

FEFISOL-SA (SICAV-FIS)

Fonds européen de financement solidaire pour l'Afrique



AN INNOVATIVE FUND FOR AFRICA

Encourage institutional and private investors to join a fund dedicated to rural finance in Africa

- Target poor households in Africa especially those living in rural areas and involved in agriculture production and processing.
- Assess and manage the risks specific to the continent (country, currency, client risks).
- Supply appropriate financial services, in particular medium term and local currency financing.
- Trade off between ambitious economic and social objectives at the final clients' level and an adequate financial return for FEFISOL's investors.

The FEFISOL fund has been incorporated on July 12th, 2011. It is registered as a **Specialised Investment Fund (SIF) in Luxembourg** under the form of a Société d'Investissement à Capital Variable (SICAV). This investment vehicle, set forth in the Luxembourg law of 13 February 2007, is used to gather funds from "Eligible Investors" (institutional investors, private investors and/or Well Informed Investors).

Founders of the project are three European social investors - ALTERFIN / Belgium, ETIMOS / Italy, SIDI / France – with more than 25 years of experience in the field of microfinance and a total portfolio of 70 M€ invested in forty developing countries.

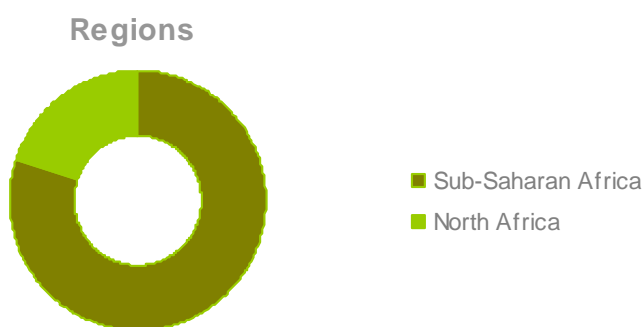
The three founders share the same vision and have been collaborating in the field for many years, through joint investments, coordination of technical assistance and portfolio monitoring, and exchange on intervention strategy and practices. They decided to create an investment fund in order to reinforce synergies between their actions and to leverage additional appropriate funds, to, at the end, increase the supply of financial services in under served areas in Africa.

Besides the 3 founders, other shareholders are the European Investment Bank (EIB), PROPARGO (French Development Agency), Credit Cooperatif (France), Développement International Desjardins (DID/Canada), Norwegian Microfinance Initiative (NMI), Société européenne de finance éthique et alternative (SEFEA/Italie), CARITAS France Foundation.

As regards FEFISOL operations, client identification and monitoring is done by the three founders as sub-contractors. SIDI has been appointed as the fund Manager and coordinates the global portfolio.

The African microfinance market has great potential given the limited outreach of the formal banking sector. Yet many well established African MFIs and middle range MFIs lack financial resources to significantly increase their impact. In spite of the important needs less than 7% of Microfinance-Funds invested assets are directed to Africa (CGAP 2010 MIV Survey).

For this reason FEFISOL is entirely dedicated to the African continent and benefits from the in-depth knowledge and expertise of its founders in this region to understand the potential and risks of this specific market and to develop a portfolio with a strong social and economic impact. At least 75% of FEFISOL's portfolio is due to be invested in Sub-Saharan Africa and the Indian Ocean. The other 25% will be invested in North Africa.



FEFISOL's strategy is to support African organisations with high added value in rural areas (minimum 50% of the investment is dedicated to rural areas). The fund objectives are to:

- Enable clients to diversify their services and provide short and medium term finance to their own clients
- Diminish the currency exposure and currency risk of clients
- Assist clients to better position themselves in their markets and to improve their know how in risk assessment and management partly through the provision of technical assistance
- Support them in including in their strategy economic, social and environmental performance objectives

To do so, FEFISOL targets two types of clients:

- microfinance institutions (MFIs) providing financial services to micro and small entrepreneurs excluded from banks' services;
- smallholder producer organisations and rural SMEs (OP/SMEs), that are selling on national-regional or international markets (including fair trade and organic export markets). Producers' organisations and SMEs are targeted to account for 20% of the total invested amount.



