

PEP Africa Approach to combining BEE, BDS and Access to Finance



AFRICAN DEVELOPMENT
BANK GROUP

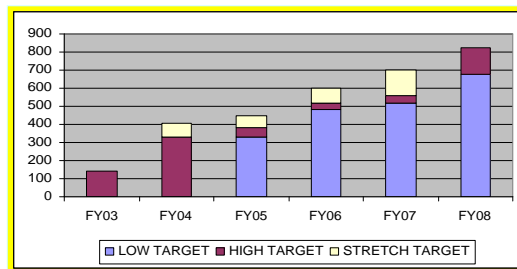


IFC's mission is to promote sustainable private sector investment in developing countries, helping to reduce poverty and improve people's lives

- Member of World Bank Group - owned by 176 governments
- Invests in sustainable private-sector projects on a commercial basis (market-rate investments)
- Financial services are coupled with Technical Assistance (TA) (subsidized TA)
- More than 1/3 of IFC staff and budget are in TA business
- PEP Africa is IFC's TA facility in Sub-Saharan Africa

IFC has aggressive growth targets (investment volumes) in Africa.

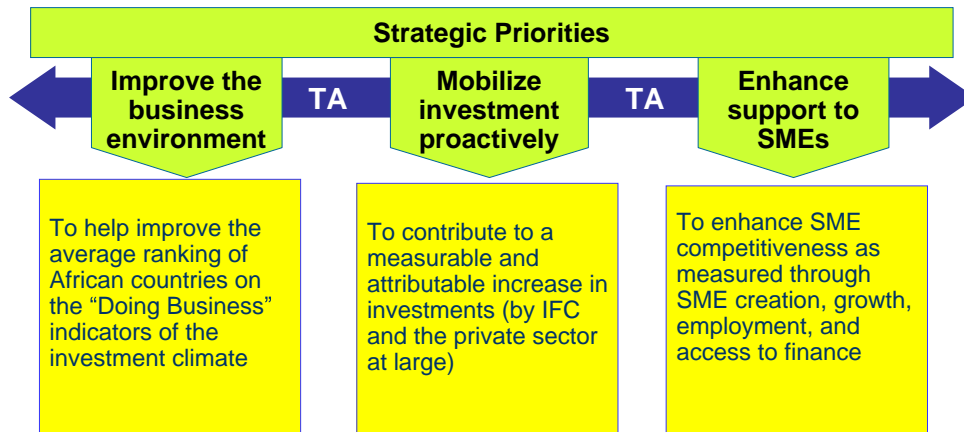
	FY03	FY04	FY05	FY06	FY07	FY08
IFC Investments (\$ million)	149	330	445	700	Forecast 800	Forecast 825



