
*I&P Développement
scales up*

A new
impact investment
strategy for African
entrepreneurship

www.ietp.com





Saint Louis Finance, Senegal



Trainis, Mali



More than twenty years ago, and with Eric Fottorino and Christophe Guillemin, we wrote a book called “Need of Africa” (*). There was no lack of pitying smiles and sneers. We were treated, at best, as “good people”.

Today the situation has changed. The continent to our south is growing fast. It has a very long way to go, but it is showing us the way, in terms of growth. A growth which is our chance too. There is so much to build together.

And a new generation of Africans has appeared: entrepreneurs, true entrepreneurs.

The new generation has energy to spare, often the skills and ambition to get rich (why not?) but also the desire to pull his family, his neighborhood, his region, out of poverty.

This growth and these entrepreneurs need funding. Substantial funding, of course, but also relevant funding. This is the mission of Investisseurs & Partenaires. That is why I have decided to join.

More than ever, I believe in Africa. More than ever I believe that our destinies are linked.

Yes, Africa is on track. We must accompany its movement forward. It may well be that, there, we find the strength to revive our old Europe.

Erik Orsenna, French novelist and member of the Académie Française

Eric Fottorino is a novelist and a journalist for the daily newspaper Le Monde.

Christophe Guillemin is an economist and former director for the United Nations Industrial Development Organization.

(* Published in 1992 by Fayard).



IMPACT FIRST! OUR CONTRIBUTION TO THE MILLENIUM DEVELOPMENT GOALS FOR 2015, AND BEYOND!

MDG 1 Eradicating extreme poverty and hunger thanks to:

- child nutrition distribution (Nutrizaza in Madagascar),
- food aid transport (Cat Logistics in Niger).

MDGs 4,5,6 Reducing child mortality rates, Improving maternal health, Combating HIV/AIDS, malaria, and other diseases by supporting medicine diffusion through:

- generic drug production and distribution (CAMED in Mali, Genemark in Cameroon, Duopharm in Senegal, Saphar in Niger),
- and by improving access to ophthalmology care (Vue & Vision in Ivory Coast, Colaser in Senegal).

MDG 7 Ensuring environmental sustainability through:

- renewable energy sources (CDS in Mauritania),
- and promoting sustainable farming (Laiterie du Berger, Biotropical, Phileol).

MDG 8 Developing a global partnership for development by supporting the transfer of local skills and the emergence of a highly qualified youth through professional training (Trainis in Mali).





David Munnich, I&P
Roger Njitchoua, Cameroun Brewages



Biotropical, Cameroon



Cofipêche, Ivory Coast

→ Executive summary

IPDEV: a success story

— **I&P Développement (IPDEV)** is a 10-year-old social venture capital company financing and supporting the growth of Small and Medium Enterprises (SMEs) and Micro Finance Institutions (MFIs) in Sub-Saharan Africa.

— IPDEV has invested EUR 11 million in 33 growing African SMEs and MFIs as a minority shareholder.

— IPDEV is one of the investment vehicles of **Investisseurs & Partenaires (I&P)**, an impact investment firm headed by Jean-Michel Severino, former CEO of Agence Française de Développement and former Vice-President of the World Bank. I&P is staffed by experienced investment professionals. The team is based in Paris and in 5 African countries: Senegal, Ivory Coast, Ghana, Cameroon and Madagascar. IPDEV is mainly held by private investors; its shareholders are major international corporations, Development Finance Institutions, family offices and individuals.

A new “Intermediation Strategy” for Africa

— **IPDEV is raising EUR 25 million in equity and other instruments to launch its new Intermediation Strategy** which consist of:

- **Establishing a network of 10 in-country investment vehicles** that will target Small Growing Businesses (SGBs) with needs between EUR 30,000 and 300,000.
- **Investing directly in a few SGBs and MFIs** with needs between EUR 200-300,000 and with high innovation potential.

— **IPDEV is also raising EUR 7 million in grant funding to set up a technical assistance fund.**

This fund will finance start-up costs to establish the in-country financial vehicles (feasibility studies, recruitment and training, fundraising...). It will also finance capacity-building activities for the SGBs in portfolio in a variety of fields: management, finance/audit, production, sales, procedures, information system, and more.

An “impact first” strategy 2013-2028

— **Strong social impacts are expected over 15 years:**

- Building of an African venture capital industry with 10 sustainable African investment teams,
- Development of 550 companies in the formal economy with 1/3 of them being startups,
- Creation and preservation of around 14.000 formal permanent jobs.

— **Extra-financial impacts are also expected:**

- Improvement of environmental, social and governance standards and practices in African enterprises,
- More companies addressing directly the challenge of clean and efficient energy as well as basic services (health, water, sanitation, education...).

— IPDEV’ investments will generate a **x18 leverage effect on the funds raised for the beneficiary SGBs**, leading to a powerful knock-on effect towards the African industrial and economic fabric.

