

# AFRICA PROCUREMENT FUND



## INVESTMENT PITCH

BFS Fund Manager, a Namibian Fund Management Company is seeking equity and debt investments to the value of NAD 2 billion (USD 160 million) into the Africa Procurement Fund, a bridging finance Fund.



## BUSINESS SUMMARY

Africa Procurement Fund will provide short term bridging finance in the form of debt to SMEs who have secured supply contracts with reputable large corporates, parastatals, local authorities and government departments to supply goods, services or value adding and require funding ranging from USD 80 thousand up to 15% of capital commitments (USD 24 million at full commitment). The Fund aims to achieve a gross return of 24% and a net return of at least 17.5%.



## FUND STRUCTURE

Africa Procurement Fund will be domiciled in Mauritius as an open Fund to allow new investors to invest in the Fund. The Fund will have a geographic spread stretching over 3 SADC countries, namely Mozambique, Tanzania and Zambia. The Fund will be 99% capitalised by investor participants and 1% of total capital commitments by the Fund Manager.



## MARKET OPPORTUNITY

The solution is demand responsive in any country that encourages procurement and contracting opportunities for SMEs. It can work both in developed and developing countries. As an initial growth step, the SADC region is identified to be followed by West Africa.



## MANAGEMENT

The Africa Procurement Fund will be managed by BFS Fund Manager (Manco) which is wholly owned by Business Financial Solutions (Pty) Ltd (BFS). The company is registered with the Namibia Financial Institutions Supervisory Authority (NAMFISA), the regulatory body for Non-banking Financial Institutions, Insurance Companies, Unlisted Investment Managers and Venture Capital/ Private Equity Funds. Presently, BFS Fund Manager is managing two Unlisted Investment Funds, The Namibia Procurement Fund I and II (NamPro Fund (s)). To date, BFS Fund Manager has invested about NAD 1 billion (USD 80 million) in 140 SMEs in Namibia. The company has not recorded any capital losses or provided for capital losses since inception. Last year, BFS Fund Manager recorded yields of over 20 % at a time when investments in traditional instruments were posting single digit returns. The company had write offs of NAD 1 million .

The Management Team is led by Ms Kauna Ndilula, the founder of the company and a well experienced Senior Executive with over 21 years exposure in the SME market. She is supported by a team of qualified managers that have a combined experience of over 80 years in the fields of venture capital/private equity field, accounting, finance, legal services, enterprise support and economic research. Together, they form the Executive Committee (EXCO). The primary functions of the Fund Manager are to find, make, grow/monitor and exit investments.

BFS Fund Manager is ranked by the London Stock Exchange Group as one of the 16 (sixteen) companies in Namibia with growth rates that inspire Africa.

The opportunity now lies in taking this successful concept, together with the Fund Management experience, into other African countries where the need to improve access to short term finance for SMEs is high.



## KEY INVESTMENT HIGHLIGHTS

- Drawdowns will be as needed to make new investments.
- The Fund will operate from the BFS Fund Manager offices in Windhoek, Namibia.
- Equity and Debt commitments to be for a minimum of NAD 25 million (US\$ 2 million).
- Minimum investment period for equity at least 5 years.



## BUSINESS MODEL

The Fund will assume the role of a financial partner by providing bridging finance to an SME (the technical partner) that has been awarded a supply contract or a tender. The Fund will provide the finance required to execute the supply contract and will receive cessions for the proceeds from the Off taker. Upon receipt of proceeds from the supply contract, the Fund will deduct the principal amount advanced to the SME for the execution of the contract and the interest that has accumulated and pays the balance to the SME.



## INVESTMENT OPPORTUNITIES

There are a number of investment opportunities that the current managed Funds have not been able to invest in due to their size. In addition, all investments that the Funds have made to date are in Namibia, even though other opportunities exist to introduce the Fund's product offering to other African countries where access to finance for SMEs is still a major challenge.



## INVESTMENT METHODOLOGY

The Fund will have an independent Investment Committee which will be a subcommittee of the Board of Trustees that will be responsible for assessing all investment proposals and strengthening governance in the credit granting process. BFS Fund Manager will regularly hold Asset and Liability Committee (ALCO) meetings to ensure that the Fund's approvals match the assets that the Fund have and these reports will be submitted to the Audit, Risk and Compliance Committee (ARCC), a proposed subcommittee of the Board of Trustees.



## VALUE PROPOSITION

BFS Fund Manager has a dedicated team of Investment Analysts and a supportive credit evaluation and administration structure that assess applications and provide critical analysis of investment viability and credit risks. Our philosophy of applying an equity type hands-on management approach is our secret for success.



## COMPETITORS

Africa Procurement Fund will compete with Commercial Banks as well as development institutions in the respective countries. However, Africa Procurement Fund is SME finance focused, whereas the other institutions offer such products as one amongst others.



## COMPANY PROFILE

BFS Fund Manager was established in 2010 to provide Fund Management services. BFS Fund Manager currently manages two SME Procurement Funds in Namibia. The company is wholly owned by Business Financial Solutions (BFS). The main objective of the company is to improve access to finance for SME growth and to support SMEs to meet their obligations and deliver on their supply contracts and tenders awarded to them.



## FOCUS AREAS

SME finance and enterprise development.



## FOUNDED

2010



## BANKERS

Bank Windhoek



## FINANCIAL INFORMATION

Currency Denomination: Namibian Dollar (NAD1 = USD 12.5 )



## LAWYERS

Engling, Stritter and Partners



## AUDITORS

PriceWaterHouse Coopers



## CONTACT

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