

# »» DEG – We finance opportunities in future markets

DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH

Presentation for the  
5th Consultative Forum on Coffee Sector Finance

Tuesday, 5th March 2015

**KFW** DEG

## »» Agenda

- 1. Introduction and DEG's financing offer
- 2. DEG's Up-Scaling
- 3. DEG's DeveloPPP.de
- 4. The Coffee Partnership for Tanzania (CPT)

# »» 1. DEG at a glance

## Facts and Figures for FY 2013

› Established	<b>1962</b>
› Employees	<b>500</b>
› Head office	<b>Cologne</b>
› Shareholder	<b>KfW Frankfurt</b>
› Equity	<b>EUR 1.9 billion</b>
› Balance sheet total	<b>EUR 4.8 billion</b>
› New business	<b>EUR 1.5 billion</b>
› Portfolio	<b>EUR 6.8 billion</b>



# »» 1. DEG's Mandate

## Financing of financially sustainable projects/companies

- › Contribution to sustainable economic growth and poverty reduction through promotion of private sector development in emerging markets
  - › Provider of long-term capital for private enterprises
  - › Usually tenor of > 4 years up to 15 years
- › „Additionality“ by definition; complementary financing to commercial banks / PE funds

### Sectors

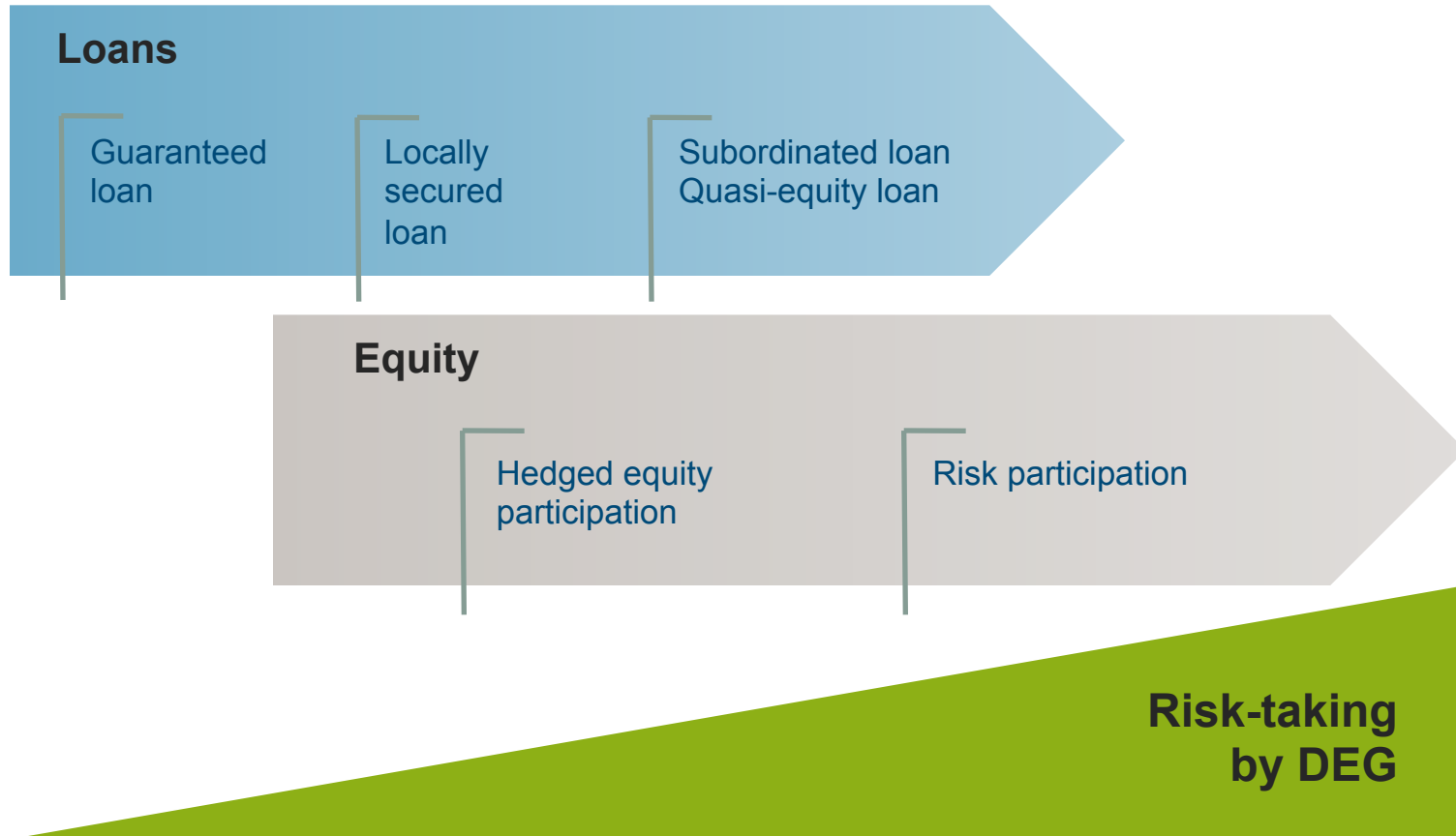
- › Agribusiness
- › Financial sector
- › Infrastructure
- › Manufacturing and services

