The Enhanced Private Sector Assistance for Africa (EPSA) Initiative is an innovative, multi-component, multidonor partnership conceived in collaboration by the African Development Bank and the Government of Japan in 2005. Since its creation, the EPSA Initiative has mobilized USD 1 billion from the Government of Japan and USD 1.9 billion from the African Development Bank to grow the private sector across the continent. This funding has gone to over 70 projects that span everything from infrastructure to equity investments in health funds to capacity building for microfinance institutions. The result of this targeted assistance is not only improved businesses and an improved business environment but, more importantly, improved lives. These pages document the human dimension of EPSA—how a loan, a construction project or training can mean more disposable income, safer communities, better health care services, more children in school. These stories connect the dots between growth and well-being. One portrait at a time.
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Portraits of Transformation
Enhancing Private Sector Development in Africa
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Foreword

Announced by Prime Minister Koizumi at the Gleneagles Summit in 2005, the Enhanced Private Sector Assistance for Africa (EPSA) Initiative is the centerpiece of Japan’s enduring partnership with the African Development Bank. US$1 billion from the Government of Japan combined with US$1.3 billion of the African Development Bank’s financing generated more than 70 projects during the first phase of EPSA, which concluded in 2011 and was renewed for another five years in 2012.

These projects have provided needed financing for entrepreneurs looking to create or expand businesses; regional infrastructure critical to sustaining economic growth; and equity for micro-finance institutions, banks, development finance institutions, housing and healthcare facilities throughout the region, among others. They have also built capacity for growth through technical assistance and training for African entrepreneurs, enterprises and financial institutions supported by FAPA, the Fund for African Private Sector Assistance, to which Japan has generously contributed under EPSA.

We are proud of these accomplishments, but we are even more proud of the men and women whose lives these projects have touched. In this commemorative TICAD V edition, you will find the faces and stories of a small sample of the people who are thriving thanks to EPSA. Captured at work, home or play, their stories testify to the transformative power of African entrepreneurship and the African private sector.

It is fitting that Japan and Africa join forces to support private sector growth, in particular small businesses. It is the small-scale entrepreneur that is the driving force of African economies today, much as they were during Japan’s postwar recovery. On behalf of the African Development Bank and our borrowing member countries, I extend our heartfelt appreciation to the people and Government of Japan for their commitment to African growth and prosperity. We look forward to deepening that partnership – and generating more stories like the ones that follow – as we embark on the second phase of EPSA in line with the TICAD V Action Plan.

Donald Kaberuka, President, African Development Bank Group
What is EPSA?

The Enhanced Private Sector Assistance for Africa (EPSA) Initiative is an innovative, multi-component, multi-donor framework for resource mobilization and development partnership to support implementation of the African Development Bank’s Private Sector Development Strategy. Drawing on successful development experience in Asia and around the globe, EPSA was conceived in partnership with the Government of Japan, which has provided generous financial support since its launch in 2005 at the Gleneagles G8 Summit.

Through its bilateral development agency, the Japan International Cooperation Agency (JICA), the Government of Japan has extended three credit lines to the Bank for on-lending through the Bank’s private sector window, as well as co-financing of public infrastructure projects under the Accelerated Co-financing Facility for Africa (ACFA). In addition, Japan contributed grant resources to the Fund for African Private Sector Assistance (FAPA).

By the end of 2011, Japan had exceeded its billion-dollar Gleneagles commitment, allocating US$ 1.02 billion to EPSA. On the occasion of the 2012 Camp David Summit, the Government of Japan renewed its support, committing to provide another US$ 1 billion over five years for a second phase of EPSA for Africa.

This volume has been prepared in commemoration of TICAD V, the Fifth Tokyo International Conference on African Development, celebrated in Yokohama the first three days of June 2013. The book is organized into three chapters, aligned with the core themes of TICAD V: Robust & Sustainable Economies; Inclusive & Resilient Societies; and Peace & Stability.

More information is available at: www.afdb.org/epsa.
ROBUST AND SUSTAINABLE ECONOMIES

WHEN ONE WOULD CLIMB A TREE, ONE BEGINS FROM THE BOTTOM, NOT FROM THE TOP

ASHANTI PROVERB
Africa of the early 21st century is home to some of the fastest growing economies in the world. How to encourage that growth and ensure that it translates into meaningful change for people — less poverty, more equality — is the region’s next challenge.

The African Development Bank sees private sector development as playing a critical role in generating sustainable and inclusive growth. The landscape of projects supported by EPSA offers clues to the multi-layered approach the Bank has adopted to grow — and make more robust — the business space in the region.