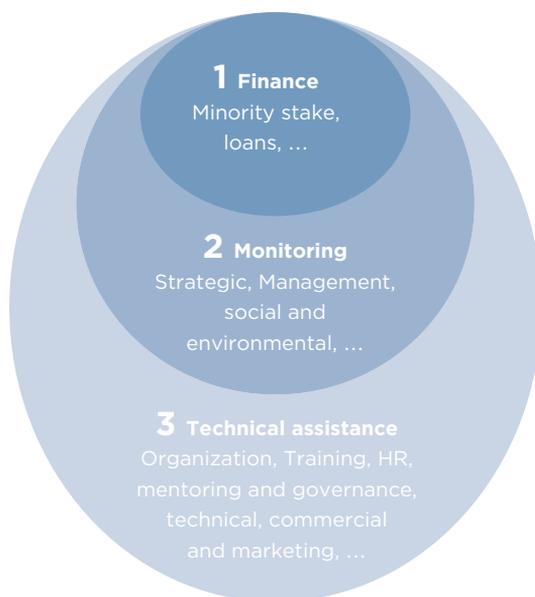
— Financial returns will ensure the preservation of the capital invested and reach an **average 2% Return on Equity in the long run.**

Who are we?

→ An impact investor dedicated to responsible African Entrepreneurs

— Investisseurs & Partenaires (I&P) is an impact investment firm with a growing family of investment vehicles. **I&P's mission is to build successful long-term partnerships with African entrepreneurs.** I&P relies on a proven intervention model, “the partnership wheel” that combines a financial investment with an active participation in the company's governance and a close strategic support of the management as well as technical assistance.

— I&P raised EUR 54 million for its fund I&P Afrique Entrepreneurs (IPAE) launched in 2012. The fund will invest directly in 50 SMEs and MFIs as a minority shareholder for amounts ranging from EUR 300,000 to 1,5 million.



A solid financial track record in Africa

→ Combined with powerful social impacts

— **Since 2002, IPDEV has invested EUR 11 Million in 25 SGBs and in 8 MFIs in 10 African countries with 17 of them being start-ups.**

The portfolio has performed well and is highly diversified: agribusiness, essential services, manufacturing, and more. To date, IPDEV has completed 8 exits with an average gross equity IRR of 16.5% and the portfolio has preserved the value of the capital invested.

— **IPDEV's social outcome has been considerable.**

- **1 400 jobs** created and preserved.
- **32 000 individuals** with access to financial services.
- **10 000 people** with access to water and electricity.
- **EUR 1.5 Million** of additional taxes annually contributing to government budgets.

IPDEV's involvement also generated:

- **A considerable traction on value creation in the local economic fabric** through suppliers and service-providers: for example, the castor oil producing company Philéol in Madagascar sources beans from 6 000 smallholder farmers.
- **The establishment of “social businesses”:** i.e., Nutri'zaza produces and distributes highly nutritious food supplements for infants and mothers in Madagascar; CDS sells and installs renewable off-grid energy systems and solar kits in rural areas in Mauritania.
- **Access to affordable generic drugs and health services** in Mali, Niger, Cameroon and Senegal.

FOCUS ON 3 SUCCESS STORIES OF THE CURRENT PORTFOLIO



LEGENI (Niger):

I&P co-founded a private laboratory specialized in geotechnical and environmental studies in Niger, now leader and standard-setter in the country:
50 engineer jobs created, transfer of technology and building of local capacities.



LAITERIE DU BERGER (Senegal):

I&P co-founded the only dairy company in Senegal sourcing fresh local milk:
135 jobs created, supply from 800 livestock farmers from the rural North and distribution to low-income customers in 6 000 sales-points.



GENEMARK (Cameroon):

I&P invested in a generic drugs manufacturer and distributor in Cameroon:
production capacity tripled, development of products range and financial sustainability achieved. After eight years of operation, Genemark offers twenty references to a lower price by 30% to 50% drug license.



The challenge

➔ Financing the “missing middle” in Africa



Who are our supports?

→ A strong shareholders' basis



IPDEV's is currently funded and supported by a strong basis of 21 shareholders, among which:

- Essilor, a major international corporation with a strong CSR approach, that will continue supporting the firm;
- 13 family offices and individuals, who will continue providing support to IPDEV;
- EIB and Proparco, two major development finance institutions active in Africa.

A committed team

→ of high-level professionals

— I&P Développement (IPDEV)'s Board is chaired by Olivier Lafourcade while the company I&P is headed by Jean-Michel Severino.

An experienced team of investment professionals is committed to the implementation of the new project. David Munnich, IPDEV's Investment manager, leads the new strategy while the rest of the team continues to manage the current IPDEV portfolio.

