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# **CROWDFUNDING FOR MORE IMPACTS IN AFRICAN SMEs**

Partnership Investisseurs & partenaires - 

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# AFRICA : GROWTH IN DANGER!



## Africa has experienced over the past decade an unprecedented improvement

- Based on **structural phenomena, demographic and geographic**, it is accompanied by an increase in exports, improved terms of trade, an increase in final consumption and significant transfers of migrants.
- Characterized by **good macroeconomic indicators** (inflation decreasing: from 15% in 2000 to 8.1% in 2011, more controlled foreign debt from 63% of PIB in 2000 to 22.2% in 2012).

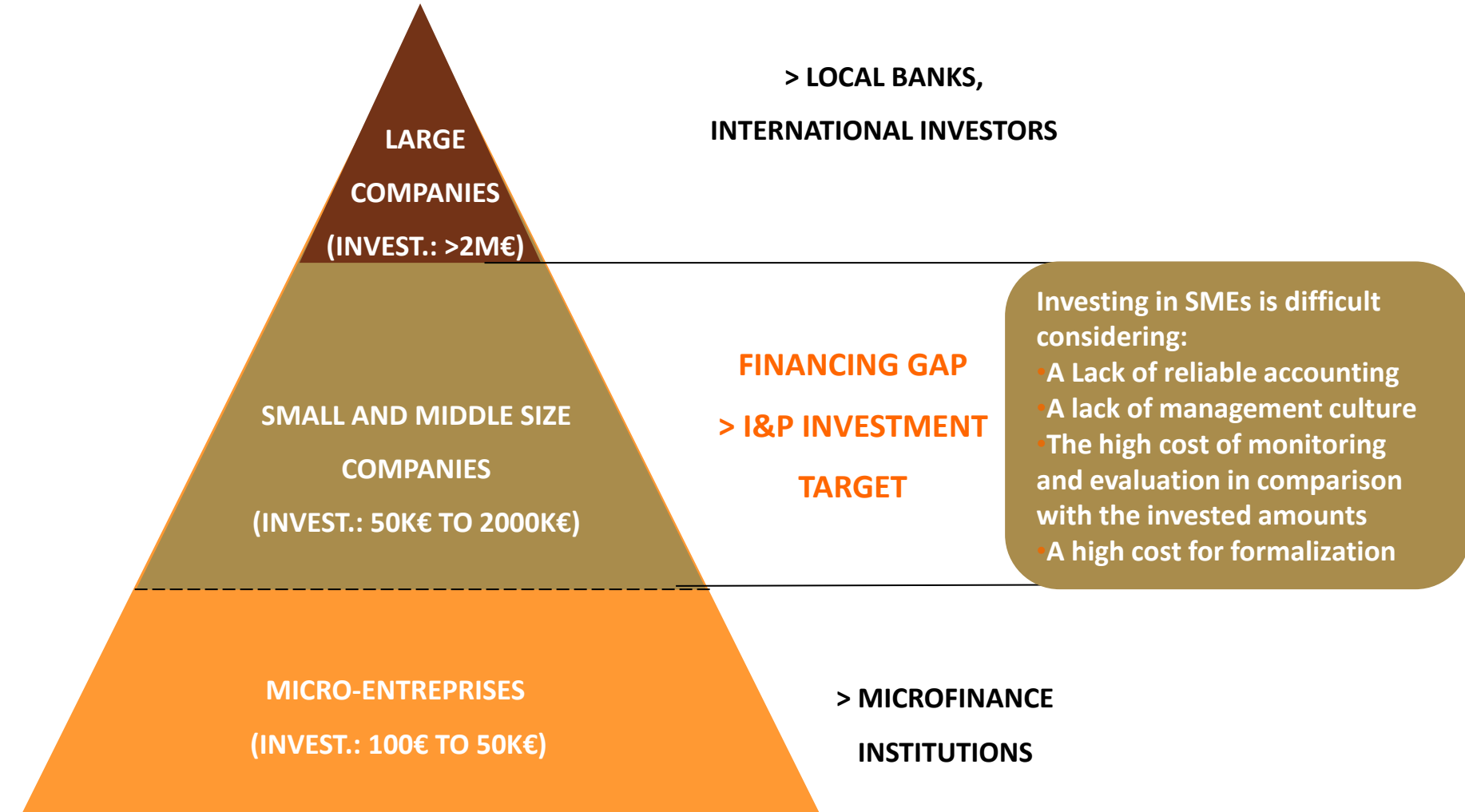
## However, its growth is heterogeneous, fragile and insufficient

- **48 Sub-Saharan African countries** do not face the same problems of development.
- **Balance of commodity exports** undiversified weakens by exposing them to the volatility of world economies.
- **In 2011, the African IHD remains below 52% in the North American IHD, against 56% in 1980.**

## Many companies driving development of the continent, still lack access to long-term financing:

- They stand for what is called the **“MISSING MIDDLE”**.