This begins with micro, small and medium enterprises (MSMEs), the lifeblood of African economies. MSMEs provide everything from tax revenue for governments to products and services, jobs and a source of pride for the communities they serve. EPSA has helped these businesses by strengthening the financial systems and institutions they need to grow and thrive. Investments in banks, such as Zanaco and Investtrust in Zambia, have enabled those institutions to extend sorely needed credit lines to MSMEs. The African Development Bank then complemented this financial backing with technical assistance in the form of management support and on-site training to SMEs through the African Training and Management Services project.

Microfinance institutions, such as AccessBank Tanzania and the Entrepreneurs Financial Centre, have benefitted from the African Development Bank’s belief in the strong economic returns on providing the poorest entrepreneurs and households with access to financial services. Typically, banks have not catered to these groups because of the high transaction costs associated with serving them. In contrast, the African Development Bank sees in these forgotten populations an opportunity: Armed with high quality financial services — not only credit but also savings, insurance, and fund transfers — these populations acquire the capacity and taste for wealth-generating behavior.

The African Development Bank also recognizes that these financial institutions need a healthy and safe business environment in which to operate. Hence EPSA support to Africa Trade Insurance, which works with banks to reduce the risks and costs of lending in Africa; and S2M, a pioneer of credit card applications that offers its clients secure, state-of-the-art payment solutions for their financial transactions.

The economic growth equation also encompasses the development of infrastructure that facilitates commerce. There is no point in financing and strengthening a bank that extends a loan to a producer who can’t get her goods to market because of power outages or poor roads. This is why the EPSA portfolio includes large-scale infrastructure such as major road projects in Senegal and Tanzania — Southbound Bamako-Dakar Corridor and the Arusha-Namanga-Athi River Road Development — as well as the revolutionary large-scale hydropower project, Bujagali Hydroelectric, in Uganda.

Taken together, the impact of these EPSA projects do the ultimate for African economies: They create a demonstration effect that will help to catalyze resources from other financiers. But perhaps more importantly, they transform local economies and lives.
Promoting MSMEs

Into the mix - It’s business as usual at Premier Coatings Limited, a manufacturer and distributor of high quality decorative, industrial and automotive paints in Lusaka, Zambia.

In February 2010, through the EPSA funding mechanism, the African Development Bank provided Zanaco Bank with financing that included a US$ 10 million line of credit to increase its liquidity in the long-term and to allow Zanaco to on-lend to small and medium enterprises (SMEs), and, US$ 8 million for a partial credit guarantee facility, jointly established with USAID, aimed at reducing the risk of lending to SMEs. In addition, Zanaco received US$ 980,824 under EPSA’s Fund for Private Sector Assistance (FAPA) to strengthen the capacity of business development services providers and SME associations. The targeted SMEs come from productive sectors including mining, manufacturing, agro-industry, trade, agriculture, tourism and ICT.
Like many small businesses in Africa, Premier Coatings Limited was facing enormous difficulties in accessing the credit needed to increase output and grow profits. Zanaco Bank stepped in and provided financial and technical assistance that drastically changed their way of doing business.
“Before receiving the Zanaco Bank loan and assistance we could not increase our production. Now we can import raw materials and new equipment from South Africa and Dubai. Our activity has become much more sophisticated. We can even engage in high-end production such as automotive paint.” - Managing Director, Premier Coatings Limited
Digging in - Chusaka Construction Company Ltd in Lusaka, Zambia specializes in single-family housing construction.

“We used to be just builders with bricks. But since we secured the loan, we have been able to buy a new stone-crushing machine and we can also serve as suppliers, with all of the economic benefits that come with it. In the future we plan to expand our plant to take over a larger site.” - Director, Chusaka Construction Company Ltd
In March 2010, the African Development Bank provided Investrust Bank with a US$ 3.5 million line of credit for a period of five years through the EPSA funding mechanism. The funds were on-lent to small businesses with the aim of enhancing Zambian SME access to medium-term financing. More specifically, the Investrust Bank project targeted growth-oriented SMEs operating in capital-intensive sectors, such as manufacturing, mining, agriculture and agro-industry, that require financing for project and capital expenditure and trade financing. In addition to the line of credit, through EPSA’s Fund for African Private Sector Assistance (FAPA), Investrust received a US$ 0.15 million technical assistance grant for improving its capacity in SME credit risk assessment, risk management and portfolio monitoring.
Business is blooming - Scenes at Mucha Agri, a Zambian agribusiness that buys sunflowers from local farmers and converts their seeds into sunflower oil in Makeni, a suburb of Lusaka. The firm also raises chickens.

Mucha Agri executives participated in a training course with Investrust in February 2012 to improve their financial management practices and other crucial aspects of doing business.

