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Bpifrance Investissement (Bpifrance) is the French public investment bank which finances businesses from the seed phase to transfer to stock exchange listing, through loans, guarantees and equity, and export insurance. Bpifrance manages the Averroès fund-of-fund scheme (to date three funds of funds).

The Averroès Finance funds are a joint initiative between Bpifrance and Proparco to support the development of private equity in Africa via equity investments in funds oriented towards SMEs and Midcaps, as well as to build a network of locally-based managers and growing African companies to establish business relationships between these underlying companies and the LPs of the Averroès funds of funds.

AVCA speaks with Isabelle Bébéar, Director of International & European Affairs at Bpifrance, about Bpifrance's commitment to SME growth in France and across Africa through private investment.



Q: Tell us about yourself and your role

In 2001, I joined Bpifrance (formerly CDC Entreprises) as Project Coordinator in Research and Innovation. I had the opportunity to invest in seed and venture funds before being appointed as Head of Business Development and Support for SMEs and Head of Investments in French regional private equity funds and South-Mediterranean countries, with nearly EUR300mn under management

For the past 8 years, I have served as the Director of International and European Affairs at Bpifrance, managing the Averroès scheme, a fund of funds investment activity dedicated to Africa. I am also in charge of relations with sovereign wealth funds and long-term investors. I am President of the Management Board of Euromed Capital Association, and I am on the Board of Proparco (AFD Group) and a member of its Audit and Risks Committee.

Q: Bpifrance has a long history and is the culmination of many entities coming together over the years. Could you tell us about Bpifrance's journey since its establishment in 2013?

We are very proud of what has been achieved since the establishment of Bpifrance on 31st December 2012. Since its creation, we have provided vital support to French

NAME OF FIRM

Bpifrance Investissement

FIRM TYPE

Third Party Fund Manager

PROFESSIONALS FOCUSED ON AFRICA

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entrepreneurs and the French economy. In a snapshot, here are few milestones that illustrate the journey thus far:

- **2012:** The first Executive Board was held, which led to the approval of Nova, the first innovation plan to fast track the creation of local champions, unlocking EUR400mn of financing and over EUR1bn in investments for innovative companies
- **2014:** We increased funding to the social economy and strengthened support to export mechanisms
- **2015:** We launched Accelerator programs for start-ups, SMEs and upper mid-cap companies
- **2016:** Bpifrance became the largest sovereign wealth fund worldwide (in terms of the number of operations) supporting technology firms since 2010
- **2017:** Bpifrance Export Insurance became the new French agency that manages public export guarantees

- **2019:** Bpifrance Creation was launched to support entrepreneurs across the entire country, including outside of France's leading cities

In total, Bpifrance injected EUR45bn into the French economy in 2020 through loans, equity, grants and guarantees - and has played a critical countercyclical role following the emergence of the Covid-19 crisis.

Bpifrance has become the Recovery Plan operator for French enterprises while significantly contributing to the equity market and launching the EUR40bn Climate Plan as the French Climate bank.

Q: Tell us more about Bpifrance's vision and investment thesis

Bpifrance's motto is "Serve the Future". We believe our role is to galvanise the French economy and make it more competitive. How do we do that? By being the trusted partner of entrepreneurs that supports their companies' growth and internationalisation through innovation. And by also being a proximity partner through our 48 local agencies all over France.

Q: How has private equity become an increasing part of Bpifrance's mandate over the years?

Private Equity (PE) is one of the six pillars of Bpifrance's activities - it represented EUR3.6bn committed both in direct participations and in fund of funds investments in 2020 versus EUR1.8bn in 2014.

PE is part of Bpifrance's DNA, since this activity is a legacy of one of its ancestors, CDC Entreprises, which started to support entrepreneurs through equity investments back in 1994. Since then, we have leveraged the experience and expertise developed throughout the years by our investment teams to accompany entrepreneurs, always as a minority shareholder in non-leveraged equity investments, and to support the development of the French PE ecosystem through our fund of funds activity.

This long-time expertise was also used to launch our African fund of funds activity called Averroès back in 2003, and it makes us one of the first non-DFI investors to have supported and witnessed the emergence of Africa's PE market, first in North Africa and then across the continent with our current exposure to 40 African countries.

Today, Averroès represents a key contributor to Bpifrance's footprint and strategic action plan in Africa. As such, we are proud to keep building a unique network of the best African fund managers and their high potential companies, and create new business links and partnerships with French companies in Bpifrance's ecosystem.

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Q: Bpifrance's pioneering fund of funds system has enabled over EUR1bn to be channelled into more than 150 companies in 40 African countries. Could you tell us how Bpifrance and Proparco's new investment vehicle, Averroès Africa, aims to build on this success?

Averroès Africa is our fourth PE fund of funds with a EUR100mn target. We have already reached a first close at EUR55mn, with commitments from Bpifrance and Proparco. In terms of investment strategy, Averroès Africa will use the same as Averroès Finance III, its predecessor, by targeting multisectoral PE funds with a multi-country, regional or pan-African dimension, managed by experienced teams. Yet, Averroès Africa will have an increased focus on venture capital funds and, for the first time, will be able to invest in sectoral funds focused on financial services, healthcare and agribusiness, in line with the evolution of the African PE market.

Beyond financial performance, the Averroès Africa team will actively focus on maximising the environmental, social and governance impacts of its investments, in line with the commitments made by Bpifrance and Proparco with regards to responsible investing. Moreover, the team will seek to generate deal flows between African portfolio companies and French companies supported by Bpifrance that want to seize opportunities offered by the African and the European markets. We believe that this is a tremendous growth opportunity for companies on both continents.

