



LIVING CREDIT GUARANTEES

Institutional Profile:

LANDT

1 Introduction

LANDT is an international group of aligned companies with a total of over 60 staff members and advisors in Germany, Afghanistan, Tajikistan and Nigeria with further support of international consultants. The group is focused on developing Small and Medium Sized Enterprise (SME) finance through designing, setting-up and managing credit guarantee schemes and providing technical assistance in challenging environments.

Due to its in-depth experience in designing, establishing and operating credit guarantee schemes, LANDT possesses a unique expertise, enabling sophisticated consultancy and knowledgeable strategic support at any stage of credit guarantee scheme development.

The group is managed by Bernd Leidner and Dirk Josef Thiesen, who combined, have over 50 years of experience in the financial sector and worked across the globe.

In response to the specific challenges and market failures in its target countries, LANDT has developed tailor-made design elements for its approach to credit guarantee schemes that comprise:

- Credit guarantee schemes creating a strong strategic match with their primary lending partners, providing hands-on involvement in the lending operations where needed and using a variety of specifically adjusted risk management tools; these interventions generate low loss rates even in relatively risky environments and with lending partners with a challenging track record;
- Comprehensive technical assistance packages that are dedicated to building from scratch and/or strengthening the SME lending capacity of financial institutions (up- or down-scaling) by setting up SME departments, creating the required policies and procedures, training (class room and on the job, coaching), product development, risk management improvements etc.

LANDT's philosophy strives to achieve sustainable impact through its efforts, seeking to empower the staff of its subsidiaries and partner institutions as well as its own staff. LANDT's objectives comprise:

- **Enabling progress in challenging environments.** LANDT nurtures growth of the financial sector in frontier, crisis, post-crisis and developing markets by mobilizing and deploying funds effectively and sustainably.
- **Local impact through local presence** is the defining feature of LANDT's approach in combining its international and local expertise. Whereby local experts ensure effective implementation through their specific country knowledge and international experts provide the necessary supervision, coaching and ensure compliance with international best practices. The implementation of this approach can take place in the form of a German situated fund/head office



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with a strong local consultancy body, establishment of a local credit guarantee fund supported by international expertise based in Germany or various other forms – most importantly all of them are centered around the joint collaboration of local and international experts.

- **Sharing expertise.** LANDT develops methods, systems, tools and processes, which are scalable and transferable to other countries. This is done with the high consideration of the specific environment and is fine-tuned accordingly.

As of June 2018, LANDT is acting as the Secretariat for the Global Network of Guarantee Institutions (GNGI), a network of international guarantee institutions which seek to promote utilization of guarantee instruments worldwide as well an exchange of experiences and best practices among GNGI's members.

2 Track Record and Capacity

LANDT's success story is based on the experience and track record of *Leidner Consulting*, founded by Bernd Leidner and operating since 1997, and *Thiesen Consulting*, founded by Dirk Josef Thiesen and operating since 2009. Bernd Leidner and Dirk Josef Thiesen merged their activities into LANDT's holding company Leidner & Thiesen GmbH in 2013. *Leidner Consulting* had carried out more than 10 assignments related to designing, establishing, evaluating and operating credit guarantee schemes in various countries. *Thiesen Consulting* had focused its activities on taxation, accounting and regulatory advisory services to financial institutions as well as commercial and non-commercial organizations.

Specific experiences of LANDT include:

Management of credit guarantee funds:

- Ongoing: ACGF – Afghan Credit Guarantee Foundation – design, structuring, operationalization and management of ACGF (and its predecessor Credit Guarantee Facility for Afghanistan (CGF-A)) together with ACGF's local subsidiary in Afghanistan. Continuous management and expansion of ACGF's credit guarantee and technical assistance activities across Afghanistan.
- Ongoing: CGFT – Credit Guarantee Fund Tajikistan GmbH – fundraising, attracting investors, legal, economic and tax structuring, operationalization and management of the credit guarantee fund for Tajikistan; local subsidiary company based in Tajikistan. Continuous management and expansion CGFT's credit guarantee and technical assistance activities across Tajikistan.

Design of credit guarantee funds:

- Ongoing: Technical Assistance for Establishment and Operationalization of Development Bank of Nigeria's Credit Guarantee Fund (Impact Credit Guarantee Limited) funded by the World Bank. Extensive consultancy covering the following areas – market sounding among the Nigeria FIs, modeling of financial and operational structures, advising on regulatory treatment, selecting partner FIs, recruitment and training of CGF's staff, launching of the pilot phase and consequent roll out nationwide. Funded by the World Bank.