(On the next page) “I really appreciated how they pushed us by asking Why are you in the business? It matters because the issue of Vision is crucial. They pushed us to think about exactly what we are doing. This forced us to consider our core business. After we completed the training, we repeated it with 200 local farmers. Our plan was to create a network of ‘reliable’ sunflower farmers. And we succeeded! Before the sunflower oil business did not exist. But now it works well.” - Owner, Mucha Agri
In 2009, a FAPA grant of US$1 million was extended to the African Training and Management Services (ATMS) Project/African Management Services Company (AMSCO). The aim was to enhance management training and capacity building for medium, small and microenterprises through the provision of experienced managers on a commercial basis to African companies. The ATMS Project is a regional initiative that aims to provide human capital solutions for the private sector and commercially operated state enterprises. ATMS serves as a vehicle for channeling grant resources to AMSCO, an employment service providing management training to African SMEs.
Cream of the crop - 90 minutes outside of Lusaka in Kabwe, Zambia, sits PCM Dairy, a family-owned dairy farm that produces and sells milk. The farm has been in the family for three generations.
Family portrait - Three generations of vitality. “Thanks to the AMSCO training that I attended, I am now able to understand more about the financial and accounting aspects of running the farm. Now my business is growing and I manage to do business in a well-organized way.”
- Owner, PCM Dairy
Marian Ahmed is a livestock farmer living near Dar es Salaam, Tanzania. She supports a household of 16 people through the earnings from her small business. “I used to have only three cows. But now, after five loans from AccessBank Tanzania, I have more than 30 and can contribute money to my household.”

The African Development Bank supported the creation of AccessBank Tanzania, a commercial bank whose services – financing micro, small and medium-sized enterprises (MSMEs) – are targeted towards the low-income population of Tanzania. In 2007, AccessBank Tanzania received a US$ 700,000 EPSA equity investment and, in 2009, a US$ 660,000 Fund for African Private Sector Assistance (FAPA) grant to provide management and software training/implementation.
Have loan will travel - Clothing boutique owner Robin Namadu credits AccessBank Tanzania with allowing her to expand her offerings and attract a more diverse clientele: “Thanks to the second ABT loan that I received of TZS 15 million, I can travel all around the world to get new clothes to sell.”
Small, locally-owned grocers stocking staples that people would otherwise have to travel kilometers to purchase, are essential for remote communities. "With the two loans I received from AccessBank Tanzania, I was able to open a second shop and now have a stable income" said Spend Mwakalomba, the owner of a small grocery outside of Dar es Salaam, Tanzania.
AccessBank Tanzania has made a name for itself by providing loans quickly and without excessive bureaucracy to qualifying applicants. "I wanted to buy cloves to increase my business and so I asked for a loan. It worked out well and now I do not have any problems making payments." - Alvani Ramadhani, cloves trader
Banking on ABT - Since its creation, AccessBank Tanzania has provided over US$ 1 million in loans to over 11,000 low-income clients and US$ 2.9 million in loans to over 9,400 small and medium-sized enterprises in Tanzania. 62% of AccessBank Tanzania’s clients are women. Loans have been granted to SMEs working in agriculture, industry, commerce and services.
The owner of Malata, a driving school in Lusaka, Zambia, desperately needed capital to grow his fleet and increase profits. A friend referred him to Entrepreneurs Financial Centre: "There I asked for a loan of ZMW 50 million and went from owning one car to three. Then my business grew to include six cars and so I asked for another loan of ZMW 120 million. With that financing I bought a new car and I also restored and improved my home. I have a big family with 5 children (3 girls and 2 boys). Everybody's life has improved."

Entrepreneurs Financial Centre (EFC) – formerly known as Pulse Holdings Limited – is a deposit-taking microfinance institution licensed and supervised by the Bank of Zambia. It started as a CARE Zambia project in 1996 and later transformed into Entrepreneurs Financial Centre moving from a socio-economic institution to a privately-owned microfinance bank that provides comprehensive financial and technical assistance to micro, small and medium-sized enterprises (MSMEs). Through EPSA, a US$ 935,000 Fund for African Private Sector Assistance (FAPA) grant went to Pulse Holdings to enhance the capacity of the new microfinance bank.
Several years ago the owner and CEO of Team Offset, a printing company in Lusaka, Zambia, was earning just enough as a farmer of cabbage and beans to feed his 4 children. Entrepreneurs Financial Centre gave him a chance to become a business owner and increase his earnings: “I used to be a farmer but I asked EFC for a microloan to increase the size of my small plot of land. But I realized that cabbage and bean farming only lasts one season each year. So I set up my printing company with a new loan. Microfinance really helps SMEs and start-ups like me. Now, my son is also working here and one day he will take over the company.”
Financial Services

Powering up - The Olkaria II Geothermal Power Plant in Nakuru, Rift Valley Province, Kenya. It is one of Kenya’s largest geothermal power plants with an electricity generation capacity of 155 MW.