Lastly, as its predecessors, Averroès Africa is open to subscriptions from French and foreign public and private third-party investors.

Q: Small and Medium Enterprises (SMEs) play a significant role in most economies, especially in developing countries, as they create jobs and broaden access to markets and economic opportunities. In your view, what part do SMEs play in the context of Bpifrance's mission?

There are 4 million SMEs in France, representing 99.9% of French companies; therefore, SMEs are at the heart of Bpifrance's mission and strategy, even more so since the beginning of the Covid-19 crisis. A good illustration of our commitment to SMEs is the 1,200 Plan launched in 2020, which aims to deploy 1,200 equity tickets in French SMEs over 12 months both through increased direct and fund of funds investments. Furthermore, Bpifrance is now recognised as a leading bank providing export finance to SMEs, with EUR1bn of export credits targeted by 2024 and a partnership with the French Development Agency and its private sector subsidiary Proparco - enhancing the competitiveness of French industrial SMEs, notably in Africa.

It is also important to note that the investment strategy of the Averroès scheme has always been focused on African SMEs. As such, we have predominantly focused on mid-market PE funds, with fund sizes between EUR60mn – EUR500mn supporting SMEs. Since Averroès' inception we have supported over 20 PE funds and over 150 African companies, mostly SMEs, whose turnover increased on average by almost 40% from the day our funds participated in their ownership. Through Averroès Africa, we aim to build a portfolio of 10 to 12 funds that will provide exposure to over 100 African companies, mostly SMEs, in all main sectors related to the emergence of the middle class in Africa, such as consumer goods, transport and logistics, education, healthcare, agribusiness or TMTs.

We believe that our investment positioning reflects both our willingness to keep supporting SMEs not only in France but also in Africa and our belief that private sector SMEs are key to the development of African economies and the fight against poverty.

Q: As a bank for entrepreneurs, what do you see as the key challenges and opportunities for entrepreneurs operating in Africa?

We believe that entrepreneurs, wherever they are, do face similar challenges such as access to quality human resources and expertise to grow their companies to the next stage, where PE funds can play an important role. Entrepreneurs also often suffer from loneliness as they are "the captain in the plane" in charge of taking all the strategic and critical decisions for their companies and employees. Bpifrance's accelerator programs that gather annual cohorts of French entrepreneurs, including the first Africa Accelerator launched in February 2021, are

highly valued by entrepreneurs since they provide the opportunity to exchange directly with their peers and not only with consultants.

Regarding entrepreneurs in Africa, I would say that access to financing, notably to short-term funding to support their working capital needs, is still a significant challenge that was even more visible since the beginning of the Covid-19 crisis and its negative economic consequences. African governments have rolled out various emergency measures to support healthcare systems and mitigate the pandemic's impact on their economies. However, at this stage, measures have been relatively limited in scope compared to France, for example, whose stimulus package equals EUR100bn

Many African governments have to operate under constraint from large fiscal deficits – expected to be aggravated by the current crisis due to lower export and tax revenues and higher public spending to support the economy, heavy debt burdens – made heavier by credit rating downgrades, and exchange rate and inflation pressures. In such a challenging environment, we believe that PE in Africa plays a leading role in mitigating the impact of Covid-19 on the continent by enabling companies to restructure or strengthen their balance sheets to meet their working capital needs and capital expenditure needs.

More generally speaking, we are proud to see that for almost a year, all of our African fund managers have been working extremely hard alongside their entrepreneurs every day - helping them make the right decisions to weather the crisis. They have provided invaluable support to protect and maintain the workforce, adapted supply chains and operations, bolstered financial positions by cutting costs and tapping available facilities (credit and guarantees, tax and lease payment deferrals, and more), in preparation for the 'restart phase'.



Our appetite for Africa will remain strong, and we will keep investing in PE funds across the continent, with a preference for multi-country, well-diversified investment opportunities.

Q: Where do you see Bpifrance in the next five years?

Our 2020 – 2023 strategic plan is built around 6 priorities:

- Support the French recovery plan through a wide range of long-term unsecured loans and equity investments, among other things
- Enforce the Climate Plan through multiple angles
- Enforce our French industrial companies Plan (the “French Fab”) to support industrial companies through digitalization, technology and advisory
- Development of a fully digitalized platform providing small unsecured credit loans for start-ups and small businesses
- Support of 4 strategic sectors in France with a substantial innovation dimension: healthcare, tourism, education and culture
- Continue building third-party money management activity

As per our appetite for Africa, it will remain strong, and we will keep investing in PE funds across the continent with a preference for multi-country well-diversified investment opportunities. We shall gradually increase our investment focus on venture capital and invest in sectoral funds in the healthcare, financial services and agribusiness sectors. Finally, alongside attractive performance, fund managers able to demonstrate their positive ESG impact on the ground as well as their capability to help us create more ties between African and French companies will also be of strong interest.

Q: How has Bpifrance benefitted from its AVCA membership?

Our AVCA membership has enabled us to participate in well-attended conferences which is key to building our pipeline through meetings with many existing and new PE fund managers over a short period of time in one place. It has also enabled us to access insightful news and figures on the African Private Equity market.

Want to learn more about Bpifrance Investissement?
[Click here](#) to explore AVCA's 2020 Member Directory.

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