

AFRICA VENTURE CAPITAL PROJECT

REPORT OF CONSULTANTS  
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TASK 60 UNDER  
CONTRACT NO. AFR-0438-C-00-5037-04  
INTERNATIONAL SCIENCE & TECHNOLOGY INSTITUTE

DECEMBER 1, 1989  
WASHINGTON, D.C.

**PART I**

MEMORANDUM

TO: Warren Weinstein, AAA  
A.I.D./AFR/MDI

FROM: Richard Loth, Consultant

SUBJECT: Summary Report of Findings and Recommended Actions Re  
Africa Venture Capital Project (AVCP)

DATE: December 1, 1989

The enclosed material is organized in three separate sections. Part I reflects the recommendations of the consultants regarding actions to be considered in order to establish a detailed work plan for the Africa Venture Capital Project. These recommendations anticipate the project becoming operational by the end of this month, and are based on my survey work in the U.S. (Part II) and Gil Crawford's survey work in selected African countries (Part III). In the time allotted, we were able to identify and assess targets of opportunity for the ACVP; but it should be noted that there remains much more territory to cover in this regard, and these findings to date are by no means definitive. They do provide, however, ample evidence of significant individual and institutional resources to be mobilized to provide relevant assistance to numerous venture capital opportunities in Africa which warrant serious consideration.

Before enumerating the various action recommendations, I believe it is necessary to make a basic assumption about the funding of the AVCP. It appears that the project will get off the ground with a relatively modest amount of money available for financial and technical assistance. This consideration is important. It would be imprudent to pursue a given opportunity which explicitly involves financial assistance and then not be able to make a timely delivery of funds. At least, some "rules of engagement" would have to be clearly understood in this regard in order to avoid a potentially embarrassing situation. The recommendations will therefore contain qualifying language which provides perspective on the approach required in accordance with the availability of resources.

First, Gil Crawford's field work identifies a number of immediate opportunities for both technical assistance and financial assistance:

- The "Abidjan Fund" in the Cote d'Ivoire has an excellent chance of becoming a reality. Citicorp is disposed to commit funds and provide management to this venture capital fund. AVCP financial assistance for covering start-up costs

could be decisive. It appears, subject to a definitive assessment, that the AF represents an opportunity for AVCP financial assistance in the range of US\$150,000 annually over a two to three year period.

- The La Financiere international program could be helped most appropriately by providing technical assistance to improve its organizational capacity. This would involve a modest financial commitment.
- Both Cameroon and Kenya represent "developmental" opportunities, i.e., the AVCP, through contractor staff and consultants, could help develop concepts and designs for venture capital vehicles in order to prepare them for a stage for considering the feasibility of funding specific initiatives.
- Zimbabwe provides two immediate opportunities for AVCP assistance. The "easier" of the two is the Manna organization. It appears to be a highly effective effort with a good track record. A relatively small amount of financial and/or technical assistance (\$50,000 range) could be an appropriate level of effort for the AVCP with Manna.

An immediate, high-impact opportunity exists for a major, professionally-managed venture capital fund. Liquidity and institutional expertise are positive factors. However, the severe lack of foreign exchange appears to dictate the need for a "new product" when considering new business investment. Briefly stated, a foreign currency component appears critical for a fund which addresses investment opportunities, particularly those at the upper-end of the business scale. This probably requires some feasibility work to structure a vehicle and the eventual contribution of US\$250,000-US500,000 as a FX fund component. It may be possible to generate all or a portion of these funds from non-AVCP resources.

- In Botswana, potential venture capital fund sponsors have been identified; and, given the favorable country conditions, it would appear that some initial feasibility work and technical assistance could provide sufficient help to these sponsors to establish a venture capital fund. Given this relatively low-demand on AVCP resources, contractor staff and some consultant effort could move this opportunity to the stage for consideration for funding in a relatively short period of time.

In addition to Gil's field work, the following recommendations deserve consideration:

- The existence of viable, relevant institutions in Guinea (the AMEX investment company) and Zambia (Meridien International Bank) would rank these two opportunities as highly desirable to explore. Contractor staff and/or consultants could undertake the initial in-depth exploratory research to determine what type of specific venture capital initiative is most appropriate. It would appear that venture capital funds aimed at later-stage financing for small-to-medium-sized business, a priority business segment, could result.
- Additional exploratory field work by contractor staff and/or consultants should be directed at Ghana, Malawi, and Mauritius, and other countries AFR/MDI deems advisable.
- In-depth, exploratory discussions with international banks aimed at developing schemes to mobilize venture capital for discrete country funds should have a high priority. Based on some generally agreed upon parameters for AVCP assistance, contractor staff should seek to get some specific indications of the "what-and-how" of their possible commitments. The possible leveraging of significant resources for venture capital funds makes these efforts a definite priority.
- Besides the informal, coincidental contact with multilateral and bilateral, development agencies, a systematic exchange of information on the AVCP is recommended. A periodic "newsletter" type information piece would contribute to the collaborative posture AFR/MDI seeks to convey. AFR/MDI and contractor staff direct contact should always be a priority whenever feasible.
- The identification of institutions and individuals as resources for the AVCP should be an on-going process. In particular, the identification and/or development of small business management training materials, relevant to the African business environment, should be a priority.
- A "brainstorming" session involving AFR/MDI is advisable regarding the formulation of criteria and method(s) for providing financial assistance through the AVCP.

In general, these are the major points for discussion in order to put together a work plan for the AVCP. Because of the funding variable, the development of a realistic plan is best constructed through a thorough discussion of the various alternatives available to us.

**PART II**

MEMORANDUM

FROM: Richard Loth, Consultant

SUBJECT: Survey and Analysis of Relevant Small Enterprise  
Development/Venture Capital Activities in the U.S.

DATE: December 1, 1989

During October and November, I attempted to identify a sampling of individuals, organizations, and companies whose experience and/or activities could have some application and relevance to the proposed Africa Venture Capital Project (AVCP). Time limitations and location factors did not always permit the depth of familiarity desired, but adequate first impressions were obtained to qualify the various contacts as to their appropriateness in terms of applicable concepts and/or technical assistance resources.

Attachment A provides a complete list of approximately fifty contacts which have been divided up into three categories: international, foreign country, and USA. While concentrating on the latter category, opportunities arose for meetings with individuals and organizations from abroad here in Washington, D.C. Gil Crawford's trip to Cote d'Ivoire, Cameroon, Kenya, Zimbabwe and Botswana has provided numerous contacts for venture capital initiatives in those countries.

Individual contact reports with full details and information pieces related to the individuals, organizations, and companies dealt with have been organized in files based on the aforementioned categories and should become part of the permanent record of information resources for the proposed Africa Venture Capital Project. This information will provide the basis for determinations to be made regarding the initial work plan of AVCP.

My purpose here is to provide a synopsis of my impressions, where appropriate, from the meetings I had with the contacts listed in Attachment A. The subjects are treated in the same order as they appear in the Attachment:

Amex International, Inc. They have successfully established an investment holding firm, with professional management, in Conakry, Guinea which should be seriously considered for its relevance to the AVCP. It appears that some US\$3 million was raised for investment in productive enterprises. This vehicle could be the recipient of additional assistance and/or provide guidance to other venture capital initiatives undertaken by the AVCP.

