



The European investment fund dedicated to microfinance in Africa, specialized in rural development

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Fefisol: overview



- **NAME:** FEFISOL – Fond Européen de financement solidaire pour l’Afrique
- **LAUNCH DATE:** 2011
- **LEGAL FORM:** SICAV-SIF qualifying under the laws of the Grand Duchy of Luxemburg as a *Société d’investissement à capital variable*
- **PLACE OF INCORPORATION:** Company limited by shares incorporated in Luxemburg
- **FOUNDERS:** Etimos, SIDI, Alterfin
- **INVESTMENT ADVISOR:** SIDI, Etimos, Alterfin
- **INVESTORS:** Etimos, SIDI, Alterfin, EIB, NMI, FISEA/AFD BOAD (West African Development Bank, Crédit Coopératif, SEFEA, Caritas Foundation, Cushman Foundation, DID, GLS, NEF, Banca Etica.
- **TOTAL COMMITTED AMOUNT:** € 23.8 M.
- **INVESTMENT PRODUCTS:** 70% loans, 25% equity, 5% guarantees
- **TARGET:** 80% microfinance institutions, 20% smallholder producer organisations and rural SMEs (POs)
- **IMPACT:** Fefisol aims to meet the objectives of the Cotonou Agreement for the eradication of poverty by supporting the improvement in the quality, availability and accessibility of financial services and the development of modern financial institutions and sustainable microfinance operations.

Profile

FEFISOL – European Social Finance Fund for Africa - is the first European investment fund dedicated to microfinance in Africa, specialized in rural development.

It has been launched in 2011, with an initial asset of 15 millions Euros. **Etimos is one of the three funders**, and co-manager with two other European organizations, leading the social finance sector: **SIDI** and **ALTERFIN**.

FEFISOL provides medium-term financing to rural Microfinance Institutions (“MFIs”) and small producers’ businesses (POs), active in fair trade, organic and food production. The Fund provides **debt, equity** and **guarantees** in Africa, focusing in Sub-Saharan Africa and the Maghreb.

Strategic goals

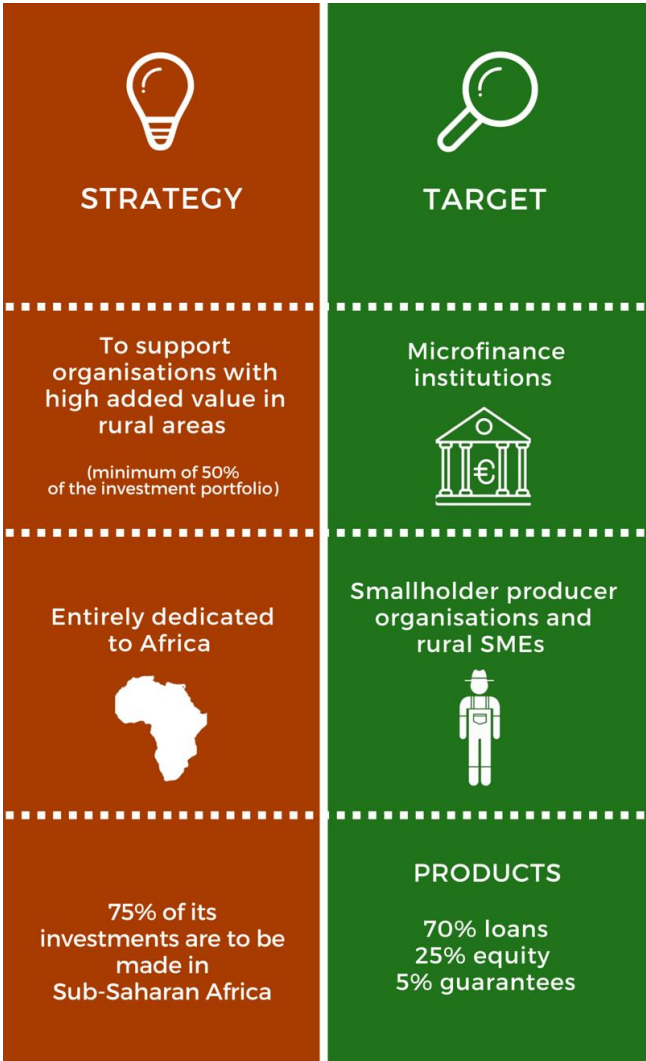


FEFISOL STRATEGIC GOALS

- to **increase** the availability of **medium to long-term financing** in local currency for less developed intermediaries in underserved regions of Africa
- to give **direct support to small businesses and producers' organizations** operating in fair trade and organic productions across the African continent
- to provide **indirect support to microfinance institutions' clients** and small producers, through investments in microfinance institutions, producers' organizations, and small businesses.