Olivier LAFOURCADE joined the World Bank in 1973 and for 30 years held a variety of senior leadership positions, in Latin America and Africa. His last position was Director for Colombia, Mexico and Venezuela. He is now an international consultant specialized in economic development issues.

David MUNNICH works as Investment Officer for I&P since 2009. He is currently in charge of IPDEV's investment operations. Before joining I&P, he graduated from HEC Business School (Paris) and worked two years in Mauritania for the Agence Française de Développement (AFD).



Olivier Lafourcade Jean-Michel Severino David Munnich

Jean-Michel SEVERINO began his career at the French Ministry of Finance and Economy and was appointed as adviser to the Minister for Development in 1988 and as Director for the Ministry's Development Programs in 1994. He served the World Bank from 1996 to 2000 as Director for Central Europe and Vice-President for Asia. He was Managing Director of the Agence Française de Développement (AFD) from 2001 to 2010.

→ BIOTROPICAL, PIONEER AND LEADER OF ORGANIC TROPICAL FRUIT IN CAMEROON



BIOTROPICAL produces, processes and exports organic tropical fruits (mangoes, bananas, pineapples...) in fresh, frozen or dried form to France and other European Union countries. Biotropical is certified by Ecocert and is the leader in organic agriculture in Cameroon.

Jean-Pierre Imélé, an agronomist with 25 years working experience in the organic agriculture sector, created Biotropical in 1999 with the aim of developing organic farming in Cameroon. He approached I&P in 2007 to raise the financial resources necessary to industrialize the company.

I&P's partnership

I&P invested EUR 145 000 in equity in 2007 to expand the plantations and increase processing capacity. I&P brought technical assistance and support on finance, management and marketing issues. I&P also disbursed loans to the company to mitigate cash shortages and to invest in additional production capacity.

Financial, social and environmental impacts

- Revenue growth of 130% between 2007 and 2011 and profitability exceeding 5% since 2010.
 - 40 permanent jobs and 150 recurrent seasonal jobs created and preserved, including 30% of jobs held by women.
 - 80 smallholder farmers trained by Biotropical have considerably raised and stabilized their income by selling to Biotropical (500 tons of fruits bought, processed and exported each year). They have also improved their working conditions.
 - Organization of the organic industry in Cameroon, substitution of conventional input by organic inputs, preservation of soils and water supply.
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→ IPDEV'S INTERMEDIATION STRATEGY

IPDEV's intermediation strategy leverages a solid financial and social track record. IPDEV will create, finance and support 10 in-country investment vehicles dedicated to early-stage SGBs.

A successful first experience in Niger with SINERGI

I&P has already co-founded and supported a prototype in Niger: the investment company SINERGI, created in 2006 with a shareholding of private companies and entrepreneurs.

SINERGI is managed by a Nigerien investment team recruited and trained by I&P and has an equity of EUR 760,000 to finance early-stage SGBs in Niger.

It is the first private SGB equity investment vehicle in West Africa.

SINERGI's track record:

- Construction of a methodology of early-stage SGB investment:
 - 9 SGBs funded since 2008 with an average investment size of EUR 50,000.
- Close management support by the investment team and a network of mentors.

Example of investees: UNIFAM, a producer of metallic goods; SERVICING, a reprography business; ETC, a cereal processor; COMPOST NIGER, a producer and distributor of organic fertilizer; SAHEL-LAB, a mineral sample analysis laboratory.

The SGBs in portfolio have experienced rapid growth in revenue and prove to be much more dynamic than the norm in Niger.

This successful experience in the difficult environment of Niger demonstrates the relevance of such a vehicle as well as its economic viability. It also shows that there is a strong demand for long-term equity investments in early-stage SGBs for which I&P's methodology is well-suited. IPDEV's new strategy will learn from SINERGI.

New projects in the pipeline in Burkina Faso and Ivory Coast

I&P is currently launching a SGB impact investment vehicle in Burkina Faso which will be one of the 10 new in-country financial vehicles of IPDEV's "intermediation strategy" and will be fully operational in Spring 2014. **The vehicle plans to raise EUR 3 Million equity and invest in 50 early-stage SGBs over 10 years**, thereby creating and preserving 1,100 formal jobs. I&P is the Africa laureate of the AAFC-Argridius 2012 challenge and received a 200,000 EUR grant to launch this impact investment vehicle in Burkina Faso.

I&P has also received expressions of serious interest from 4 successful Burkinabe entrepreneurs and other investors in Burkina Faso and abroad (banks, companies, financial institutions) to invest in the vehicle. I&P is currently recruiting a Managing Director who will be trained for 6 months.

I&P is also developing new opportunities in:

- Senegal: I&P has identified two high-level and well-known partners wishing to launch a SGB impact fund, and expects to begin the feasibility and pilot phase in the first months of 2014.
- Ivory Coast: early contacts with potential partners, funders and national authorities are promising and I&P is currently raising grants to finance the pilot phase for a SGB fund.