Ayeßsu, Edward S. We met during the World Bank meetings in Washington, D.C. Unfortunately, scheduling complications on his part did not allow for a lengthy, in depth conversation on the AVCP. However, we did talk by phone and Mr. Ayeßsu seemed

genuinely interested in the project and offered his cooperation. His position at the African Development Bank would appear to be helpful. Probably appropriate to check with U.S. Executive Director, Nima Nedelcovych, to see how we can best develop a positive relationship. The Bank is planning a major private sector initiative, and it would be logical for the promotion of venture capital to be included in this effort.

ANZ McCaughn Merchant Bank. I spoke with Mark Coombs in London and he was most interested in cooperating with us. Warren Weinstein had visit in London with other senior ANZ executives with similar positive responses. They appear to be prime contact as participant in venture capital fund, particularly as related to Zaire, Zimbabwe, and Zambia. Coombs was provided background material on AVCP. Substantive meeting in London to follow-up on these initial contacts is in order.

E.C. International Investment Partners. They do not work in Africa (Lome Convention territory), but concept is very interesting (file contains descriptive brochure). I met briefly with Pierre Defraigue, Director, in Washington, D.C. I believe there are elements of their approach (joint venture promotion) which would be valuable to AVCP. Defraigue had very cooperative attitude and suggested we interchange information/experiences once AVCP is organized.

EDESA Management, A.G. EDESA is well-known to us and an obvious candidate for participant in venture capital company or fund. I spoke with Rene Gerber, Managing Director, about the proposed AVCP and, as expected, is very interested in working with us. At first glance, it appears that their participation with Rural Investments Overseas, Ltd. (R10), headed by John Leech in London (we have substantial file material), and their strong presence in selected markets, e.g., major involvement in financial system restructuring in Ghana, need to be pursued. Warren Weinstein had meeting with Leech in London and came away with positive impression.

FMO and IFU. At the World Bank meeting in Washington, D.C., we met Messrs. Smit and Riskaer, executive managers of FMO and IFU, respectively. They were briefed on AVCP and given background information. Both responded positively and seemed to genuinely appreciate the intended collaborative posture of the AVCP vis-a-vis other bi-lateral foreign assistance efforts. Once the AVCP is operational, a system of information dissemination and exchange with the bi-lateral agencies, and others, would be worthwhile.

IFC. It does not appear that capital markets development is a very strong effort for the IFC in Africa. The Capital Market Department's conventional high-level approach (sophisticated, relatively large size) is probably somewhat limiting in this regard. My contact, Monish Dutt, is just one of several investment officers (responsibility by geographic areas and they seem to work

rather independently) we would have to relate to. We agreed that once the AVCP is established, a "group meeting" of appropriate IFC/CMD personnel would be advisable.

Muth, Hanns Peter. I exchanged correspondence with Muth (Weinstein had met in London and recommended highly), who has a venture capital group working internationally out of London, and his interest level in the AVCP is high. He would appear to be a "target of opportunity" both as a recipient of assistance as well as a technical assistance resource.

Robinson, John B. I met Jack Robinson through Warren Weinstein in Washington, D.C. He's an ex-A.I.D. director now retired living in the U.K. He has excellent, high-level relationship with the Commonwealth Development Corporation (CDC) and would be valuable consultant to AVCP to serve as liaison with the CDC. He was given AVCP background information.

UNITED NATIONS. Pierre Damiba's (UNDP) interest in meeting with us (AFR/MDI) regarding the AVCP is a very positive sign. We should give some thought to the content of the meeting in Washington, D.C. on December 18th with Damiba. The business incubator project (UNFSID) by Chinsman is somewhat more problematical; worthwhile pursuing but kept separate from the overall approach to venture capital initiatives in Africa.

USAIDS. The opportunity to meet with the private sector officers from Ghana, Uganda, and South Africa were valuable. They were thoroughly briefed on the proposed AVCP and appeared to feel that there was a fit with their country programs.

Merchant Bank (Ghana) Limited. I met with Messrs. Sarpong (Chairman) and Agyei-Gyansfi (Managing Director) during the World Bank meeting in Washington, D.C. My initial impression was positive; it appears that the MBGL would be an appropriate institutional resource for the AVCP for any initiative in Ghana. They expressed interest in working with us and felt that there was a real need to promote the concept of venture capital in Ghana.

Meridien International Bank, Ltd. I would consider, given the information in hand, that Meridien represents one of the priority targets of opportunity for the AVCP, both as a recipient of financial and technical assistance to help establish venture capitals well as an experienced provider of advice on venture capital initiatives in Africa. As an African owned and operated financial institution with a merchant banking posture, i.e., willing to be innovative, the MIBL is a very attractive institutional resource. More in depth knowledge of their ownership, management, and operations is definitely advisable in order to fully exploit the apparent potential of this group to AVCP.

Merchant Bank of Central Africa. Refer to Gil Crawford's contact report on the MBCA. I met with David Hatendi who is at the World Bank and headed for Zimbabwe to become Managing Director of MBCA as of January, 1990. The Bank has a first-class reputation and represents a valuable institutional resource for the AVCP in Zimbabwe, and perhaps regionally.

Banks. Bankers Trust, Chase, and Citibank all have to be dealt with in London when considering using debt conversion schemes for capitalizing venture capital funds. I have contacted the appropriate people in London and all are interested in exploring opportunities with us. Manufacturers Hanover and Chemical maintain "alternative investment" units in N.Y., with whom we have met, and are similarly disposed to working with us. Morgan Guaranty was also contacted. It appears that these institutions, among others, represent real potential for creating venture capital funds if the AVCP can "sweeten" the deal with financial and/or technical assistance.

Community Economics Corporation. Tara Gildea attended a community development corporations training session in Chicago and made direct and indirect contact with several organizations and institutions which have the potential to provide the AVCP with relevant operating concepts and/or experienced professionals. Among others, the National Congress for Community Economic Development (NCCED) and Shorebank Corporation deserve special attention. Needless to say, Fred O'Regan's activities and the AVCP share much in common and should work together closely.

Council of State Governments. Unfortunately, the CSG's Center of Agriculture & Rural Development is no longer operational. Not much else here for us to work with.

Development Strategies Corporation. DSC is the consultant (Peter Bearse) to the U.N. Fund for Science & Technology Development's business incubator project in Zimbabwe. Interesting for us to explore, but probably not a priority item.

Equator Bank. I met with people in Hartford; decision makers (Tom Wescott, et al) are in London. At the local level in Africa, not sure that Equator has that much to offer the AVCP, but they should be kept in the information loop.

Equity in Africa. Glenn Ferguson, President, is still struggling to keep the program going. While the problem of organizational viability is beyond our scope of work, the actual field activities of EA are of interest to AVCP.

Center for Entrepreneurship - University of Maryland. It is Jerry Feigen's involvement and experience which are the Center's major attraction. I expect Jerry to be actively involved in AVCP

activities and will follow his lead on how to utilize this resource.

Small Business Development Center - George Mason University. Mike Kelroe's, Director, approach is somewhat different than that of University of Maryland. He's willing to work with us.

Kentucky Highlands Investment Corporation. Working in a LDC-like economic environment, KHIC is often cited for its effectiveness as small business development agency. I spoke at length by phone with Jerry Rickett, President, and he is very willing to share their experience with us. It appears that KHIC is representative of the type of profit-oriented, self-sustaining community economic development organization which may have relevant "lessons-learned" for the AVCP.

Lower Mississippi Delta Development Commission. A study group, may be helpful in identifying organizations/activities in geographic area of U.S. with relevant economic/social environments for AVCP. For example, in this regard, the Delta Foundation, Greenville, MS, has been mentioned by this group.

