next door", he remarked.

EMRC seeks to address all these issues, focusing on the private sector and investment to unleash the continent's potential.



Bruno Wenn
CEO, DEG (German Development Finance Institution), Germany

Bruno Wenn followed by welcoming the guests: "It is an honour for DEG to host the first AFIF event in Germany as we are strong believers in Africa". Wenn highlighted the importance of the private sector, especially the role of SMEs, in Africa's development. "SMEs form the backbone of our economy here in Germany, so we have significant experience to share in this regard, and we strongly believe in the importance of small enterprises", he noted. Already, more than 800 German companies do business in Africa, employing thousands of people. But much more should be done – it's time for Africa. DEG has a long history of investing in Africa, and today the continent accounts for 20% of our portfolio, in a wide range of projects: renewable energies, agriculture, SMEs, and other crucial sectors".

Wenn concluded his intervention by calling on all the delegates to make full use of the event for networking, B2B meetings and getting updated.



Thomas Silberhorn

Parliamentary State Secretary, BMZ (German Ministry for Economic Cooperation and Development), Germany

Thomas Silberhorn welcomed the delegates on behalf of the German government, expressing his delight at the Forum being hosted in Germany for the first time. “The German Ministry for Economic Cooperation & Development”, he said, supported the notion of “African solutions for African problems”. Silberhorn pointed out that Africa still suffers from an unfortunate image problem, and expressed sympathy for the plight of people around the continent suffering from the consequences of conflict and instability. “Yet we all know that Africa is the continent of growth”, he added, pointing out that this year will see record levels of Foreign Direct Investment .

The policy focus of the German Development Ministry lies on nutrition, health, preventing violence, and youth training to fight unemployment, with a particular focus on the private sector and SMEs. “Traditional financial institutions shy away because of perceived risks, so we have to strengthen local financial industry, tailored to specific customer needs”, he added.

Silberhorn concluded by appealing for a reduction of barriers for intra-African trade and continued improvements on good governance to keep attracting FDI.



H.E. Dr. Emmanuel Eweta Uduaghan
Executive Governor, Delta State, Nigeria

Dr. Emmanuel Eweta Uduaghan, Executive Governor of Delta State, pointed at the importance of holding the Forum in Europe: “I hope that this Forum will stimulate the European investors to come back, and not leave the entire field to investors from emerging countries such as India and China”. He pointed at existing transportation deficiencies, and the opportunities for infrastructure development to strengthen intra-regional ties and promote intra-African trade. “Africa is addressing all of the concerns that foreign investors may have, including governance, corruption and security – in fact many of the security risks are exaggerated”, he told the audience. “At the end of the day the best place for investment is Africa”, he concluded.

Day I 4 June 2014 Wednesday



Plenary Session I:

Improving Access to Finance

Part I: International Financial / Development Institutions

Developing an efficient and diversified financial sector in Africa

Part II: Innovative Solutions to Increase Access to Finance

Experiences in assisting local enterprises to source funds in foreign and national currencies Addressing the missing middle gap in Africa

Plenary Session II:

Private Sector Development

Special Presentation: Promoting enterprise based approaches for “long term” growth

EMRC Project Incubator Award

Day I

4 June 2014

Wednesday

Plenary session 1 – Improving Access to Finance

Part I – International Financial / Development Institutions

▪ Developing an efficient and diversified financial sector in Africa

Moderator: Babacar Ndiaye, former & Honorary President, African Development Bank, founder of Afreximbank and African Business Roundtable, Senegal



André Laude

Chief Investment Officer, IFC (International Finance Corp.), France

The first presentation was made by André Laude from the IFC, a regular speaker at EMRC events. Founded in 1956, the IFC is the private sector arm of the World Bank, and works only with private sector firms or state owned firms that are in the process of privatization. In the year 2000, IFC made a conscious decision to focus on resources in Africa.

“Through the support of institutions that we are actually investing in, we have in excess of US\$1.5bln active loans, and a loan book of US\$869mln achieving a return on equity of around 23,2% - so we are providing finance on a sustainable basis, which is meant to be profitable”, he explained.

The IFC develops affordable financial services around three pillars: micro retail, core banking, and financial infrastructure. “We use a two-tier approach, consisting of investment services and advisory services. Advisory services, which are more relevant for this forum, are meant to increase the technical capabilities of micro finance firms. Micro finance firms need to be trained to be profitable. IFC also assists with the installation of credit bureaus, and collateral registries – an instrument meant to support asset-based small-scale enterprises”. IFC provides advisory services to financial institutions and other clients to increase access to financial services for low income individuals and small-scale businesses in Sub-Saharan Africa. In the fiscal year 2013, IFC Access to Finance in sub-Saharan Africa ran 44 projects in 19 countries, to a total value of \$60.7 million.

IFC’s advisory services in the micro-retail sector focus on four areas: Microfinance, mobile financial services, insurance and a partnership for financial inclusion. IFC also created the Global Index Insurance Facility, reaching already 200,000 small scale farmers, providing them with crop insurance.

Laude concluded with a case study on IFC’s role in setting up FINCA, a partnership for financial inclusion in the DR Congo, which has so far disbursed loans for a value of US\$35mln, benefiting 105,000 borrowers.



Luis Eduardo Melin

Managing Director, BNDES (Bank of Development of Brazil), Brazil

Brazil’s BNDES is a national agency with assets of US\$370 bln. It has recently established a presence in Africa, with a representative office in Johannesburg. “A number of factors are driving our establishment in Africa”, Melin explained: “First, a lot of Brazilian goods and services are made available all over the world, including Africa, through our support. We have an extensive network in South America, where intra-regional integration has taken place over the last 10 years, with economic and financial integration being the focus; this is relevant to the African continent.

