



PRESS RELEASE

Paris and Bruxelles, 1st June 2022

Launch of the new European solidarity financing fund for Africa, FEFISOL II, with a first closing of 22.5 million euros and a technical support envelope of 1 million euros.

Following the success of the first FEFISOL fund, which closed in July 2021, its promoters, the social investors SIDI (Solidarité Internationale pour le Développement et l'Investissement) and Alterfin, have structured this new fund dedicated to financing African rural microfinance institutions and agricultural entities sourcing from small-holder farmers in Africa.

The European Investment Bank, Proparco via FISEA+ (the AFD Group's facility implemented by Proparco as part of the Choose Africa initiative), the Belgian investment company BIO, the Alternative Swiss Bank, Crédit Coopératif, Banca Etica and SOS Faim Luxembourg have recently signed up for a stake in the fund.

The FEFISOL II Fund is designed to respond to the crucial issues of financing vulnerable populations in rural areas in Africa, and more particularly the financing of the agricultural sector. Today, the penetration rate of microfinance in rural areas in Africa remains very low: less than 5% of the loans disbursed by traditional financial institutions are intended for the agricultural sector and less than 10% of farmers have access to formal sources of credit. Nevertheless, the agricultural sector accounts for 23% of the continent's GDP and 55% of employment. Despite increasing urbanization, almost 60% of the population of sub-Saharan Africa, lives in rural areas.

On the continent, family farming plays a major role, whether in terms of the number of farms (100 million family farms are located in the 47 countries of sub-Saharan Africa) or in terms of employment (75% of the sub-Saharan population is involved either directly (production) or indirectly (processing) in agriculture) or as an important source of value added. Family farming is also key in terms of environmental issues, and contributes directly to the preservation of biodiversity.

Financing the agricultural sector is therefore of uttermost importance in terms of food security, employment, resilience in the face of climate change, and finally, in terms of the financial inclusion of women who, even though they represent more than half of the agricultural workforce, often do not have the same access to financing as men. Notwithstanding the fact that the agricultural sector makes a major contribution to many African economies, and that its growth directly contributes to poverty reduction, it remains financially underserved because it is often perceived as too risky or not profitable enough.

Managed by Inpulse (a Brussel-based investment manager, subsidiary of Crédit Coopératif and SIDI), FEFISOL II is structured to financially and technically support locally designed solutions to these challenges.

The 1st FEFISOL fund successfully closed in 2021, validating the innovative approach adopted at its launch. FEFISOL I has had considerable impact over the past decade:

- 86,5 million euros disbursed, of which 93% in sub-Saharan Africa, 60% in low HDI countries and 90% in countries vulnerable to climate change;
- 75% of average outstanding loans in local currency;
- 92 clients financed in 25 countries;
- 139 technical support projects carried out with 51 clients.

The positive outcomes of the first fund have convinced investors to invest in the new FEFISOL II fund. In addition to SIDI and Alterfin, which are contributing 4.8 and 2 million euros respectively, the European Investment Bank and the private sector subsidiary of the French Development Agency, Proparco, are each investing 5 million euros. The French social bank Crédit Coopératif and the Italian Banca Etica have also renewed their commitment. Finally, new investors have joined the initiative: the Belgian investment company for developing countries BIO, the Alternative Swiss Bank (BAS), as well as the NGO SOS Faim Luxembourg.

These commitments will allow the Fund to pursue and deepen its social mission. FEFISOL II will be able to build on the experience and the client base it has acquired, focus its efforts on the quality of the services to be provided and thus be even more ambitious in terms of social and environmental performance.

FEFISOL II will be implemented in more than 28 African countries and should eventually support 110 microfinance institutions or agricultural companies and cooperatives sourcing from smallholders, most of which are Fair Trade or organic certified.

The new fund will offer diversified and adapted financial products, in 12 to 15 local currencies in order to avoid exposing partners to exchange rate risk and will implement specific assessment and monitoring tools for agro-ecological performance. Finally, FEFISOL II will propose a new technical assistance facility with a more in-depth scope and upgraded procedures. Its aim will be to support its partners in strengthening their institutions and their resilience to climate change.

FEFISOL II is making its first closing at 22.5 million euros, and a technical assistance package of 1 million euros from Proparco via FISEA+ with the final objective of raising 6 million euros. The 2nd closing will be launched in 2023. The first disbursements will be made in July 2022.

By supporting the implementation of socially and environmentally sustainable practices, FEFISOL II directly aims to improve the living standards of vulnerable populations in rural Africa, reduce inequalities and promote sustainable agricultural development.

About SIDI (Solidarité Internationale pour le Développement et l'Investissement)

SIDI is a solidarity investor created in 1983 by CCFD-Terre Solidaire, whose mission is to promote financial and economic inclusion of populations excluded from traditional financial systems. SIDI provides local actors, such as microfinance institutions and producers' organisations, with financing services (equity investments, loans, guarantees) and tailored support. Today, SIDI supports 144 partners in 36 countries.

Since 2017, SIDI has adopted the Ecological and Social Transition (EST) as the central approach of its action. Through EST, SIDI promotes finance that fosters holistic development, which is socially just and ecologically sustainable, and is based on values of solidarity, responsibility and transparency. SIDI's more than 2000 shareholders – individuals and institutions – entrust it with resources to carry out activities in exchange for human, social and environmental returns.

Pioneer in solidarity-based finance in France, SIDI is certified as a social enterprise, under the legal status *Entreprise Solidaire d'Utilité Sociale*. SIDI's shares have been certified by an independent committee of experts from Finansol since 1997. www.sidi.fr



About Alterfin

Alterfin is a Belgian cooperative which was set up in 1994. Today, the cooperative has over 6,000 individual co-op members who wish to invest their money in an ethical and sustainable way.

Alterfin provides financing and technical assistance support to organisations supporting smallholder producers or micro-entrepreneurs in low- and middle-income countries. By enabling them to grow, these organisations become drivers of impact, improving the income of vulnerable people, creating jobs, empowering women and preserving vulnerable ecosystems. Alterfin supports 160 organisations in 35 countries and is mainly active in rural areas, which account for 80% of the world's poverty.

Alterfin is also recognised for its commitment to an ethical and sustainable approach to its partners, collaborators and associates:



About Inpulse

Inpulse is a Brussels-based asset manager specialized in impact investing and microfinance. It has been chosen to manage FEFISOL II. Inpulse has developed strong skills in the management of alternative investment funds providing long-term responsible finance to socially and environmentally committed financial intermediaries.

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