National Association of Investments Companies. The NAIC represents the minority enterprise small business investment companies (MESBICS). JoAnn Price, President, came highly recommended and is very interested in expanding NAIC's international activities. Terry Jones (see Syndicated Communications) heads their international committee. NAIC represents an extremely valuable resource for relevant technical assistance. They want to be able to generate some income wherever possible, and it would appear that we should consider the NAIC for sub-contractor status. Price would be a good candidate for any advisory group the AVCP may organize.

National Association of Small Business Investment Companies. Michael Haynes of NASBIC was most cooperative, however, he also pointed out to us that the NAIC and JoAnn Price would probably have more to offer the AVCP. NASBIC's Venture Capital Institute (an annual training session on venture capital) appears to be an excellent educational resource for the AVCP's purposes.

Profile International, Ltd. Carl Ludvik's professional experience and institutional connections (international banks, World Bank, etc.) would be useful in developing the AVCP's activities. He would be good candidate for consulting and/or advisory group.

Pryde, Roberts & Company, Inc. Paul Pryde does not have any international experience, but he is a very savvy professional who has worked at the grassroots level in minority enterprise development. He came recommended by Terry Jones of Syndicated Communications. Pryde has had direct investor involvement in small business incubators.

U.S. Small Business Administration. Richard America, Manager of Private Sector Initiatives, was very helpful in identifying relevant contacts for the AVCP. He is very much disposed to helping us in any way we deem appropriate. SBA involvement in the AVCP should be explored.

State Economic Development Agencies. The file for "State Services" contains a directory of state sponsored economic development programs. There is a wealth of potentially useful contacts in this group of contacts. Not all these entities are relevant to the needs of the AVCP, but a systematic search for the appropriate ones would produce an abundance of resource programs and individuals. Among others, "umbrella" organizations such as the National Association of Development Corporations, the National Association of State Development Agencies, and the National Governors' Association (Economic Development Section) were recommended.

Sterling Ventures Inc. Gary Kilmer, President, has strong background in both business and international development assistance. Sterling is small venture capital firm based close to Washington, D.C. He is willing to work with us on the AVCP and would make an excellent candidate for an AVCP advisory group, and as a consultant (available for short assignments).

Syndicated Communications, Inc. I met with Herb Wilkins, President, and Terry Jones, SVP, of this Washington, D.C.-based venture capital firm specializing in communications. SYNCON also manages a general venture capital fund called Fulcrum. Wilkins and Jones are impressive, and interested in working with us on the AVCP. Jones actually "entrepreneured" for four years in Kenya after business school. He heads the international committee of the NAIC (National Association of Investment Companies) and is a member of the Board of the Delta Foundation (minority venture capital company in Greenville, MS) His time availability is limited, but he is enthusiastic and interested in collaborating with us. He would be great resource for identifying relevant consultant talent, and would be prime candidate for an AVCP advisory group.

Transtech Venture Investors, L.P. This is an interesting proposal, should be given consideration to see if there is any merit for AVCP assistance. Concept involves \$40 million venture capital fund involving investment in U.S. companies with transferable technology to Africa. May not be practical but worth taking a close look; there may be modifications worth considering which the proposal more compatible with AVCP objectives.

Wachtel & Company, Inc. This is a small family-owned and operated brokerage and venture capital firm here in Washington, DC. Wendie Wachtel has good hands-on, practical experience with small-sized businesses. I believe their experience is relevant to what most venture capital funds in Africa would deal with. Wendie Wachtel

would be good candidate for advisory group and would be available for consulting assignments.

Washington Development Capital Corporation. Rick Tropp is well known to us, he is basically transaction oriented and interested in large projects (\$10 million) which are not realistically so much a part of the Africa scene. Apparently has access to substantial capital resources.

ATTACHMENT A: LIST OF CONTACTS ESTABLISHED BY R. LOTH RE  
AFR/MDI's PROPOSED AFRICAN VENTURE CAPITAL PROJECT

INTERNATIONAL CATEGORY:

AMEX INTERNATIONAL, INC.  
(Felipe Tejeda, VP/Mori Diane, VP)  
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Senior Advisor to the President  
African Development Bank  
01 B.P. 1387  
Abidjan 01 Cote D' Ivoire  
Tlf: (011-225) 322470 Fax: 475992 (at home)

ANZ McCAUGHN MERCHANT BANK  
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Commission of the European Communities  
Directorate General for External Relations  
2000 Rue de la Loi  
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Tlf: (011-32-2) 235-4027 Fax: 235-6161

EDESA MANAGEMENT A. G.  
(Rene Gerber, Managing Director)  
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FMO  
(Frank J. Smit, Director)  
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Netherlands  
Tlf: (011-31-70) 419641 Fax: 471733

**IFU-INDUSTRIALIZATION FUND FOR DEVELOPING COUNTRIES**

(Sven Riskaer, Managing Director)

Bremerholm 4

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**INTERNATIONAL FINANCE CORPORATION**

(Monish Dutt)

Capital Markets Department

1818 H Street, NW

Washington, DC 20433

Tlf: (202) 473-8764 Fax: 676-9299

**MUTH, HANNS PETER**

Enterprise Plus, Ltd.

Willow Wood House

North Church Lane

Ashley Green

Bucks HP5 3PX

England

Tlf: (011-44-2) 865-560

**ROBINSON, JOHN B.**

J.B. Robinson & Associates

Ridge Cottage

Burleigh Near Stroud

Glos GL5 2PJ

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Tlf: (011-44-453) 886467 Fax: 752916

**SHEARSON LEHMAN HUTTON INTERNATIONAL, INC.**

(Peter L. Howell, Vice President)

One Broadgate

London EC2 7HA

England

Tlf: (011-44-1) 601-0011 Fax: 260-2999

**UNITED NATIONS DEVELOPMENT PROGRAMME**

(Pierre-Claver Damiba, Assistant Administrator and Regional Director for Africa)

Regional Bureau for Africa

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**UNITED NATIONS FUND FOR SCIENCE & TECHNOLOGY DEVELOPMENT**

(Babushola Chinsman)

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FOREIGN COUNTRY CATEGORY:

Ghana  
USAID/GHANA  
(Daniel Gyimah, Private Sector Officer)  
Box 1630  
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Ghana

MERCHANT BANK (GHANA) LIMITED  
(Y. M. Sarpong, Chairman)  
Swanmill, Kwame Nkrumah Av.  
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Accra, Ghana  
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South Africa  
USAID/ SOUTH AFRICA  
Black Private Enterprise Development Project  
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Zambia  
MERIDIEN INTERNATIONAL BANK LTD.  
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President/ Theo Phanos, AVP - NY Rep. Office)  
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Zimbabwe  
MERCHANT BANK OF CENTRAL AFRICA  
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Harare, Zimbabwe  
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USA CATEGORY:

AFRICA GROWTH FUND  
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ALLIED CAPITAL CORPORATION  
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Washington, DC 20006  
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BANKERS TRUST COMPANY  
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BENDER, WILLIAM H.  
Africa International  
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Groton, MA 01450  
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CHASE MANHATTAN BANK  
(Peter Greer, VP)  
1 Chase Manhattan Plaza  
New York, NY 10081  
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CHEMICAL BANK  
(Charles Meissner, VP/ Gautam Chakravartty, VP)  
Credit Division- Sovereign Debt Management  
277 Park Avenue  
New York, NY 10172  
Tlf: (212) 310-3806