Investment strategy

Fefisol is entirely dedicated to Africa and at least 75% of its investments are to be made in Sub-Saharan Africa. All countries of the African continent are eligible.



The added value of FEFISOL is to target institutions with a growth potential (quantitative and qualitative) but with relatively high risk profiles in an increasingly challenging microfinance environment and an intrinsically risky agricultural sector. FEFISOL's strategy is also to seek, through its investments, a moderate financial return and positive social and environmental outcomes. As such, it can be defined as **a social responsible investor**.

Main sectors

a) Microfinance Institutions (MFIs)

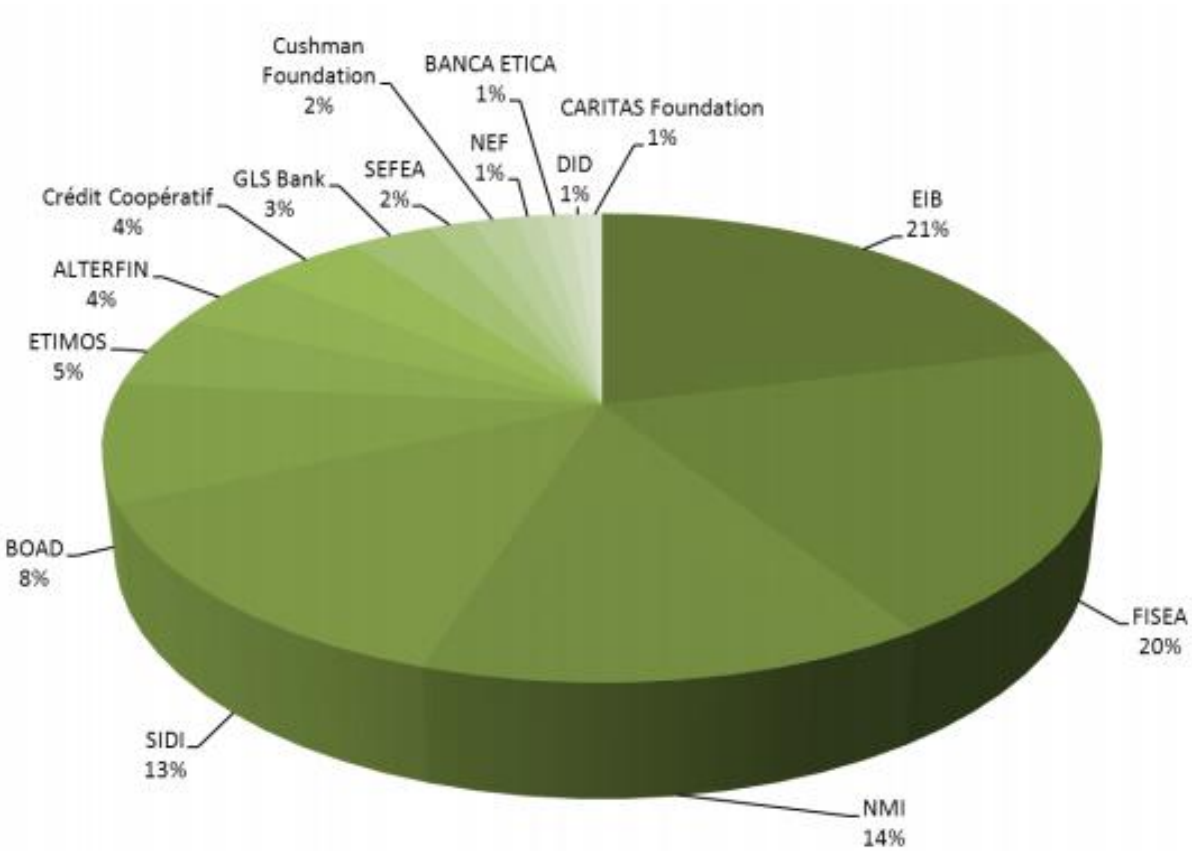
FEFISOL's microfinance clients have common approaches in their mission statements. They target low-income and vulnerable populations (the young, women, rural people are the most quoted), promote income-generating activities, adapt the products and services to clients' needs, offer sustainable financial services, improve revenue and standard of living of target population.

b) Producer Organizations (POs)

FEFISOL contribute to empower smallholders producers who trade in the local market (mainly organic and fair trade), contributing to food security and giving priority to family-based agriculture. The most common products are soya, shea butter, cocoa, fruits and vegetables, coffee, fresh and dried fruits, honey, shea nuts.

