

Leopard hunts US\$75 million for Haiti



By Julian Richardson, 20 July 2012

Private equity firm Leopard Capital aims to partner with Jamaican businesses in Haiti.

Leopard is behind a private equity fund, Leopard Haiti Fund (LHF), seeking to raise up to US\$75 million to pump into Haitian small businesses.

Douglas Clayton, the American founder of Leopard Capital, this week invited Jamaican investors, interested in doing business in the earthquake-ravaged nation, to collaborate with his company.

"One of our investment themes is to help businesses, from countries like Jamaica, coming into Haiti with our expertise," Clayton told the Jamaica Observer at the Jamaica Pegasus hotel in Kingston.

"We can eventually be a local partner to help them enter the country easier and faster should they be interested in bringing their business into a larger consumer market," he said.

Clayton was in Jamaica on a two-day visit to "meet some people who are also interested in Haiti", as well as to observe the country's business development, he said.

"Jamaica is a more developed nation than Haiti is and we would like to see some success stories here and look at what can be done," said Clayton. "This is a fast-forward in terms of what Haiti will be in 20 years as far as development; by coming here, we got a vision of a few years ahead for Haiti."

Digicel and Jamaica Broilers are arguably the two most recognisable local-based companies with operations in Haiti. Digicel, which launched in Haiti in 2005, has over 3.5 million customers in the country. Jamaica Broilers (see related story) launched a joint venture with a Haitian partner in 2010 to provide feed, chicks, pullets, equipment and technical advice to poultry farmers, with the initial investment reported to be between US\$2 and US\$3 million.

The LHF was launched in March 2012, aiming to raise funds for investments in tourism, affordable housing, renewable energy and food processing. Leopard Capital has said that the majority of the fund's investments will focus on expanding existing businesses, including recapitalising and rebuilding entities damaged in the 2010 earthquake. In addition to

financing, LHF will provide its portfolio companies with operational support to professionalise their businesses by strengthening management capacity, worker skills, financial reporting, corporate governance, and social responsibility policies, the company said.

Leopard Capital this week completed the fund's initial closing, with a total commitment of US\$20 million from three international development banks -- US\$8.5 million each from the International Finance Corporation and Netherlands Development Finance Company, and US\$3 million from the Multilateral Investment Fund. The company said it will now commence LHF's investment activities while continuing to approach investors globally and locally to increase the size of the fund. What's more is that it is concurrently raising a donor-funded technical assistance facility to finance capacity development initiatives within LHF's portfolio companies, the company said.

A frontier markets investor, Leopard Capital manages investment funds in Cambodia, Thailand and Laos. The company on its website states that it has an "early-mover strategy" centred around entering "pre-emerging economies as a pioneer investor (and) guiding on-site teams into uncommon opportunities."

According to Clayton, the main risks in investing in Haiti are implementation challenges arising from red tape and poor infrastructure.

"If you invest in something, the company will have to overcome a lot of hurdles, including expensive or unreliable power; bringing things into the country does not always go as planned; human resources are expensive; and the process of setting up a business is cumbersome," he said.

But those are all typical frontier market challenges, added Lawrence Mackhoul, an associate with Leopard Capital.

"Geographically, Haiti and Cambodia are far apart, but in terms of the hurdles that an investor will face, there are a lot of similarities in terms of the legal system, the regulation and investment environment as a whole," said Mackhoul.

Mackhoul said the company should have "at least one or two investments" in Haiti by the end of the year.

Clayton noted that Leopard Capital has a general long term interest in the Caribbean, including Jamaica.

"It would appear that this country, Jamaica, could also use more investment capital, especially at the SME level," said Clayton. "Perhaps after we get well established in Haiti, we will look at what else we can do in this region. Maybe a regional fund would make sense."