CITIBANK  
(Antraing Sarkissian, VP)  
399 Park Avenue  
New York, NY 10043  
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COMMUNITY ECONOMICS CORPORATION  
(Fred O'Regan, President)  
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COUNCIL OF STATE GOVERNMENTS  
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Lexington, KY 40578  
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DEVELOPMENT STRATEGIES CORPORATION  
(Peter Bearse, President)  
140 Main Street  
Gloucester, MA 01930  
Tlf: (617) 281-6992/6993

EQUATOR BANK  
(Francis Nyirjesy, AVP)  
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Hartford, CT 06106  
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EQUITY FOR AFRICA  
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111 Charter Oak Avenue  
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CENTER FOR ENTREPRENEURSHIP - UNV. OF MARYLAND  
(Jerry Feigen, Director)  
College of Business Management  
College Park, MD 20742-7215  
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SMALL BUSINESS DEVELOPMENT CENTER - GEORGE MASON UNV.  
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Entrepreneurship Center, Suite B-1  
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LOWER MISSISSIPPI DELTA DEVELOPMENT COMMISSION  
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(Joseph Carvin,VP/Firouz Vakil,VP)  
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MORGAN GUARANTY TRUST COMPANY  
(Barkley Calkins,VP)  
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NATIONAL ASSOCIATION OF INVESTMENT COMPANIES  
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NATIONAL ASSOCIATION OF SMALL BUSINESS INVESTMENT COMPANIES  
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PROFILE INTERNATIONAL, LTD.  
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PRYDE, ROBERTS & COMPANY, INC.  
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U. S. SMALL BUSINESS ADMINISTRATION  
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STATE ECONOMIC DEVELOPMENT AGENCIES  
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STERLING VENTURES, INC.  
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SYNDICATED COMMUNICATIONS, INC.  
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TRANSTECH VENTURE INVESTORS, L.P.  
(Daniel Portlock)  
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WACHTEL & COMPNAY, INC  
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WASHINGTON DEVELOPMENT CAPITAL CORPORATION  
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**PART III**

## COUNTRY REVIEW

COUNTRY: Cote d'Ivoire

DATE VISITED: 10/18-10/24/1989

### Economic Environment for Venture Capital

The economic hardship inflicted by the fall in commodity prices and the GOCI's response to the changes have led to a marked deterioration in the country's infrastructure, the general business climate, business and government ethics, and security. This has in turn caused many multinational, and Japanese businessmen to reevaluate the relative advantage of doing business in the Ivory Coast.

Although the "crisis" or economic down turn has very negatively affected the entire economy in West Africa and threatens the solvency of many of the financial institutions in Abidjan, I found a number of organizations interested in continuing to explore creating a new large venture capital fund (LVCF) on a national or regional basis.

### Financial Markets

The financial markets in the Ivory Coast are suffering from severe liquidity problems. The Government banks are particularly insolvent. The Chase branch was recently purchased by Ecobank and is actively pursuing local commercial borrowers. Citibank is actively arranging investment banking deals to convert some of its debt into equity. Stock market activity has been negatively impacted. In the wake of the formal financial market's crisis, the grass roots development of the informal venture capital funds appears to be growing, including several smaller, more tightly held investment clubs modeled on the La Financiere concept.

Venture capital financial institutions could be encouraged with AFR/MDI, REDSO/Abidjan or RHUDO/Abidjan cooperation. I discussed the concept of a Large VCF "Abidjan Fund", managed by Citibank with a number of the larger private and multilateral financial institutions. I met with a number of participants in the informal venture capital financial entities, and discussed supporting them. In addition I uncovered interest on the part of USAID/RHUDO in developing a small and medium size Long Term Debt facility and on the part of several commercial banks for follow-up on the LPG facilities at PRE/I.

### Large Venture Capital Fund-The Abidjan Fund

AFR/MDI has mapped out the major structure of the Abidjan Fund just prior to my meeting. Citi will act as Fund manager, using the considerable investment banking expertise of Jaques Huot and a new junior officer. AFR/MDI could provide Citi with support to cover the additional start-up costs of the fund, since the NY

headquarters is unlikely to increase its expatriate staff in Abidjan. Citi is considering investing either of their government debt or new lines in the fund. In Addition, several entities expressed interest in investing included: Ecobank, ADB, and IFC. Mr. Michael Prage, an investment manager for high net worth residents of Ivory Coast also expressed interest both as a project originator and investor. One issue that needs to be investigated is whether the Abidjan Fund will be limited to the Ivory Coast or be regional in investment scope. Discussion of the size of the Abidjan Fund ranged \$2MM and \$5MM.

#### Informal Venture Capital Groups-La Financiere et al

My meetings with the informal venture capital groups began with La Financiere. As reported in Mr. Weinstein's trip report, it is difficult to determine how well the group's investments are doing or the state of their financial health because book keeping has been less than comprehensive. Mr. Cracco at APDF envisions a La Financiere International Venture Capital Fund with all member national La Financiere societies investing. In addition, two programs, a mutual society and a loan guarantee program will allow investors the liquidity they currently lack. Although it is clear that the La Financiere concept is a promising one, many in Abidjan agree, technical assistance and grants from the donor community should not be so great as to overwhelm the solid development of this form of African venture capital. I recommend allowing Mr. Cracco to continue to take the lead with La Financiere since he is on site and can carefully monitor the progress of the experiment.

I was also able to contact three other informal VCFs/Investment Clubs. Synergie, although capitalized at a much lower level than la Financiere, has already, successfully imported moderate priced machinery and employed it to manufacture import substitution goods on the local market. AFR/MDI's cooperation with these groups should be in the form of technical assistance, specifically seminars on how other informal VCFs have organized themselves and selected profitable projects. It is interesting to note that the idea of investor clubs appears to be developing on its own. It would be useful to research the scope of this sector and ways that its formal sector banking needs could be provided at the same time that the formal sector's deposit requirements could be met.

#### Conclusions:

1. AFR/MDI should make every effort to bring the potential investors in the Abidjan Fund together with the Citibank management group to see what steps are required to get a prospectus out.
2. Set Date for this meeting. Contact Diop at Citi, Huot at Citi, Prage/Investor, Ashmore at Ecobank, Nedelcovych at ADB, and Nguyen at IFC et al.
3. Maintain contact with La Financiere through Mr. Cracco.

4. Crawford, AVCP contact as many of the smaller investment clubs in Ivory Coast to begin building database for research into the club's strengths and weaknesses as models for other countries in the region or continent.

*BEST AVAILABLE COPY*

## COUNTRY REVIEW

COUNTRY: Cameroon

Date visited 10/24 to 10/27 1989

### Economic Environment for Venture Capital

Cameroon, like the Ivory Coast and the rest of West Africa has been particularly hard hit by the commodities recession. Unlike some of its neighbors, the GOC has begun to make reluctant moves to reform its policies to attract foreign capital. These changes developed after growth slowed, new investment faltered, and the banking system was brought to its knees. Today the government is looking for efficient methods to divest of the publicly owned industrial companies, devise a free trade zone and restore confidence in the financial markets.

### Financial Markets

Most of the commercial and development banks have or are in the process of being liquidated; bad loans exceeded good loans in almost all instances. Meridien Bank purchased the Chase branch and BNP and Credit Lyonnais have recapitalized the banks they owned shares in. As a result, the Cameroonian formal deposit taking institutions lack public confidence. The informal sector currently accounts for the bulk of deposit taking in Cameroon, mobilizing many levels of society either along social, professional, ethnic or trade lines. However, the Tontines' efficiency as a money market is low. As a result, funds are not being concentrated for investment in the formal or informal sectors and investments in viable projects are limited.

