



The new paradigm:  
*If you want to fight poverty, Private  
Sector needs to be in the driver seat!*

*Kjell Roland*

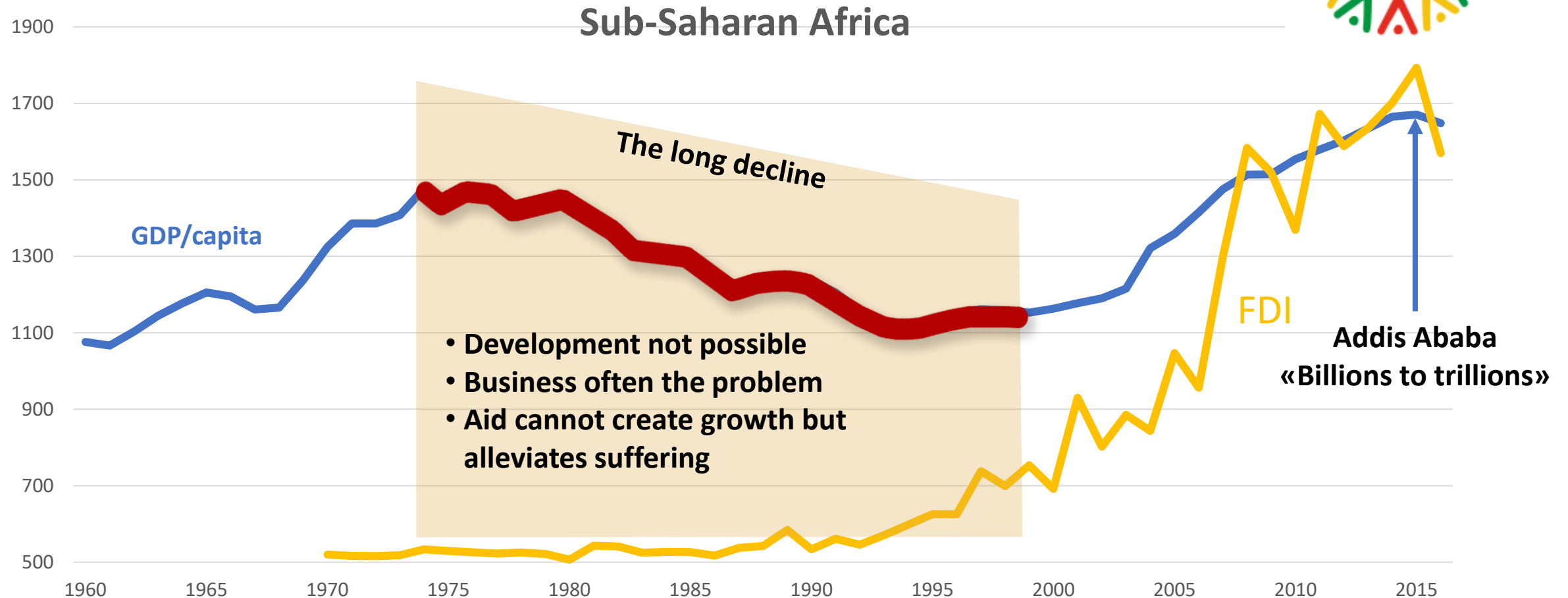
