

OVERVIEW: AFRICAN GUARANTEE FUND FOR SMEs LTD "AGF"

Title of facility or programme **AFRICAN GUARANTEE FUND FOR SMALL AND MEDIUM-SIZED ENTERPRISES LTD "AGF" (Programme under negotiation)**

Implementing partners AfDB – African Development Bank
AGF - African Guarantee Fund for SMEs Limited

Budget **Total Budget:** €110.6 million; of which capital subscription €104.40 million, TA €6.20 million
Lead FI: € 8.90 (African Development Bank "AfDB" - committed)
Other financiers: €9.30 million (Nordic Development Fund), €15.90 million (IFU-Danish Investment Fund for Developing Countries, €13.60 million, TA € 2.30 million); & KfW- €25.00 million – all committed; as well as JICA- €17.00 million, and FMO-€17 million– under advanced discussion
Intra-ACP/EDF contribution: €25.5 million (Risk Capital€ 22.0 million + TA €3.0 million + €0.5 million for communication, evaluation and audit) plus Lead FI fees

Duration Non applicable for investment component
As needed for the TA component

Program description **Overview**

AGF works with financial institutions with experience of working with SMEs, offering guarantees for both long-term financing and to cover working capital for SMEs.

The EDF Intra-ACP contribution of EUR 25.5 million shall be part of the overall EUR 110.60 million capital raised by AGF to strengthen and expand its business capacity, capital base, and scale of impact.

Services to be offered:

- Loan guarantees;
- Fundraising guarantees; and
- Green guarantee facility
- Technical assistance to partner financial institutions and to SMEs

Guarantees generally limited to 50% of the underlying individual SME loans or loan portfolio exposures

Expected outcomes and impacts of the AGF:

- Increased access to finance for SMEs
- Private sector led job creation, especially for Youth and Women
- Promotion of private enterprise development and entrepreneurship
- Capacity building and strengthening of financial intermediaries and SMEs
- Increased intermediation and deepening of local financial systems in Africa, including in fragile states

Governance AGF, being a company is governed by a Board of Directors. The maximum number of board members is currently limited by its constitutional documents to twelve (12). According to AGF current constitution, "new holders of Class B Shares and Class C Shares who subscribe for at least USD 5 million in the Company may be given the right to appoint one (1) Director so long as they are registered holders of Class B Shares or Class C Shares (as applicable) in the Company". The European Commission/ACP Secretariat (COM/ACP) will have a Board seat.

Geographic coverage and beneficiaries

Geographic coverage: Africa

Beneficiaries:

- SMEs/projects that have proven to generate strong impact such as off grid energy, agriculture & agri-business, manufacturing, health, education and ICT.
- African angel investors, private equity (PE) and patient capital funds working with SMEs
- Entrepreneurs and enterprise profile: early stage SMEs, young entrepreneurs (men and women), innovative businesses

Access conditions for TA facility

- Financial institutions seeking to enhance their SME banking capacity
- SMEs seeking to enhance their business capacity and bankability in order to access loans from financial institutions
- Willingness to contribute up to 50% of the total project cost (for financial institutions)
- Financial institutions and SMEs seeking and eligible to participate in the AGF guarantee program

Access conditions for financing / guarantee facility

- financial institution lending to or working with SMEs
- SMEs in all sectors (excluding activities in the exclusion list: tobacco, wildlife products, gambling, child labor, etc.

How to apply / contact details

Send a request for support to the program management unit at AGF or AfDB. **Contact details:**

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