

## PRESS RELEASE

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### **EUR 5 million European Investment Bank backing for FEFISOL African rural microfinance and smallholder financing**

- **Cooperation building on success and impact of predecessor fund FEFISOL I.**
- **New initiative to finance small rural microfinance institutions and fair-trade/organic certified agricultural companies and cooperatives.**
- **Scheme to back investment in rural areas across 25 African countries**
- **Local currency financing to benefit rural microfinance**

Microfinance in remote regions across Africa and investment by small holder farmers excluded from mainstream finance will be transformed by EUR 5 million EIB support for the European Solidarity Financing for Africa Fund, FEFISOL II.

The initiative will operate in more than 25 countries across sub-Saharan Africa and is expected to back 130 microfinance institutions and agricultural companies and cooperatives sourcing from smallholder farmers, through long-term local and international currency financing and technical best-practice support.

“Over the last decade pioneering support for rural microfinance by FEFISOL I has unlocked opportunities for thousands of people living in remote and vulnerable communities. The European Investment Bank is pleased to also back FEFISOL II to build on this success and improve access to finance and unlock agricultural investment across the continent. This builds on the EIB’s cooperation with specialist partners to supporting microfinance across Africa.” said Ambroise Fayolle, Vice President of the European Investment Bank.

After ensuring the overall management and liquidation of Fefisol I and the structuring of the new fund, Dominique Lesaffre, SIDI’s Managing Director, underlines that “the Promoters renewed commitment in establishing Fefisol II and their financial contribution as shareholders of the new fund, shows Alterfin’s and SIDI’s strong commitment towards the pursuit of enhanced and sustainable economic development in Africa”.

“Rural communities are challenged by limited access to traditional finance and increasing risks of agricultural activities due to a changing climate. FEFISOL II will strengthen engagement by rural microfinance institutions and back investments by smallholder farmers across the continent. “Jean-Marc Debricon, General Manager of Alterfin.

The new pan-African rural microfinance cooperation was formally agreed in Brussels earlier today ahead of the EU-Africa Summit at the EU-Africa Business Forum. Additional investors in FEFISOL II are currently finalising their investment for a first closing by end of March 2022.

#### **Improving access to microfinance in rural areas**

Support for FEFISOL II by the European Investment Bank, a leading supporter of microfinance across Africa, will improve access to finance in rural regions essential to end poverty and strengthen food security through supporting more sustainable agriculture and empowering women and girls, alongside enhancing resilience to the economic, social and health impact of COVID-19 in rural communities.

Agricultural financing particularly to smallholder farmers across Africa to support increases in production and the implementation of sustainable practices, suffers from the fact that this sector is perceived by banks as too risky or not sufficiently profitable.

#### **Supporting fair trade farmers and organic food production across Africa**

FEFISOL II will improve access to finance for certified fair-trade, organic or other quality-certified smallholder farmers and their organizations.

### **Building on a decade of successful support for rural microfinance**

The new fund is being launched following the success of the first European Solidarity Financing Fund for Africa (Fefisol) established in 2011 for a duration of 10 years. Fefisol II promoters are two European social and environmental impact investors with longstanding experience in the sector: Alterfin-Belgium and SIDI-France. Both Fefisol I and II distinguish themselves from “conventional” funds active in Africa by financing rural Microfinance Institutions and Agricultural Entities (SMEs and cooperatives sourcing from smallholder farmers) excluded from the mainstream funding mechanisms.

### **Promoting client-tailored, local currency financing for rural development**

FEFISOL II will support rural microfinance institutions and agricultural entities by providing client-tailored financial facilities. A large proportion of the funding provided will be in local currency so as not to expose clients to foreign currency risk.

The European Investment Bank is the world’s largest international public bank and since the pandemic has provided more than EUR 8 billion for new investment across Africa.

## **Background information**

The European Investment Bank (EIB) is the long-term lending institution of the European Union owned by its Member States. It makes long-term finance available for sound investment in order to contribute towards EU policy goals.

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