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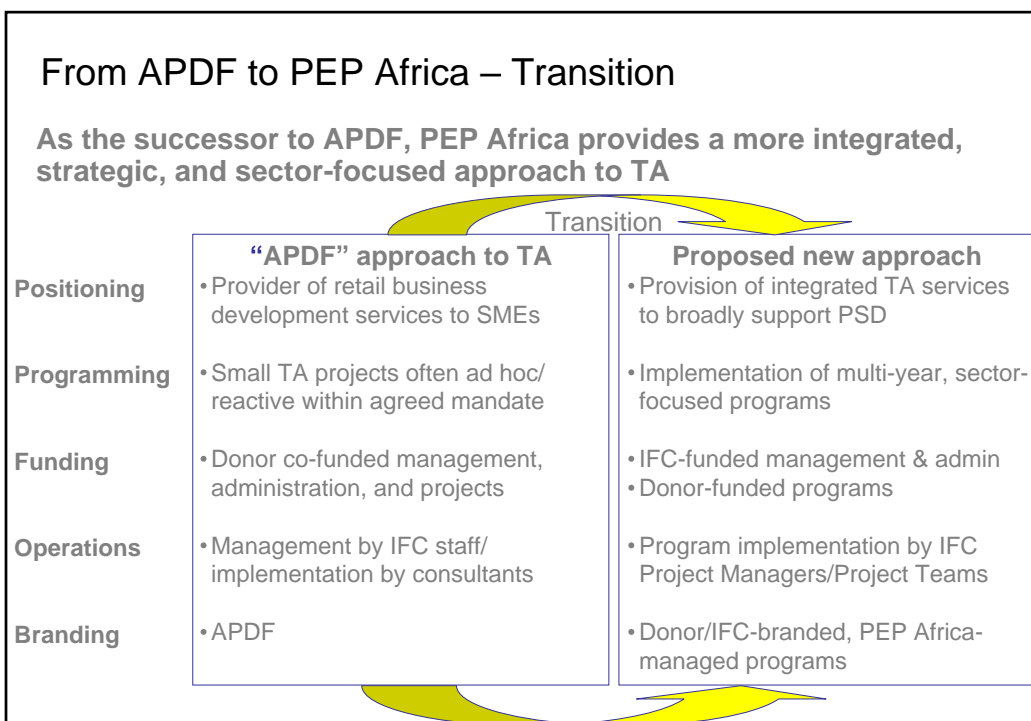
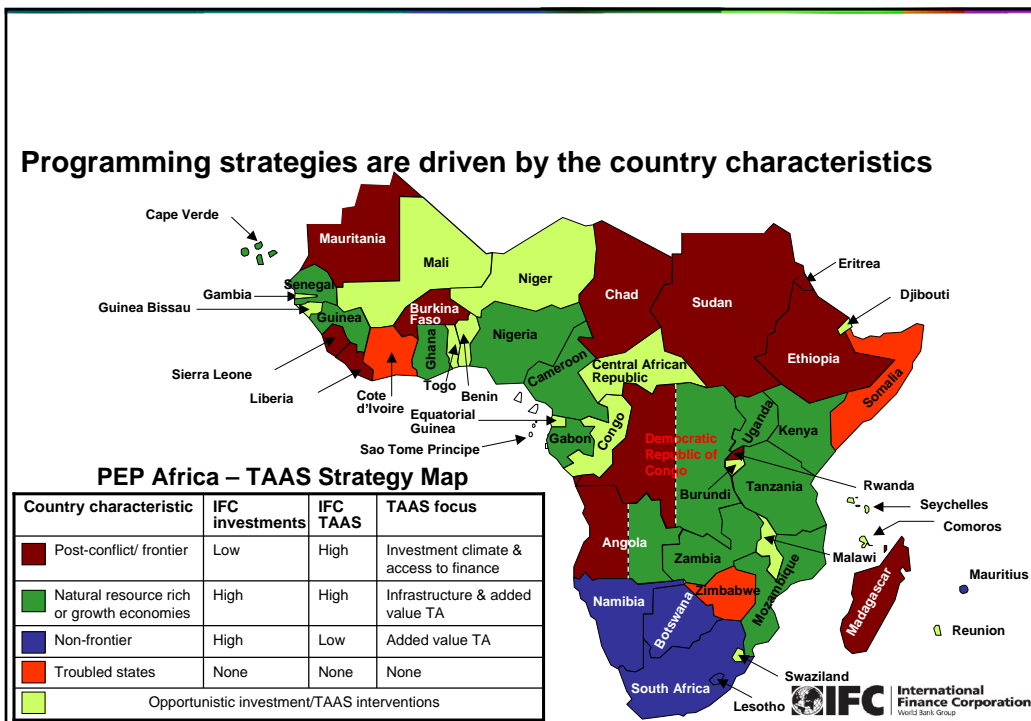


To increase investment IFC provides TA to improve the business environment, to mobilizing investment, and to strengthen SMEs in Africa

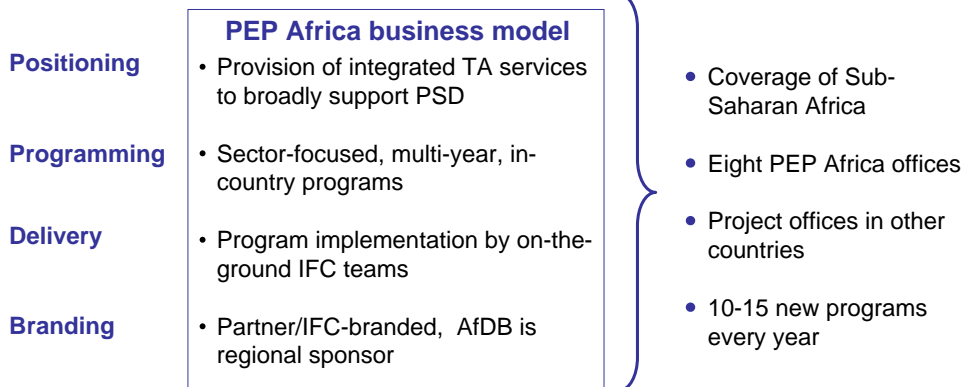


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PEP Africa provides an integrated, sector-focused and programmatic approach based on partnerships with donors and other PSD stakeholders



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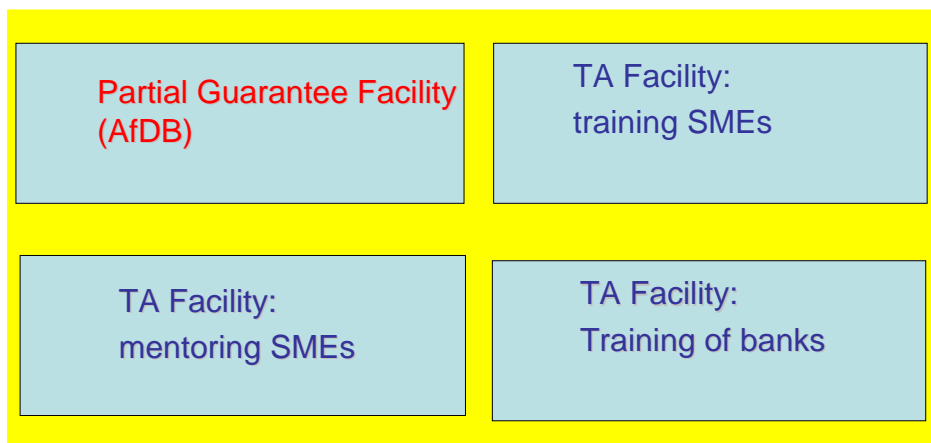
PEP Africa has to date launched 27 programs covering all three strategic objectives, most of them are integrated BEE and/or BDS and or A2F

