

MANUFACTURING AFRICA



Manufacturing Africa aims to reduce poverty in Africa by attracting £1.2 billion of foreign direct investment into manufacturing and creating 90,000 jobs over 7 years (2019-2026). The programme is funded by the UK government through the Foreign, Commonwealth & Development Office (FCDO)



Pioneering Production of Green Construction Materials

African Bamboo aims to catalyse the bamboo sector in Africa through vertical integration of bamboo value chains in Ethiopia and Kenya and through technology transfer to scale bamboo production across the continent. Through innovative processing technology and the development of offtake agreements, African Bamboo seeks to ensure that bamboo supply in Africa helps meet local and international demand for sustainable, net-zero building material. The company is also undertaking an affordable housing project with locally sourced bamboo raw-materials. The project is envisaged to provide 10,000 affordable housing units every year by 2030 to low-income families in Kenya.

African Bamboo's current business model envisions bamboo raw materials being sourced sustainably from natural bamboo forests, community outgrower production sites, and plantation sites. Harvesting from the natural bamboo forest site will be done with low impact (manual/non-mechanical) methods. The natural bamboo forest operations are operated through participatory forest management agreements with communities.

The company also targets the European flooring market valued at about €60 billion and expected to grow at 4.7% to reach €65 billion by 2025, African Bamboo has a strategically located distribution company in Rotterdam, Netherlands.



THE CHALLENGE



African Bamboo seeks to address the growing demand for sustainable construction materials through a vertically integrated bamboo processing facility in Ethiopia and a network of distributors managed through its distribution company in the Netherlands.



To accelerate their operational plan, the company solicited MA support on its negotiation strategy with a key strategic partner and enhancement of its marketing capabilities and fundraising.

MA SUPPORT

The MA team provided the following support to Africa Bamboo:



Scenario analysis and negotiation strategy:

MA facilitated a brainstorming exercise with Africa Bamboo that helped provide clarity on their negotiation strategy.



Financial modeling:

Performed quality assurance, company valuation and modeled a phased investment strategy.



Buyer mapping: We carried out a market scan to identify potential off-takers



High-level ESG Review: Our C&E team conducted a high-level review of the compliance of the company's management systems with relevant national and international standards. The review confirmed that the management systems were sufficiently compliant with the applied standards, and that investors conducting their own due diligence were unlikely to raise any objections.



Information Memorandum review: MA reviewed the Information Memorandum and guided the Africa Bamboo team on refining an existing pitchbook.



General support : Advised on on-going investor discussions

IMPACT



Following MA support, the company closed a deal with a robust strategic market partner at the desired price proposition. This deal is key to strengthening the company's business case, subsequently increasing the company's prospects of reaching financial close with targeted investors.



MA's input into African Bamboo's finance story has enabled the company to sell its business case with clarity and better articulate the pitch in a way that also speaks to the objectives of the target investor.



MA's risk assessment helped investors understand the key risks within the business and possible mitigation measures.



MA helped to structure existing company data into a meaningful tool that is useful in business decision making including facilitating the required engagement with various stakeholders.

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We are entrepreneurs and not financial market experts so there has been a real extremely supportive mentoring on fundraising for us through our day-to-day interaction with the MA team; encouraging us to push through with the fund raise as it's not always easy given that Ethiopia is a challenging market to raise capital for as evidenced by the narrow inflow of FDI.”

Rania Duri, COO, African Bamboo



This programme is funded by UK aid from the UK government; however, the views expressed do not necessarily express the UK government's official policies.

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