### USAID Mission

The Mission has been active in supporting efforts to improve the private sector, specifically the financial markets. The mission scheduled meetings revolved around the efforts of Cameroonians to overcome the lack of liquidity in the formal sector, especially the lack of equity financing and venture capital. Yaounde has a highly active, well motivated and effective commitment to the private sector initiative. Their cooperation can only be termed as extremely helpful to AVCP's mission.

### CCEI-A Bridge Bank Between the Formal and the Informal Sectors

The Caisse Commune d'Epargne et d'Investissement (CCEI), founded in 1986, as a 100% non-government, African owned bank specialized in extending short and medium term credit to small and medium size African businesspersons, has grown rapidly in recent years and is

bridging the gulf between the illiquid commercial/government banks and the informal saving sector (the Tontines). The bank has developed "Flash Cash", a product that pays interest like a deposit account but from which withdrawals are made only with a recognized negotiable draft, much like a savings account which has travelers checks issued in the exact amount of the principal deposited. In one year Tontines' (informal investment clubs) deposits have grown from 0% of Liabilities to 20%.

As the bank continues to attract long term financing in the form of increased term deposits, near equity from European donors, and retained profits, CCEI is taking a greater merchant/investment banker role especially in the area of denationalized/privatized industries. Brian Ames will continue to monitor the development of CCEI. AVCP has agreed to look for American commercial banks that might be interested in a correspondent relationship with CCEI.

#### Free Trade Zone-Venture Capital Fund (FTZ-VCF)

Mr. Ames has been active in the Free Trade Zone (FTZ) policy negotiations with the GOC and showed me an impressive first draft of proposed legislation. He has also been active in discussing the idea of a FTZ-VCF with 30 High Net Worth (HNW) Cameroonians. I met with Mr. Bill Tita, a member of the HNW committee, and discussed their proposal. Mr. Tita felt that AFR/MDI's biggest contribution would be in the form of technical assistance to develop a pre-feasibility study or concept paper, and then a prospectus and market study of the investment climate for the FTZ. Mr. Tita felt that the HNW individuals could raise \$30MM among themselves, and then float debentures. He feels that a AID/OPIC/ADB guarantee of these bonds would go a long way towards improving visibility and credibility of the fund and its debentures. The FTZ-VCF would invest primarily in the initial infrastructure of the zone and secondly, in projects and joint ventures in the FTZ.

#### La Financiere Cameroon (LFC)

Mr. Ayangma, Directeur General of the private insurance company CNA, is the founder and promoter of the La Financiere Cameroon (LFC). LFC began its capitalization one year ago, they have not set up a central office, although they have begun investments in profitable small and medium size enterprises in the service/agroindustrial/and craftsmen sectors. LFC does not appear to be in close contact with La Financiere Cote d'Ivoire, although Mr. Ayangma is familiar with and supports APDF's plans to develop a West Coast La Financiere International VCF, and the Mutual Credit and Guarantee Programs for La Financiere members. Mr. Ayangma did not give the impression that he currently needs a great deal of assistance from MDI. He has successfully created, a PR/marketing firm, stockbrokerage firm, advertising firm, and a software and hardware importer indicating that he is capable of finding the proper partners and projects for LFC. My recommendation is to give LFC some breathing space and focus our efforts on APDF's La

Financiere International initiative.

Conclusions:

1. Continue to support Brian Ames' effort to launch a FTZ-VCF with ideas and a buy-in AVCP consulting group to do pre-feasibility and prospectus work on the fund.
2. Continue to monitor the development of the COEI group.
3. Maintain contact with LFC through La Financiere Cote d'Ivoire.

## COUNTRY REVIEW

COUNTRY: Kenya

DATES VISITED: Oct 28th to Oct 31st 1989

### Economic Environment for Venture Capital

The general economic environment in Kenya has continued to deteriorate, reducing the attractiveness of venture capital activities. Those interviewed spoke of a decline in business and government ethics, as well as the judicial and accounting standards. Minority shareholder rights are essentially unenforceable under the existing investment code, and unverifiable because of the decline in accounting standards. The FX constraints and blocked funds have begun to slow new investment and cause infrastructural short comings. In addition the antiquated bank laws, which stifle venture capital investments and long term loans, still have not been reformed. Add to these economic problems, the increased security risk and uncertainty felt by the vibrant Asian business community, and Kenya looks even less attractive to local or international venture capitalists.

### Kenya Equity Capital

KEC's progress has been hampered by many of these above mentioned problems. They have looked at over two hundred projects reviewed twelve thoroughly, with the hope of investing in three by the end of the year. The difficulty in finding viable projects is the result of the business climate, particularly minority shareholder rights. The fund is attempting to raise an additional KSH 24-26MM in capital from insurance companies, and other private sources. In addition they have approached several project sponsors to solicit direct investment in the fund. After investing the Fund would then allow the sponsor to borrow 100% of their equity investment in the fund plus 150% in LT loans available from the Mission's matching loan facility.

Despite a slow initial learning curve, Kenya Equity Management has been asked to develop the Windsor Equity Fund, which will focus on investments in the tourist industry. The impetus for the Windsor Fund came from A&K (an American safari company) that has decided that if Kenya is to maintain its five star tourist reputation, A&K will need to start taking an equity stake in the tourist infrastructure. KEM intends to capitalize the fund with KSH 100-150MM of which 37.5% of the funds are already committed.

During my meeting with Mr. Laurence Clark, at AEF, he expressed interest in KEC and said that the IFC might be interested in the Windsor Fund as a co-investor.

Conclusion:

1. Continue to monitor the progress of KEM and the Windsor Fund for relevance in other countries and economies.

## COUNTRY OUTLINE

COUNTRY: ZIMBABWE

DATE VISITED: 11/1/89 to 11/3/89

### Economic Environment for Venture Capital

The market in Zimbabwe is ripe for national or regional venture capital funds. During the meetings I discussed two models of VCFs. The merchant banks and larger companies are primarily interested in a large VCF (LVCF) that would be geared towards large scale equity investments of between Z\$1MM and Z\$6MM.

The second informal VCF is aimed at businesspersons who are prepared to move from the informal to the formal sector. There are currently two venture capital groups specialized in the lower end of the market, Manna Corporation and udc Small Business Trust. Both have a loan facility as part of their business encouragement program.

There is a great deal of interest on the part of the business and banking community in both funds. The government is deciding whether they want the risk capital market to be dominated by government owned and managed VCFs, capitalized with forced private sector donations or whether this function can be better served by the private sector.

Zimbabwe has many of the prerequisites for a successful venture capital market. However, foreign exchange and a lack of political commitment to a free market solution to nagging growth issues have conspired to retard the development of private investment in productive enterprises.

There are two interrelated economic and social issues that have converged to make this an opportune juncture for creating several different types of venture capital funds.

First, the foreign exchange constraints are stifling additional investment in productive export projects. The FX constraints are exacerbated by the government's ambivalent attitude concerning foreign investment and especially the repatriation of profits. Currently foreign firms can repatriate 25% of their profits for pre-independence investments and 50% for post-independence. The remaining funds must be invested in Zimbabwean government securities. GOZ is currently entertaining proposals to open a secondary market for blocked funds, an indication that the government may be becoming more flexible in their FX thinking. Any successful VCF would need to incorporate a hard currency component, with an export pay-out mechanism, possibly tied to the evolving secondary market for blocked \$Z.

