

Investing and supporting SMEs in Africa

10 years of impact for FISEA





The evaluation was conducted ten years after FISEA's 2009 launch to learn from the experience

Based on the findings, a second stage will be rolled out that is fully in line with Choose Africa, a French initiative driven by the AFD Group.

The main objectives of the evaluation were to assess the economic, social and environmental impacts of FISEA. This involved estimating the value added by the technical assistance facility and offering recommendations to enhance development impacts in FISEA's next stage.



As planned since the start of the initiative, FISEA issued a call for tenders to carry out this impact study. Of the several firms specializing in this field that responded, Steward Redqueen, a consultancy that works across the globe advising organizations on impact and sustainability, was selected and conducted the study over 6 months, from March to October 2019.

FISEA is an investment vehicle set up by Agence Française de Développement (AFD) in 2009 at the initiative of the President of France. The aim was to create a vehicle dedicated to fostering economic growth and employment creation in Africa, specifically by promoting growth in small businesses and financial institutions.

As of 31 December 2018, FISEA had invested €224.9m in 28 investment funds and made 9 investments directly into companies. In total, FISEA supported 813 African companies across 35 countries.

Through its investments in funds, FISEA reached many areas where investment capital is scarce, such as Burkina Faso, Mali and Sierra Leone in West Africa, Angola and the DRC in Middle Africa, South Sudan in East Africa and Malawi and Zimbabwe in Southern Africa. However, investing in low income and fragile countries remains challenging: 32% of FISEA's investments were in low-income countries, 14% in fragile states and around 40% in more mature and established markets such as Kenya and South Africa.

IMPACT AT A GLANCE: 140,000 DIRECT JOBS MAINTAINED AND STRONG JOB GROWTH IN THE PORTFOLIO.

FISEA has supported sectors that maintain and create jobs. A third of all companies supported by FISEA are in agriculture or agribusiness, whereas 18% of investments are in financial services (focusing on microfinance). The health and manufacturing sectors also account for a large part of the portfolio (17% and 11% respectively).

FISEA SUPPORTED 142,214 JOBS AT DIRECTLY INVESTED COMPANIES AND INVESTMENT-FUND PORTFOLIO COMPANIES.

- Women hold 37% of the direct jobs at investee companies.
- An estimated 345,166 indirect jobs were supported by FISEA's investments in the supply chains of invested companies.
- Employment growth has been strong among FISEA's investees with a 10% annual increase in employment compared to 2.8% in FISEA's portfolio companies.

FISEA INVESTS IN SECTORS THAT DELIVER ESSENTIAL GOODS AND SERVICES, INCLUDING FINANCE, HEALTH, EDUCATION, ENERGY AND AGRICULTURE.

FISEA directly or indirectly supported:

- 146 MFIs which on-lent a total of €2.5 billion to 8 million clients;
- 47 healthcare companies, serving 470,000 clients;
- 26 education companies, with 648,000 students;
- 24 renewable energy companies, which to a large extent serve low-income clients.

SUPPORTING INNOVATIVE INITIATIVES: FISEA'S TECHNICAL ASSISTANCE FACILITY FUNDED 247 PROJECTS TO IMPROVE CLIENT OPERATIONS.

FISEA committed a total of €4.2m of Technical Assistance (TA) funding to 15 funds and 4 companies. The TA projects ranged from technical studies to training programmes, from improvements to operational processes and environmental and social plans. The Technical Assistance facility funded:

- 247 projects at 105 companies in 26 different countries.
- 80% of clients saw a link between the technical assistance and improved financial performance.