*28.03.2019*



# Present Aid Industry's Mindset Formed During *The Long Decline*

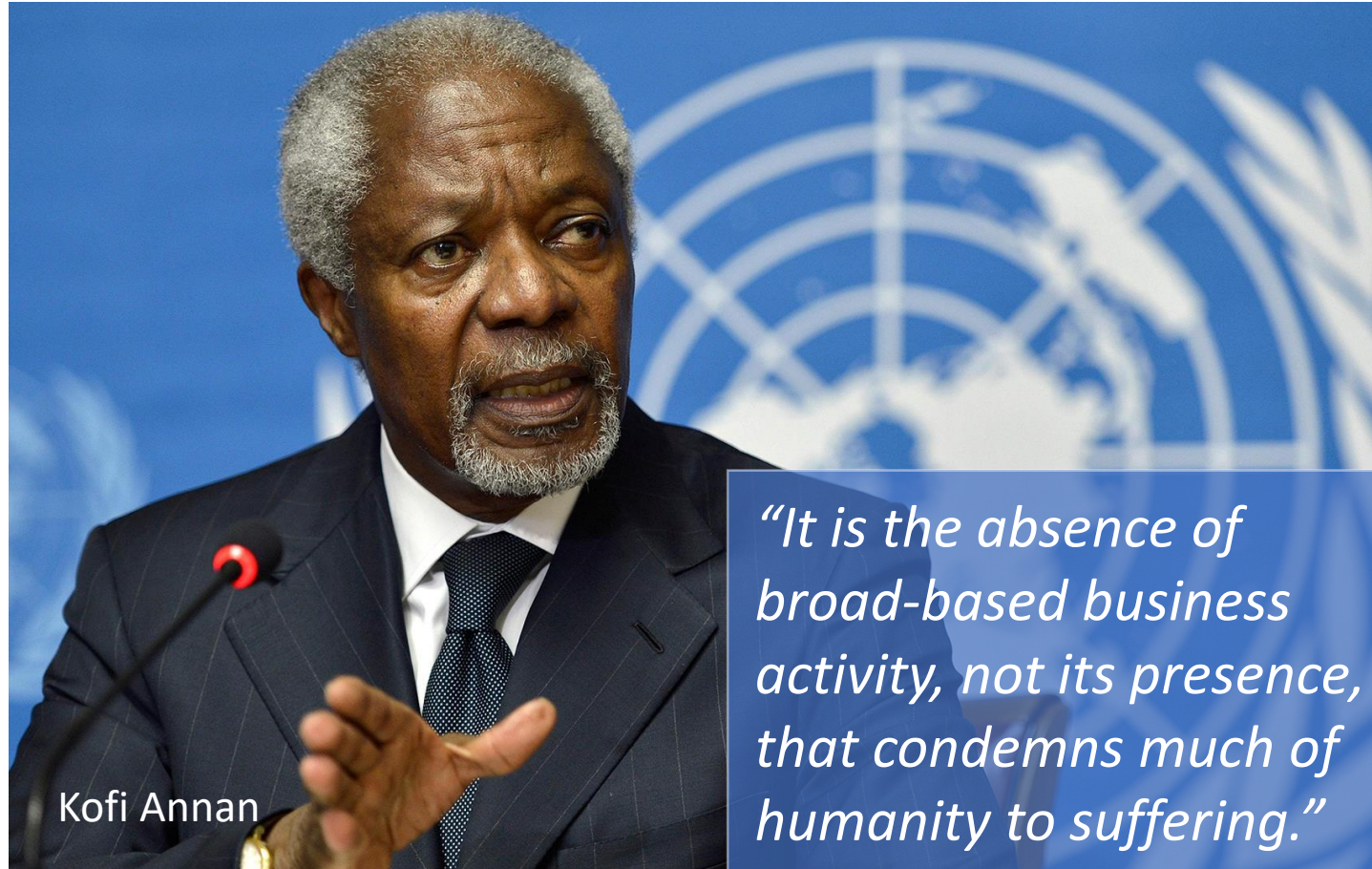


USD/ capita  
(constant 2010)