BNDES also has significant experience in family-based agriculture, support for SMEs, the provision of access to finance, and territorial integration on a large scale. “We have accumulated significant experience in accompanying the agricultural revolution in Brazil, and we are keen to share this experience with African countries,” Melin told the audience that Brazil’s wealth of technical expertise can be useful in the African context, like in the field of hydropower: Brazil has many small and large different hydropower stations with different technologies, and all these are applicable to Africa.

“BNDES is open for partnerships”, Melin concluded, “and keen to work with African financial institutions”.



Heike Rüttgers

Head of Management and Policy Division in the ACP Department, EIB (European Investment Bank), Luxembourg

Heike Rüttgers provided the audience with an outline of the European Investment Bank’s operations in Africa. “The EIB’s focus lies on the EU, of course, but we have over 50 years of experience in Africa, starting in 1963 with our first project in Cote d’Ivoire. The EIB has tried to contribute to improve access to funds in Africa. Out of the funds that EIB allocates to Africa, 40% go to infrastructure, and another 50% is allocated to developing the local financial sector, critical to further develop the local economy.

In 2013, the EIB had 13 projects in the financial sector for almost €500 mln, focusing on improving access to finance, over the whole range of financial instruments. Rüttgers also emphasised the importance of capacity building of the local financial sector; the EIB provides systematic technical assistance.

In recent years, the EIB has adopted a different approach by putting up regional facilities, for example in the East and Central Africa operations, where €160 mln was channeled to almost 20 intermediaries, seeking to work with local partners, and benefit from their expertise on local needs.

In terms of impact, the EIB’s commitment has resulted in almost 3,000 private enterprises benefiting, and 20,000 jobs created.

For the next few years, the EIB has been endowed with a new mandate for €500 mln to be spent until 2020, the so-called “impact financing envelope”, in which “the shareholders (EU member states) allow for more risk to be taken, serving projects with higher development impact and allowing funds to be channeled to social investment funds and more fragile economies”, Rüttgers concluded.



Farid Mohamed Masmoudi
Acting Director Business Development & Partnership Department,
ICD (Islamic Corp. for the Development of the Private Sector),
Kingdom of Saudi Arabia

The ICD is the private sector arm of the IDB (Islamic Development Bank), a multilateral development institution which is active in 52 countries around the world, of which 17 in sub-Saharan Africa. “We are looking at expanding our presence on the African continent”, Masmoudi said. The ICD has two main guidelines: first to provide more access to finance, second to develop Islamic finance, as they are sensitive to developing alternative models of finance, which can complete traditional finance.

The ICD services the private sector, financial institutions, and SMEs. There are a number of existing Islamic investment funds in different African regions, which promote a different form of finance, namely ethical finance, and Islamic finance. ICD also seeks to support regional integration, one of the key topics in Africa’s development. For Masmoudi, it is time to create an “African passport”, following the example of the European passport which gives European citizens the right to circulate freely around member states.

In order to ensure the expansion and success of alternative banking and Islamic banking, existing legislation has to be updated, and the ICD works closely with local governments to encourage this. In the ICD’s experience, providing SMEs with Islamic finance has a meaningful and positive impact.



Bruno Wenn
CEO, DEG (German Development Finance Institution), Germany

Bruno Wenn, CEO of DEG, was the closing speaker in the opening plenary session. “We all seem to agree on the importance of finance as the backbone of development”, he remarked. “Banks in Africa are becoming more professional, better regulated, and better capitalized. They are building on these strengths and we are now witnessing the emergence of pan-African banking institutions”. However, is this sufficient? he asked.

He continued by highlighting that a lot has been achieved in micro finance, but that it is highly concentrated in some areas. Around 60% of SMEs are still not being served adequately, and this needs to change. “We focus on developing finance institutions and development banks, but the simple question is ‘what can governments do, what can central banks do, what can regulators do?’”, he said.

DEG is now focusing on identifying banks that are committed to, and willing to serve, SMEs, and provide technical assistance where needed. For this to work though, we need reliable credit bureaus and accounting procedures to reduce risk and thus reduce financing costs, he concluded.

Question and answer session

The plenary was followed by a stimulating Q&A session in which members of the audience challenged the speakers.

One of the key points raised was that the main challenge of access to finance was less one of availability of finance, than an issue of matching available funding with the needs of beneficiaries, and sharing knowledge.

The importance of establishing financial infrastructure such as credit bureaus was also deemed to be a crucial aspect of the development of suitable financial tools on the continent.

Part II: Innovative Solutions to Increase Access to Finance

- Experiences in assisting local enterprises to source funds in foreign and national currencies
- Addressing the missing middle gap in Africa

Moderator: Arthur Levi, EMRC Executive Committee, Belgium



Dirk Harbecke
CEO, ADC (African Development Corporation), Germany

ADC started as a private equity firm; today, it is a fully-fledged emerging pan-African banking group with an increasing presence in sub-Saharan Africa, providing commercial banking services with well-established corporate relationships, as well as retail banking based on innovative infrastructure and products.

“One of the most important aspects in doing business in Africa is trust on the ground and good relationships. My clear message is that all of our key investments were made possible because of our relationships with a network of partners in Africa: our Union Bank investment, for example, only came through initial Banc ABC contacts.”

He also added some counter arguments to points made in the previous session concerning international banks being more open to investments in Africa. At ADC they find that the reality is somewhat different: for instance, there are still a lot of bureaucratic hurdles, customer requirements, anti-money laundering requirements, to deal with. There are also some structural challenges. “While we have to work with local banks, the problem is that they are usually too small, with tiny balance sheets. For now, the main international financial centre for Africa remains in London”, he concluded.



