



# Stakeholder Negotiations in Cross Border Insolvencies

22 November 2019

Swakopmund, Namibia



# Windkraft GmbH

*A Case Study Based on "True" Events*



# WindKraft GmbH – Origins 2001 - 2012

## The Inventor

William Kamkwamaba, who grew up in Masitala, a tiny rural farming village off the grid in Malawi, was 14 years old in 2001 when he spotted a photo of a windmill in a U.S. textbook one day. He decided to make one, hacking together a contraption from strips of PVC pipe, rusty car and bicycle parts and blue gum trees. Though he ultimately had big designs for his creation, all he really wanted to do initially was power a small bulb in his bedroom so he could stay up and read past sunset. But one windmill turned into three, which generated enough electricity to light several bulbs in his family's house, power radios and a TV, charge his neighbors' cellphones and pump water for the village's field and household use.

Source: Kim Zeiter, *Teens DIY Energy Hacking Gives African Village New Hope*, WIRED Magazine, 10/02/09 (<https://www.wired.com/2009/10/kamwamba-windmill/>).



# WindKraft GmbH – The Investors

Iyin Aboyeji, Nigeria.



Image Credit: Iyin Aboyeji

How do you get [Mark Zuckerberg to invest \\$24 million](#) in your company? Well, ask Iyin Aboyeji, he knows. As [co-founder of technology giant Andela](#), he launched a tech talent platform across Africa. Exiting that, he is now at the helm of [Flutterwave](#). “My definition of success is building up others, building up the continent,” Aboyeji says. Indeed he is, as Flutterwave promises to change the way financial transactions take place in Africa, by offering easy exchange of digital currency, that opens Africa up to the world.

Jean Bosco Nzeyimana, Rwanda.



Image Credit: Jean Bosco Nzeyimana

How do you describe [being seated on a Global Entrepreneurship panel between Facebook CEO Mark Zuckerberg and President Obama](#)? “Exciting and frightening!” says Jean Nzeyimana. As founder and CEO of Habona, a clean and renewable energy company, this young entrepreneur has already achieved a milestone that many can only dream about. For him, it is bigger than a business. By transforming waste in his community to briquettes, a greener alternative to wood charcoal, Nzeyimana provides jobs and a cleaner environment.

Gina Din-Kariuki, Kenya.



Image Credit: Gina Din-Kariuki

Source: [11 African Entrepreneurs Who Are Changing the Business Landscape](#), Entrepreneur, Jan. 2, 2017 (<https://www.entrepreneur.com/article/283272>).

Alan Knott-Craig Jr., South Africa.



Image Credit: Alan Knott Craig Jr.

A trained accountant, [Alan Knott-Craig](#) has been changing the telecommunications industry in South Africa since 2003. His latest innovation is setting up the largest free public WiFi network in South Africa, [Project Isizwe](#), which he has built one community at a time. What drives him? “Fear of failure,” Knott-Craig responds. He attributes his million-dollar success to “focus, keeping my promises and marrying young. When there is no plan B, you have no other options,” he says.

# WindKraft GmbH Growth

## Borrowing from International Lenders

### GERMAN DEVELOPMENT BANK KfW ANNOUNCES LOAN FOR SOUTH AFRICAN GREEN ENERGY

Reported by: `Customs Today Report` April 10, 2015

BERLIN: German development bank KfW announced it has given a large loan to South Africa to help the nation make its energy grid more sustainable. It's an investment in renewables, with the emphasis being on solar and wind energy.

Commissioned by the German Development Ministry, state-owned KfW bank granted a 4-billion-rand (300-million-euro, \$326-million) loan to South Africa's power supplier Eskom, the lender reported on its website on Wednesday.

Although most loans are paid out in euros or dollars, this one was disbursed in rand, making it the biggest single credit ever granted by the German bank in a local currency to any developing or emerging nation.

The financial assistance is meant to help South Africa make a quantum leap towards more sustainable and reliable energy supplies in a nation where power outages are a still a common phenomenon.

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Deutsche Bank

#### AATIF – Higher incomes, improved food security

The [Africa Agriculture Trade and Investment Fund](#) (AATIF) is a public-private partnership that we manage. By Q1 2017, the fund encompassed total assets of 152 million US dollars, including participation of private investors. The goal of the AATIF is to improve the productive efficiency of the agricultural sector in Africa so that the people working in agriculture benefit. In addition, the objectives are to boost incomes in the agricultural sector, increase food security, and improve the competitiveness of local companies.