The second issue that makes this a opportune time to propose VCFs is unemployment. High unemployment figures especially, among the "school leavers" is of great economic and political concern to the government, as well as, the business and banking communities. It is estimated that there are 300,000 school leavers each year. The majority of them are not finding work in the formal sector.

despite the government's efforts to use the public sector as the employer of last resort. It is estimated that up to 70% of the school leavers are entering the informal sector. In response to this social time bomb the government has exerted significant pressure on the major financial institutions to increase the availability of risk capital to the informal and semi-formal sectors. The treasury is pushing the concept of state run VCFs financed by mandatory contributions from the financial sector. In response the commercial and merchant banks are actively designing their own lending and equity fund programs in an attempt to preempt the government's plans.

In conclusion, I recommend MDI consider initiating a preliminary fact finding mission to Zimbabwe, coordinated with the Mission to investigate what the legal, political and financial restrictions would be on a LVCF. In addition the preliminary mission would investigate how AFR/MDI could be most effective in bringing management, investors, and projects together in a fund. It should be noted that the FX component remains the major factor in getting a successful large VCF started. For additional information on the large VCF see the Contact Reports for Mr. Mswaka and Mr. Feltoe.

#### Contact Report Large VCF

Conclusions are based upon meetings with the following persons and groups, including:

Mr. Thomas Mswaka, Cairns ( Large Food Processor)  
Mr. Richard Feltoe, Managing Director, RAL ( Merchant Bank)  
Simon Gray, Merchant Bank of Central Africa  
Gair Cameron, Merchant Bank of Central Africa

All of the interviewed businessmen expressed the same conclusions concerning the creation of a large VCF in Zimbabwe in the near future.

1. There is plenty of \$Z liquidity in major international and Zimbabwean firms for investment in a LVCF.
2. FX continues to be the major constraint of the Zimbabwean economy. Financially sound export deals remain unfunded for want of a 10% to 20% hard currency component.
3. Currently, there is a good environment for a LVCF, because the government is putting pressure on the business community and particularly the financial community to develop a new financing mechanism for small and medium size enterprises.
4. However, they emphasized the importance of working closely with the Treasury and Zimbabwean Investment Corporation to get approval for the fund and the hard currency component.

## Type of Fund

The Zimbabwean fund would be structured along the same lines as the Kenya Equity Fund and the proposed Abidjan Fund. Investors could include the following groups:

1. Local Commercial Banks
2. Local Merchant Banks
3. Local Insurance Companies and Pension Funds
4. Local Agro-Processing Firms "i.e.", Cairns
5. Foreign Firms with "Blocked Funds"
6. Donor Community Financial Institutions
7. Private and Public Placements

Both RAL and Merchant Bank of Africa expressed interest in acting as managers of, and investors in a fund, especially if the up front costs were partially underwritten. Either the Manna or udc Small Business Trust could act as manager of the large VCF's informal sector lending facility and risk capital program, reducing the administrative costs to the Large VCF of monitoring the informal sector exposure.

## Deal Flow

Each individual interviewed emphasized the large number of viable projects that have been stymied for lack of hard currency. Because of Zimbabwe's comparative agricultural advantage, all the interviewed agreed that the agro-processing sector offered the largest number of financially viable projects. In addition they emphasized the benefits of increased demand for agricultural raw materials in the rural, peasant sector, specifically the employment and income benefits.

## Recommendations

1. Establish high level interest on the part of the Mission and get a designated officer for venture capital activities.
2. Investigate the availability of a hard currency facility with the following groups: USAID Mission, AID/PRE, AFR/MDI, IFC, or private investors with a government loan guarantee.
3. Send preliminary 2-3 week fact finding mission to investigate the following areas in greater detail:
  - a. Commercial banks' interest;
  - b. Merchant banks' interest;
  - c. Existing bureaucratic hurdles, specifically meet with Mr. Richard Wilde, head of the Zimbabwean

Investment Council and the individuals at Treasury and the Central Bank who are debating the merits of creating two publicly controlled, privately funded VCFs;

- d. The government's current expectations for the secondary market for blocked funds. Are they about to create a secondary market for these funds;
- e. What food processing companies would be interested in pursuing this concept further. What are the types of projects they envision. What percentage of the projects will be rural/urban, labor intensive/ capital intensive, export oriented/import substitution, large/medium/small. What is the expected IRR from different types of projects and what is the amount of hard currency that will be generated by proposed projects;
- f. Investigate further the legal environment and restrictions pertaining to venture capital in Zimbabwe;
- g. Insurance and pension fund interest;
- h. Private and public placement markets and players; and
- i. Meet with foreign firms with blocked funds to find out where they stand with the GOZ vis-a-vis a secondary market.

## CONTACT REPORT

DATE: 11/2/89

PERSONS: Mr. Eddie Cross

ORGANIZATION: Manna Corporation

### BACKGROUND INFORMATION:

Mr. Cross and 29 business colleagues formed Manna Corporation four years ago to act as a grass roots venture capital company. The Corporation was capitalized with Z\$ 1,000 from each investor. The concept of pushing existing informal sector businesses into the formal sector with the discipline of a market driven VCF has proved highly successful and has spread to two other secondary cities in Zimbabwe. I have not included udc Trust in this report because it shares significant similarities of design with Manna, as well as, significant input from Mr. Cross.

### Manna's Criteria for Investment

- \* Investments are limited to existing, operational businesses.
- \* A Manna investor or designate must be a board member and that board member must invest in at least 2% of the prospective company's equity. This acts to motivate the board member.
- \* Manna insists that all transactions be run through a designated checking account; that regular monthly financial reports be reviewed by the Manna board member and that a yearly audit be conducted by a designated accounting firm.
- \* All taxes must be paid. This eliminates a typical problem of informal companies entering the formal sector; back tax liabilities.
- \* Manna requires at least a 55% equity holding for their account. They sign a buy back agreement based upon a valuation done by Peat Marwick, exercisable at the entrepreneur's option.
- \* The entrepreneur must hold at least 30% of the equity so that at the time of buy back he controls a majority of his company.

- \* Manna's portfolio subsidiary must pay 15% of its after tax profits to the Manna "Charitable" Trust. The Trust distributes to the destitute in Zimbabwe. This levy is an additional inducement to the entrepreneur and other investors to effect the buy out of Manna in a timely manner.
- \* Manna has a loan facility nfor denovo projects and enterprises still too small for their equity group. The borrower must get one of the Manna members to co-sign for the amount of the loan and act as his business advisor. Loan sizes average Z\$350.

#### Results Reported

- \* There have been no business failures or loan defaults since operations began in 1986.
- \* Revenues of Manna Corp and subs were Z\$ 2MM in 1988.
- \* Manna had a Z\$ 72,000 profit, not including gains on divested subsidiaries, in 1988, representing a 200% ROI (Return on Investment).
- \* The first sub has been divested with a 6 to 1 pay out ratio.
- \* Two sister Manna Corporations have been started:
  - a) Barnabus\Mr. Peter Jenkins, Chrm. Middle School; and
  - b) Bulawayo\Mr. Dave Coltart, Esq.
- \* Manna is investigating investing some of their profits in a business incubator/industrial park, which would include:
  - a) below market first year rents;
  - b) communal-- phone hook-ups, computer room, board room;
  - c) factory space; and
  - d) financing through local issue bonds.

