

PRESS RELEASE

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Good governance and investment in SMEs benefit development

The Belgian Investment Company for Developing Countries (BIO) and the Corporate Governance in the DR Congo Fund, managed by the King Baudouin Foundation, have organised a first seminar on Thursday 23 October in Brussels on "the challenges and opportunities for Small and Medium-sized Enterprises in developing countries", with an opening speech by Deputy Prime Minister and Development Cooperation Minister Alexander De Croo.

On this occasion the 2014 winner of the Prize for Corporate Governance in the DR Congo, Philémon Kivuvu Musul, spoke about his experiences and defended his vision of entrepreneurship. He was one of the experts who spoke and highlighted the role that SMEs should play in development. This seminar therefore provided a concrete illustration of what a good governance project in the private sector can be, using the example from the DR Congo.

Minister De Croo expressed his admiration for entrepreneurs such as mister Kivuvu Musul and who are facing huge challenges in countries such as DR Congo. "In countries where the state is failing, it is not easy to be an entrepreneur". De Croo strongly believes in an instrument such as BIO to foster development and agrees that the strategies should target SMEs.

Philémon Kivuvu Musul leads a company in the quarry sector which was founded in 2006 and specialises in the quarrying and processing of limestone in Bas-Congo province. Calmaco SPRL, which is based in Kinshasa, has grown rapidly and now employs 70 people. Above all it is managed in a socially responsible way, maintaining respect for the principles of good governance. These principles are sometimes very simple, such as paying everyone on time. Philémon Kivuvu: *"That may seem obvious, but it is far from the case here. You have to put yourself in the position of a family that never knows when the money will finally arrive."*

More generally, Calmaco prefers to grow at a moderate pace and has a policy of reinvesting its profits. Philémon Kivuvu also makes sure that his business is firmly embedded in the community, and his employees enjoy social benefits. The principle that means the most to Philémon Kivuvu, however, is undoubtedly transparency: *"We work with open accounts. It does not matter who wants to track our cash flows. Profits, purchases, repayments... Calmaco has nothing to hide!"*

Before creating his business, Philémon Kivuvu witnessed practices that he found shocking: dubious financial transactions, a lack of clarity and transparency in accounting, payment of bribes etc. *"These are bad habits that infect the economy, but in the end people see them as normal."*

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Undoubtedly Philémon Kivuvu was the right kind of person to win the Prize for Corporate Governance in the DR Congo.

The Prize, which consists of an award of 25,000 euro, was created in 2010 by Belgians in the business community, on the occasion of Congo's fiftieth anniversary. They created the Prize for Corporate Governance in the DR Congo within the King Baudouin Foundation for this purpose. The Fund aims to encourage entrepreneurship in the DR Congo, according to the principles of good corporate governance and social responsibility. Encouraging entrepreneurship among SMEs therefore fits in perfectly with the aims of the Prize.

Every two years the Prize gives recognition to the exemplary story of a Congolese personality to highlight these good entrepreneurial practices and encourage others. The 2014 Prize was awarded to Mr. Kivuvu Musul last June in Kinshasa.

In 2014 the Belgian Investment Company for Developing Countries (BIO) became the Fund's strategic partner and provides financial support to the Fund.

BIO invests in the private sector, because it is the driver of development

The Belgian Investment Company for Developing Countries (BIO) has the mission of supporting a strong private sector in developing and/or emerging countries, to enable them to gain access to growth and sustainable development with the aim of achieving the Millennium Development Goals.

BIO invests directly in private sector projects and as such makes a structural contribution to the socio-economic growth of host countries. Its mandate requires strict criteria in terms of geographical targets, financing tools and, above all, impact on development.

The informal economy has considerable dynamism in developing countries, but access to long-term finance and capital is limited or impossible for a large section of the population.

Support for the private sector is therefore an essential link in the development cooperation chain, since it drives economic growth. By producing goods and services, local enterprises help to improve the population's living standards, accelerate technological developments and lower prices by encouraging competition and enlarging the country's tax base, which is essential for financing infrastructure, education and health.

In this context, SMEs are crucial for economic growth and job creation. Nevertheless, SME entrepreneurs in the developing world face major obstacles to starting and growing their businesses.

The seminar on 23 October considered factors that limit the development of SMEs and explored the role that a Development Finance Institution such as BIO and private investors can play in supporting Small and Medium-sized Enterprises.

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The experts who fed into this reflective process were Arthur Arnold, former CEO of the International Bank for Development of the Netherlands, FMO; Aziz Mebarek, founder and partner in TunInvest-AfricInvest Group; Luuk Zonneveld, CEO of BIO; Frank De Coninck, President of the Corporate Governance in the DR Congo Fund; Jean-Baptiste Satchivi, CEO of the CDPA Group and President of the Chamber of Commerce of Benin; Carole Maman, Chief Investment Officer of BIO.

Two of the objectives for Europe-Africa cooperation in 2014-2017

This seminar and the Prize for Corporate Governance in the DR Congo fit in perfectly with the strategic objectives defined for development cooperation between the EU and Africa. The winner of the Prize provides a concrete testimony to that approach.

Corporate governance and private sector investment were among the five axes that were defined for the joint Africa-EU strategy for 2014-2017 at the last EU-Africa Forum which was held in Brussels in April 2014. They are now two priority areas for intervention in Euro-African cooperation.

These decisions also serve as a prelude to “2015, European Year for Development”, one of whose objectives is to inform citizens *how every euro of support helps to make a difference in the lives of so many, in some of the world's poorest countries*, in the words of former European Commissioner for Development Andreas Piebalgs.

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