# SMEs LACK ACCESS TO FUNDING: THEY ARE THE « MISSING MIDDLE » OF THE AFRICAN ECONOMIES



# CROWDFUNDING : THE DEMOCRATIZATION OF CAPITAL

- **Crowdfunding is a collective resource-pooling practice used to finance individuals, companies, organizations, funds, projects, products or groups. This process operates via online marketplaces and electronic payment.** These platforms aggregate rather small amounts of capital in a limited time-frame from many individuals who share a common interest in a specific idea, project or business.
- **More than one million campaigns are estimated to have raised \$2.7 billion worldwide across all types of crowdfunding platforms in 2012.** This figure is expected to reach \$5.1 billion in 2013, almost double the 2012 figure.
- To date, the most active segments of this market worldwide are Arts (all types) (27.7%), **Social Causes (27.4%), Business and Entrepreneurship (16.9%), and Energy and Environment (5.9%)** (*Massolutions 2013*).

# AN INNOVATIVE PARTNERSHIP : CROWDFUNDING & IMPACT INVESTMENT

- **Impact investing is ripe for technological innovation capable of attracting capital** beyond accredited investors and large institutions, and making impact investing for all a reality.
- On the other hand **crowdfunding represents a significant opportunity for social entrepreneurs** to leverage online platforms to access investors, **and for investors** to access greater dealflow.
- Besides the fabulous lever crowdfunding represents to show real individuals and entrepreneurs trying to improve their own or their community's living conditions, **this democratic mechanism enables to fund small investment needs**, which could not be fulfilled through classical interventions.

**CROWDFUNDING AND IMPACT INVESTMENT ARE COMPLEMENTARY TOOLS  
TO ADDRESS THE CHALLENGE OF FINANCING  
THE MOST VULNERABLE PEOPLE IN AFRICA**

# A UNIQUE EXPERIENCE TO FUND AND PROMOTE AFRICAN SMEs

- **Investisseurs & Partenaires (I&P)** is an **impact investment group** created in 2002 and dedicated to **promote a new generation of responsible African entrepreneurs**.
- I&P is **one of the very few investment funds that provide small African businesses** with capital, mentoring and technical assistance.
- I&P holds **45 companies in its portfolio over 12 African countries**. The investment team gathers 15 professionals including 5 African offices.
- **KIVA** is a non-profit organization whose mission to **connect people through lending to alleviate poverty**.
- Since 2005 KIVA internet platform has gathered **more than 1.5 million users with a total amount lent of \$ 542,556,725**.
- Kiva works with financial institutions on five continents to provide loans to people without access to traditional banking systems. It relies on a world wide network of over **450 volunteers**.

**TOGETHER, I&P AND KIVA AIM TO PROPOSE  
NEW FUNDING SOLUTIONS TO SMEs IN ORDER TO  
GENERATE POSITIVE IMPACTS AND FIGHT AGAINST POVERTY IN AFRICA**

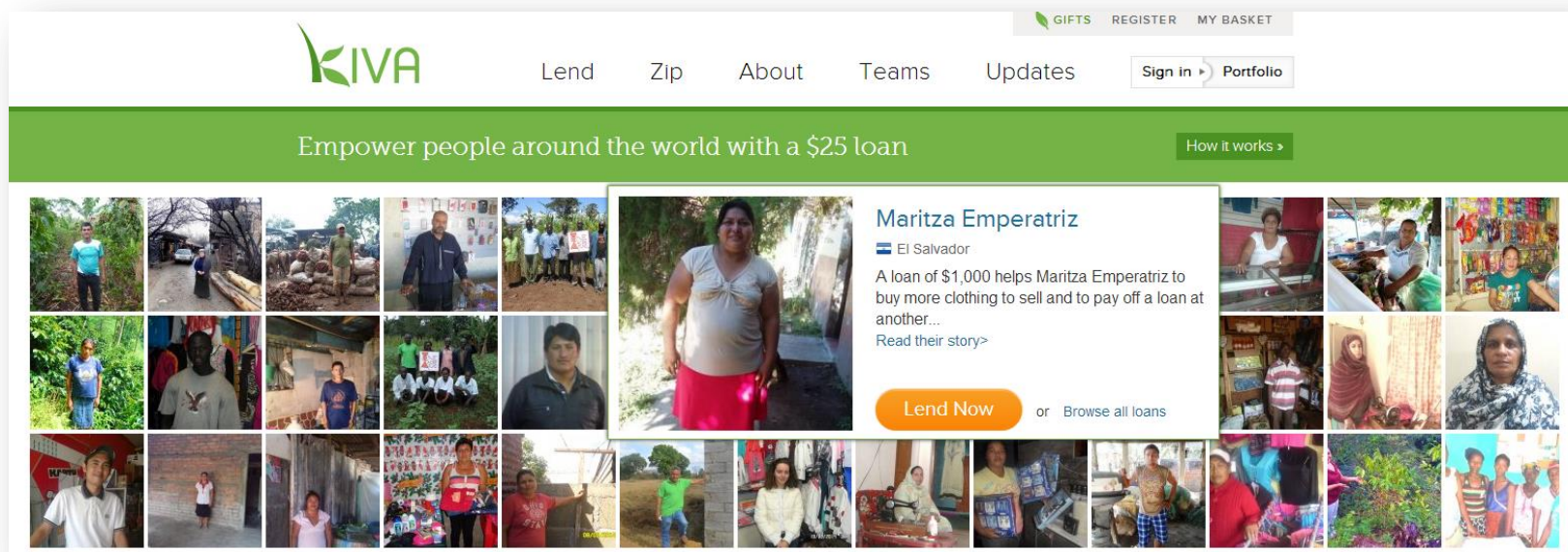
# INVESTISSEURS & PARTENAIRES, AN IMPACT INVESTMENT GROUP DEDICATED TO AFRICAN SMEs