THE EVALUATION HIGHLIGHTED SEVERAL KEY TAKEAWAYS AND IMPROVEMENTS THAT CAN STRENGTHEN IMPACT INVESTING IN AFRICA

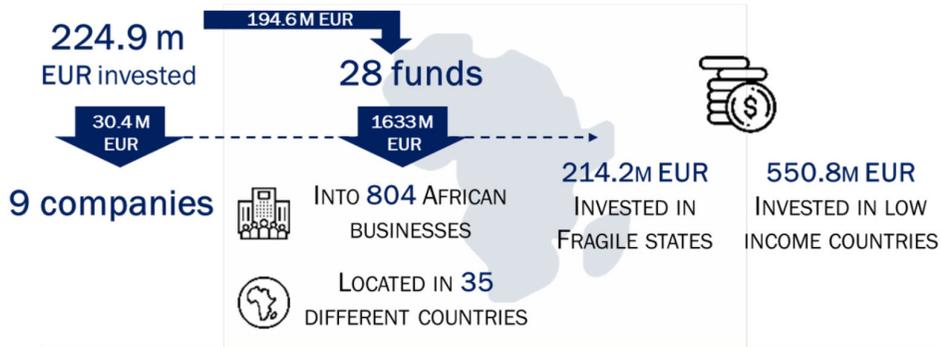
- A clear, long-term strategy will help keep deals in alignment with the overall impact objectives.
- To remain complementary to Proparco and additional in the market, FISEA should maintain its support to new teams and open-ended vehicles. New teams can unlock finance for new or underfinanced sectors, geographies and young companies, while open-ended vehicles might be better suited to markets that require more patience such as greenfield microfinance, seed and venture capital.
- FISEA can increase its impact by focusing even more heavily on low-income and fragile states.
- Improved monitoring and evaluation processes will make more and better-quality data available for invested companies in FISEA's next stage, which can help guide investments.