African Trade Insurance Agency is a multilateral financial institution providing export credit insurance, political risk insurance, investment insurance and other financial products to help reduce the risks and costs of doing business in Africa. In 2010, African Trade Insurance Agency received a US$ 1 million Fund for African Private Sector Assistance (FAPA) grant to help strengthen its corporate governance, implement an appropriate underwriting system, strengthen its information communication system and attract private equity.
With African Trade Insurance Agency support, Ecobank, a regional commercial bank, has been insuring the construction of the Olkaria II Power Plant. Olkaria I Geothermal Power Plant, its sister structure, is also one of Kenya’s largest having an installed generation capacity of 45 MW. Both facilities are located in Hell’s Gate National Park, south of Lake Naivasha in Kenya, north west of Nairobi.
(On the previous page) SARA (Hong Kong) Limited is one of the most important suppliers of chemical and industrial raw materials to SMEs in Kenya. African Trade Insurance has made it possible for SARA to work with SMEs. “We used to have international insurance, but it did not cover local SMEs on the ground. So with only a US$ 100,000 credit limit for SMEs, we could only do limited business with local buyers. ATI has been a key partner because with the insurance they give to local SMEs, they are increasing the potential of buyers. East Africa can really benefit from this insurance on the ground, because SMEs are the engine of economic growth.”
- CEO, SARA (Hong Kong) Limited
CIMERWA is a local cement producer in the Rusizi District of Rwanda. The company was already supplying the domestic market and neighboring Burundi, Eastern Democratic Republic of Congo and Uganda, but wanted to expand production. To support this expansion, a regional bank provided a lending facility for a period of six years. But before the deal could be inked, the bank reached out to African Trade Insurance Agency to protect its loan against non-payment arising from political risks. ATI Agency offered insurance that covered non-payment due to transfer restriction, expropriation, damage or business interruption caused by war and civil disturbance, and embargo. CIMERWA is now set to increase production from 70,000 to 600,000 tons per annum through a new state-of-the-art dry process cement plant. This increase will help bring down the cost of cement, which is desperately needed in the fast developing nation.
Casablanca-based S2M pioneered the very first credit card applications in Morocco in 1983, and is one of the leading players in developing and implementing secure payment solutions. S2M’s Vice Managing Director explains how Marocinvest purchased and transformed the business: “In 2003, Marocinvest bought the firm. They brought in needed technical and financial assistance that led first to a financial restructuring. They then opened up S2M to new international markets. With Marocinvests’ arrival, our clients felt reassured and we could develop our investment plan.”

In January 2008, the African Development Bank approved an EPSA equity investment of EUR 20 million in the Maghreb Private Equity Fund II (MPEF II), a 10-year mid-size fund active in Morocco and other Maghreb countries. The African Development Bank’s equity investment in the third-generation multi-sector fund was to be earmarked for targeted investments in small and medium enterprises in Morocco, Algeria, Tunisia, Libya and, according to emerging investment opportunities, Egypt. MPEF II is managed by Marocinvest, a joint venture between Tuninvest Finance Group (TFG) and the Upline Group.
On the road - The new Southbound Bamako-Dakar Corridor, approximately 1,000 km in length, drastically changed the way the surrounding communities access goods and services. "They started building the gas station 2 months ago because of the new road. Before, people needed to travel 90 km to find gas." - Resident, Tambacounda

Under the EPSA initiative, in July 2006 the Japan International Cooperation Agency (JICA) put US$ 8.97 million and the African Development Bank US$ 96.44 million into the construction of an international arterial highway linking Dakar, Senegal to Bamako, Mali. The Southbound Bamako-Dakar Corridor project would establish a permanent, high-quality highway to connect the two countries; facilitate movement and reduce overall transport costs; promote economic exchange between Mali and Senegal; and improve the living conditions of people residing in the project area.
(On the previous page and on the cover) The word on the street - “We have a big family with 20 members. The new road allows us to reach the region’s largest town (Kedougou) much easier. Before the construction, the road was full of holes and it took a long time to reach town. Now we get there in 20 minutes.” - Head of one family living along the Southbound Bamako-Dakar Corridor
Ageroute is the Senegalese government agency that implemented the road project on behalf of the African Development Bank. The Vice Director of Ageroute’s Tambacounda Agency is a witness to the impact of the project: “This part of the road that goes from the border of Mali to Keolougou is really crucial for trans-border, regional trade between Mali and Senegal. It used to take 3-4 hours to cross the border and sometimes the border was completely inaccessible. Now it takes a maximum of 1.5 hours. The road has a lot of positive externalities for local people.”
In 2007, the African Development Bank and the Japan International Cooperation Agency provided US$ 79.31 million and US$ 61.77 million, respectively, in low-interest loans for the building of the Arusha-Namanga-Athi River Road Development Project. The project aimed to upgrade the road between Athi River in Kenya and Arusha in Tanzania.
The Arusha-Namanga-Athi River Road makes up one section of a transcontinental corridor connecting Egypt and South Africa. It is also recognized as an important corridor for economic integration within the East African Community.
In early 2008, the African Development Bank elected to provide a US$ 110 million EPSA loan for the creation of a hydroelectric power plant on the White Nile River at the Bujagali Falls in Uganda. The Bank’s investment had a crowding in effect, attracting other lenders to the project, 12 in total. The Bujagali Hydropower Project, as it came to be known, is one of the largest private equity investments in the hydropower sector in Africa.
Power to the people - The Bujagali Hydropower Project also included a US$ 12 million Community Development Action Plan covering water supply (US$ 875,000), health and education (US$ 1.2 million), commercial, fisheries and small business support (US$ 680,000) and agriculture (US$ 225,000). Power generated at the dam is transmitted to major urban load centers as well as distributed in towns and rural areas of the country where consumers have been experiencing power shortages.
chapter III
INCLUSIVE AND RESILIENT SOCIETIES