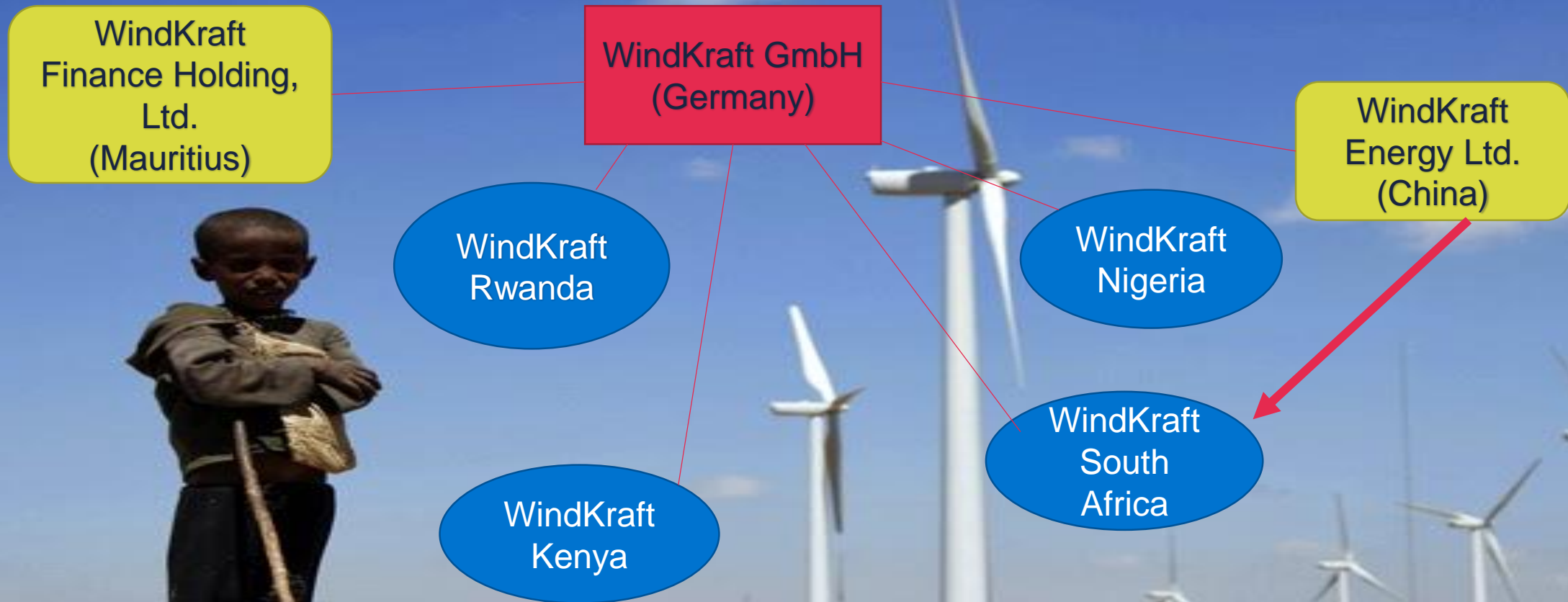
Low-income countries are largely still exporters of raw materials rather than creating value at a local level. In the African agricultural sector, there are numerous obstacles to overcome, but the sector has huge potential for reducing poverty and contributing towards improved food security. Therefore, the AATIF emphasises generating alternative investments along the entire agricultural value chain.

AATIF was founded by the KfW Development Bank and Deutsche Bank on behalf of the Federal Ministry of Economic Co-operation and Development (BMZ) of Germany. Initial investors were Deutsche Bank, BMZ and KfW.



# WindKraft GmbH: The Company Today

## Corporate Structure



# WindKraft GmbH – The Operations

- Based on the inventor's idea, the investors wanted to build wind turbines to sell to villages using the Mauritian micro-finance entity, which finances rural villages' purchase of the wind turbine. A village must pay 5% to 15% down and the rest is financed. The turbines create power and water for the local community.
- The wind turbines are made in China and shipped to a distribution facility in Cape Town.
- Members of each community pay a portion of the purchase price by transferring cell phone minutes to the Mauritian company based on family use. If payment is not made, the wind turbine can be “deactivated” remotely from Berlin, Germany.
- These minutes are resold and the cash is used to pay debt and fund operations.
- The Germany holding company borrowed from German banks to grow, transferring funds to the operating subsidiaries in Kenya, Rwanda, and Nigeria. It established a German HQ to be close to the Banks.
- The operating subsidiaries sell the wind turbines in each local market and provide local customer services.
- The six person board, made up of each of the investors and one representative from each lender, meets on a quarterly basis alternating between Germany, Rwanda, Kenya, Nigeria, and South Africa.

# The Press Release

**Berlin, Germany: 22 Nov. 2019**

WindKraft GmbH, a firm for households and micro-enterprises in Africa has filed for preliminary insolvency proceedings under self-administration in the District Court of Charlottenburg (Berlin), Germany. The firm will be run by its current Managing Director, under a provisional trustee Friedrich von Kaltenborn-Stachau, BRL BOEGE ROHDE LUEBBEHUESEN, an attorney. According to the firm, the aim of the self-administered insolvency is to allow for its restructuring and to bring the negotiations with new investors that began at the start of the year to a successful conclusion.

WindKraft's Managing Director said "with the trust placed in us by the workforce and the owners, we are convinced of WindKraft's successful future," adding that "WindKraft's unique business model with a mix of technology, financing and distribution of innovative wind systems holds immense potential and makes a real difference to the lives of people in regions with weak development in Africa and other parts of the world".

WindKraft has already supplied more than 600,000 people in many remote parts of the world with renewable electricity and water, even though commercial distribution only started in 2013.



# WindKraft Group Insolvency Proceedings

## Discussion topics

- Now that WindKraft GmbH has filed for insolvency in Germany, there are several points to discuss
  - Who is in charge?
  - What is the consequence of the German Banks having liens in various assets:
    - Intercompany claims?
    - The Wind Turbines?
    - The Mauritian entity's assets?
  - Is there a single forum for an insolvency proceeding?
    - Centre of Main Interest
    - Recognition
  - Should local proceedings be commenced in any of the jurisdictions?
    - Is there a way to coordinate them?
    - Would any of the local jurisdictions recognize the German proceeding and allow the trustee to administer African assets?