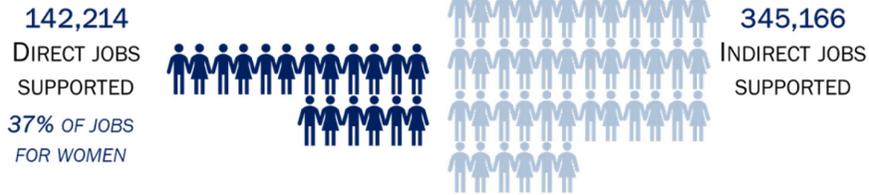
FISEA'S KEY IMPACT RESULTS

OVER PERIOD 2009 - 2018

INVESTMENT ACTIVITY



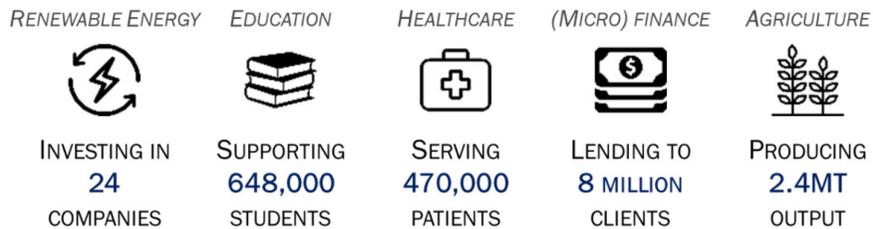
EMPLOYMENT



ECONOMIC IMPACT



DEVELOPMENT SECTOR IMPACTS

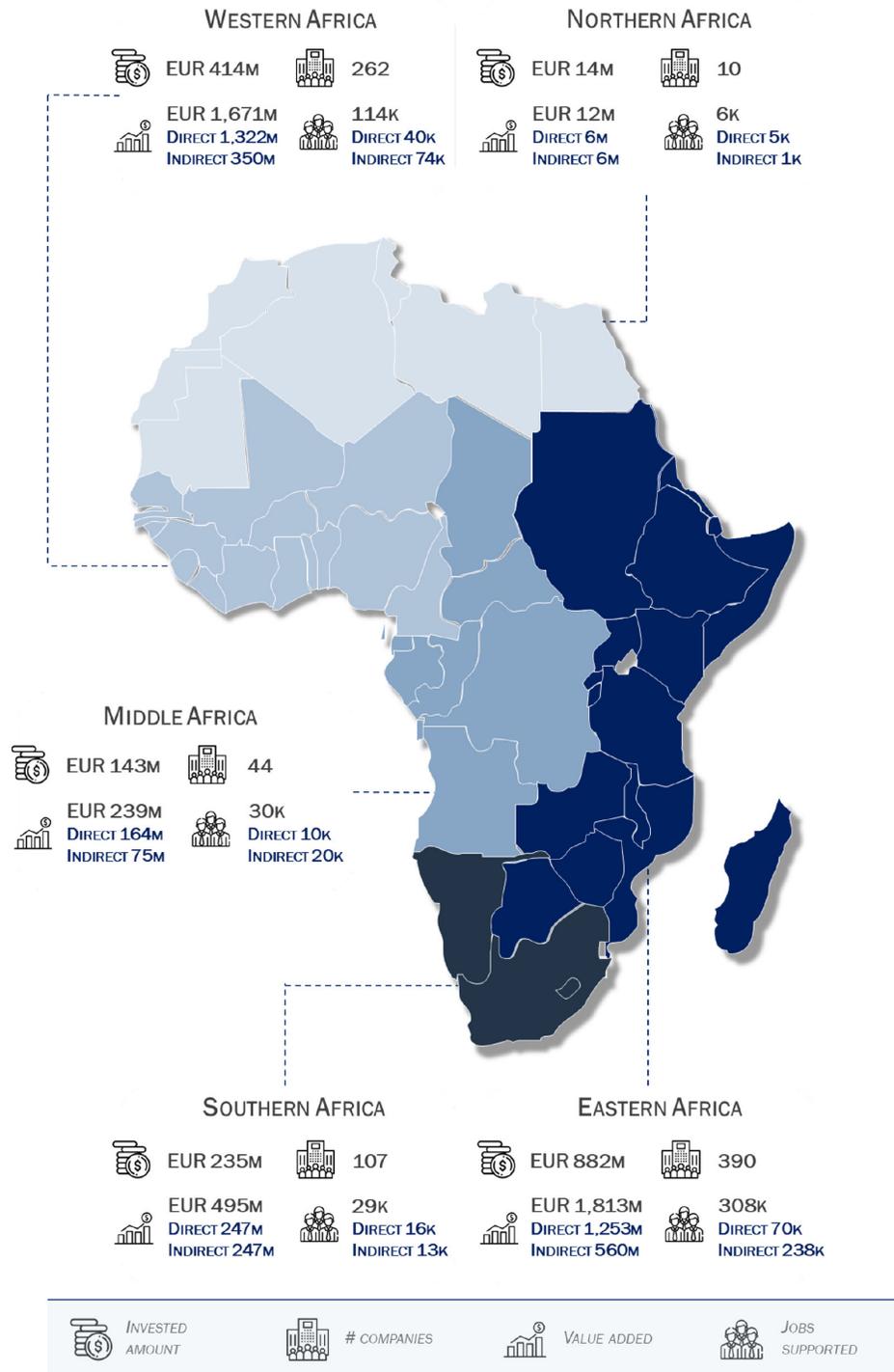


TECHNICAL ASSISTANCE

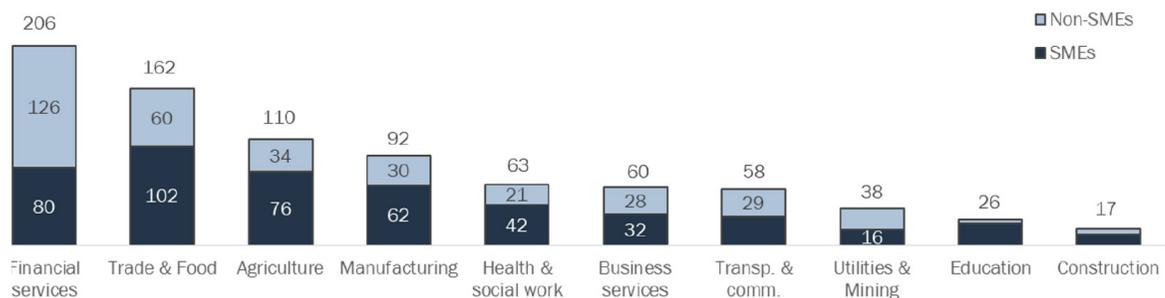


FISEA'S IMPACT RESULTS BY REGION

OVER PERIOD 2009 - 2018



Number of companies in portfolio over 2009-2018 by sector (absolute)



This brochure summarizes the results of the final evaluation of the investment vehicle FISEA. FISEA was launched by the AFD in 2009 and has since invested nearly €200m in over 800 African companies. The evaluation follows the investments made between 2009 and 2018 focusing on their economic and social impact over this period.

By investing in companies and funds that support over 140 000 direct jobs in Africa, FISEA has had a significant economic impact across 35 different countries. This evaluation includes both key impact analyses and recommendations for FISEA future operations. The evaluation identifies the key strengths of the investment vehicles as well as the relevant takeaways for future impact investment initiatives.

2019 – Steward Redqueen