STICKS IN A BUNDLE ARE UNBREAKABLE

BONDEI PROVERB
The most resilient societies are those that catch all of their citizens within an economic and social safety net. Everyone is drawn together by a shared sense of well-being as well as a shared sense of responsibility for one another’s welfare. That strength in numbers makes individuals — and societies as a whole — more resistant to shocks that might otherwise destabilize them for years or even generations.

Casting such a wide-reaching safety net involves providing quality essential goods and services to everyone, everywhere. This starts with the very basics: housing and healthcare. Shelter Afrique, a pan-African financial institution supporting the housing and real estate sector, received both financial and technical support under EPSA. The goal: To support private real estate developers and housing finance institutions to make homeownership and improvement a reality for thousands of African families.

At the same time, private healthcare providers such as those financed through the EPSA-supported Maghreb Private Equity Fund II and Africa Health Fund, are working to provide top quality services to high- and low-income individuals alike. This includes full-service hospitals that cater to Africa’s exploding middle class. But it also involves the building of community clinics in poor, rural areas where life saving services and preventative medicine are within reach, for some people, for the very first time.

However, building resilient societies is not only about providing basic needs. It is as much about preserving the economic vitality of communities. One way this happens is by adding value at the local level through investments in small-scale agricultural firms. With EPSA funding, Marocinvest was able to make equity investments in Saïss Lait and Sicopa, sustainable dairy and olive oil producers, respectively. Both loans helped make these farming businesses more profitable and more robust. In other words, more resilient.
Shelter Afrique is a pan-African financial institution that supports the development of the housing and real estate sector in the region. In July 2009, under the EPSA initiative, the African Development Bank granted Shelter Afrique a US$ 30 million line of credit, a US$ 7.5 million equity investment, and US$ 950,000 in technical assistance from the Fund for African Private Sector Assistance (FAPA). The line of credit provides long-term funds for on-lending to private real estate developers and housing finance institutions in Shelter Afrique member countries while the FAPA grant aims to improve access to housing, develop medium-sized housing development companies, promote economic and social development and create employment in beneficiary countries.
House proud - MAKAO is an association appointed by Shelter Afrique to work in the slums of Nairobi, Kenya.
“We received somewhere between TSHS 1-1.5 million from the MAKAO association. We wanted to build out the house to include eight rooms with a kitchen and toilet that can be rented out. With what we earn, I will be able to repay the loan, improve life for my family, and also help other people in the community.” - Kenyan home and business owner
Shelter Afrique makes it easier for its clients to do business: “Their reasonable interest rates and extended loan repayment schedule are very convenient when compared to other lenders in the market. So we really appreciate Shelter Afrique’s intervention.” - CEO of one developer company
Clinique Hannibal in Tunis, Tunisia, is the largest clinic in the country in terms of capacity, with 180 beds distributed on 11 floors. It is a private health facility offering a full range of treatment, research and surgical facilities. The Maghreb Private Equity Fund II and Tuninvest Innovation Fund made an equity investment in the clinic.
State of the art - Clinique Hannibal has 12 specialized operating rooms, emergency room services with anesthesiologist, resuscitation capabilities, 24-hour on-the-spot technical staff equipped with the latest technology, a comprehensive radiology unit (with MRI, 64 scanners, ultrasound, mammography, dental panoramic), a comprehensive laboratory for medical analyses, and a radiotherapy unit (with the latest generation accelerator).
The Africa Health Fund, managed by Aureos Capital, is a private equity fund that looks to develop small and medium-sized enterprises in health related services and industries. Through EPSA, Africa Health Fund received a US$ 20 million equity investment in 2009.
The C&J Medicare Hospital in Accra, Ghana received financial support from the Maghreb Private Equity Fund II that allowed the private clinic to expand its services. "I realized that there was a need for quality health care in the market. We started with a consultation room. Then, with the first investment, we added x-ray machines and an electrocardiogram. We also increased our capacity to 20 beds. Finally, we added ultrasound, computed tomography (CT) scan, and world class m-rays." - Dr. Joyce Djabatey, Founder and CEO, C&J Medicare Hospital