FEFISOL positions itself as a knowledgeable investor, with a medium term time frame, giving priority to the institutional strengthening of its clients and the economic development of their beneficiaries.

FEFISOL gives priority to:

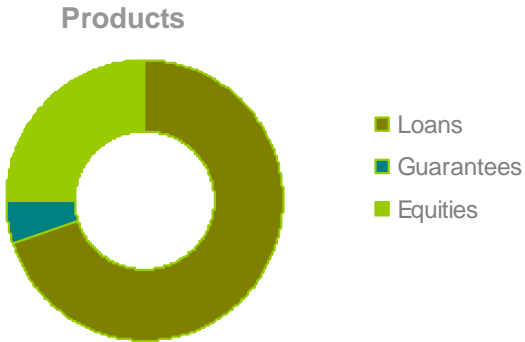
- MFIs in consolidation (Tier 2 MFIs)
- MFIs in rural areas and areas where no such services are offered
- MFIs that finance predominantly income-generating activities and that limit consumer lending products
- MFIs that target poor customers and work to improve their client’s capital base
- MFIs that have attained financial viability but that have little access to local financial resources
- MFIs that have reasonable management and governance and that strive to be cost effective
- MFIs that seek to reach a fair balance between social, environmental and financial performance.

A limited number of investments, essentially in the form of equity, are planned to be invested in Tier 1 and APEX.

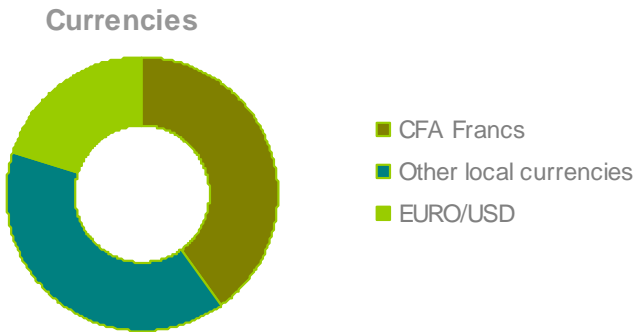
At the level of POs, FEFISOL gives the priority to:

- POs with sufficient management capacity and expertise to produce, process and market quality products
- POs that have secured or have the capacity to further secure different market outlets/contracts
- POs that seek to improve and consolidate their members’ equity base
- POs that have attained financial viability but that have little access to local financial resources
- POs that are in the process of being or are organic/fair trade certified
- POs involved in environmentally-friendly production.

FEFISOL provides diversified products to its clients including equity investments (25% of the portfolio) to strengthen clients’ capital base and additional funds leverage capacity.



80 % of the loan portfolio is planned to be disbursed in local currencies, half of which in CFA Franc. The French Agency for Development (AFD), strong partner of the project, supports FEFISOL’s local currency policy by **covering 70% of net currency losses** on the local currency loan portfolio non hedged by financial derivatives.



Besides financing, FEFISOL is able to provide **Technical Assistance** to its clients through a TA facility. The objective of the TA component is to bring clients to a development level where their medium term economic and social viability is ensured as well as their access to local refinancing.

SOS Faim Belgium and Luxembourg, and the Microfinance African Institutions Network (MAIN) are associated to the project for the capacity building of FEFISOL's clients.

Second closing is planned first quarter 2012.

Targeted investors are equity investors from public and private institutions in Western and African countries.

Minimum required investment is € 125 000. FEFISOL is a closed ended Fund of 10 years. The current committed amount of capital is 17 million Euros. The objective is to reach 30 million Euros by the end of the third year.

The Issue document can be provided upon request.

Contact persons for subscription conditions and modalities:

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