Hendrik Jordaan
President and CEO, 1K1V (One Thousand and One Voices), USA

Hendrik Jordaan was next on the podium, presenting One Thousand & One Voices (1K1V), a new private equity model for sub-Saharan Africa: “1K1V is about three things: families, capital and prosperity.”

He explained that 1K1V brings together leading families in key geographies, who contribute in terms of capital, skills, relationships, and experience, who refer to capital not in the traditional short term money sense, but money that can stay invested in a company as long as needed’.

At 1K1V they view the family relationships and intellectual expertise as capital and often refer to this as ‘**three-dimensional capital**’, believing that this model fundamentally transforms the typical private equity model. When it comes to prosperity, they look at financial profit, but also at the well-being created. In other words, they look for top financial returns, but in the right way.

Target countries include some of Sub-Saharan Africa’s high growth economies, such as Ethiopia, Tanzania, Zambia and Cote d’Ivoire, as well as countries that are currently governed in democratic or hybrid democratic systems.

1K1V vision for its portfolio will focus on allocating resources fairly evenly over four primary sectors across West Africa, East Africa and Southern Africa: logistics and distribution, agribusiness, consumer goods, and manufacturing.



Kenneth Ruredzo
Manager Business Development, Afreximbank, Zimbabwe

Ruredzo opened his presentation by spotlighting the bank’s main visions, “We often hear the expression ‘African solutions for African problems’, and Afreximbank was established for exactly that reason, with a mandate in mainly trade finance,” he explained.

Focusing his presentation on SME impact, he pointed out that one of Africa’s problems is that raw materials are exported as such, often with little added value. This is partly because an important component of the value chain is left out, the SME. As a result of high barriers, SMEs in Africa are often unable to get funding. Afreximbank helps and assists SMEs in this regard.

He then gave concrete examples, citing Afreximbank financing programmes that have notably assisted SMEs: the Export Agriculture Financing Facility, the Invoice and Receivable Discount Facility, and the Factoring and Receivables Management Facility. These facilities play a significant role in helping key sectors in the countries in which Afreximbank operates, such as Zimbabwe, Zambia, and Ethiopia. In order to ensure access to funding for trade and development by SMEs, financing programmes tailored to address their unique circumstances are required. “Afreximbank is proud to be playing a leading role in creating workable structures in the African trade finance space”, Ruredzo concluded.



Cheick-Oumar Sylla
Director, Direct Investment & Financing Department, ICD, Kingdom of Saudi Arabia

Cheick-Oumar Sylla was quick to emphasise points made by earlier speakers. “We all are aware of the many challenges and problems we face – I’d like to focus on the solutions”, he started. An institution such as ICD seeks to do precisely that. The Tamweel Holding financial vehicle deals with



development finance, using Islamic finance principles, which are not so much “innovative”, but can rather be described as “alternative” finance.

According to Sylla, Islamic finance is increasingly in demand in many parts of Africa. ICD is already operating in Senegal, Guinea, Mauritania and Nigeria, and aims to double its network, starting with Mali.

Sylla spotlighted the importance of looking at a project with a holistic approach, which means not providing just capital expenditure, but ensuring that support is given throughout the entire project cycle through strong monitoring, financial reporting and other business development services. This holistic approach seeks to look at the entire picture of what is needed for a company to develop itself. “We always start by looking at the merits of a project. To improve quality of feasibility studies we have set up technical assistance facility, in which 75% of the study will be paid by the beneficiary and the remaining 25% is absorbed by the lender. At this point, a total of 15 companies have gone through this process and we have an initiative to set up global leasing fund for Africa and regional SME fund for Africa”, Sylla concluded.



Torek Farhadi
Senior Adviser, Access to Finance for SMEs – ITC (UN/WTO International Trade Centre), Switzerland

Torek Farhadi was the last speaker of this session, focusing on a major challenge for access to finance in Africa: “We have financed a lot of banks in Africa, but the money does not seem to reach the SMEs there. In fact I have yet to see a private bank coming to the panel here and tell me how many SMEs they have funded. So are we putting too much trust in the banks?”, he asserted.

He then pointed out the key hurdles affecting the entire sector calling on financial institutions to do more than just have goals and that they should address the liquidity gap and information gap as banks are unwilling to take risks, and compensate by having high collateral requirements and interest rates for SMEs.



However, Farhadi added, “the private sector cannot do everything – governments need to set up regulatory frameworks to help reduce the gap and better match providers of finance with potential beneficiaries. For example, central banks have to be encouraged to adapt some of their regulations to accommodate Islamic finance. Credit bureaus need to be set up and operational, so that banks have access to crucial credit information when considering lending funds.”

The key message is that improved information flows are an essential ingredient to have better access to finance for SMEs – and the onus is on SMEs to provide such information. ITC provides technical assistance, such as preparing business plans, in order to assist SMEs on how to approach banks.

Question and Answer Session

The presentations were followed by a Q&A session. Arthur Levi, as moderator, remarked that the information gap is currently being filled by private equity funds: “These funds are playing a more active role today in Africa than the banks”, he said.

During the Q&A session, several members of the audience sought to challenge some of the speakers’ remarks. Dirk Harbeke from ADC Germany pointed out that while the information gap was real, there was also a real lack of finance available, contrary to the notion that the issue was mainly one of a mismatch between available funds and beneficiaries. Another challenge, he asserted, was the reality that while there was not enough funding for SMEs, there was also a high amount of nonperforming loans (around 20% in SMEs compared to 5-6% in large companies). So banks are not irrational when they are risk-adverse. The first challenge always is to provide serious business plan, and there are not enough skilled bankers to do risk assessments available. “My feeling is that the banks are really trying their best, and we need to reduce the amount of nonperforming loans”.