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- ESFD - Economic and Social Fund for Development, Beirut, Lebanon: support of the strategic repositioning of ESFD by introducing a CGF. Conducted a market feasibility study, designed the guarantee scheme, presented and negotiated agreements with FIs, developed operations manual, established requirements for MIS. Funded by the European Union.
- EPCGF - European-Palestinian Credit Guarantee Fund, Ramallah, Palestinian Territories: created the successful technical proposal for bidding consulting company. Funded by KfW Group.
- Madagascar Financial Services Project, Antananarivo, Madagascar: led the team for a scoping mission for the design of a CGF and technical assistance. Funded by the World Bank.

Evaluations diagnosis and support of credit guarantee funds:

- Ongoing: Support to Yemen Loan Guarantee program in designing and implementing portfolio guarantees, based on prior market sounding in financial sector. Funded by the SANAD Fund for MSME via Finance in Motion.
- JLGC - Jordan Loan Guarantee Cooperation, Amman, Jordan: Diagnosis and scoping mission. Funded by International Finance Corporation (IFC).
- CCG - Caisse Centrale des Garanties, Rabat, Morocco: Diagnosis and scoping mission. Funded by IFC.

Trainings and workshops:

- OECD, Kiev, Ukraine: Key expert for the workshop “Establishing Credit Guarantee Schemes for Small and Medium Agricultural Enterprises in Ukraine, A Capacity-building Workshop for Ukraine’s Competitiveness”.
- World Bank Private Sector Forum, Washington DC, US: Panel speaker for “Partial Credit Guarantee Schemes for Financing SMEs”.
- World Bank, Sarajevo, Bosnia and Herzegovina: Key expert for the workshop “Best Practice Credit Guarantee Schemes for SMEs: Key Design Principles and Features”.

3 Overview of Currently Managed Credit Guarantee Funds

3.1 ACGF – Afghan Credit Guarantee Foundation

ACGF was established in 2014 and started its operations in January 2015 as an institutional successor of CGF - A. ACGF was founded by DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, a member of KfW Group, and by the German Federal Ministry of Economic Cooperation and Development. Capitalized with USD 6m equity and a grant of up to USD 5.6 m approved by the World Bank, ACGF is extensively consulted by its subsidiary SCSA – SME Client Support Afghanistan LLC based in Kabul and Mazar-i-Sharif, Afghanistan.

In March 2017, following the approval by the Ministry of Finance of Afghanistan, ACGF can receive additional funding of up to USD 8.1 m in the context of the Access to Finance Project for Afghanistan



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initiated by the World Bank. The funding is being used towards expansion of the credit guarantee portfolio of ACGF and carrying 36 Technical Assistance projects for the ACGF Partner Financial Institutions on various topics, including financial inclusion of female borrowers, improvement of credit risk assessment methodologies, need assessment for FinTech solutions.

In addition to the projects implemented within the Access to Finance Project, ACGF is exploring with international partners prospective projects for supporting start-ups and solar energy financing in Afghanistan.

ACGF (and its predecessor CGF-A) by the end of 2018 facilitated disbursement of approx. USD 216m guaranteed loans to some 5,060 SMEs and have incurred an average historic loss rate of approx. 1.3% p.a. ACGF helped retain more than 57,000 jobs and created 10,000 new jobs.

3.2 CGFT – Credit Guarantee Fund Tajikistan GmbH

CGFT was established in 2014 and follows the proven business model in Afghanistan. CGFT is managed by Leidner & Thiesen Tajikistan GmbH (LTT).

LTT is closely advised by Tajik Credit Support Partner LLC (TCSP), a consulting company with offices in Dushanbe and Khujand.

CGFT is owned and financed by three of the most important European development finance institutions:

- DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH (investment of EUR 5m),
- OeEB – Oesterreichische Entwicklungsbank AG (investment of EUR 5m),
- FMO – Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (investment of EUR 2.5m).

The three investors additionally provide a technical assistance facility of approximately EUR 1m.

CGFT currently cooperates with six leading banks and micro-finance institutions. Since inception of CGFT's operations in 2015 and by the end of 2018, approx. USD 39m amount of guaranteed loans were disbursed by Tajik Partner Financial Institutions, 1,100 SMEs were supported, and more than 5,200 jobs retained.