(On the next page) A technician conducts an MRI at C&J Medicare Hospital in Accra, Ghana.
Clinique Biasa in Lomé, Togo, is a private healthcare facility created in May 1984 by an association of three doctors. It has since developed a strong reputation for its ultra modern Fertility Center. With financial backing from the Africa Health Fund that allowed the clinic to expand its premises, today the clinic offers: pre-operation, operating and recovery rooms; a laboratory; a post-intervention monitoring area; a delivery room; and 24 hospital beds. “My father used to have a consultation room in our house. When I came back from France, where I was studying medicine, I brought an ultrasound device with me. After one year we transformed our home-based operation into a clinic. In 1987 we became the first clinic in Togo to do in-vitro fertilization. Then, we opened a laboratory. Thanks to the Africa Health Fund, we are now doubling the clinic space. Our dream is to transform the clinic into a center of excellence in healthcare.” - Dr. Moise K. Fiadjo, Founder and CEO, Clinique Biasa

What's in a name? - “Biasa was the name of my grandmother and, for me, that has two significances in terms of the clinic. First, it makes reference to a woman who takes great care of her family; and, second, it represents a woman who comes from a modest social class but now has her name on top of a sophisticated clinic.” - Dr. Moise K. Fiadjo, Founder and CEO, Clinique Biasa
Saiiss Lait is a Moroccan agribusiness created in 1979. Based in Fès, the firm specializes in the production of sterilized milk and other dairy products. In 2011, the Maghreb Private Equity Fund injected MAD 43 million into Saiiss Lait to buoy the firm’s accounts and to support its new strategic action plan.

“MarocInvest decided to enter the agribusiness sector and bought Saiiss Lait to make the firm competitive in the national market and to upgrade the business. As a result of MarocInvest’s intervention, we doubled profitability, which had been growing slowly for the previous 10 years. Now that profits are fine, we will take care of the growth.” - CEO, Saiiss Lait
Fès, Morocco is also home to Société Industrielle des Conserves et Produits Agricoles, or Sicopa. Created in 1985, Sicopa is an industrial agribusiness specializing in the production and canning of olives, dried tomatoes and peppers. With such a diverse range of products, Sicopa, which has been approved by American food companies, controls a large distribution market.
“When Marocinvest invested in Sicopa, they also brought in technical and financial assistance. Our profit indicators doubled. We doubled our sales, our industrial capacity and investments. Despite market difficulties, we had very good economic results.” - CEO, Sicopa
chapter III
PEACE AND STABILITY

SAFE AND SECURE SOCIETIES

WHEN TWO ELEPHANTS FIGHT, IT IS THE GRASS THAT GETS TRAMPLED

SWAHILI SAYING
Nelson Mandela once said: “Freedom would be meaningless without security in the home and in the streets.” Indeed, all forms of progress must be accompanied by a sense of peace and stability to translate into truly improved well-being. But beyond preventing armed conflict, how do societies create a sense of safety and security for their citizens?

One way is through thriving businesses that create jobs. Nothing signals a stable and economically healthy community more than a bustling locally-owned enterprise – the ordinary demand for goods and services that comes from uneventful every day living. Thriving Tunisian businesses such as Briqueterie Tejea, a brick production facility, and Altea Packaging, a label creation company, play that role for their surrounding communities. Thanks to EPSA support through the Maghreb Private Equity Fund II, both are creating steady and skilled jobs in a country bouncing back from unrest.

Peace and security are also about stability. The African Development Bank saw the Private Sector Federation project, which supports business sector development through training to enable entrepreneurs to profitably manage their operations, as a vehicle through which to stimulate that stability. By building responsible businesses that make smart investments and resource management choices, the African Development Bank indirectly helped to build healthy enterprises that will serve their communities for the long-term. The permanence of these robust businesses allows the people who patronize them to believe in a productive and stable future.

Communications technologies connect citizens to information and one another, helping to democratize the political spaces in Africa. EPSA’s East African Submarine Cable System (EASSy) project will connect 20 coastal and land-locked countries to each other and to the rest of the world, dramatically reducing the cost of telecommunications (voice and data) inside and outside the continent.

