

With
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Tarek Mouganie

Fixing the missing middle

Tarek Mouganie acquired a PhD in Physics at the blazingly young age of 22 at the Cambridge University.

He might have become a respected corduroy-donning academic or researcher in some next-gen tech startup if he hadn't chosen instead to go into finance, where he spent years as an analyst picking out businesses for his employers to invest in.

Maybe it's the trader's blood running through the Lebanese Ghanaian that caused this shift as he maintains that at the time, "academia was not very commercial in the UK". But Mouganie's interests go well beyond just making money and are rooted in experiences that shaped his life.

Mouganie first went to work for the venture capital fund that had funded his three-year doctoral research work developing a cheaper process for manufacturing super-conductors by ink-jet printing. Super conductors make super strong magnets and are critical parts of high-tech gadgets like high speed trains and medical imaging devices.

Mouganie needed huge capital for his project, and "the fund stuck their neck out" for him, then a non-UK citizen. They provided him with funding because they saw the commercial potential and social benefit of his work.

Mouganie talks of a childhood where his supportive parents provided encouragement and let him be just who he wanted to be. Mouganie would chose chemistry sets over bicycles, dismantle his toys to learn how they worked rather than play

with them and... as the youngest in class - mostly befriended his teachers rather than his schoolmates. When they shipped him off to the UK at age 12 to have a world class education first at an international school, then at Imperial College London, it was just another one of the many opportunities they gave him to succeed.

This link between the opportunities and support he has had and his success are not lost on him. They have set him on a path to give back by investing and growing small businesses, among other things.

Investing in Africa

While working at GLG, one of the world's biggest hedge funds, Mouganie's boss expressed an interest in starting an Africa fund to invest in the continent's many opportunities. When the global financial crises of 2008 hit though, its shock waves sent GLG restructuring and refocusing its business. Mouganie, among the few analysts left after heavy retrenchment, was left as analyst in charge of investments in financial services and specialty finance. Mouganie then spent the next few years recommending investments to his bosses in businesses as varied as the largest microfinance company in Mexico, Visa - the payments company and the Royal Bank of Scotland. No region was off limits.

Mouganie moved back to Ghana in November 2012 with that Africa dream in mind. He wanted to find a way to give back, and to, "go to work everyday doing something he is proud of".

These days, the 'retired' analyst, is working on a way to help Ghanaian SME's by providing



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growth capital to fund their projects. This would, according to Mouganie, fix the missing middle in Ghana's banking industry.

Mouganie started on this path when he met Stephen - a bee keeper, who needed \$20,000 to purchase a filtration system so his honey would meet export standards for the EU market. But banks

asked for collateral he didn't have, and so he never got his loan. After Mouganie's investment though, his brand became the first African honey producer to be approved for the EU market.

Mouganie suggests that Microfinance companies cannot provide the kind of medium term low interest loans that would help SMEs like Stephen's grow. And as SMEs are not the commercial focus of the larger corporates either, there's a gap in the market for favourable financing options that can enable SMEs to invest in expansion projects and allow sufficient time for repayment, from six months to two years.

Mouganie believes that SMEs could hold great economic benefits for Ghana if they expand, create more jobs and pay more taxes. As much as 90% of the workforce in the developing world work for SMEs. SMEs also create diversified and resilient economies and are the true drivers of social and economic growth - providing governments with a large chunk of revenue via taxes, almost 50 per cent in the UK.

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Affinity Ghana

Mouganie's Affinity Ghana plans to launch within a year with a low footprint, highly accessible online service that would provide loans, accounting and capacity building solutions as a way to reduce the costs of SME operations and their financing woes. The data that Affinity collects would improve SME creditworthiness and help them better understand business needs in order to provide help in a more confident way. Mouganie recognises that his fantastic solution is only one part of the many systems and policies that Africans and their governments need to develop in order to solve their own problems. He

expects a number of these African solutions will accelerate development in Ghana and on the continent in coming years.

Tarek Mouganie is a bit of an overachieving all-rounder with interests in the arts (founder of Front Back Accra), sports (co-founder of the Ghana Triathlon Federation), as well as the Honorary Consul of Cape Verde in Ghana. When Affinity Ghana rolls out its services in the next few months, you can be sure that this over achiever will be in the thick of things working with SMEs to provide a better model for financing SME growth. I see a strong affinity among SMEs for Mouganie's ideas.—GB