



INTERNATIONAL FINANCE CORPORATION
WORLD BANK GROUP

Private Equity in Africa

A DFI Perspective

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IFC Private Equity Funds – Global (Q1 2010)

Number of committed:

- Funds 161
- Fund Management Companies 16
- Investee companies >700

\$ Committed by IFC

US\$ 2.7 billion

Total Mobilized from investors

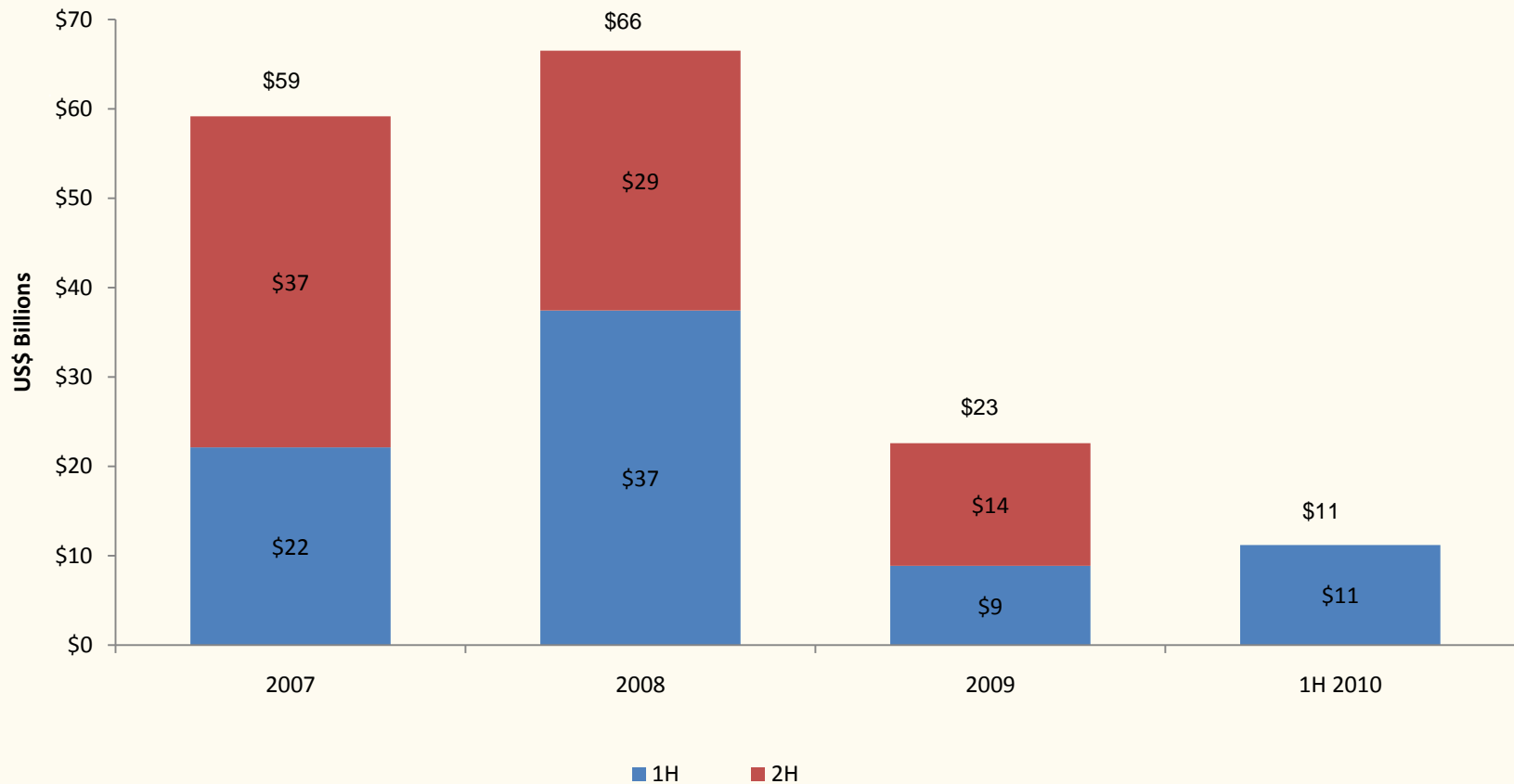
US\$ 25.2 billion

(through the above investments)

