



Africa Enterprise Challenge Fund

Africa Fair Trade Convention
Accra 2011



The Fund Manager of the AECF is KPMG
Development Services Limited



Presentation Outline

- 🌱 What is the AECF
- 🌱 Aims and Objectives of the AECF
- 🌱 Making market systems work
- 🌱 How the AECF works
- 🌱 Progress to date
- 🌱 Project examples
- 🌱 Financial value chain
- 🌱 Partnership with investors
- 🌱 Contact information



What is the AECF?

- ❖ AECF is a high profile initiative, arising from the Commission for Africa report (2006)
- ❖ AECF is a fund of donor money available to the private sector on a competitive basis
- ❖ AECF is a special partnership initiative of the Alliance for a Green Revolution in Africa (AGRA). AGRA is chaired by Kofi Annan and funded by Rockefeller and Bill and Melinda Gates
- ❖ AECF is funded by a multi-donor consortium (DFID, Dutch, Ausaid, DANIDA, IFAD). The donors form the Governing Council of the AECF.
- ❖ Final decisions are made by an Independent Investment Committee
- ❖ It is managed by a KPMG led team (the Fund Manager). Other partners include Imani Development, Triple Line Consulting, Springfield, Creative Squares, and Y&R
- ❖ Current capital is US\$150m



Aims and Objectives of the AECF

- 🌱 The Goal of the AECF is to accelerate pro-poor growth in Africa – increasing employment, livelihood opportunities, income and reducing poverty
 - The purpose of the AECF is to make agribusiness, finance and information market systems work better for the poor in rural areas in Africa
 - By impacting on market systems we aim to have a positive impact (jobs and incomes) on large numbers of people living in rural areas
 - The AECF works by supporting private sector companies to develop and test new and innovative business ideas in ***agri-business, rural financial services and renewable energy/adaptation*** in Africa



Making market systems work

- 🌱 Challenge is to select projects that will have a positive impact on the business **and** a direct impact on poor people **and** will make a systemic change to the way the market operates
- 🌱 Such projects are likely to be motivated by business objectives and are also innovative
- 🌱 Ideally we seek “disruptive” innovation that impacts on the way other players in the market behave



How the AECF works

- 🌱 The AECF manages a series of **competitions**, open only to **for-profit-companies for innovative projects in Africa**. Best bids win
- 🌱 We have open competitions and focused sectoral and geographic windows
- 🌱 The AECF provides grants and repayable grants from a minimum of US\$250,000 up to a maximum of US\$1.5m per project (the average grant/loan size is expected to be US\$750,000)
- 🌱 Companies have to at least match the funds provided by the AECF
- 🌱 AECF funds are provided on a reimbursement basis unless otherwise agreed



Progress to date

- 🌱 87 projects in 17 countries
- 🌱 US\$66.80m committed (US\$31.58m grant, US\$35.22m repayable)
- 🌱 US\$242.26m matching funds committed
- 🌱 Estimated 3 million rural people will benefit from these projects
- 🌱 Progress to date has been excellent and all targets have been exceeded