Another debate developed around the topic of Credit Guarantee Funds and Credit Insurance schemes as an instrument to facilitate finance to SMEs. There was agreement by the panel that such schemes were important, but often costly – Development Finance Institutions might therefore be in a better position to develop these tools than banks. Finally, it was pointed out by members of the audience that the banks still had to improve their understanding of their customers.

Plenary Session II – Private Sector Development

Special Presentation: Promoting enterprise based approaches for “long term” growth



Chris West
Managing Director, SHELL Foundation, United Kingdom

The Shell Foundation is a UK-registered charity, founded in 2000 with an independent but linked relationship with the Shell Oil company, which they can leverage where appropriate. One of their key areas of focus is energy, and Africa is their key market. “We function, in some ways, almost like an angel investor, or a high-risk early stage investor”, West explained. The Shell Foundation catalyses sustainable and scaleable solutions to global development challenges related to energy access, sustainable mobility and job creation. Their target for 2015 is to create 50,000 jobs and impact the lives of 10m people.

The foundation aims to get companies to a point of financial viability, and to showcase his claim, West presented what successful ventures they have established so far, for instance the well-known M-Kopa mobile money payment system in Kenya, whose founders approached Shell Foundation to allow people to buy solar lights and other products. From their experience, there is no shortage of entrepreneurial talent in Africa, but the challenge is access to capital and business development support services, not just in developing business plans. The big question, West said, was “how do we combine the provision of skill support with appropriate structured medium-term finance”.



tely structured medium-term finance”.

This is the classic “missing middle”, and one of the main rationales behind the creation of Grofin. Grofin provides pre-investment business skill support to start-ups and growing businesses, appropriately structured finance over 5 to 6 year period. It has financed over 500 start-up businesses in Africa. The “missing middle” is the grey area between ‘free money’, or donor money, and commercial capital. At Shell Foundatoin they are looking at social enterprises, which are often marginal return businesses, having extraordinarily significant social impact. “To bridge the gap



requires collaboration by different organizations and we need to address the middle section, which is where the true value lies in markets like Africa”, West concluded.

Sello James Mahlangu
Director, Royal Funerals, South Africa

Royal Funerals is a South African funeral company, founded in 1999. “I have been working in this industry since the age of 12, and was able to put myself through school with the revenue I made”, Mahlangu told the audience. “My business grew very fast, mostly through word of mouth, and also because we made sure to cater for the needs of our clients, adding products and services that were in demand. However, Mahlangu explained, “I encountered many bureaucratic hurdles, even in this setup of office facilities”.

Mahlangu then explained the hurdles he faced to find financing which he believes is the main issue affecting the continent’s private sector. He was declined several times from a variety of banks until Grofin decided to work with him. “I am the product of foreign direct investment”, Mahlangu joked, “and very grateful for it”.

This illustrates that access to finance remains a hurdle for many SMEs across Africa, and that organisations such as Shell Foundation or Grofin can play a significant role in filling the funding gap.



Bamanga Tukur
President, ABR (African Business Roundtable), Nigeria

Bamanga Tukur briefly intervened as the last speaker of this session “What hurdles do successful entrepreneurs go through? he asked. “Free trade and free markets are crucial for the success of business: Markets are about willing buyers and willing sellers coming together, and free movement of people and goods is essential to achieve that. Anything that affects these three points will affect the success and failure of entrepreneurs,” he told the audience

He then expressed the belief that forum’s such as EMRC’s AFIF facilitates trade, and provides markets, while at the same time it opens a dialogue which in turn enables private sector actors to actually work together and get things moving at the ground level.

Question and answer session

The session was followed by a Q&A moment, during which several pointed questions were asked to the panellists. A debate emerged about the “missing middle” and the reasons for the gap in available funding and recipients of investment. “The reasons why this gap exists is that the transformative solutions to bridge that gap are not being developed”, Christ West offered. Market-based solutions are needed to play this role, and there is need for blended, patient capital and business skill support, he asserted, mentioning the example of Grofin and M-Kopa.

EMRC Project Incubator Award

The final event of the day was the presentation of the **EMRC Project Incubator Award** finalists. The three finalists were selected based on their projects’ innovative approach to business. Each project is based in sub-Saharan Africa and



has a sustainable vision, providing much needed jobs and income to the local community.

The finalists were invited to present their projects to the audience in the presence of three moderators, **Babacar Ndiaye, former & Honorary President of the African Development Bank, founder of Afreximbank and the African Business Roundtable, Idit Miller, Vice-President and Managing Director of EMRC, and Arthur Levi, EMRC Executive Committee Member.**



The contenders were Magloire N’Dakon, of Africa Pure Technology (Cote D’Ivoire), Jacques Mabanza, of the Fonds d’Actions Mutuelles (Republic of Congo), and Ismael Yameogo of MAAM (Burkina Faso).

Magloire N'DAKON
Africa Pure Technology, Côte d'Ivoire

N’Dakon gave an overview of his project, Africa Pure Technology (APT), which is an internet portal connecting small scale farmers in Cote d’Ivoire. It is updated daily and provides technical farming information as well as real time market price information.

Enjoying the support of the Ministry of Agriculture, the company seeks to promote Africa’s agribusiness sector by encouraging the automation of processes, formalising of the agribusiness sector, and exports of high-value agricultural produce.

“We want to use the power of the internet to do good in Africa but our website is not only focused on Africa”, N’Dakon explained. “If we win this award, we’ll use it



for the development of an application to make our platform available and usable on mobile phones.” This technology is widely used in East Africa

Jacques Mabanza

Fonds d'Actions Mutuelles, Republic of Congo

FAM (Fonds d'Actions Mutuelles), founded in 1998, is the second largest microfinance institution in Congo, Brazzaville. “Our objective is to fight poverty, by providing loans to poor people who are unable to provide any collateral against loans and have no assets. We function along the principle of a rotating savings scheme (ROSCAM)”, explained Jacques Mabanza to the attentive audience.