### Additional Services

- › Availability of technical assistance funds (TA) to support feasibility studies
- › E&S management systems
- › Special programs

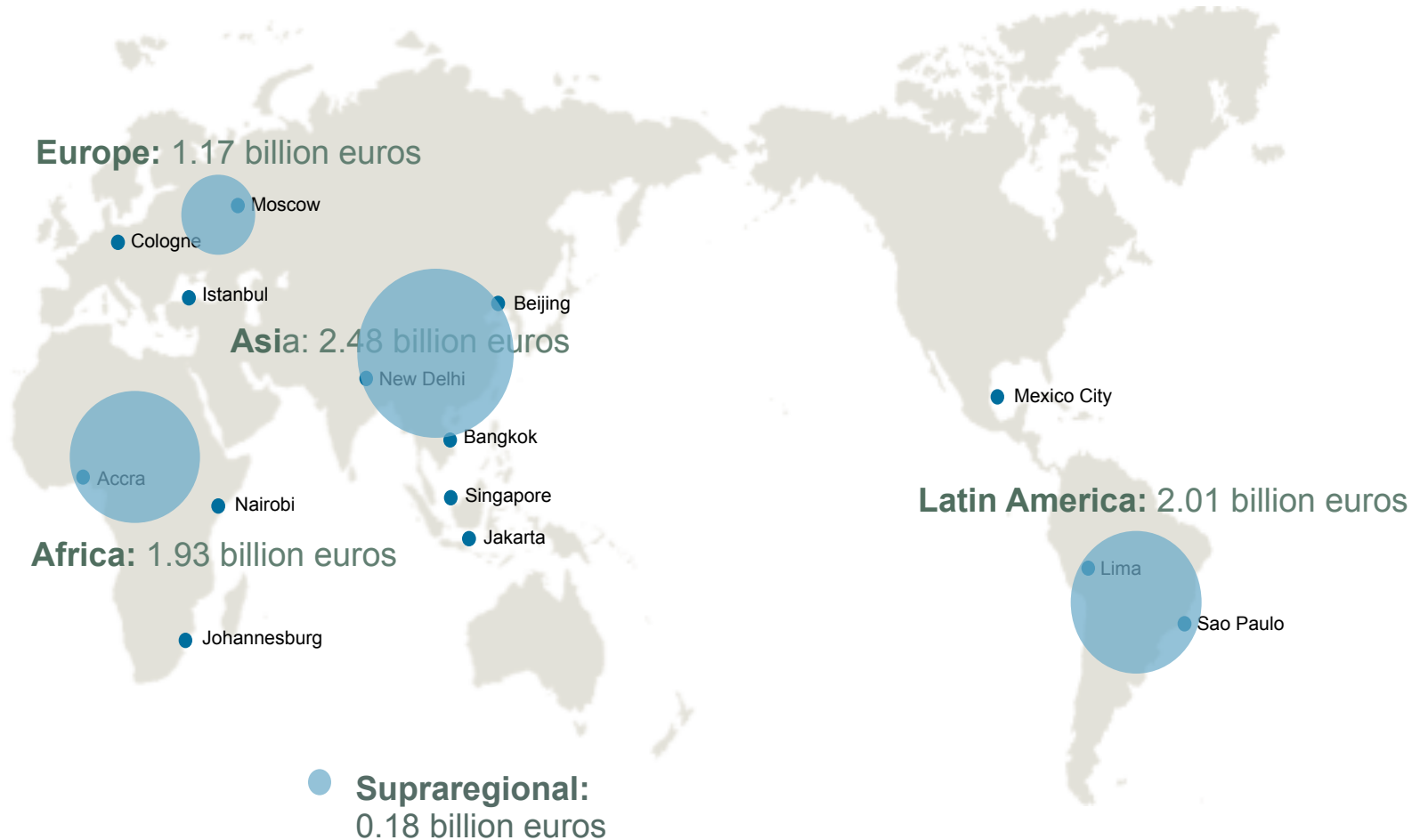
# »» 1. DEG's financing offer

Tailor-made capital for foreign investments



# »» 1. DEG locations and portfolio

14 locations. 7.8bn euros worldwide.