Shareholders

Investors



Fund results

Total investments from inception

- ✓ **72** investments
- ✓ **66** organizations: MFIs; POs
- ✓ **24** African Countries
- ✓ Total invested amount: EUR **40,5 millions**

Portfolio

- ✓ **62** African organizations supported in 2015/2016
- ✓ Gross portfolio outstanding (excl. MFX): EUR **21 millions** (34% growth over the year 2015)
- ✓ **49** institutions supported in the last year
- ✓ **21** countries

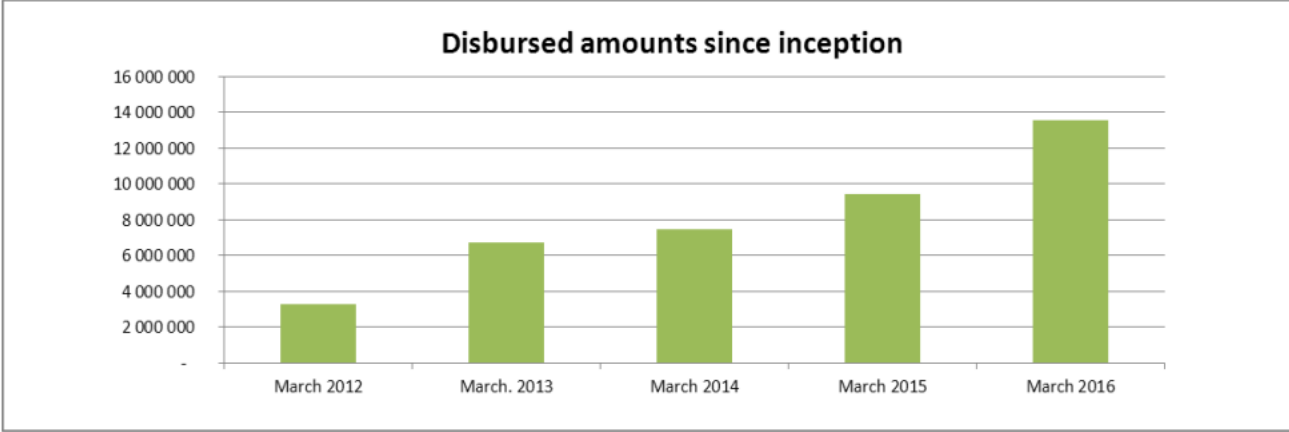
Loan portfolio quality

- ✓ **38** medium/long term loans to MFIs (67% of the portfolio)
- ✓ **15** credit lines to producers' organizations (20% of the portfolio)

Equity portfolio quality

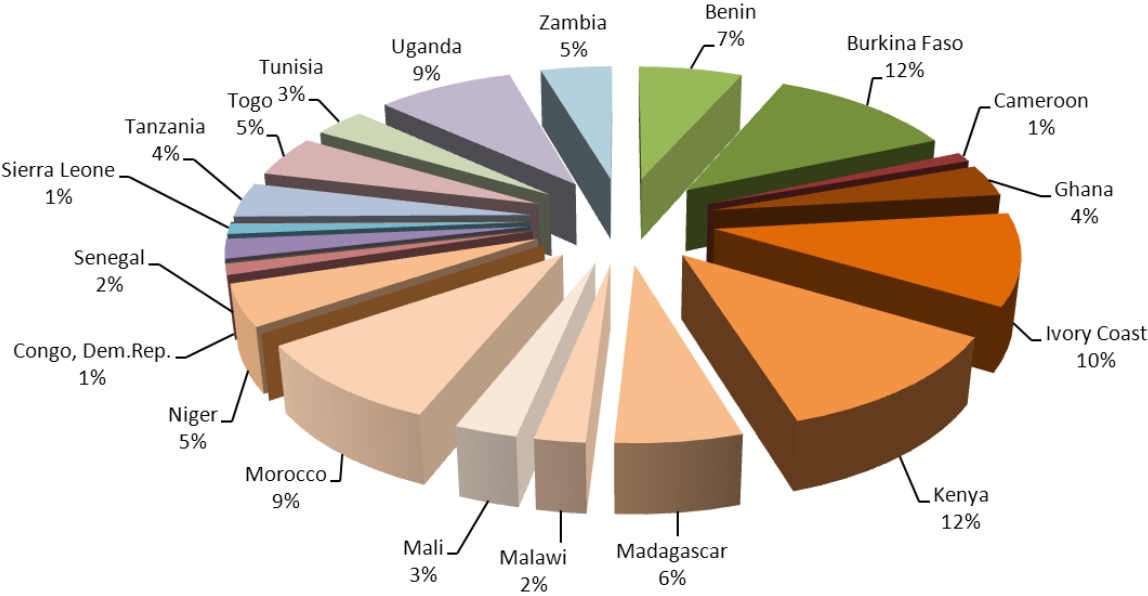
- ✓ **4** equity investments in Madagascar, Uganda, Tanzania and Niger (13% of the portfolio; + 56% growth)