It is clear that Manna Corporation is receiving a strong response from the local "white" business community and from Zimbabwean entrepreneurs. Mr. Cross indicated that some of the entrepreneurs have returned with their profits to sponsor other entrepreneurs. It is clear that MDI could benefit from exchanging information with this group.

## Other Contacts and Follow-Up

\* Manna is also in direct contact with the Triple Trust Foundation in the Rep. of South Africa which acts as the central coordinator for similar programs through out the Rep. of South Africa.

\* Manna also has a close liaison with Global Reach, a California NGO, run by Mr. Jay Likings. Global Reach has been successful in starting small enterprises in Asia and Latin America, and in the process has developed a library of " Do It Yourself " manuals aimed at business issues and skills in the Third World. Mr. Cross is considering taking this material and " Africanizing " it for Manna's purposes. ( Global Reach contacted us on Thursday Dec 6th and we are in the process of reviewing the material they sent.)

## Prospective Areas of Cooperation with Manna.

- \* Underwriting start-up costs.
  - a) Fund a manager and an office to coordinate the sister Manna groups, and spread the concept to the secondary cities and the region.
- \* Evaluation.
  - a) Conduct an evaluation of Manna's results, methods, and reach.
  - b) Are Manna's results specific to the particular economic and historical context of the modern Zimbabwe?
- \* Policy Analysis.
  - a) Gather existing macro-economic study of the Zimbabwean financial sector, particularly governmental impediments to the creation of more small and medium size enterprises. ( Has a MAPS study been completed?)
- \* Promotion.
  - a) AFR/MDI could promote seminars with multinational corporations on how to work with informal and fledgling African firms especially in the marketing of multinational products.

Mr. Cross has pointed out that Johnson and Johnson has been highly successful in stimulating both the sale of its products through small and medium size firms as well as encouraging the creation and growth of many local distributors.

- b) Support the development of a "Do It Yourself" business library. Global Reach has a number of publications that could be Africanized and employed in Zimbabwe.
- c) Consider supporting a group to develop a comprehensive, grass roots business course. The Triple Trust Foundation's "Township MBA" in Soweto is considered highly successful at imparting some of the most basic business knowledge that has been lacking in the informal sector. In meeting after meeting businessmen, bankers, and government officials all cited the dearth of management skills in the informal sector as a significant impediment to economic growth.

#### Recommendations:

I found the Manna "model" to represent the most attractive immediate opportunity in my recent five country AVCP mission in Africa. I recommend a two to three week fact finding mission to Zimbabwe that would dovetail with large scale VCF fact finding mission. This mission would allow us to determine if any of the above mentioned areas of cooperation are feasible, and see if the Manna model is applicable to other regional or African economies.

## COUNTRY OUTLINE

COUNTRY: BOTSWANA

DATES VISITED 10/4/89 TO 10/8/89

### Economic Environment for Venture Capital

Of the five economies which I visited on my mission, the market in Botswana is the most appropriate for the successful development of a large VCF. (see the Country Check List-Botswana) This is the result of Botswana's, high growth rate, independent and efficient legal system, pro-business government, strong foreign currency reserves, market access to SADCC countries, and moderately advanced and efficient financial markets. A major impediment to expanded indigenous business development is the lack of long term commercial credit, and the paucity of risk capital. There are three commercial banks in Botswana, Barclays, Standard Charter and BCCI. The two British banks are reported to be highly conservative, highly dependent on collateral and highly profitable. Frustration is palpable among the entrepreneurs that I interviewed. They feel that the commercial banks are reaping large profits while refusing to fill the venture capital/ investment banking role. Although many understand that this is not necessarily the role of a commercial bank, almost to the man, those interviewed would like to see the a large VCF in Botswana grow into a publicly traded "universal" bank. A number of those interviewed emphasized the important political reasons for making investments in the Large Venture Capital Fund open, through a public offering, to as broad a segment of the population as possible. In addition they argued that the informal sector should be serviced through a subsidiary of the LVCF possibly drawing on BOCCIM's, (Botswana Confederation of Commerce, Industry and Manpower) expertise in the field of small and micro enterprises, rather than setting up a separate informal long term debt fund.

### Large Venture Capital Fund

The structure envisioned for the Large VCF is similar in structure to the Kenya/Ivory Coast/Zimbabwean VCFs. Obviously the foreign exchange constraints are not as critical as in Zimbabwe. The loan guarantee program is not as important a component as in Kenya. Investors could included high net worth Batawana, a public offering, insurance companies, pension funds, Botswana Development Corporation (BDC), U.S. investors, other western investors. Unlike the Zimbabwean model, investment will be aimed across the board in all productive areas of the economy and not specifically in the agro-processing sector. 70% of the initial funds would be invested in projects with a total cost of \$.5MM to \$3MM projects, 25% in \$25M to \$500M projects and the remainder in the informal fund, to be administer separately. The estimated total size of the fund range from between \$5MM to \$30MM.

MDI's role in facilitating the development of a large VCF is primarily one of technical assistance. First, the businessmen interviewed indicated that they would like to see the fund managed by a reputable American financial institution, which could act as a counter weight to the U.K. bank's lock on the market. Several of the businessmen interviewed have already made unsuccessful preliminary contact with some of the larger American banks. There appears to be little appreciation among Batawana of the lack of appetite at American commercial banks for additional exposure internationally, particularly in Africa. One of the primary tasks of the AVCP will be to coordinate the search for an American fund manager and foreign investors. Additionally AVCP will put these groups together with the high net worth Batawana investors.

A second area of technical assistance for MDI could be the investment in preliminary feasibility studies, and by providing a reimbursable grants to underwrite the initial years start-up/management costs. It is my impression that the business community is keenly aware of the need for a risk capital group, but lacks the financial knowledge to structure the Large VCF, develop a prospectus, contact private investors, and structure a public offering. In short, investment banking skills.

In this regard, MDI could greatly benefit from the presence in Botswana of Robert Ash who has had experience with venture capital in the Ohio/West Virginia region.

A third area of technical assistance is the development of a team to coordinate the informal long term debt facility and develop a group of loan officers specialized in small and micro-loan facilities.

#### Recommendations:

1. Contact Fred Dolton by fax or phone ASAP to tell him where we are and see what his follow-up meetings have uncovered.
2. Contact the Mission and see if they are on board.
3. See if the Mission can second Robert Ash/Currie as local contact for the venture capital initiative.
4. Much of the preliminary ground work could be completed by the Dolton/Ash/Neil Currie. Specifically a demarche on the government concerning their attitude. Specifically the Treasury, Central Bank and the Botswana Development Corporation (BDC).
5. Send out a preliminary group to evaluate the next steps that need to be taken, specifically what kind of investment banking skills can be obtained locally and what will be needed from consultants to get a prospectus drawn up.

6. Simultaneously, Loth/Crawford should begin contacting financial groups about acting as managing partners/investors in the large VCF. Loth and Crawford may wish to contact Equator/Citi/Meridien/Morgan as well as other venture capital groups uncovered in Loth's US research.
7. Set a date to have verbal expression of interests from HNW-Batawana, Botswana Insurance Companies/ Pension Funds, BDC, US investors, US Fund Managers. Obtain a draft of preliminary prospectus, and public offering.
8. Discuss the small and micro long term debt facilities/informal sector window at the Large VCF with the following :  
Ash/Currie/Dolton/Loth/Crawford/O'Regan/Gildea.

