

(b) Canada – Africa Enterprise (Development) Fund

- If a DFI cannot be established quickly, it is recommended the Government of Canada supported the establishment of a Canada-Africa Enterprise (Development) Fund. It is recommended this Fund have two components:
 - i) **“Entrepreneurial Africa” Component:** \$10k - \$250k range of debt or equity finance available for African business partners of Canadian related projects/firms. This fills the gap between the microcredit efforts found across Africa, and the glaring need for more capital for African firms that are trying to expand and work with Canadian partners. EDC and African local banks do not currently cover this gap
 - ii) **“Canada – Africa Venture” Component:** \$100k - \$4 million range of debt, equity, and high risk capital available to Canadian projects/firms in the natural resources, infrastructure, manufacturing, ICT, and some service sectors that are looking beyond exports to setting up or investing in businesses in Africa. This would also leverage other sources of finance. The focus would be on SMEs, and the Fund could get involved in high-risk oil and gas/mining prospecting stage efforts (pre-bankable feasibility), to privatizations, roll out of smaller scale ICT or infrastructure projects, or manufacturing etc. This Fund would be set up to be self-sustaining, based on reasonable ROIs (not vcap 30-40%) and whose only measure of success would be positive net returns. This privately run fund would not need a huge staff. This would allow for the new paradigm for investment in Africa. It has to be nimble and responsive to Africa's opportunities, not cumbersome in the traditional ODA sense. ODA still has a role, but there has to be a gradual shift away from expecting ODA will be available to Africa forever...and this fund would create a pool of Canadians experienced in doing business finance in Africa. Commercial banks might get involved eventually on their own. There are other related programs into which the Fund could tap to help the emerging African entrepreneurs and managers create jobs and opportunities in Africa. The money to create this fund could come from guaranteed bonds, some seed capital from the proposed Africa fund, and from private sector sources, Canada could have a \$50-\$100 million Canada-Africa Enterprise (Development) Fund that would both make a real difference and be sustainable.

(c) Private Equity Funds for Africa

- The Government of Canada should encourage the establishment and, if necessary, provide incentives through tax programs, to ensure the establishment of private equity funds. Examples of private equity funds to Africa based in the United States are the Modern Africa Fund (www.modernafrica.com), and Liquid Africa (www.liquidafrica.com). In the case of the Modern