Investments

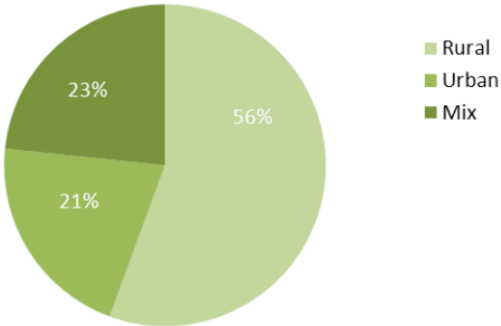


116 investments proposal from 77 organizations in 24 African countries have been approved at final stage amounting to EUR 50 million since inception. The **Net Asset Value (NAV)** of the Fund increased from EUR 15.286.386 at the end of March 2015 up to EUR 19.216.705 after the capital drawdown of July 2015 and FEFISOL's NAV per share stands at 98.98 per share (-0.19% over the year and -1.02% since inception).

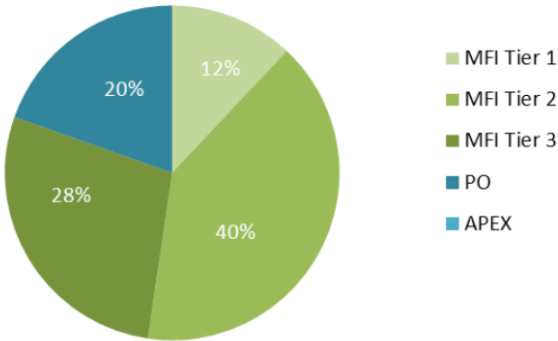
Portfolio breakdown by country



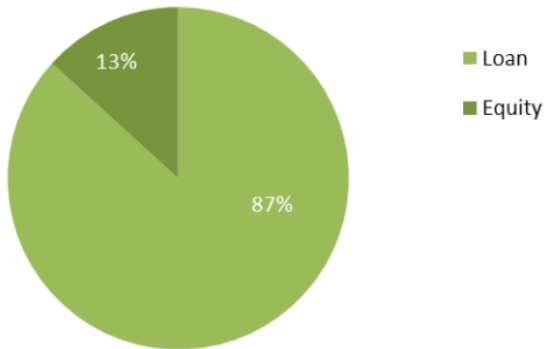
Portfolio breakdown (volume) by target area



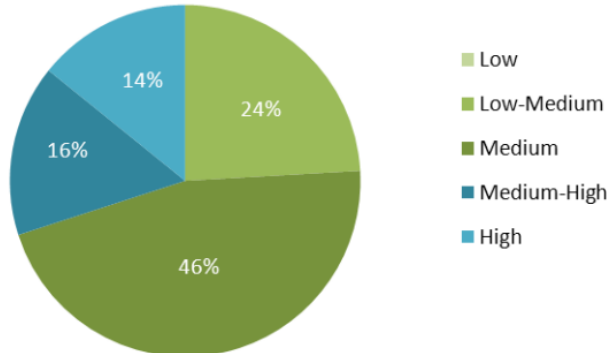
Portfolio breakdown (volume) by client target



Portfolio breakdown (volume) by product



Portfolio breakdown (volume) by risk category



Impact

The FEFISOL social audit is realized by CERISE, a French organization specialized in social performance assessment of MFIs and Microfinance Investment Vehicles. The 2014 FEFISOL social report underlined a strong social strategy and a satisfying level of achievement of its social objectives especially in terms of targeting – clear positioning in least developed countries that have weak investment offer, support to rural Tier 2-3 MFIs and POs – and of adaptation of services – long term financing, local currency, technical assistance.

According to interviewed shareholders, FEFISOL allows them to enter market segments that they otherwise could not access, either because of investment size, because they don't have a regional or sectorial expertise, because they cannot work in local currency or because they don't have the structure or procedures needed to reach this segment. The added value of FEFISOL is to reach African small predominantly rural, and often unknown, institutions in local currency.

To invest in a new organization a **selection procedure** is made, based on a classical financial and risks analysis and a specific social and environmental screening as follows:

- ✓ a **negative screening** that excludes potential investees that don't comply with specific criteria; **FEFISOL cannot finance**, such as unethical deeds, **unfriendly environmental actions, activities not respecting human rights or health hazard activities**
- ✓ a **social and environmental risk analysis** on key subjects such as portfolio quality, overindebtedness, governance, transparency, human resources
- ✓ a **positive screening** that assesses the **social performance of the potential investees**, to define how they effectively translate their social mission into practice.