Mabanza then presented FAM's success, which is based on the company's strong internal governance structures with a board of directors, a general assembly and branch managers, ensuring effective control and overview. The company has 29 branches, 7 agencies and 5,344 members and currently provides loans to individuals

FAM is one of Congo's most innovative financial institutions, promoting financial inclusivity by integrating people into the formal financial system. “We currently have assets of US\$2.1mln under management, with revenue of US\$644,000”, Mabanza continued.



“If we win the award, we will be able to extend loans on to groups rather than just to individuals as is currently the case thereby expanding our membership and customer base”, he concluded.

Ismaël Yameogo

MÂÂM Expertises, Burkina Faso

MAAM Expertises is a chicken processing company based in Burkina Faso. MAAM's project is to build a capacity of 20,000 chicks serving the local market in Burkina Faso (retail as well as bulk), explained Yameogo.

The project seeks to meet all the relevant regulations and criteria, and set up a food processing unit to ensure its long term profitability. MAAM also focuses on employing women. “In our experience women are more reliable”, Yameogo said, much to the audience's amusement.

“We received a subsidy of €750,000 from The Netherlands”, Yameogo added, “which hugely boosted our company. If we win the award we will invest the cash prize in the company's sustainability”, Yameogo said.

Day II 5 June 2014 Thursday



Plenary Session III:
Developing a Sustainable Agribusiness Sector / Increasing access to finance in Agribusiness

Presentation – Investment Opportunities in Delta State, Nigeria

Plenary Session IV:
Increasing Access to Finance in Key Sectors – Energy, Water, Infrastructure

AgriBusiness Forum Announcement

Official Closure

Day II 5 June 2014 Thursday

Plenary Session III – Developing a Sustainable Agribusiness Sector

Increasing access to finance in Agribusiness



Jonathan N. Agwe
Rural Finance Adviser, IFAD (International Fund for Agricultural Development), Italy

Jonathan Agwe of IFAD opened Plenary Session 3. “Despite high economic growth,” he said, “poverty persists in many parts of the African continent.” He explained that this growth is not inclusive enough, and that there is actually a disproportionate distribution of the growth. Foreign Direct

Investment (FDI) is going to increase significantly in Africa over the next three decades, but in 30 years, IFAD estimates that 21% of the African population will still be living below the US\$0.70 poverty mark.

IFAD tries to address this challenge by bringing profit maximizers who work in Africa to work with the poor.

“All stakeholders with an interest in developing Africa’s economies should support the development of a proper enabling environment”, Agwe insisted. IFAD focuses on the lower end of the financial spectrum, promoting ‘inclusive capitalism’ as opposed to profit maximization. IFAD has invested US\$850 mln in inclusive finance projects, of which 42% have gone to sub-Saharan Africa.

He concluded his address by pointing out that inclusive capitalism and enabling the surrounding environment is in the long-term interest of all businesses, as it expands the customer base and overall increases the spending power of the local population.



Toshiaki Ono
Agribusiness Officer (Finance and Investment) – Rural Infrastructure and Agro-Industries Division, FAO (UN Food and Agriculture Organisation), Italy

Toshiaki Ono followed by introducing a new FAO policy whereby the organisation provides technical assistance to support investment in the agribusiness sector in Africa. “For a number of reasons”, he said, “there is a perception of high risk in the agribusiness sector, such as weather condition risks and high transaction costs due to long supply chains. Technical assistance can help mitigate these risks”, Ono explained.

He provided an example of an entrepreneur based in Lusaka, Zambia, who set up a tomato processing facility and looked for local farmers as suppliers. However, he quickly found out that his local supply was not consistent in terms of quality and quantity, so he had to turn to China for his inputs.

“In this scenario, technical assistance could have come in to help build a reliable and high quality local supply chain”, Ono explained. There are basically 3 ways the FAO technical assistance will work:

- Providing direct support by investing in companies
- Assisting in developing value chains
- Providing technical assistance to lobby governments to help create better enabling environments

For example, in Tanzania FAO partnered with Rabobank to develop a warehousing system. However, speed is crucial because investments cannot wait for technical assistance to come in and solve problems and a new facility is necessary to provide high impact technical assistance. This new facility will be demand-driven. “The FAO is looking for funding partners, and technical assistance will be given to local service providers”, he added.



Phillippe Tokpanou
Special adviser to the President, ECOWAS TEN & EXPECT, Cote d'Ivoire

As its name indicates, ECOWAS TEN & EXPECT focuses on West Africa. “An investment project will not succeed unless all different stakeholders are involved, and one of the first priorities should be to focus on local capacity building”, Tokpanou started. He continued by underlining the fact that agriculture forms the basis of Africa’s work force, with 70% of the continent working directly or indirectly in the sector and with roughly 75% of the continent’s trade linked to the sector. “We need to significantly increase the productivity of small scale farmers, and ECOWAS TEN & EXPECT provide assistance in this regard, helping small scale farmers to adapt to international standards. Focusing on agriculture is the best way to increase wealth in the region because so many people work in this sector”, he observed. “However, it is not enough to look only at productivity: We also need to significantly develop our ability to add value to production instead of exporting harvested materials and then processing them abroad”.

In closing, he urged small scale farmers to create platforms that go beyond their own personal interests, and to connect together to reach critical mass, adding that local investment should be increased through the channel of 'catalyst funds'. "This model requires patient capital and funding, as returns on investment are long term", he concluded.