Gil Crawford's Personal Ad Hoc Venture Capital Check List  
 COUNTRY: Cote d'Ivoire/Ivory Coast  
 From One to Ten ( Ten=Good)  
 GENERAL ECONOMIC ENVIRONMENT

Economic Growth Rate	5
Breadth of Economy	6
OPIC Agreement	
World Bank/IMF Compliance	
Investment Code	8
Minority Shareholders Rights	7
Efficiency of the Judicial System	6
Impartiality of Judicial System	5
Business and Government Ethics	5
Accounting Standards	7
Availability of Upper Level Managers	7
Availability of Middle Level Managers	7
Work Ethic	6
Telecommunications System	7
General Infrastructure	7
Availability of Viable Private Projects	6
Free Trade Zone Legislation Pending	4

FINANCIAL MARKETS

Commercial Banks	7
Commercial Banks Liquidity	2
Investment/Merchant Banks	7
Venture Capital Firms	5
Insurance Companies	6
Pension Plans	6
Government Development Entities	2
Non-Bank Financial Institutions	5
Informal Venture Capital Entities	9
Private Placement market	7
Stock Market	5
Acceptance of Stock Market by Middle Class	5
FX Constraints	4
Blocked Funds ( Average Exit Period )	7
Secondary Market for Blocked Funds	na
Government pro Debt for Equity Swaps	5
Availability of Debt Conversion Funds	7

USAID RECEPTIVITY

General Mission's Private Sector Initiative	5
PRE Officer	10
Relative Mission Funding in Private Entrp	0
PL480/Counterpart Funds Availability	

Gil Crawford's Personal Ad Hoc Venture Capital Environment Check List

COUNTRY:CAMEROON

From One to Ten ( Ten=Good)

GENERAL ECONOMIC ENVIRONMENT

Economic Growth Rate	4
Breadth of Economy	5
OPIC Agreement	
World Bank/IMF Compliance	
Investment Code	7
Minority Shareholders Rights	7
Efficiency of the Judicial System	5
Impartiality of Judicial System	5
Business and Government Ethics	5
Accounting Standards	5
Availability of Upper Level Managers	7
Availability of Middle Level Managers	7
Work Ethic	5
Telecommunications System	7
General Infrastructure	7
Availability of Viable Private Projects	6
Free Trade Zone Legislation Pending	9

FINANCIAL MARKETS

Commercial Banks	2
Commercial Banks Liquidity	2
Investment/Merchant Banks	1
Venture Capital Firms	1
Insurance Companies	5
Pension Plans	
Government Development Entities	3
Non-Bank Financial Institutions	9
Informal Venture Capital Entities	9
Private Placement Market	
Stock Market	
Acceptance of Stock Market by Middle Class	
FX Constraints	
Blocked Funds ( Average Exit Period )	
Secondary Market for Blocked Funds	
Government pro Debt for Equity Swaps	3
Availability of Debt Conversion Funds	

USAID RECEPTIVITY

General Mission's Private Sector Initiative	9
PRE Officer	10
Relative Mission Funding in Private Enterp	10
PL480/Counterpart Funds Availability	

Gil Crawford's Personal Ad Hoc Venture Capital Environment Check List

COUNTRY:kenya

From One to Ten ( Ten=Good)

GENERAL ECONOMIC ENVIRONMENT

Economic Growth Rate	5
Breadth of Economy	7
OPIC Agreement	
World Bank/IMF Compliance	
Investment Code	6
Minority Shareholders Rights	4
Efficiency of the Judicial System	5
Impartiality of Judicial System	4
Business and Government Ethics	4
Accounting Standards	3
Availability of Upper Level Managers	6
Availability of Middle Level Managers	6
Work Ethic	8
Telecommunications System	8
General Infrastructure	8
Availability of Viable Private Projects	4
Free Trade Zone Legislation Pending	4

FINANCIAL MARKETS

Commercial Banks	8
Commercial Banks Liquidity	8
Investment/Merchant Banks	8
Venture Capital Firms	8
Insurance Companies	8
Pension Plans	8
Government Development Entities	6
Non-Bank Financial Institutions	8
Informal Venture Capital Entities	4
Private Placement market	
Stock Market	8
Acceptance of Stock Market by Middle Class	8
FX Constraints	2
Blocked Funds ( Average Exit Period )	6-12m
Secondary Market for Blocked Funds	8
Government pro Debt for Equity Swaps	4
Availability of Debt Conversion Funds	3

USAID RECEPTIVITY

General Mission's Private Sector Initiative	10
PRE Officer	10
Relative Mission Funding in Private Enterp	10
PL480/Counterpart Funds Availability	

Gil Crawford's Personal Ad Hoc Venture Capital Environment Check List

COUNTRY: Zimbabwe  
 From One to Ten ( Ten=Good)  
 GENERAL ECONOMIC ENVIRONMENT

Economic Growth Rate	4
Breadth of Economy	9
OPIC Agreement	
World Bank/IMF Compliance	
Investment Code	5
Minority Shareholders Rights	9
Efficiency of the Judicial System	8
Impartiality of Judicial System	8
Business and Government Ethics	7
Accounting Standards	10
Availability of Upper Level Managers	9
Availability of Middle Level Managers	8
Work Ethic	9
Telecommunications System	8
General Infrastructure	8
Availability of Viable Private Projects	10
Free Trade Zone Legislation Pending	7

FINANCIAL MARKETS

Commercial Banks	9
Commercial Banks Liquidity	10
Investment/Merchant Banks	10
Venture Capital Firms	
Insurance Companies	10
Pension Plans	10
Government Development Entities	3
Non-Bank Financial Institutions	9
Informal Venture Capital Entities	9
Private Placement market	
Stock Market	8
Acceptance of Stock Market by Middle Class	8
FX Constraints	1
Blocked Funds ( Average Exit Period )	12-24m
Secondary Market for Blocked Funds	4
Government pro Debt for Equity Swaps	4
Availability of Debt Conversion Funds	4

USAID RECEPTIVITY

General Mission's Private Sector Initiative	10
PRE Officer	10
Relative Mission Funding in Private Enterp	10
PL480/Counterpart Funds Availability	

Gil Crawford's Personal Ad Hoc Venture Capital Environment Check List

COUNTRY: Botswana

From One to Ten ( Ten=Good)

GENERAL ECONOMIC ENVIRONMENT

Economic Growth Rate	10
Breadth of Economy	6
OPIC Agreement	
World Bank/IMF Compliance	
Investment Code	9
Minority Shareholders Rights	9
Efficiency of the Judicial System	9
Impartiality of Judicial System	9
Business and Government Ethics	9
Accounting Standards	9
Availability of Upper Level Managers	5
Availability of Middle Level Managers	5
Work Ethic	3
Telecommunications System	7
General Infrastructure	7
Availability of Viable Private Projects	9
Free Trade Zone Legislation Pending	6

FINANCIAL MARKETS

Commercial Banks	8
Commercial Banks Liquidity	10
Investment/Merchant Banks	
Venture Capital Firms	
Insurance Companies	8
Pension Plans	8
Government Development Entities	8
Non-Bank Financial Institutions	
Informal Venture Capital Entities	0
Private Placement market	8
Stock Market	7
Acceptance of Stock Market by Middle Class	7
FX Constraints	10
Blocked Funds ( Average Exit Period )	0m
Secondary Market for Blocked Funds	na
Government pro Debt for Equity Swaps	na
Availability of Debt Conversion Funds	na

USAID RECEPTIVITY

General Mission's Private Sector Initiative	10
PRE Officer	10
Relative Mission Funding in Private Entrp	10
PL480/Counterpart Funds Availability	