# The New Development Paradigm:

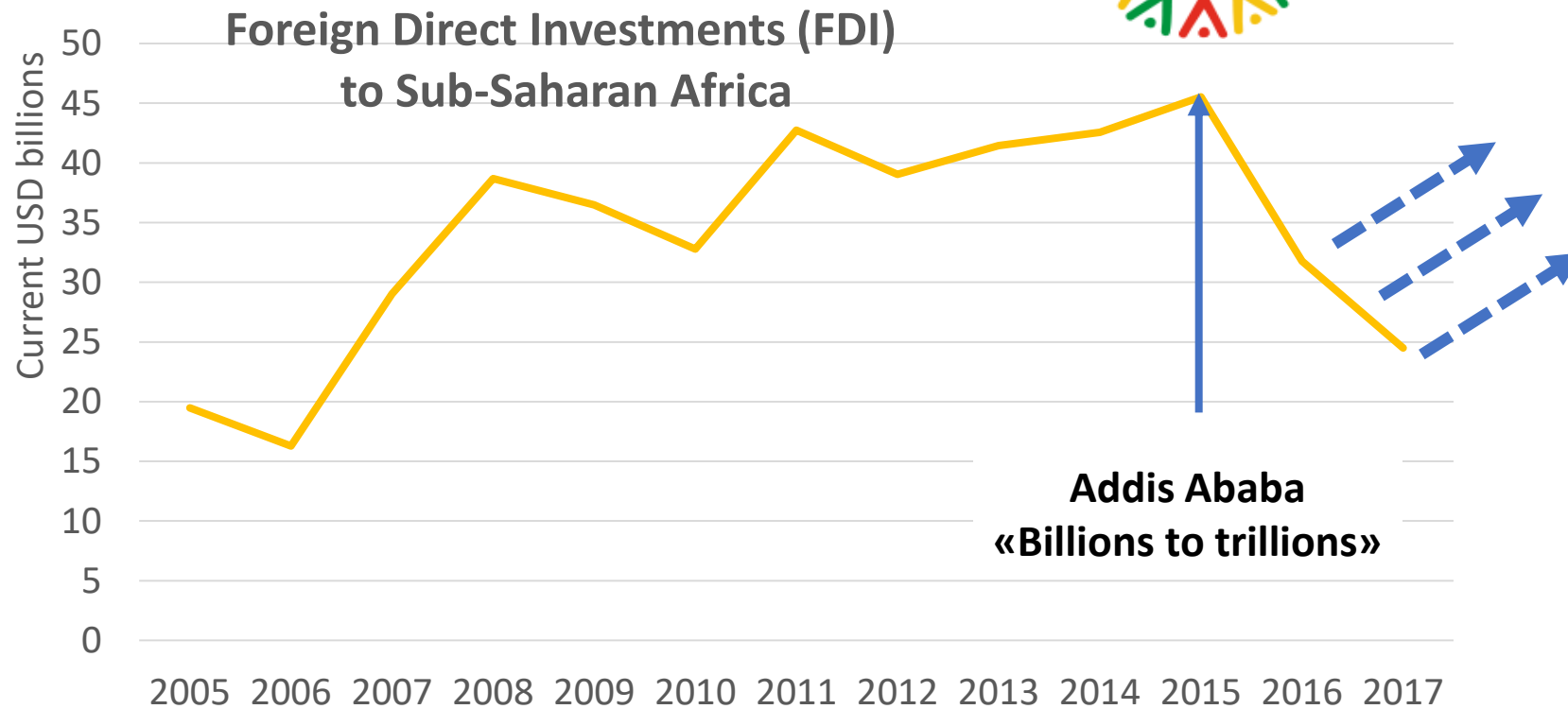
## From Public Sector Aid To Catalysing Private Investments



Kofi Annan

*"It is the absence of broad-based business activity, not its presence, that condemns much of humanity to suffering."*