Yet perhaps no other efforts are as important for peace and security as sustainably meeting basic human needs, like nutritious food and clean water. The EPSA-funded Zaarat Desalinization Study will determine the feasibility of a privately-run seawater desalinization plant to improve the unhealthy and unreliable water supply in southern Tunisia where the Arab Spring began. EPSA initiatives like the Rural Income and Economic Enhancement Project in Egypt and Lake Harvest in Zimbabwe are increasing local food production as well as generating income and economic opportunities that improve the health and welfare of vulnerable rural populations and reduce urban migration.
Second chances - “In 2009 I made a credit request to a bank, but they turned me down. Then I went to the Private Sector Federation office in Nyanza and together we conducted a financial evaluation and put together a business plan. We presented the new plan and I got a credit of RWF 54 million. Now I make my debt repayments regularly.”
- Hotel/restaurant owner and chef, Nyanza, Rwanda

The Kigali-based Private Sector Federation is a professional organization working to promote the interests of the Rwandan business community. In December 2008, the African Development Bank provided an EPSA Fund for African Private Sector Assistance (FAPA) grant of US$ 1 million to the Federation to boost capacity building for business operators and other employees in the private sector. The grant would be used to improve the Federation’s execution capacity and governance systems and provide support for carrying out a number of core mandate activities including business information, MSME competitiveness, special entrepreneurship programs for women and youth, and public-private sector dialogue.
“I am widowed with six children. When I started this activity I used to sell 20 liters of milk per day. Now I am selling 1,500 liters per day but I want to get to 2,500. The training and assistance from the Private Sector Federation has been crucial because I learned how to keep my accounts properly. They also opened the door for me to financial institutions. With credit, I was able to buy a new vehicle with a fridge for delivery, an electric pasteurizer and restore a new site for milk production. This makes it possible for me to respect high product standards that will, in turn, allow me to compete and sell in new markets.” - Founder and CEO, small dairy production and distribution company
A sewing school in Butare, a city in the Southern Province of Rwanda, is helping young people who are not in school to develop a marketable skill. “In the school, they are training children who left the public school system. After the training, graduates work in a shop in town where they can sell their products. The Private Sector Federation provided the school with financial support for teaching materials and sewing machines for the students.” - Sewing school director
Building a better future today - That is the slogan of OutReach Development Solutions, a business developer in Kigali. "I am a teacher and I also have a business with 3,600 chickens. Before attending the Private Sector Federation training, I did not see SMEs as a potential sector. After the training – that explored the importance of SMEs at various levels such as marketing, basic accounting etc. – I began to understand the importance of small businesses for the economic development of the country. Thanks to this sector, in Rwanda we will be economically independent in a few years with all of the new businesses being registered and paying taxes." - CEO, OutReach Development Solutions
Briqueterie Tejra is a medium-sized enterprise specialized in the production and distribution of bricks and ceramic products in Sfax, Tunisia. Two funds managed by Africinvest Group – Maghreb Private Equity Fund III and Africinvest Fund II – made an equity investment in the company.
In demand - Briqueterie Tejra executives are faced with an entrepreneur's dream challenge: demand that far outpaces supply. "At present, we cannot produce enough bricks to satisfy local market demand. That is why we decided to grow our business. Thanks to the new capital investment we have begun the construction of a new automated plant." - Mohamed Acuni, CEO, Briqueterie Tejra
Incorporated in 2006, Altea Packaging is the leading flexible packaging maker in the MENA region. The company processes, converts and prints flexible packaging for the food and beverage markets and claims the biggest production capacity in the MENA region. The Maghreb Private Equity Fund II invested equity in Altea Packaging at the holding level.
Scenes from Altea Packaging’s industrial plant in Sfax, Tunisia. Headquartered in Tunis, Altea provides packaging solutions for many multinational food and beverage companies operating in the MENA region, including Danone. An influx of growth capital from an equity fund was just what the company needed to expand operations and stay competitive.
Minds in motion - Nairobi, Kenya-based i-Hub – an open-space, technology community facility with a focus on young entrepreneurs, web and mobile phone programmers, designers and researchers – is a direct beneficiary of improved data and information flows to the region.