Improve the business environment	Mobilize investment proactively	Enhance SME development
<ul style="list-style-type: none"> • SSA Efficient Securities Markets Institutional Development (ESMID) • Burkina Faso Doing Better Business • East Africa Credit Scoring and Credit Bureaus • Nigeria Credit Bureaus • Tanzania/Ghana Gender and Growth • SSA Global Business Schools Network* 	<ul style="list-style-type: none"> • Microfinance Initiative for SSA* • Senegal, Ghana Private Schools Financing with TA • SSA Trade Finance Facility with TA* • SSA MSME Finance Program* • SSA PlayPumps Expansion* • Kenya Dairy Sector Supply Chain • Tourism Investment Promotion Program* 	<ul style="list-style-type: none"> • Leasing (Ghana, Madagascar, Tanzania, Rwanda) • Madagascar SME Export Competitiveness • Nigeria Access Bank (women SME financing & TA) • Nigeria - Oil Sector SME Linkage Program (with INSTOK) • Uganda Women Financing & TA • Burkina Faso TA to BACB Microfinance Bank • SSA SME Entrepreneurship Development Initiative* • Lesotho Hospital PPP & SME Linkages Program • Kenya Growth Oriented Women Entrepreneurs • Mozambique SME Linkages* • Ghana Primary Mortgage Market

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*Integrated BDS and A2F
Integrated BEE, BDS, A2F

The program integrates BDS and Access to finance



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There are four leasing programs in the portfolio, two are in the pipeline, they are on different stages

Tanzania:	Program launched in March, 2005
Madagascar:	Program launched in November, 2005
Ghana:	Program launched in March, 2006
Rwanda:	Program launched in September, 2006
DRC, Cameroon:	Program in design stage

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Example: Tourism Investment Promotion program

Key constraints for investment in tourism in Mozambique:

- ❖ Lack of concrete investment opportunities due to investment climate issues
- ❖ Lack of capacity in service provision
- ❖ Lack of financing



The Tourism Investment Promotion Program is partnering with CPI

- ❖ Identify, package, design and market sustainable tourism anchor projects in an attractive coastal setting to prospective investors while clearing administrative hurdles

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Examples: Public/private infrastructure

Public/private infrastructure programs focus on improving access to basic services through increased private sector participation

Public/private infrastructure programs

Market needs	African countries have set ambitious targets for access to water and power as part of the MDGs. Meeting these targets requires the development of innovative partnerships between governments and the private sector and new financing mechanisms. TA is needed to build capacity of governments to develop and manage these schemes and build capacity of local companies to respond, particularly in rural areas.
Types of TA programs developed to address market needs in this programming area	<ul style="list-style-type: none"> • Transaction advice and capacity building for governments • Business advisory and enterprise support services for SMEs in the sector (especially small scale water and rural electrification) • Capacity building and development of infrastructure financing products with local financial institutions • SME linkage programs in the context of infrastructure privatizations
Examples of potential program pipeline	<ul style="list-style-type: none"> • Tanzania Rural Water Program • Uganda Small Towns Water Program • Ethiopia/ Addis Water Program • Rural Electrification Programs (Uganda/Madagascar)
Why IFC/PEP Africa?	<ul style="list-style-type: none"> • IFC has extensive experience in SME development, infrastructure privatization through IFC Advisory Services, and in investing in infrastructure • IFC/PEP Africa will also be able to complement the work of the World Bank in helping structure and finance public infrastructure projects

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Examples: Local Economic Development

Local economic development programs focus on linkages in different sectors and combine BDS and access to finance

Local Economic Development

Market needs	Many African countries have not yet been able to link the local communities, small and micro enterprises to big investments. Special programs are needed to unlock the potential contribution of these SMEs. What is needed is a coordinated, comprehensive and practical approach to build the capacity of the small companies, assist them to get access to finance and to become the supply chain of the big companies.
Types of TA programs developed to address market needs in this programming area	<ul style="list-style-type: none"> • Development of supplier development programs for SMEs in local communities in relation to big investments • Development of local community development programs • Development of access to finance schemes for the potential supply chain participants • Develop local business networks with the SMEs • Include HIV Aids components in to the linkage program • Address gender
Examples of potential program pipeline	<ul style="list-style-type: none"> • Nigeria Oil Linkage Program (Fabrication) • Zambia Copperbelt Mining Sector SME Linkage Program • Mozambique Local SME Supply Chain Development Program
Why IFC/PEP Africa?	<ul style="list-style-type: none"> • Linkage programs combine IFC industrial investment experience and TA

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innovation
partnership
growth

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