Net IRR of 18.1%*

Net IRR Africa 21.0%

PE Fundraising in Emerging Markets to 1H 2010 (\$ Billion)

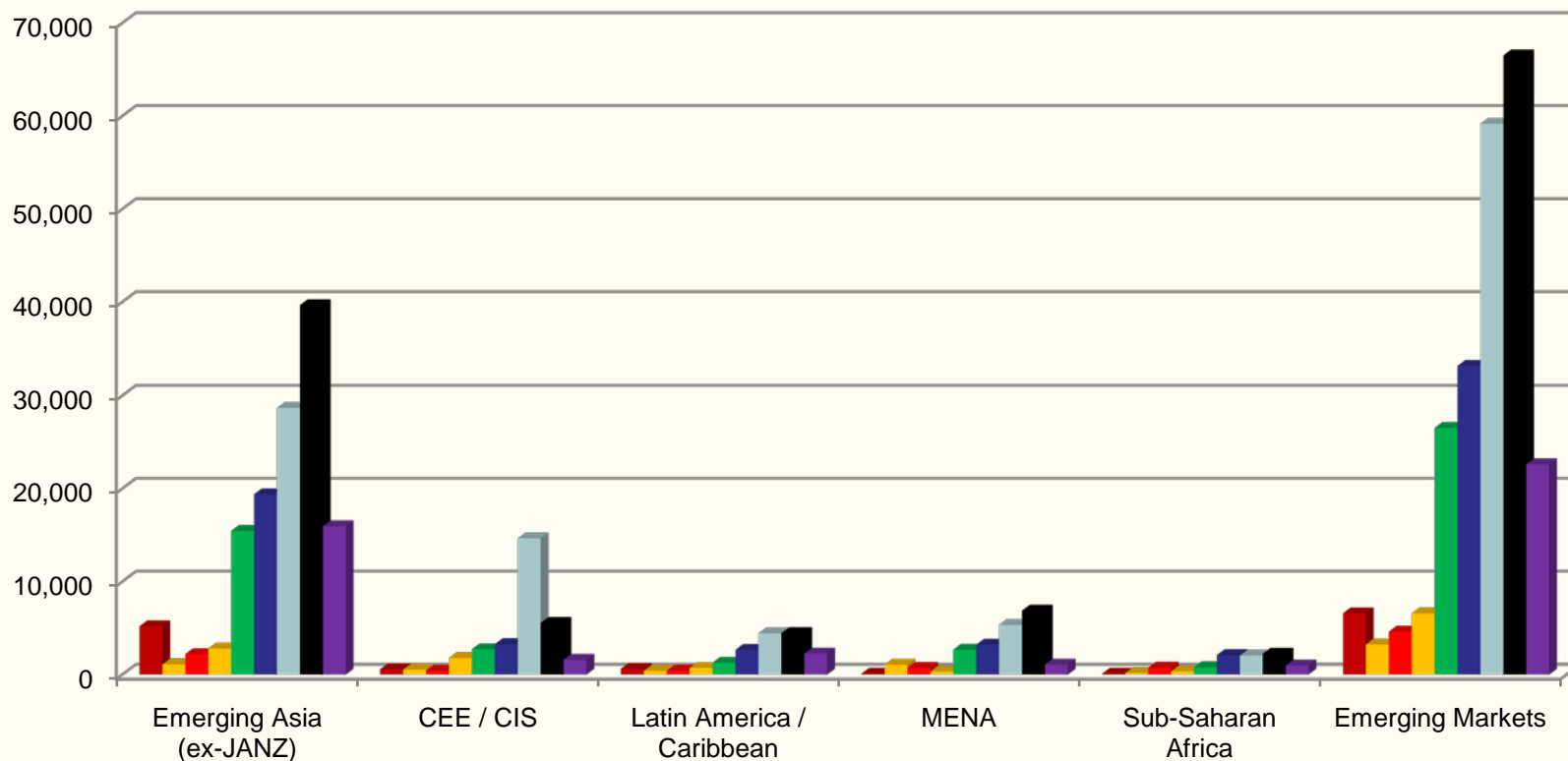


Source: EMPEA

PE Fundraising in Emerging Markets

Emerging Markets PE Fundraising (2001 - 2009)

■ 2001 ■ 2002 ■ 2003 ■ 2004 ■ 2005 ■ 2006 ■ 2007 ■ 2008 ■ 2009



Source: EMPEA

African PE: Fundraising 2005-2009

Year	Fundraising (US\$ billion)				PE \$raised as % of EM		PE \$raised as % of GDP	
	All Emerging Markets	Sub-Saharan Africa	South Africa	Africa (Ex SA)	SSA as % of EM	Ex-SA as % of EM	Sub-Saharan Africa	SSA Ex-SA
2005	25.52	0.79	0.35	0.44	3.1%	1.7%	0.12%	0.11%
2006	33.19	2.09	1.19	1.16	6.3%	3.5%	0.32%	0.24%
2007	59.16	2.03	0.55	0.84	3.4%	1.4%	0.27%	0.15%
2008	66.52	2.24	0.22	1.90	3.4%	2.9%	0.16%	0.18%
2009	22.61	0.96			4.3%			
1H 2010	11.20	1.04			9.29%			

- First PE groups (e.g. EMP, AIG, Zephyr) appeared in 90's with strong DFI-backing
- SSA has one of lowest PE/GDP ratio worldwide at 0.3 (0.15 excl. SA) - compared to 1.9 in US
- South Africa traditionally accounted for approx. 50% of PE\$ raised in SSA, however in that last couple of years that ratio has decreased substantially
- Interest in Africa from int'l investors increasing but %share of global PE fundraising still low; strong need for domestic capital to invest in the asset class
- 2008 was a record year for SSA PE fundraising, but there was a decline of 44.9% to \$964 million in 2009 due to the global financial crisis. However, the first half of 2010 seems to indicate a budding recovery, with fundraising standing at \$1.0 billion