Jean Panti

Managing Director FNM (Fonds National de la Microfinance), Benin

The Fonds National de la Microfinance (FNM) is a national, government-funded microfinance organisation that provides agriculture funding mechanisms based on public-private partnerships (PPPs).

Benin's economic growth reached 5.6% last year. Its agricultural sector accounts for 37% of the economy, however one third of the population lives below the poverty line. Agriculture is heavily underfunded, as less than 1% of investment financing flows to the sector, Panti explained.

The Benin government conducted a study into the matter, which highlighted three main areas of concern: the lack of adaptive funding, the lack of collateral for risk mitigation and the lack of support mechanisms. "It is on that basis that the FNM was created", Panti said.

FNM acts as a one-stop shop, especially for female entrepreneurs, and for small holder farmers. "The agricultural sector is a priority for us as it is the sector in which most of the poor work, and therefore where our approach can have the biggest impact. FNM is seeking to meet the urgent need for financing in this sector". Funding for small farmers is provided in cooperation with the Islamic Development Bank. FNM's goal is for its beneficiaries to reach food self sufficiency and to increase incomes. "So far", Panti explained, "a total of US\$11.7mln has been disbursed, and with the help of the Islamic Development Bank, we have set up a highly successful funding, creating 700,000 jobs".



Anne-Katrin Gruenewald

Fund Manager Africa Agriculture & Trade Investment Fund, Deutsche Bank, Germany

Deutsche Bank's Africa Agriculture and Trade Investment Fund was created in cooperation with the German Government, to increase access to finance in Africa, with a specific focus in the agricultural sector, Gruenewald explained.

"Our objective through this fund is threefold: expand the financial sector to the agricultural sector, increase food security, increase farmer's income and ability to create more jobs".

Gruenewald then highlighted three key factors on which the fund focuses: Providing liquidity, transferring knowledge and expertise, and mitigating risks. They started by providing liquidity to PTA and Chase Bank, but they still had to take on much of the risk. "Recently, we went one step further and decided to also take on some risk of our own", Gruenewald explained.

All investment decisions are made by a credit committee of experts, ensuring that legal and social criteria are followed: no child labour, minimum wages, and respect for the rights of indigenous people. Gruenewald concluded by telling the audience that the fund currently has EUR 140 mln at its disposal, of which 100 mln has been spent.

Question and answer session

The presentations were followed by a Q&A session, and pannelists were asked amongst others, to provide examples of projects that their respective organisations had supported and to elaborate on their impact. Jonathan Agwe of IFAD detailed how a US\$56 mln credit line to Equity Bank in Kenya helped poor farmers to buy fertilizer. "This changed their production habits, and encouraged many of these farmers to move to the production of maize destined for the brewing industry", he explained.

Anne-Katrin Gruenewald provided details on specific investments in Zambia and Ghana where Deutsche Bank's fund helped small holder farmers to achieve productivity gains. She explained that the purpose of the fund was to support small holders as well as export-capable agribusiness ventures and to promote value-addition within the countries of production.

Presentation – Investment Opportunities in Delta State, Nigeria



H.E. Dr. Emmanuel Eweta Uduaghan

Executive Governor of Delta State, Nigeria

A special session on investment opportunities in Delta State in Nigeria followed.

H.E. Dr. Emmanuel Eweta Uduaghan, Executive Governor of Delta State Nigeria, provided the delegates with a brief description of the State and spoke openly about the fact that Nigeria's economy is 90% oil-based, with his own State being one of 9 oil-producing states in Nigeria. However, "the oil economy is not sustainable; we need to look beyond oil, because we know that tomorrow it can be gone," he then explained.

The Governor followed by listing the various policies that have been established within the State to diversify the economy. With a population of 5.1 mln people, they are looking at developing infrastructure and improving the enabling environment in order to increase the State's attractiveness for investors. "We have created specific economic zones, which have been equipped with infrastructure. To address the human capital development issues, Delta State Government partners with the German government in education and scholarship funds. Power supplies and infrastructure have been improved as well as key trading areas such as ports and airports. "Delta State is ideal for manufacturing industries", he continued, "because of abundant raw materials available and a well educated workforce."

Most importantly, the Governor suggested, Delta State presents significant potential in terms of agriculture and tourism. "The public sector is boosting agriculture through a micro credit scheme to fund small scale farmers and encourages SMEs and small scale farmers to take micro insurance, to mitigate their

risks.

To summarize Delta State's assets and comparative advantages, the Governor said: "We are a coastal State with four ports and two international airports, a young and vibrant population, with well educated youth. The security challenges have been met, and corruption is being dealt at both federal and state level", the Governor assured. He added that the State has introduced an investment protection law and drastically reduced red tape by creating a one-stop shop for the creation and registration of a business. He ended his presentation by encouraging all to come to Nigeria.

Moderator Idit Miller, who recently visited Delta State confirmed that it is an exciting investment destination. "Nigeria is not just about Lagos and Abuja", she added.



Princess Abiodun Oyefusi
Group Managing Director, Delta Leisure Resort, Nigeria

"Tourism is one of the biggest economic sectors in the world", Oyefusi said in her opening statement. "Back in 1950, there were 25 mln tourists around the world. In 2011, that figure had risen to 1.9 bln".

She then highlighted Africa's internal potential for tourism and Nigeria's potential considering it as the continent's most important economy. "African leaders should see tourism as one of the most promising channels for developing Africa. By 2020, over 40 mln people will be moving around Africa.

She then added that Nigeria's economy grew by 6.4% in 2013 and recently overtook South Africa as the continent's biggest economy, but in terms of tourism rankings, Nigeria has a long way to go: It stands at 136th out of 140 countries.

