

## **Aureos East Africa Fund: Development Outcome and Lessons Learned**

### **Fund Manager:**

Aureos is a leading global private equity fund manager offering expansion and buy-out capital to unlisted small and mid-cap businesses in Latin America, Africa and Asia. The absence of risk capital providers to small and mid-cap enterprises in most of the emerging economies, combined with Aureos' long-standing relationships with local business communities and market intelligence gained over the years, has enabled Aureos to generate proprietary deal flow across a broad range of sectors.

### **Fund:**

Aureos East Africa Fund ("AEAF" or the "Fund") is a closed-end regional private equity fund established to invest in small and medium sized enterprises ("SMEs") in the East African region primarily, Kenya, Tanzania, and Uganda. The Fund had its final closing in 2003 with \$40 million in total commitments, of which IFC invested US\$4.0 million. The Fund is fully invested.

### **Development Outcome:**

AEAF provided much needed capital and advice to SMEs in the East Africa Region. Aureos Investment Professionals were actively involved in the operations of 14 investee companies. They worked in partnership with portfolio company management and employees to improve governance and execute sound expansion strategies. This in turn enabled these Emerging Markets' SMEs expand regionally, create sustainable employment and prosper. AEAF's portfolio companies generated a total of 610 jobs after AEAF's investment. In terms of private sector development, the success of AEAF and other Aureos-managed regional funds continue to prove the opportunities in and importance of SME private equity investing in Africa. Aureos' track record has led to a successful fundraising of a follow-on fund, Aureos Africa Fund, which to date has raised in excess of \$300 million in committed capital.

A case study on Micro Africa Limited, an AEAF investee company, is provided in a separate disclosure.

### **Lessons Learned:**

The lessons learned from IFC's experience with AEAF include: (i) locally-based managers with relevant experience to execute fund strategy are more likely to succeed, and (ii) investment in private equity funds complements IFC's direct investments, extends its reach and is effective in helping to achieve IFC's goals.