



With funding from the UK government through the Foreign, Commonwealth & Development Office (FCDO); Manufacturing Africa (MA) provides support to help projects/companies grow, attract Foreign Direct Investment (FDI) and contribute to inclusive economic transformation outcomes. MA provides transaction facilitation (deal support), including investor readiness, commercial due diligence and development impact improvement to manufacturers and investors. We also offer technical assistance (sector support) to governments, investment promotion agencies, and donors on capacity building, sectoral analysis, policy reform and strategic investment promotion.

## 20 Manufacturing Companies

attended the Manufacturing Africa workshop in Addis to discuss external capital raising processes and available support in Ethiopia.

## 30 Attendees

from manufacturing companies, investment firms and advisors took part in the event.

## 8 Speakers

from Ministry of Industry, FCDO, MA, Zoscales Partners, Africa Bamboo spoke on issues related to external capital raising, and how MA can help facilitate investment into manufacturing companies in Ethiopia.

## Notable Quotes

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“The UK is supporting private sector development in Ethiopia through work on financial sector deepening, industrial development, and macroeconomic reform including tax. The Manufacturing Africa programme is one of our most important programmes and is critical for supporting economic reform in Ethiopia”

Vicente Solera-Deuchar,  
FCDO Deputy Development Director

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“...in many situations it is not so much lack of financing but lack of knowledge and experience of entrepreneurs to market themselves to interested financiers. The Ethiopian start up market can greatly benefit from the type of integration offered by Manufacturing Africa.”

His Excellency Hassan Mohammed,  
Ethiopia's State Minister of Industry

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“MA has so far supported over 25 deals in Ethiopia, 5 of these have reached financial close; including deals in pharmaceuticals, edible oil, waste management, and electrical transformers manufacturing.”

Amdework Berhanu,  
Country Manager, Manufacturing Africa

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“...As of April 2023, MA has supported 123 deals in the five African countries targeted by the programme, 26 deals have so far closed with MA support. Leading to mobilization of \$840 million in FDI and commitments for 14,000 jobs to be created, along with other developmental impacts.”

Christoph Zipfel,  
Program Lead, Manufacturing Africa

## Key Take Aways

### Spotlight on Ethiopian company that received MA support.



Sam Rosmarin, Chief Investment and Corporate Development Officer, Africa Bamboo acknowledged MA support as follows:

- The MA Ethiopia team helped Africa Bamboo develop a financial model which was key in negotiations with investors and understanding the company's business strategy.
- One of the most significant ways MA helped was mapping potential buyers. This work helped the company secure an off taker in Austria, who has now also become an equity investor.
- MA supported the development of a risk model which is an important tool containing the main contingencies and uncertainties to be considered. This is where companies can demonstrate the thought that they have put into the risk factors and how they plan to mitigate all possible scenarios. This inspires confidence in the business model and proves to investors that they are a risk ready firm.

### An investor's perspective



Esete Leulseged,  
Principal, Zoscales Partners - a private equity firm focused on the manufacturing sector in Ethiopia - advice to companies

There are several factors private equity firms and companies need to agree on before beginning a relationship. Despite the need for capital, the company and investor must align and agree on the following:

- **Sector focus:** Is this a sector that the investor is typically invests in?
- **Deal size:** The investment sweet spot for Zoscales is \$8 million - \$10 million however, a deal over \$10 million would also be acceptable through a co-investment with LPs.
- **Readiness and timing:** Private equity firms generally invest for the first 5 years of a business and within the next five years of a company's life span slowly start to payback their investment and get ready to exit.
- **Control:** This refers to shareholding and usually a 49% - 51% deal would be recommended at the very least.
- **Business Plan:** A transparent alignment on the business plan and vision is necessary.
- **Exit strategy:** There needs to be a defined way out and an understanding of when this will happen.

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“It is safer for investors to hold on to their money and wait for the right deal than go for a risky investment, which is why there is emphasis on the need for thoroughness of investment and preparation, so the investment isn't seen as a risky one.”

Faheem Chowdhury,  
Portfolio Manager, Manufacturing Africa

### The challenges of investing in Ethiopia

- Deal ticket sizes
- Finance and accounting structures requirement
- Difficulty to exit investments.

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“The manufacturing sector is important for Ethiopia's future economic transformation. Some of the barriers facing firms in Ethiopia can be overcome with the right expertise, and the Manufacturing Africa programme stands ready to help.”

Alex Karlsson,  
FCDO Manufacturing Africa Advisor



The workshop ended with closing remarks from FCDO Advisor – Alex Karlsson, who reiterated MA's availability and commitment to supporting manufacturing companies in their capital raising journey and launched the dissemination of an MA developed free resource – “[A Guide to The Investment Process for Companies Seeking Capital](#)”.