



HIGH-IMPACT INVESTMENT FACILITY FOR MSMEs IN AFRICA

What is FISEA+?

The FISEA facility was set up by AFD Group in 2009 with the objective of promoting economic growth and the creation of MSMEs in Africa. FISEA had an initial investment capacity of EUR 250m, which had been fully invested at the end of 2019, as well as a technical assistance (TA) budget of EUR 4.5m. In early 2021, a new FISEA+ initiative took over, with an additional investment capacity of EUR 210m and a TA budget of EUR 21m, still to support MSMEs, either directly or via investment funds. However, FISEA+ takes into account changes in needs and the market and has included specific investment objectives for fragile countries, social and solidarity-based enterprises and SMEs integrating digital innovation.

FISEA+ is essential in helping African MSMEs find long-term financing to overcome the crisis and restart their activity. In this respect, FISEA+ is an integral part of the countercyclical strategy to support African MSMEs initiated by AFD Group and approved in its private sector component under the name of Choose Africa Resilience.



WHERE DO THE RESOURCES COME FROM?

The FISEA+ facility is financed by AFD's own resources. To achieve its specific investment objectives, FISEA+ benefits from a substantial grant from the French State through the Ministry for Foreign Affairs.

In 2022, the European Union granted the AFD Group a 35 million euro guarantee, enabling FISEA+ to intervene in junior tranches of impact vehicles on the African continent to catalyze other investors. FISEA+ is supported by a grant of 21 million euros from the French Ministry of Foreign Affairs (16 million euros) and the European Union (5 million euros). This substantial amount, equivalent to 10% of the targeted investments, takes into account the experience acquired over the past ten years and market comparables.

This EU support is part of the European Union's Investing in Young Businesses in Africa (IYBA) initiative.





COMPLEMENTARITY OF FISEA+ OPERATIONS

The investment philosophy of FISEA+ is to support Africa's MSME fabric and seek projects with increased impacts that do not precisely fit the eligibility criteria of AFD Group's other instruments (in particular PROPARCO's balance sheet).

For example, FISEA+ may consider investing a limited amount in funds with longer lifespans (15 years) or VC funds positioned on pre-seed or seed capital (when PROPARCO's balance sheet covers more the A, B or C series).

FISEA+ may also support initiatives that can benefit from junior tranches in addition to senior tranches. These junior tranches aim to encourage established managers to develop in new strategies and geographical areas, while seeking to mobilize more capital in these new thematic areas, particularly in the Priority Poor Countries and West Africa, with an increased effort in French-speaking areas.

GOVERNANCE AND OPERATIONAL FUNCTIONING OF FISEA+

FISEA+ is a facility incorporated in the form of a joint-stock company wholly owned by AFD. FISEA is organized with its own Board of Directors and Consultative Investment Committee which make the investment decisions and monitor the achievement of the impact objectives. This governance involves representatives of the French State (through the Ministry for Foreign Affairs and Directorate-General of the Treasury), as well as independent representatives with strong expertise in development and Africa. The facility is advised by PROPARCO as an investment service provider on behalf of FISEA. PROPARCO's investment teams identify and appraise the investment files on behalf of FISEA. The technical assistance missions and ESG and impact expertise are also deployed by PROPARCO's technical teams.

TARGET CLIENTS OF FISEA+ ALONG WITH PROPARCO'S CLIENTS

- The core target of FISEA+ is the MSME segment. The vehicle will especially seek to reach companies using innovative models for the provision of essential goods and services based on digital technology.
- The social and inclusive business sectors will also be specifically supported.

The facility aims to support private operators in fragile countries, in view of the lack of long-term resources, especially in West Africa.

10 YEARS OF IMPACT FOR FISEA (2009-2019)

Through its activities, FISEA has signed over EUR 270m for equity investments in 11 companies and 32 investment funds. This has indirectly supported over 800 companies in Africa in 35 countries.

FISEA has thereby contributed to creating or maintaining over 140,000 direct jobs, including 37% for women's jobs, and 345,000 indirect jobs.

The total investments have supported:

- 146 microfinance institutions
- 47 companies in the health sector
- 26 companies in the education sector
- 24 companies in the renewable energy sector

The Technical Assistance budget has financed:

- 300 technical assistance projects in 130 companies operating in 34 countries

TECHNICAL ASSISTANCE

The Technical Assistance (TA) planned under FISEA+ aims to provide **expertise and know-how** tailored to the needs of fund managers and MSMEs via three types of project: "Responsibility", "Performance", and "Impact". The TA provides a response to **issues related to the expertise and/or transformation** of businesses. The objective is to improve their management methods and promote the adoption of sustainable and responsible practices in order to support their growth, strengthen their long-term performance and produce more positive impacts on development.

The promotion and training for AFD Group's strategic issues (environmental and social risk management, climate, gender equality, impact measurement) **is a priority for the FISEA+ TA**, as well as the creation of exchanges in the **network set up by FISEA** to have a wider impact on the ecosystem.

This assistance is implemented:

- . Either directly with the beneficiary entity invested in by FISEA ("direct TA")
- . Or via a technical assistance facility whose management is delegated to the funds to support their portfolio companies ("delegated TA").

Cross-cutting activities, which benefit all the players or strengthen local or regional ecosystems, are also planned in line with the strategy of FISEA+.

FISEA +

Launch date	Early 2021
End of investment period	2027
Investment capacity	EUR 210m
Geographical focus	Africa a priority (minimum of 85%). Some Priority Poor Countries (PPPs) outside Africa, neighboring countries and fragile countries are also part of the scope.
Mission	<p>Support the creation and development of MSMEs in Africa with specific investment objectives for fragile countries, social and solidarity-based enterprises and SMEs integrating digital innovation.</p> <p>FISEA+ has four investment areas:</p> <ul style="list-style-type: none"> - Generalist MSMEs (up to 60%) - Digital and innovation (up to 20%) - Social entrepreneurship / impact funds (up to 15%) - Fragile countries (up to 10%)
FISEA's range of services	<p>Investments</p> <ul style="list-style-type: none"> - 80% minimum in private equity or venture capital funds. Funds of funds are excluded ; - 20% maximum directly in the capital of companies <p>Technical assistance</p> <ul style="list-style-type: none"> - 3 types of TA: Responsibility, Performance, Impact - Direct TA and Delegated TA - Strategic issues: management of E&S risks, climate, gender equality and impact measurement - Creation of exchanges in the network set up by FISEA to have a wider/ecosystemic impact
Type of operations	The instruments used to invest directly in the capital of companies will be equity and quasi-equity (preference shares, convertible bonds, or any other type of security that gives access to the company's capital).

The Choose Africa initiative is led by Agence Française de Développement Group and implemented by its private sector financing arm, PROPARCO