## »» 2. Up-Scaling: Conditions

Objective	Co-financing of investments with substantial growth potential
Target group	SMEs in developing and emerging-market countries, with a special focus on Africa
Finance volume	Up to 50% of the total investment (no more than 500,000 euros) as a repayable grant which must be repaid in the event of success of the project.
Requirements	<ol style="list-style-type: none"><li>1. Private sponsors contribute at least 25 % equity .</li><li>2. Proof of concept regarding technology and business model at local level.</li><li>3. High growth potential and economically viable.</li></ol>

## »» 2. Example Up-Scaling

### BioWin Agro Research, India

#### The company: BioWin Agro Research Ltd (2012): Wayanad / Kerala / India

- › BioWin processes organic and conventionally grown agricultural products (mainly spices and coffee) from small scale farmers and wholesales the finished products to buyers in Europe, America and Asia.
- › BioWin works with more than 8,000 small-scale farmers (2,000 are certified organic; rest are undergoing process of certification).



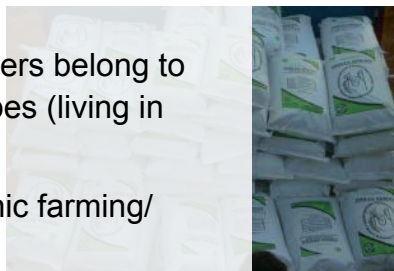
#### The investment

- › The company is building a new factory in order to process, pack and ship the agricultural raw products.
- › The new processing facility will boost output from less than 1,000 tons p.a. (baseline) to more than 6,000 tons p.a. (2020) and improve quality of products.
- › Training and certification of small-scale outgrowers in organic farming.

#### DEG's contribution & impact

- › Repayable grant of 0.5 Mio. euros.
- › Impact: generation of value addition at local level, improving the income of about 10,000 small-scale farmers.
- › Many of the participating farmers belong to disadvantaged indigenous tribes (living in designated “reservations”).
- › The company promotes organic farming/ certification

PROCESSING





Objective	Co-financing of developmentally and economically feasible projects in developing and emerging-market countries.
Target group	German / European enterprises as well as their subsidiaries
Financial contribution	Up to 50 % of costs (no more than EUR 200,000) from funds of the Federal Ministry for Economic Cooperation and Development (BMZ) for a maximum of 3 years.
Requirements	Projects: have to promote the structural development and show a broad effect in the partner countries, must not be legally required, cannot be realised without public contribution and must not yet have been started.
Participation	In the context of a quarterly ideas competition companies can submit project proposals. Further documentation can be found at <a href="http://www.deginvest.de">www.deginvest.de</a> .

## Common Objectives



## »» 3. Example develoPPP.de

### Schluter SA, Democratic Republic of Congo

#### The company: Schluter SA

- › Schluter SA is a family company founded in 1858, which specialises in African coffees, with a particular focus on the gourmet sector.
- › Implements through affiliated Virunga Coffee Company, formed under DRC law in 2011.



#### The project

- › Key objectives: Improve productivity, quality and traceability for 2,000 producers, e.g. through:
  - › GAP-training and seedling distribution,
  - › improved post harvest practices and washing of coffee, and
  - › obtaining traceability and FLO organic certification.

#### DEG's contribution and impact

- › Grant of 200k euros, tenure of 24 months
- › Impact: Improved livelihoods of 2000 small-scale producers through increased income.