The East African Submarine Cable System (EASSy) is a regional project that developed a high-capacity, submarine fiber-optic cable network for the eastern seaboard of Africa. Once laid, the cable connected 22 coastal and land-locked countries to each other and the rest of the world through high-quality internet and international communications services. In 2007, the African Development Bank provided the EASSy project with an EPSA non-sovereign loan of US$ 14.5 million and US$ 250,000 in technical assistance through its Fund for African Private Sector Assistance (FAPA). The Bank also played a catalytic role in mobilizing additional resources for the project.
EASSy: Laying the cable (this page) and putting it to good use (at right).
The EASSy project, which had an estimated total cost of US$ 235 million, entailed running 9,000 kilometers of cable from Port Sudan, Sudan to Mtunzini, South Africa. The cable has led to dramatic reductions in the cost of transporting telecommunications (voice and data) inside and outside the continent. Pictured: Orange Telkom, Kenya’s state-run telecommunications company. It is the only firm that offers landline phone services in the country.
Currently the entire south of Tunisia suffers from a lack of conventional water resources. A US$ 963,000 Fund for African Private Sector Assistance (FAPA) grant was provided under the EPSA initiative to study the feasibility of implementing a seawater desalination concession project in the Zaarat region. The funds will be used to cover government assistance for the study’s implementation as well as the training of SONEDE (the national water distribution company) staff in desalination techniques and concession procedures.
All tapped out - Transferring drinking water from northern Tunisia is ill-advised due to the high cost and the fact that those waters barely meet drinking and irrigation supply needs in that part of the country. But the pressure is real: the water currently being supplied to the south as drinking water has a higher salt concentration than the international norm. SONEDE is committed to not only meeting but bettering those standards with clean water from the desalinization project.
In October 2011, the African Development Bank approved an EPSA loan of US$ 8 million to finance the Lake Harvest Aquaculture project on Lake Kariba, Zimbabwe. This loan will help Lake Harvest significantly expand its production of farm-raised tilapia fish and provide an important supply of affordable protein to the sub-region. Several development finance institutions are joining forces on the project, providing a total of US$ 20 million in loans to Lake Harvest. The Bank sees its support as a way to promote a viable agro-industrial project in a fragile state.
**Big fish** - Lake Harvest is the largest fish producer in Africa. It also sets itself apart by committing to rearing fish in an environmentally sustainable way. Here, a few images from the front lines of production.
(Above) 31-year old Ala Osman Mohamed lives in the Maoukuussa neighborhood of Al-Minya with his parents and six siblings. He is a full-time lemon vendor and member of a business association that is supported by the Rural Income & Economic Enhancement Project.

“I have received five loans from the association for a total of EGP 4,000. I am considering starting either a small grocery, bag factory or a citrus tree farm.”

(At right) Another member of the association, Abd elBassir Saied Mahmoud, lives in Sidi abderhaman, Al-Minya. 64 years of age, he travels to neighboring villages to purchase tomatoes that he sells in town. “A friend told me about the business association and went with me to present my request. I went five times. The first time I received EGP 1,500, then EGP 9,500 and then another EGP 9,500 and finally EGP 3,500. My plan is to open a small shop in my neighborhood in the near future.”

In 2010, a Fund for African Private Sector Assistance (FAPA) grant of US$1,000,000 was provided for the Rural Income & Economic Enhancement Project in Egypt. The aim was to sustainably improve the incomes of rural smallholder farmers engaged in the production, processing and marketing of select agricultural commodities (horticulture and dairy). Specifically the FAPA grant would be used to enhance value chain development; increase the capacity of participating financial institutions; provide long-term credit for agribusiness investments in a sustainable manner; and develop policy briefs with a view to influencing the development of coherent, national, private sector-led agribusiness development policies in Egypt.
“I’m married and I have two daughters. There are eleven of us in the house at present. I’m working as a farmer and I also trade ducks and raise and sell cattle. In my hometown I heard about a fund financing the projects of people with diplomas who are jobless. As they have no income, the project aims to improve their financial situation through business activities. Today, I am requesting a loan of EGP 50,000. I have done the math: I’ll use the money to buy 6 farm animals. Given the cycle of 4 months, 3 times a year, they will become 18, and the profit will be between EGP 20,000 and 24,000. I will repay the loan and the balance is my net income. After 5 years, the period of the loan payment, all of the profits will be mine. The project grows by itself. Of course the project will benefit my family, but as it grows we will need workers, which means income for others.” - One aspiring entrepreneur in Al-Minya
Snapshots of dairy production

Fresh milk is received at a collection center in Al-Minya and transformed into dairy products. The firm received a loan under the Rural Income & Enhancement Project to purchase industrial machinery to convert the milk, and laboratory equipment to guarantee product safety.
Atef Najati Eyed Jawarchi lives with his wife and two children near Al-Minya, Egypt. After completing his diploma he began working as a farmer. He secured an EGP 95,000 loan through the Rural Income & Economic Enhancement Project from the Ahli Bank. "I bought heads of cattle and the business has since grown by itself. I started with only two cows, I sold them and I bought another three and so on. Things are good. My brother works with me and I have been able to make needed improvements to our home."
Naval Salheheddine is a 52-year-old homeowner who lives alone with her two sons. She sells bread and chickens for a living. Naval lives next door to a Rural Income & Economic Enhancement Project business association. One day they asked her if she was interested in a loan to grow her business. She was. “I started with a loan of EGP 1,000 and I have now reached EGP 6,000. I always make my payments on time! There is enough money coming in for my son to also earn a good living from sales. If I qualify for another loan I will add turkeys to my poultry shop. Yes, I dream of many things and God gives them to me.”

(On the next page) 55-year-old Nafisa Aly (holding the instrument) lives in Saweda Village in Egypt. She received a loan of EGP 3,000 for 18 months to buy a piece of equipment that would produce cream from milk. Every day twenty women come to her home and pay her EGP 2 each to use the equipment.
Contributors

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