

A decorative background featuring several spheres of varying shades (white, light gray, dark gray, black) mounted on thin black sticks. The spheres are arranged in a cluster on the left side of the frame, with some casting soft shadows on the surface below. The overall aesthetic is clean and modern.

AfDB Private Equity

Highlights

Southern Africa PE Roundtable, Gaborone

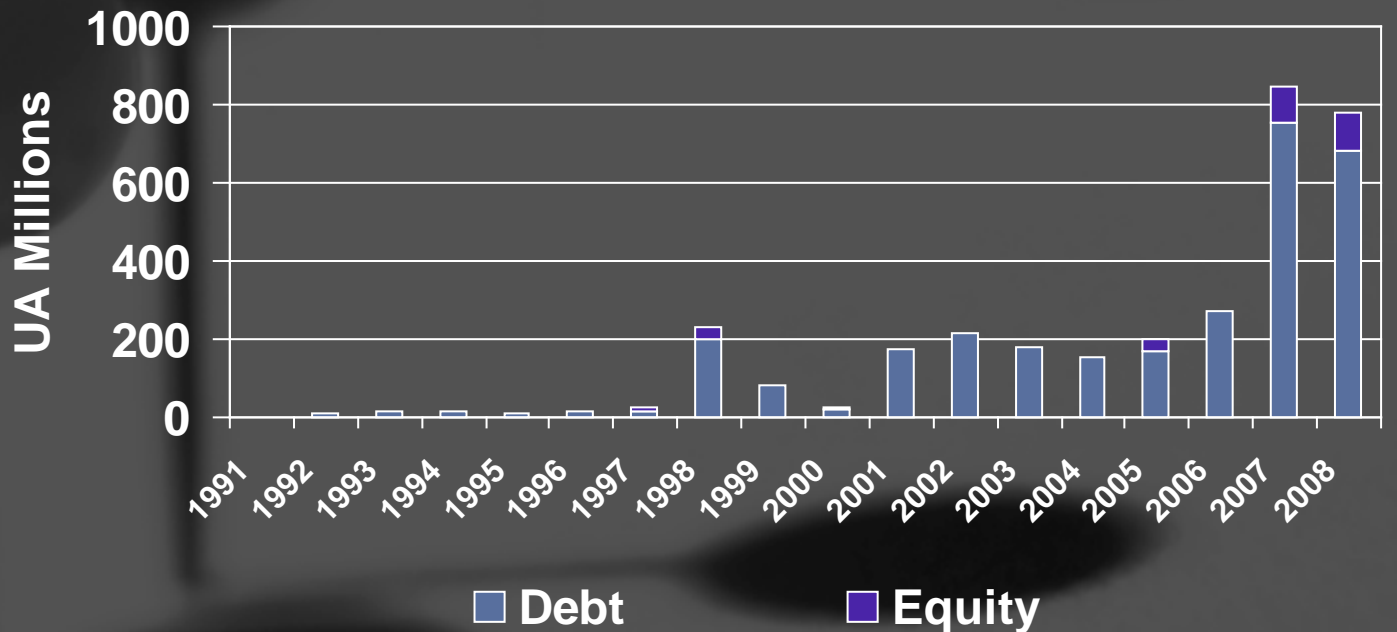
20th October 2010

PE Mission

- *Reference pan-African public sector investor*
- *Long term*
- *Mobilize other financial resources*
- *Sustainable impact on poverty by supporting the development of the continent's private sector.*

The AfDB's equity investments have historically averaged about 8% of new private sector approvals

Total Private Sector Approvals



1UA = 1.1 EUR = 1.5 USD

Portfolio and Pipeline

UA/m	Senior Loans/LOC	Guarantees	Equity	Grants	Total
2006	270	9	0	5	284
2007	715	0	188	11	913
2008	893	21	114	6	1035
2009	1038	5	142	6	1191

Indirect Investments (Funds)

- Generalist
- Infrastructure
- SME
- Health
- Agribusiness

Direct Investments

- **Strategic Investments:** 9 Development Finance Institutions (earliest 1975) plus 1 Other financial institution
- **Tactical Investments:** 6 Financial institutions and 1 Industrial company (Divested)

Approach to PE Investment

- Create sound basis for long term commitment to the sector. Recognize high demand.
- PE investments to be 10-20% of annual private sector approvals.
- PE Funds to be at least 80% of PE approvals
- Quality of portfolio = sustainability activity.
- Transition from rapid growth to consolidation phase.
- Emphasise strategic deal selection

Strategy (I)

- **AfDB Positioning** – leverage of Shareholder Base, Pan African Presence, Focus on Africa, Range of products and services, Flagship initiatives.
- **Portfolio**: diversified and financially sustainable in its own right in real terms and meeting developmental impact targets.
- **Work towards Target Portfolio** – inc Gap Analysis with Existing Dealflow
- **Maturity Profile of Investees** – Africa remains an immature PE investment market
 - Balance experienced fund managers with new fund managers and those addressing less established sectors and geographies.
 - The former makes space for the latter.
 - Leverage TA programmes

Strategy (II)

- **Specific Initiatives:** Mobilisation of Financial Resources (Fund of Funds, Pensions industry, SWF), Producing African PE Industry Performance Data, Leverage of PE funds, Secondary Transactions
- **Positioning as Value adding Investor**
- **Partnerships:** IFIs / DFIs, Other Public sector organizations, Private Sector
- **Industry Associations:** AVCA, EMPEA, SAVCA

PE Investment Objectives (I)

- **Volume** – maintain 14% of total approvals and aim to build towards 20% in 2011 and 2012.
- **Diversification** – Geographical coverage, Sectoral coverage, Investment stage.

Sector	Weighting
Infrastructure	40%
Industries & Services	30%
Financial Intermediation	20%
Microfinance & SMEs	10%

Geography	Weighting
Middle Income Countries	40%
Low Income Countries	40%
Multinational & Regional	20%

PE Investment Objectives (II)

Direct Investments

- Financial sector only, with limited exceptions and
 - presence of a fund manager supported by the Bank or
 - Capped amount