# How to go from Billions to Trillions?



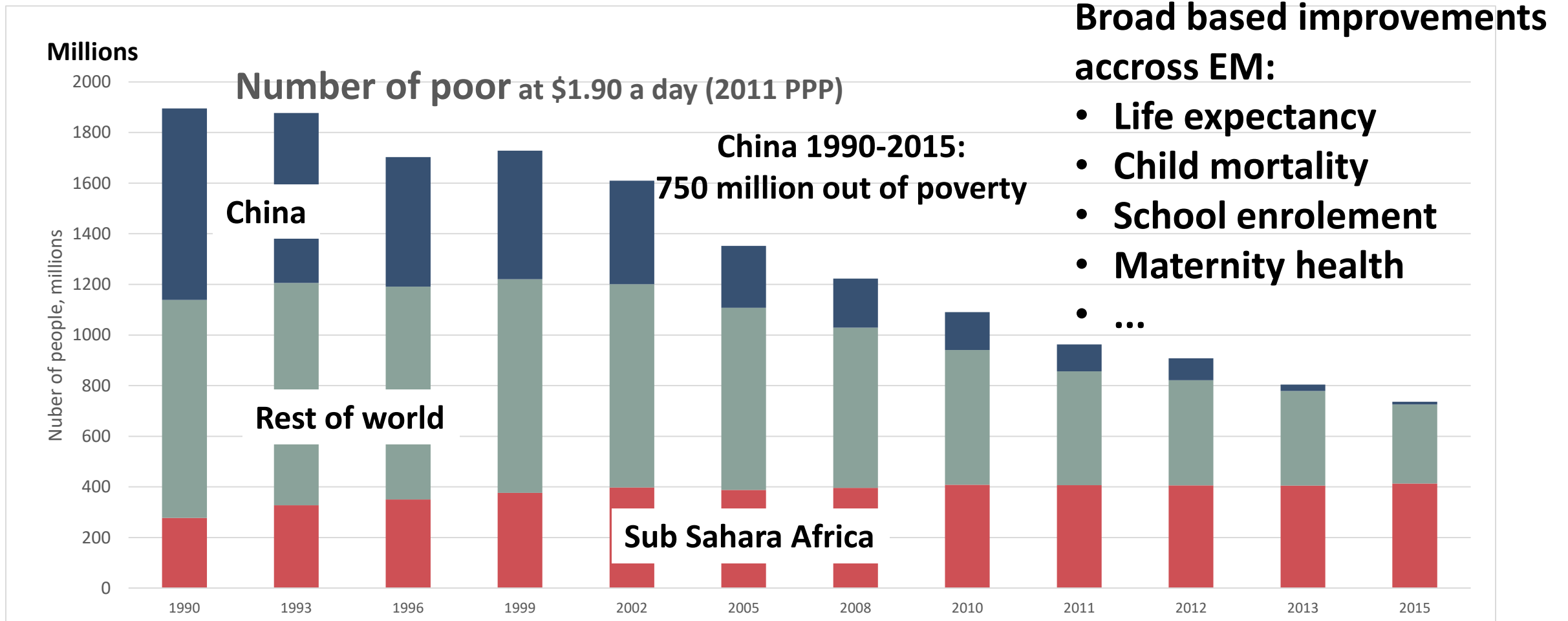
## ***Policy respons:***

- ***Guarantee schemes***
- ***First loss mechanisms***
- ***Public-private-partnerships***
- ***Blending/subsidize***