The vision behind Delta Leisure Resort, one of Africa's biggest potential tourism projects, will create 10,000 jobs and develop Nigeria's tourism sector, which in turn will have significant effects on the rest of the economy and industry.

"We are currently developing a 450 ha resort. We believe it will contribute significantly to community development. The resort will include a water park, with a 5 star hotel, a 3 star hotel, a retail village with 350 shops, a sports village, and a casino with restaurants", she explained.

With a primary market of 9 mln people from Delta State and its surroundings, Oyefusi highlighted that the project also includes a wildlife park. She invited the audience to visit the Delta State and invest in its tourism sector.



Plenary Session IV: Increasing Access to Finance in Key Sectors – Energy, Water, Infrastructure



Karl Weinfurtner
Director Africa, DEG (German Development Finance Institution), Germany

Karl Weinfurtner opened Plenary Session 4 by introducing DEG, which provides financing to private companies, with 13 offices worldwide, 3 of which are in Africa. In 2013, the total commitment of DEG was close to €1,5bln of which some €360mln were invested in Africa.

DEG invests in 2 important sectors: the financial sector and the infrastructure. Both sectors make up about one third of DEG's total commitment. "Growth rates in Africa are quite strong", Weinfurtner said, "and the future growth in Africa will heavily depend on infrastructure – it is the only way to ensure sustainable growth".

Africa is in big demand for energy with South Africa being the only country on the continent with substantial energy production capacities. The City of Cologne, said Weinfurtner, has higher energy production than Nigeria and therefore DEG is investing in the sector. Telecommunications is another focus area for DEG, which was one of the first institutions to finance the telecommunication sector. "The next challenge will be to provide Internet connection", he said, whilst investing in infrastructure also involved a focus on water and sanitation. As Weinfurtner emphasised, "large parts of the population do not have access to clean water resources".

Annual funding needs for the development of infrastructure are estimated at US\$95bln per year by the African Development Bank, and the current financing gap is around US\$50bln. "The public sector won't be able to close the financing gap – so private sector engagement is essential", he asserted.

Governments need to have proper legislation in place in order to attract private investors in this sector. One example of conducive legislation is provided by the

“feed-in tariff law”, which guarantees renewable energy producers good prices, and was largely adopted by South Africa, for instance. Weinfurtner also expanded about the geothermal power plant in Kenya, in which development finance institutions were only able to come in because of changed legal framework. “In these projects we are seeing more and more commercial banks interested in cofinancing with DFIs”, he said.

DEG “can structure projects in a way that commercial banks with short time horizons can come on board. In my view, the most decisive factor are framework conditions”, he concluded.



Günther Mate

Senior loan officer, EIB (European Investment Bank), Luxembourg

Günther Mate, Senior loan officer at the EIB was next in line. He started with introducing the bank and its role in promoting access to finance on the African continent. “The EIB is a long-term lending institution”, he explained. “Almost 90% of our focus is on Europe. In Africa, our commitment typically reaches a value of €2-3 bln. We are a major funder of energy projects, with a strategic focus on renewable energy”.

Mate pointed out that sub-Saharan Africa’s rate of electrification was still only 30%, a major impediment to economic growth on the continent. “To get to a full 100% electrification, about US\$200 to 250bln would be needed”, he told the audience.

Funding for energy has historically come from three different sources: national budgets that are funded from tariffs and taxes, donor funds, and debt financing, typically provided by development banks. “Over the past few years donor money has significantly decreased, and since we’re still only at 30% electrification, alternative sources of financing are needed”, Mate explained. “This means that we need to tap the traditional pools of liquidity, like local banks, local insurances, local pension funds, and international liquidity that is chasing returns”.

“This is only one part of the equation though, as utilities should also increase their internal efficiency,” Mate cautioned. The current inefficiency may help explain why small energy projects are not being financed at the moment – it’s probably both a matter of lack of access to funding and a lack of projects. Private equity needs to be strongly reinforced”.

“At the construction stage there is an issue of collateral, because whatever has been constructed may not be worth anything if the project is abandoned”, he continued. So local banks should have close look at construction phase. Mate expanded on the challenge of mitigating risks in energy projects, upstream as well as downstream of a project. Here, the EIB is playing a significant role, working on a risk-sharing scheme, called the “Africa sustainable energy facility”, where local banks benefit from technical assistance paid from grant monies”. If there is a payment default “the first hit would be taken by the donors, the so-called “first loss piece”, leaving the IFC and the EIB second in line on the risk sharing”, he concluded.



Randy Welsch

CEO, JIBU, USA

Randy Welsch focused his presentation on better ways to align finance with projects on the ground where all stakeholder incentives are aligned with social impact as well as financial impact.

For Welsch, 50% of donor funded projects fail because not enough thought is given to the long term sustainability of the project. JIBU, working on providing drinkable water, is a three-layer franchise type organisation: The corporate layer, a regional layer of managers, and a network of franchisees on the ground. JIBU corporate provides the equipment, the bottles, the marketing and, most important from an innovation perspective, the financing.

In the JIBU model, beneficiaries invest US\$500, JIBU Corporate puts in another US\$10,000 or more, and the entrepreneurs pay back Jibu’s loan over time.

“Right now, we operate in high density urban locations, serving mainly the poor. We don’t drill for water, we filter existing water sources, repackage the water in bottles, and they sell for about the fourth or fifth of the price of what water can be bought for at the lowest price in the store,” Welsch explained.

“We keep prices low by going directly to the consumer with no retail markup in between. In addition, transportation costs are very low as the source is meant to be within walking distance”. In fact, the plastic bottles account for about 95% of the costs.

JIBU’s target population is the middle 70%, as the bottom 20% of the people benefit from government stamps and water subsidies.