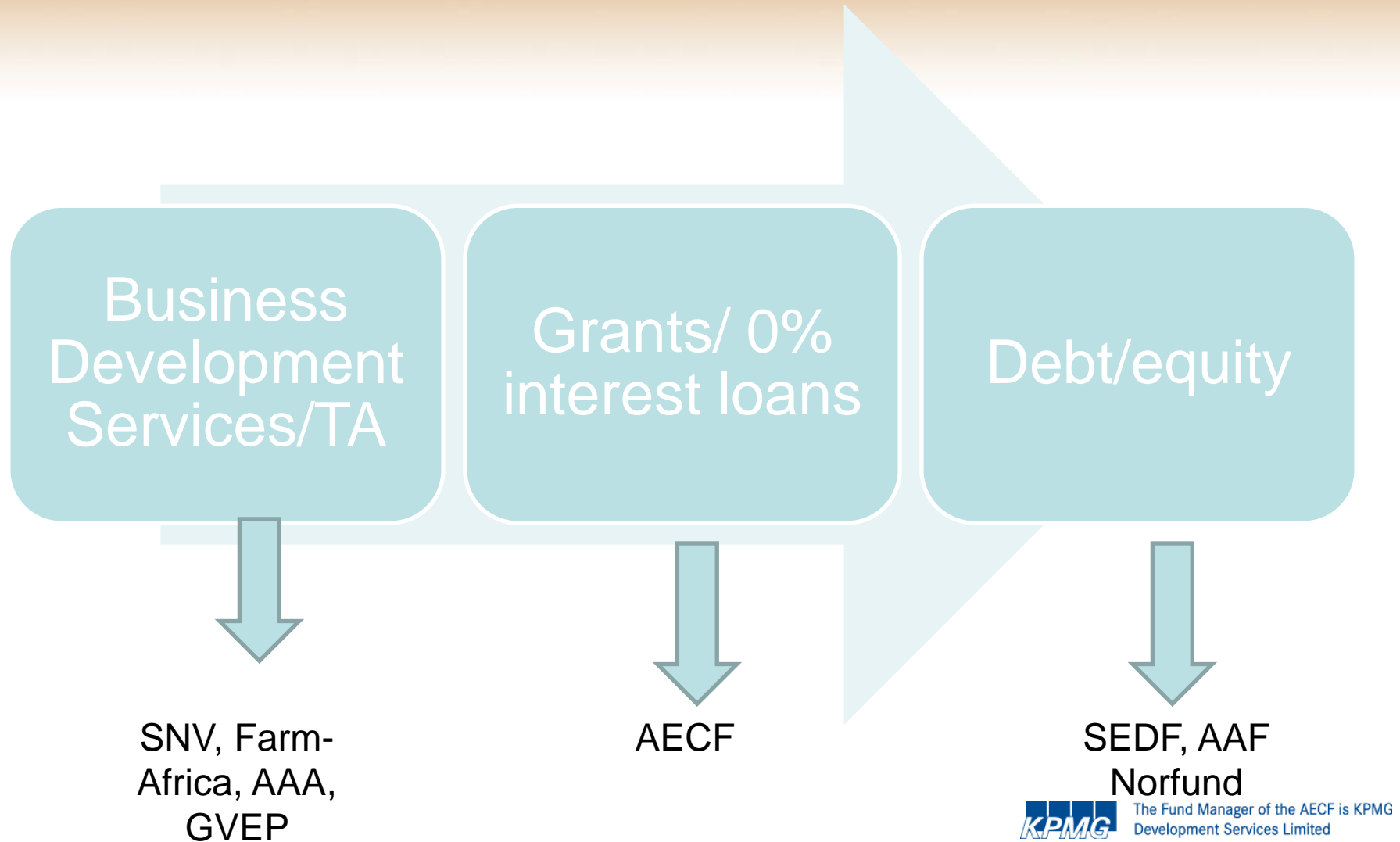


Projects being Implemented

Projects include:

- 🌱 Rural finance project in Nigeria with Monitise plc
- 🌱 Smallholder Sorghum production with Guinness in Northern Cameroon
- 🌱 Maize value chain project in Ghana with Yara International
- 🌱 Smallholder Cocoa quality and export project in Sierra Leone with Biolands Ltd
- 🌱 Cotton smallholder business in Kenya with Rift Valley Products Limited
- 🌱 Pigeon Pea development and processing project in Tanzania with Export Trading Company

Financial value chain: new partnerships





Partnership with investors

- 🌱 Big advantage; pipeline development
- 🌱 3 options: joint, parallel or subsequent;
- 🌱 Announcement of partnership prior to competition; confidentiality clause;
- 🌱 Harmonization of procedures under joint financing;
- 🌱 Some cost sharing and finders fee charged.



AECF Contact Information

🌱 Please visit our website:

www.aecfafrica.org

🌱 Or contact us by email:

info@aecfafrica.org