**+ China**



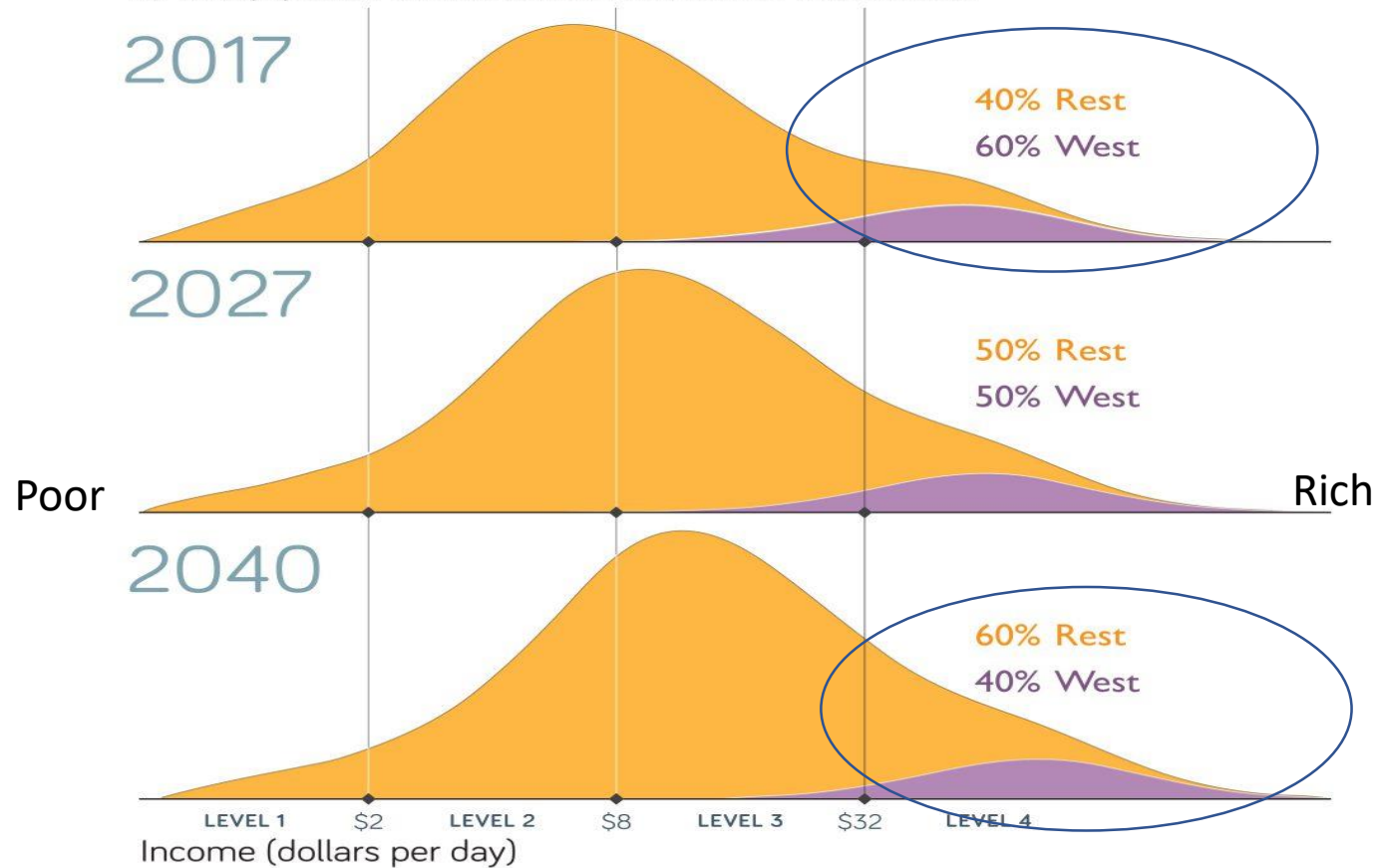
# The world is rapidly becoming a better place



# The New World – Where the Rich live

SOON, MOST RICH CONSUMERS WILL BE NON-WESTERNERS

The world population on different income, divided into West and Rest.



