

## EXECUTIVE BRIEF



### **KULA CAPITAL NAMIBIA IMPACT FUND (KCNIF)**

#### **KCNIF MAIN OBJECTIVES:**

- Invest funds to achieve a tangible social and/or environmental impact;
- Contribute to the development of a private equity industry and mentality in the country whilst fostering entrepreneurship;
- Act as a feeder fund for banks, other VC & PE funds as well as the public market;
- Identify possibilities for turning Portfolio Companies into local, regional and international champions and examine the potential for expanding them regionally, taking advantage of the trade benefits provided by the economic blocks of Southern Africa Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA), West African Monetary and Economic (UEMOA) as well as the most recent African Continental Free Trade Agreement (AfCFTA).

KCNIF is going to provide growth capital to Namibian SMEs that continue to suffer from:

- Lack of access to medium/long-term finance for start-ups and company expansion (both debt and equity);
- Inappropriate terms and conditions for short-term credit or trade finance;
- Insufficient financing and other instruments (particularly relating to Working Capital) to support start-ups and SMEs;
- Low capitalization and lack of collateral; and
- Poor record keeping and/or financial management.

The Fund's investments will be accompanied by the Fund Manager's expertise in corporate governance, market and business strategy building and implementation, financial and administrative controls and business best practices.

#### **KCNIF SUMMARY:**

**Fund Target Size:** N\$ 150m, at least 1/3 thereof to be raised in first closing

**Launch:** 2019

**Term:** Period commencing on the Closing Date and terminating 10 years thereafter (with option to extend by 2 years)

**Investment Focus:** The Fund's aim is to invest in value-adding, sustainable green-fields and start-ups that generate positive returns ranging from below market to market rate while also having a positive social and/or environmental impact and simultaneously fostering entrepreneurship. KCNIF aims at acquiring significant but not controlling positions so that the Fund's and Fund Manager's expertise is influential in the development of the investee businesses

- Fund Rationale:** Obtaining access to growth capital is still the single biggest obstacle for small enterprises in Namibia, which is precisely what KCNIF wants to address and change. – SMEs ultimately are the backbone of the African economy, which is why driving SME growth by facilitating access to capital is so critical: at present it is estimated that SMEs employ up to 80% of the population on the African continent – in some countries, the sector absorbs >90% of job seekers that enter the job market on an annual basis; as of 2018 the unemployment rate in Namibia stood at 33.4% with youth unemployment even at 46.1%. In addition to being a substantial generator of local and broad-based employment, the sector also promotes indigenous entrepreneurship and innovation while providing goods and services to the local population and beyond
- Target Geography:** Primary focus on Namibia with potential regional rollout of business models that have been tried, tested and proven successful in Namibia
- Investment Size:** From N\$ 250,000 up to N\$ 10m per investment, which is a vastly underserved size bracket in the market, but critical for the development and support of the Namibian economy
- Limits:** Concentration limit per investee company of no more than 15% and no more than 20% per particular sector with regards to total capital commitments
- Fund Manager:** BFS is a Namibian Asset Management and Consulting Firm founded in 2008 and based in Windhoek with significant experience in the SME sector and developing and managing unlisted Funds as well as privately-owned businesses in Namibia – currently managing 2 Debt funds with c.N\$ 630m under management with c.N\$ 1.6bn invested in >200 SMEs to date; In Feb'17 BFS Fund Manager was recognised as one of the 16 companies in Namibia with growth rates that inspire Africa by the London Stock Exchange, followed by the 2018 recognition of one out of six; In Nov'18 BFS was nominated runner-up for the Development Bank of Namibia's Good Business Award in the Large Enterprise category.  
The Fund Manager's commitment to the Fund is going to be 5% of equity raised
- Team:** The Team is led by Kauna Ndilula, the founder of the company and a seasoned executive with >21 years' experience, mainly in the development of the SME sector through development of financial products and programs. For the purposes of KCNIF she brought an equity investment expert on board – Christina von Doderer – who has significant investment experience in the European market. Christina is an investment professional with broad experience in Asset Management, Valuation, Investing and Divestitures, having successfully executed Equity, Debt and M&A transactions with GE Capital over 10+ years. Among others, she was a Director in GE Capital EMEA's Private Equity, Leveraged Finance and Business Development (M&A) divisions