# »» 4. The Coffee Partnership for Tanzania

## Project Summary



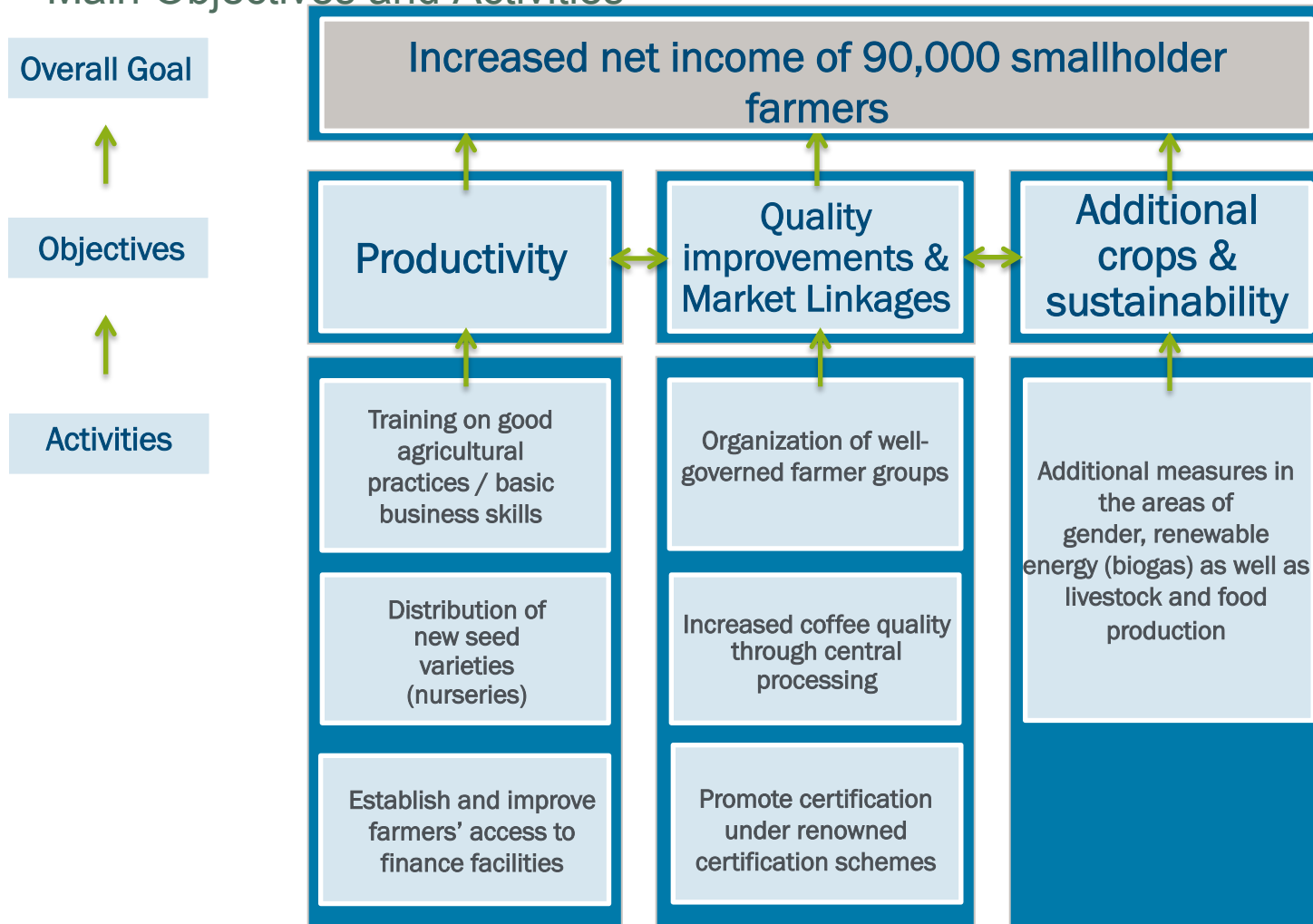
### **The Coffee Partnership for Tanzania (CPT)**

- is a partnership supported by the Bill & Melinda Gates Foundation.
- is managed by DEG and implemented in close cooperation with its partners from the private sector, who substantially co-finance the activities.
- aims at increasing the net income of 90,000 male and female smallholder coffee farmers in Tanzania, largely by doubling their yields, thereby improving the livelihood of over 500,000 Tanzanians.



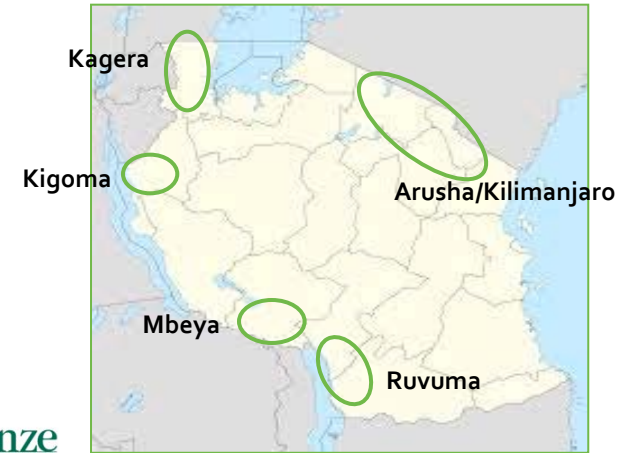
# >>> 4. CPT's

## Main Objectives and Activities



# »» 4. CPT: The Project Setup

With six subgrantees reaching out to 90,000 farmers



Donor



Leadgrantee



Subgrantees



Further Strategic Partners & Stakeholders



# »» THANK YOU FOR YOUR ATTENTION

Your Contact



## Special Programmes

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