Dollars are adjusted for price differences and inflation. Sources: Gapminder based on PovcalNet, World Bank and IMF. See: [gapm.io/incm](http://gapm.io/incm)  
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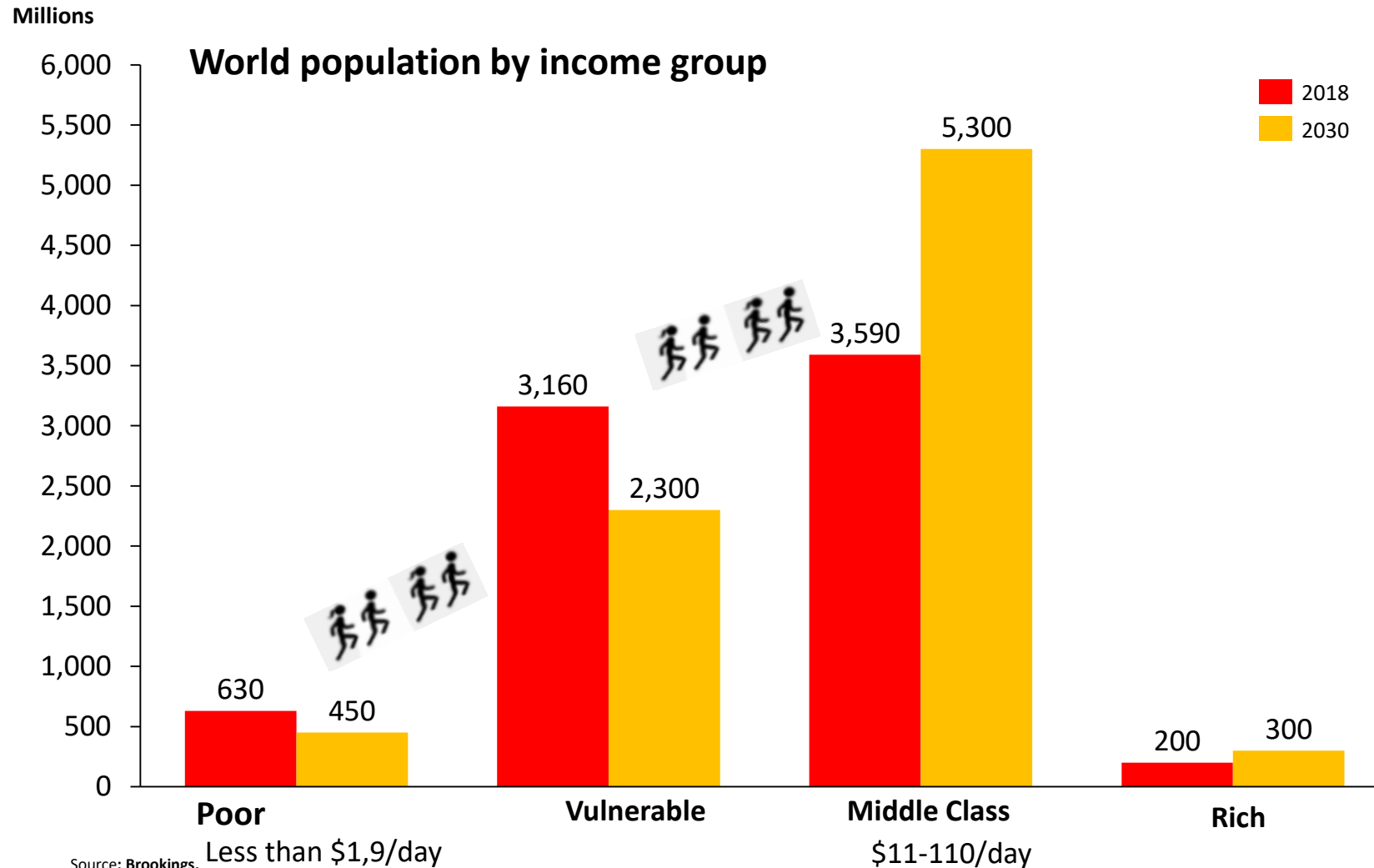
Source: Factfulness (2018) by Hans Rosling

**Getting the facts right:**

*Growing no. of  
Chineses tourist in  
world.*

*Or  
tourism in Africa*

# Global Income Tipping Point: Middle Class Dominance By 2030



**Getting the facts right:**  
*Market for  
diapers in Europe  
vs Nigeria*

# Africa is the New China





# Investment Gap:

## Provide Access To Capital Where Capital Is Scarce

### OECD

- High savings
- Low interest rates
- Low GDP growth
- Over liquid markets (overvalued stock markets, high FDIs etc..)
- High and rising debt
- Lack of investment opportunities



