

Norwegians Raise Cash for African Enterprises

By John Sambo

JO'BURG, South Africa, August 28, 2016 (EABW) — The Norwegian Investment Fund for Developing Countries (Norfund) is raising cash for onward lending to African small businesses around the continent.

Kjell Roland, CEO at Norfund said last week in a statement: "Norfund invests in financial institutions to strengthen their ability to supply capital and financial services to SMEs and unbanked people in sub-Saharan Africa and thereby contribute to economic growth and poverty reduction."

Norfund, FMO (the Dutch Development Bank) and Rabobank have entered into a partnership that seals their long-term commitment to Africa's future development, growth potential and the local financial sector.

The partners want to strengthen and develop effective, inclusive financial systems in Africa. It is also envisioned that Banco Montepio, a financial group based in Portugal with banking investments in Africa, will join the partnership in the near future.

According to the statement, the partners currently hold stakes in several financial service providers (FSPs) in sub-Saharan Africa which they have agreed to pool together.

The new company, to be named Arise, will start with a presence in over 20 countries, \$660 million in assets but this is expected to grow to \$1 billion. Arise will take and manage minority stakes in African FSPs.

Roland said, "The establishment of Arise will contribute to the development of the financial sector in Africa on a scale which is far beyond what Norfund can achieve by itself. By partnering

with experienced, like-minded investors such as FMO and Rabobank, will ensure that Arise benefits from excellent banking, technical and managerial expertise."

The key ambition is to build strong and stable FSPs that will serve retail, Small and Medium Enterprises (SMEs), the rural sector, and clients who have not previously had access to financial services.

Berry Marttin, the Executive Board Member of Rabobank said: "Rabobank's activities in investing and building strong financial service providers in emerging economies, especially sub-Saharan Africa, truly fit our Banking for Food strategy; focused on creating solutions with our clients to feed the world in 2050.

"It is therefore very important to us to take this approach to a higher level. By joining forces and pooling assets, networks and expertise with Norfund and FMO, two highly experienced development institutions of excellent reputation, we are taking a major step forward," he said.

Norfund, FMO and Rabobank have been active in Africa for many years with a positive impact in local markets. Through Arise, the partners will continue to adequately support the growth and development of the FSPs by providing among others technical assistance and management services in the field of governance, management, marketing, innovation, compliance and risk management. Capital will also be allocated for new investments. Arise will be operational from January 1st 2017.