JIBU, a for-profit organisation with social impact emphasis, is currently operating four businesses in three countries, with plans to scale up to 36 new businesses. “Scaling is the only way to make money, in fact we want to be copied, as it’s a sign that what we do works”, he concluded.



Tali Levin

Consultant – Water Projects, Israel

Water Projects Israel specialises in desalination plants, metering and measurement equipment, irrigation, water treatment, as well as water safety and security, Levin explained.

Levin illustrated Water Project’s expertise with examples of projects conducted in Dar Es Salaam (Tanzania) and Manila (Philippines).

In Tanzania, Water Projects is rolling out a water efficiency solution. The customer is Dar Es Salaam’s water utility, and the objective is to improve the efficiency of the water distribution and revenue collection system by reducing the non-revenue water and the water losses, especially of potable water. Currently, an estimated 50% of drinking water leaks out of the system, and water is usually available only 7 hours a day. The solution will allow the utility to serve more people, provide better service (24 hours a day, 7 days a week), increase its revenues and reduce costs.

The project is being carried out in phases: first a mapping and study, then a pilot project and if successful, the entire city will be involved. The total expenditure is estimated at US\$100-150mln and will be provided by a mix of investors including the World Bank, donors and private investors.

Levin continued with a detailed outline of a water treatment project in Manila, the Philippines, where advanced hydraulic design allows for significant energy savings.

Question and answer session

The final plenary was followed by the customary Q&A session. Delegates wanted to know about concrete financing options for specific projects, to which pannelists provided responses relevant to their mandates.

Delegates were encouraged by the pannelists to approach funding and financing organisations for their operations and projects.

Randy Welsch of JIBU was asked for specifics about its competitors, and its scaling efforts. “We are still keeping a low profile for the time being as we are perfecting our model”, he explained. If we get too big, larger company competitors will view us as competitors because “our water is cheaper, and low prices are our main selling point”. We will have to deal with this reality when the time comes.

Agribusiness Forum Announcement

With the final plenary session over, the task was left to Idit Miller, VP and Managing Director of EMRC, to announce the venue and dates of the **AgriBusiness Forum 2014**, AFIF’s annual sister event that is now regularly held in Africa.

“The next EMRC AgriBusiness Forum will be held in **Kinshasa, the Democratic Republic of Congo, from Sunday 26th to Wednesday 29th October 2014**. “This will be a major pan-African event”, she said, “and the fact that we will be organising the Forum in one of Africa’s largest cities, in the heart of the continent, demonstrates our ambition to hold an event that is relevant to all of Africa’s regions”.

Miller described the importance of the event being held in DRC, one of Africa’s largest countries with significant untapped potential, where the future of agriculture in Africa and its contribution towards inclusive growth will be discussed.

“Africa has the potential to feed itself, and the rest of the world as well. “Yes, there are challenges but we strongly believe that the opportunities are bigger”, Miller concluded.



Official Closure



Joachim Schumacher
Senior Director, Africa & Latin America, DEG (German Development Finance Institution), Germany

Joachim Schumacher, representing the host organisation closed the forum by saying that, “It was a great honour for us here at DEG to have been able to host this year’s Forum. I’m especially satisfied that through the networking dinners and B2B meetings, we have been able to not only discuss finance and investment in Africa, but also, and perhaps even more importantly, to connect business people to one another. We are confident that this will, in time, translate into real benefits for people around the continent, and contribute to the African continent’s path to inclusive growth and increased prosperity”.

“Finally, I would like to extend my most sincere thanks for EMRC for organising this Forum and bringing this event to Cologne,” he concluded



Arthur Levi
EMRC Executive Committee, Belgium

Arthur Levi, who moderated several sessions thanked speakers and participants alike and gave a frank analysis of the situation, to summarize the forum.

“There are dollars and there are projects, but there is for the most part a ‘missing middle’ – a gap that needs to be bridged to bring the two together. I sincerely hope that this Forum will have helped to make that gap narrower, and that thanks to meetings such as this, financing Africa’s development will become easier over time”.

He then spotlighted two significant organisations, Grofin and the Shell Foundation, as examples of bridging the gap: “Well-endowed foundations such as these are able to spend the money on high-risk initiatives, and by setting the example, encourage others to follow”. He also mentioned “One thousand and one voices,



which provides a more flexible capital, which should be seen as an important model for finance in Africa.

The Project Incubator Award finalists give, examples of businesses that have shown that they work, but despite the fact that have been in business a long time, they still have trouble accessing funds. “So it is up to us, decision makers and stakeholders in this room, to identify and record the successes and to encourage exiting sources of finance to move forward with support”, he concluded



Idit Miller

Vice President & Managing Director, EMRC, Belgium

Idit Miller, VP and Managing Director of EMRC, thanked the participants, the partners and the sponsors of the AFIF 2014 Forum.

She extended her personal thanks to DEG, the hosts and their wonderful team, led by Bruno Wenn, as well as to the EMRC team and added, “My final words of thanks go to all of you who made an effort and came to Cologne to discuss the important subject of financing and investment in Africa”.

She then concluded by expressing the hope that European consulates and embassies around Africa might soon make it easier for African entrepreneurs to move around and come to Europe on business. “It is not just in the interest of Africa, but clearly also of Europe, to enhance and facilitate economic relations between our continents. Europe cannot be preaching open borders and less red tape if they put up barriers instead”.

Africa Finance & Investment Forum 2014

Financing Business Opportunities

4 – 5 June 2014 Cologne, Germany
DEG Headquarters

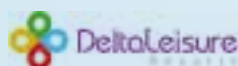
Organised by :



Hosted by :



Partner organizations :



Knowledge Partners :