IFC Private Equity Funds - Africa

- First investment in a private equity fund in Africa in 1994
- Currently, IFC has invested in over 30 funds in Africa with commitments totaling over \$640 million
- These funds have invested in over 230 companies
- The portfolio is a mixed bag of high performing and developmental funds

The Opportunity in Emerging Markets

Private Equity requires:

- (i) businesses in which to invest
- (ii) access to equity stakes with influence over the business

Supportive trends:

1. Move to market-based economies since the 1990s
2. The opening of trade and capital flows since 2000
3. Reduced identification of family status and wealth with direct ownership

What do we look for in a Fund?

- Quality of Fund Manager:
 - Local presence/access to deal flow
 - Team: background and experience
 - Track record (PE/other) and exits
 - Alignment of interests/fund terms
- IFC Role and Additionality
 - Development impact: Growth capital and value-addition
- Fit with IFC's strategy:
 - IFC priorities (SME, IDA, agribusiness/infrastructure/ climate change...), region specific objectives

Value Add to Funds:

- Fund structuring to international standards
- Catalyst for other institutional investors
- Active participation through advisory boards and committees
- IFC regional/industry expertise
- Promotion of environmental and social sustainability

IFC's Experience in EM PE

1. Very broad opportunity
2. Emerging markets private equity is less risky than commonly perceived
3. Successful investing requires more than traditional due diligence

THANK YOU