GDP growth

***FDI in emerging markets ...***



***... provide access to capital where it is scarce***

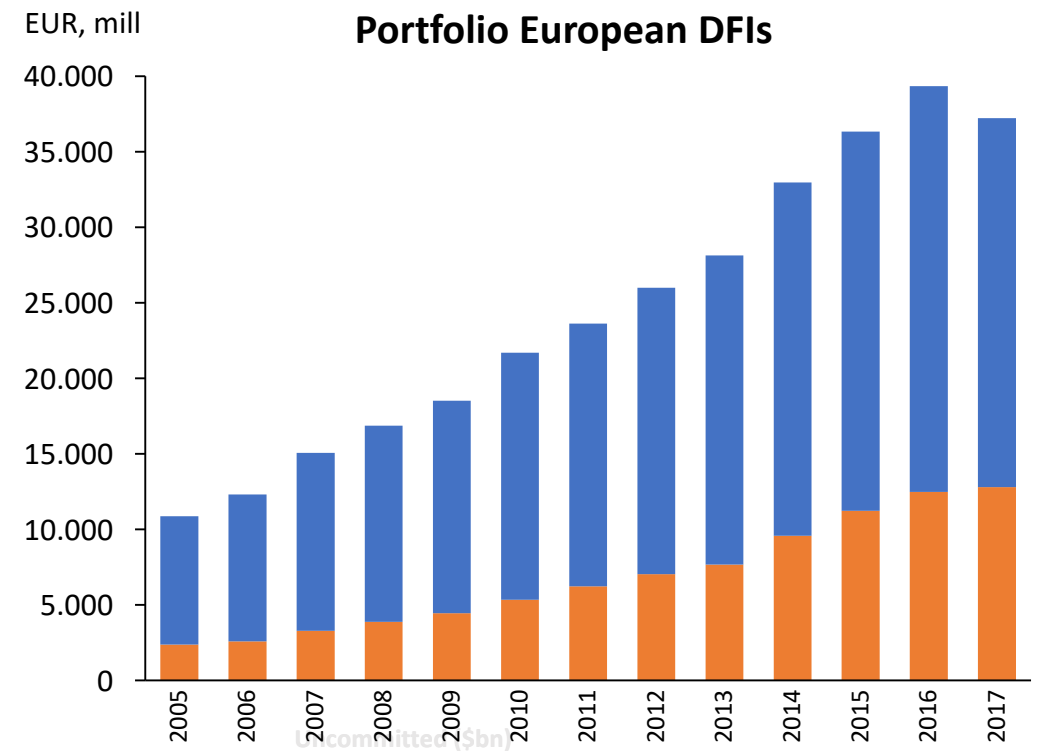
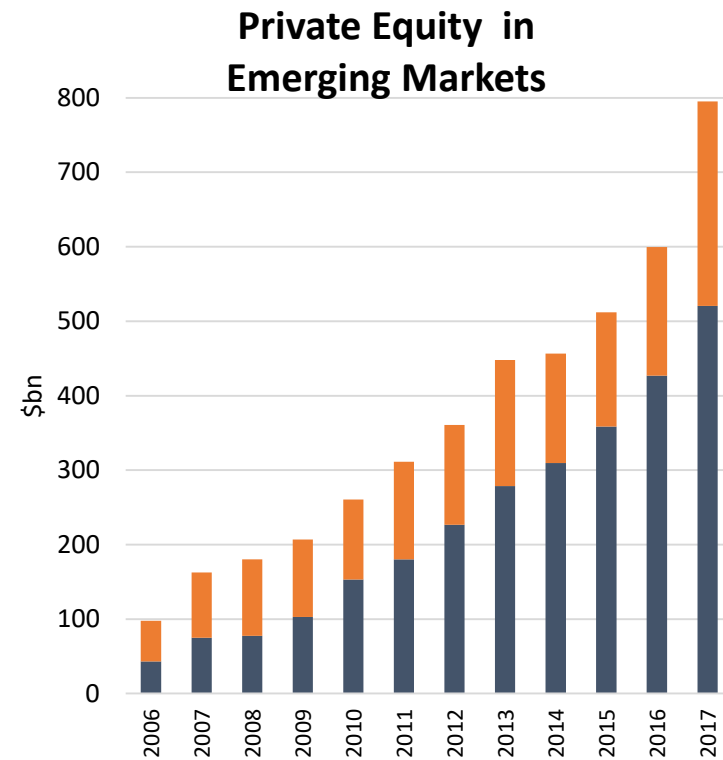
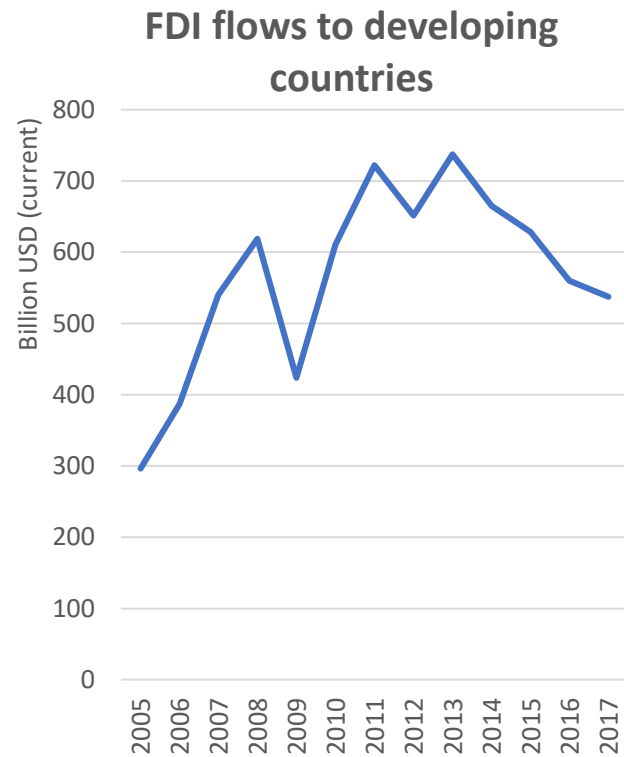
### Emerging markets