- I&P's mission is to promote a new generation of responsible African entrepreneurs and thereby contribute to the emergence of a sustainable and dynamic private sector in Sub-Saharan Africa.
- I&P manages **two financial instruments** IPDEV targeting small social businesses, and IPAE targeting medium sized companies.
- The goal is to give entrepreneurs the resources they need to grow a sustainable business, **generate positive impacts** and **create local added value**.



# KIVA, THE PIONEERING CROWDLENDING PLATFORM IN THE US

- Kiva has **facilitated the loan of \$456.5 million to over 1 million people in 2013** who uphold an unprecedented repayment rate of 99.01%.
- **Leveraging the internet and a worldwide network of financial institutions**, Kiva lets individuals lend as little as \$25 to help people without access to traditional banking systems.





# CDS, THE FIRST INVESTEE OF I&P'S PORTFOLIO ON KIVA'S PLATFORM

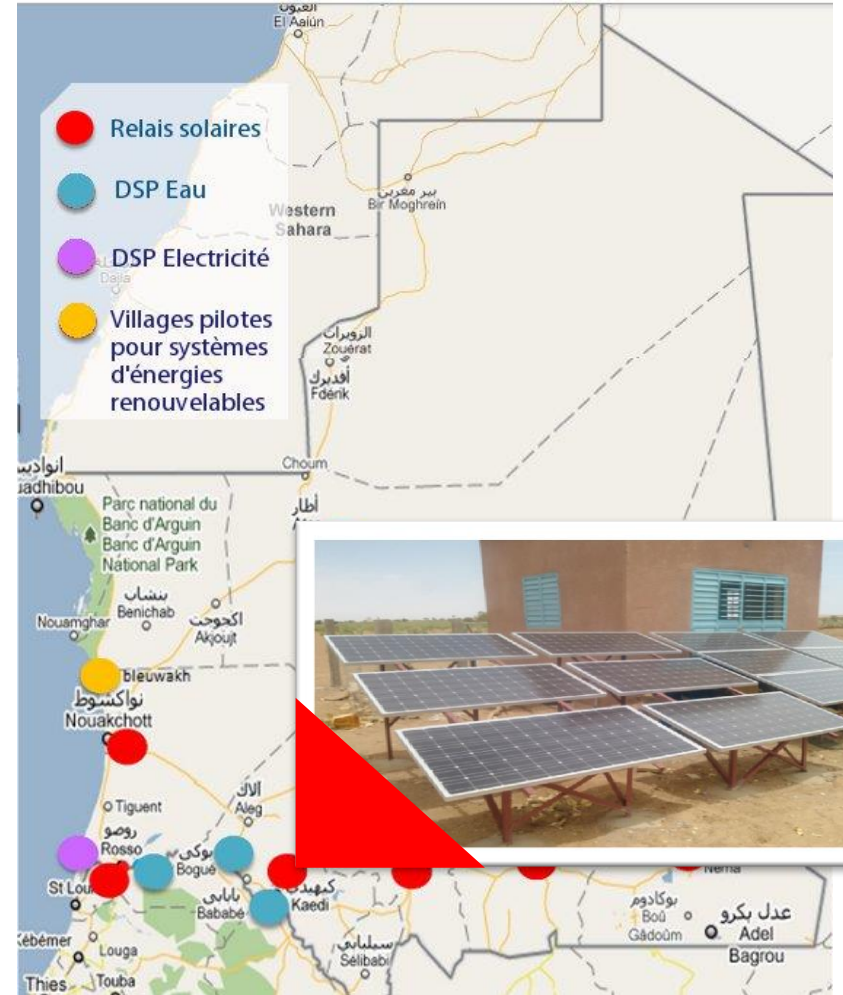
- Sidi Khalifou is the owner and founder of CDS, a Mauritanian company that has been providing energy and potable water access to Mauritanian villages since 2010.



- CDS's objective is to supply all rural areas with reliable clean water access, through eco-friendly solutions starting with Wouloumboumi, a Mauritanian village.



Eau & énergie مياه و طاقة



# AS A CONCLUSION... AND A FIRST STEP !

**Half of the Mauritanian population cannot have access to clean water.**

**The public infrastructures provide access to clean water to only a small part of the country.**

**Thanks to this innovative partnership, CDS will provide continued access to clean water to the 3000 inhabitants of Wouloumbouni, with eco-friendly solutions!**

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