



PRESS RELEASE

BEI/11/116
21st July, 2010

Africa's first microfinance fund for sustainable farmers launched

Africa's first specialist rural microfinance fund supporting fair trade and organic small business, FEFISOL, the European Solidarity Financing Fund for Africa, was launched earlier today by the European Investment Bank, Agence Française de Développement and a broad grouping of development bodies, social investors and microfinance service providers. The EUR 15 million FEFISOL fund will provide much needed microfinance funds for poor rural households across Africa and help finance small scale investment in agricultural activities.

Three social investors with more than 25 years of experience working with microfinance institutions, agricultural cooperatives and small businesses in emerging countries will provide specialist support to the fund. These include French development association Solidarite International pour le Developpement et l'Investissement (SIDI), who will manage of the FEFISOL fund, Belgian development organisation Alterfin and Etimos from Italy. The FEFISOL fund is expected to double in size by 2013 and will assist microfinance institutions that help poor households in rural areas where no formal lending exists. Rural microfinance will support income generating activities and reduce dependence on outside help.

"The European Investment Bank recognises FEFISOL's dedicated support for organic African farmers and improving access to fair trade markets. We are committed to helping microfinance foster economic development and poverty reduction across Africa." said European Investment Bank Vice President responsible for Africa, Plutarchos Sakellaris.

"Microfinance is key to enhancing economic growth in sub-Saharan Africa. The FEFISOL initiative will reach remote rural communities, helping small businesses develop and progressively reduce poverty." Added Marie-Hélène Loison, Head of the Private Equity Department of PROPARCO, the private sector arm of AFD.

"During our 25 years of activities as a social investor, we noted that the microfinance sector, especially in Africa, had ample room for further progress; that this called for a new stage of development, to respond to new needs for financing the impact – both economic and social – of the sector, particularly in the rural context. These needs translate, among others, in the availability of increased resources, on a stable and longer term basis, and, from a technical point of view, more sophisticated tools and competences, while preserving the dynamics of new initiatives and experimentation that were at the heart of this success" said Christian Schmitz, Managing Director of SIDI.

FEFISOL will fund microfinance institutions and producer organisations across the continent in local currency. African microfinance bodies will benefit from a subsidised loan provided by AFD that absorbs foreign exchange loss on local currencies. Dedicated support for fair trade and organic producer

organisations will help improve the quality and development of their activities over the long-term, notably by gaining access to new market sectors. SOS Faim and the African Microfinance Institutions Network will assist in this process, along with specialist fair trade organisations based in Africa.

The support of private and public investors has been crucial in the successful launch of the fund. The European Investment Bank will provide EUR 5m for FEFISOL to help develop microfinance operations and small holder organisations in rural areas across Africa and improve access to fair trade and organic export markets. AFD is providing a subsidised EUR 3m loan to mitigate foreign currency risk and Proparco structured the equity investment of FISEA for a total consideration of EUR 5.4m. The Norwegian Microfinance Initiative (NMI) will also make a EUR 1.8m contribution to the Fund along with Crédit Coopératif, Società Europea Finanza Etica ed Alternativa (SEFEA), Développement International Desjardins (DID) and Fondation Caritas France.

Technical assistance will also be provided to help microfinance institutions develop new products, improve business planning and develop legal and human resources capabilities. This initiative compliments the REGMIFA rural microfinance fund launch earlier this year and supported by the European Investment Bank and European development finance institutions.

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Notes for Editors:

- FISEA is an investment fund that makes equity investments in businesses, banks, microfinance institutions and investment funds operating in Sub-Saharan Africa. It aims to be a lever for economic growth in this region. The fund has an annual investment target of EUR 50M and is expected to finance roughly sixty projects over the next five years and create over 100 000 jobs in Africa.
- The European Investment Bank, the long-term lending institution of the European Union, whose shareholders are the 27 European Union member states, has been active in the Caribbean for over 40 years. EIB activities follow policies and objectives set down by European Union member states and whose Finance Ministers are the EIB's Governors.
- PROPARCO is a Development Finance Institution jointly held by Agence Française de Développement (AFD) and public and private shareholders from the North and South. Its mission is to catalyze private investment in emerging and developing countries with the aim of supporting growth, sustainable development and the achievement of the Millennium Development Goals (MDGs). PROPARCO finances investments that are economically viable, socially equitable, environmentally sustainable and financially profitable. PROPARCO is one of the main bilateral development finance institutions in the world. It invests on four continents encompassing the major emerging countries and the poorest countries, particularly in Africa, and has a high level of requirements in terms of social and environmental responsibility. www.proparco.fr
- The French Development Agency (AFD), a public agency, has been working to combat poverty and promote development in Southern Hemisphere countries for over 60 years. The agency implements the development policy defined by the French Government. The AFD, which has a presence in the field in over 50 countries, finances and supports projects that improve the living conditions of the population, support economic growth and protect the planet: children's schooling, support for farmers and small companies, water supply systems, conservation of tropical forests, combating climate change, etc. In 2010, the Agency invested over EUR 6.8 billion in financing initiatives in Southern Hemisphere and overseas countries. These investments involved providing primary schooling for 13.4 million children, improving drinking water supplies for 33 million people and granting micro-loans to 700,000 people. Energy saving projects carried out in the same year will enable almost 5 million tonnes of CO2 to be saved on an annual basis. www.afd.fr
- Développement international Desjardins (DID) is a component of Desjardins Group, the leading cooperative financial group in Canada. A pioneer in the deployment and development of microfinance in developing and emerging countries, DID specializes in providing technical support and investment for this sector with the goal of making secure and diversified financial services available to poor communities. www.did.qc.ca/en