- Low savings
- High interest rates
- High GDP growth
- Illiquid markets (illiquid stock markets, low FDIs etc..)
- Moderate to high debt
- Ample investment opportunities



GDP growth

# What works: FDI, PE, DFI, ... China



# Investing directly in emerging markets - FDI

Billion USD



Lessons from China 25 years back:

- If you want to be part of high growth parts of global economy – emerging markets is where you want to be
- No size fits all – the Western way does not always work
- Adapt to a different environment – culture, institutions, partners...
- All business is local business
- Communicate and hold on to high ethical standards

# PE Fund: Attractive Option For Financial Investors

## South Asia

**392** Fund Managers, **49 BLN USD** under Management

## Africa

**320** Fund Managers, **14 BLN USD** Under Management

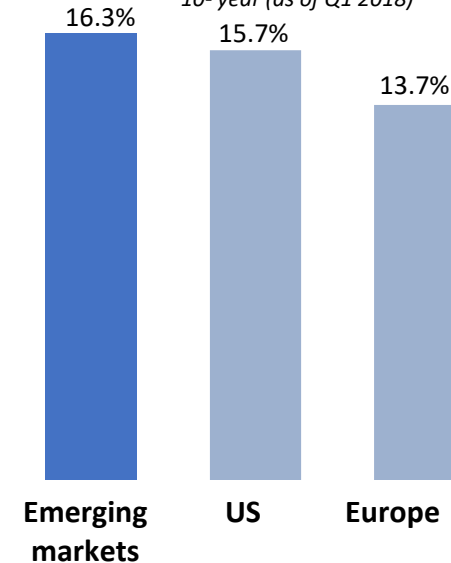
## South-East Asia

**330** Fund Managers, **32 BLN USD** under Management

... and enables attractive financial returns

### *IRR to PE and VC*

*Comparative End-to-End Returns by region  
10- year (as of Q1 2018)*



# Why invest in Emerging Markets

## WHY EMERGING MARKETS?

- Fastest growing regions in the world,
- Urbanization and middle-class growth.
- High quality, high growth companies exists and
- more need to be created

## WHY NOW?

### Timing

Developed markets highly priced and leveraged and at the end of a long growth period.

Asset prices in EM attractive

## Financial investors: WHY PE?

**Access to PE to achieve market exposure**

The listed equity market is small and geographically limited, whereas PE is a growing asset class

## Direct investors: WHY NEW MARKETS

**Opportunity to build long term growth stories**

***The opportunity to create positive impact in this part of the world is formidable***



# Possible partners: BIO and European DFIs

Diversified in  
terms of size,  
skills, geography  
and instruments



**EDFI - Association of European DFIs  
founded**

**2,100 staff**

**43 overseas offices in 20+  
developing countries**