AFRICAN SOLIDARITY FUND – OFFICIAL PRESENTATION

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Summary

Introduction

I. General
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III. The areas of intervention
IV. The techniques of Intervention
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Introduction
I. General Information
Reinforcing our status as a strong and innovative institution, a preferred partner of key players in economic development, offering diversified, adapted and competitive guarantee and financing products.

Mission :

- Striving for economic development and the fight against poverty in member States by facilitating investment project financing in both public and private sectors (States) as well as in micro – finance activities.
The ASF

**ESTABLISHED**

- 1976: Establishment of African Solidarity Fund has been signed in Paris on 21 December.
- 1979: Start of operations
- 2011: First Guarantee Institution to obtain CREPMF approval as part of the prudential regulations governing the acts of the guarantors on the UMOA regional financial market.

**CAPITAL**

- 150 billion FCFA or 228 650 000 (Approx)
II. THE ASF NETWORK

Shareholding –Member countries– Structures - Resources
Shareholding and Member States

**CEDEAO (ECOWAS)**
- Benin
- Burkina
- Côte d’Ivoire
- Guinea-Bissau
- Mali
- Niger
- Senegal
- Togo

**CEEAC-ECCAS (Central African Republic)**
- Central African Republic
- Gabon
- Chad

**COMESA (Common Market for Eastern and Southern Africa)**
- Burundi
- Mauritius
- Rwanda
Executive

GeneralAssembly
(Minister of Finance of the Member States)

Board of Directors
(One administrator per Member State)

General Direction
Intervention Committees

**CCR**
- Credit Restriction Committee
- Decision up to a maximum of 500 millions FCFA or 762 000 Euros

**CSI**
- Higher Intervention Committee
- Decision for $\geq 500$ millions FCFA or 762 000 Euros (Approx)

**CA**
- Similar attributions to the CSI

[www.fondsolidariteafricain.org](http://www.fondsolidariteafricain.org)
Resources

The financial resources of the funds consist of:

- The endowments which resulted from shareholders' capital payments;
- Operational revenue;
- Investment gained from earnings;
- Grant;
- Resources allocated to specific tasks related to third-party fund management.
- Revenue from fixed deposit.
III. The areas of Intervention
Areas of intervention

The ASF intervenes in every sector of the National Economy as follows:

- mines, infrastructure,
- development,
- industry,
- agro-industry,
- telecommunications,
- energy, tourism and hotel industry,
- transport,
- education, healthcare.
- etc. .....
Stages of intervention

All development stages of the activity:

- Enterprise creation
- Expansion and / or strengthening of operational capacity
- Restructuration.
IV. The techniques of Intervention
Techniques of Intervention

- Guarantee;
- Refinancing;
- Interest-rate subsidy;
- Stake acquisition;
- Third party fund management;
- Arranging and structuring of financing for SME’s.
The Guarantee

The core business of the African Solidarity Fund is divided into two categories:

- **The individual guarantee**, through which the ASF:
  - Shares the risks of credit institutions as part of the funding provided to the SMEs
  - Works alongside businesses in their fund-raising activities on financial markets (Bonds)

- **The portfolio guarantee** allows the ASF to delegate the decision to grant its guarantee to the bank and this, on the basis of a line guarantee and after definition of the prequalification criteria.
Refinancing

- **Refinancing**: one of the flag top product of the fund

It’s a financing mechanism through which the ASF enables enterprises to benefit from disbursements from the Fund in order to make reimbursement deadlines sustainable. This may concern a simple refinancing or an extension of the loan duration.
Subsidies

- **Subsidised interest rates**: is a benefit exclusively dedicated to member States or any other governmental bodies in order to enable them to alleviate their financing cost.

- The ASF has put in place a special subsidied fund of 15 billion FCFA (228 000 000 Euro) for sustaining the intervention.

- The demand for a subsidy has to be introduced by the supervisory authority of the demanding State (Minister of Finance) or the administrator representing the country within the ASF Board of Directors.

**NB**: in order to comply the IMF concession criteria, the fund member states using the special subsidies interest rates.
Other Techniques

- **Financing arrangement**: support tool for SME/ SMI’s for the research and financing structure that is tailored to their needs.

- **Fund management for third-party accounts**: The FSA offers its expertise and know-how to institutions and development agencies.

- **Acquisition of shares**: acquisition of shares – participate in setting up new businesses or assist in their development.
V. The ASF bank loan guarantee
Bank loan Guarantees, refinancing and bond loans

For guarantees and refinancing (Bank loan transactions) the document has to be introduced to the ASF by the lending bank and must include the following:

- The bank request, specifying the solicited percentage of cover for the guarantee or the desired loan duration;
- Risk analysis report or appraisal report developed by the bank;
- Business plan or feasibility study of the project and the financial statements for the past three years (3) (for operational businesses);
- Certificate of incorporation
- All other documents (study or report) that may be useful for an improved risk appraisal.
VI. THE FORMAL REQUEST OF INTERVENTION
ASF fee structure (2017)

Loan guarantees

- Commitment fee (calculated on a flat-rate basis of the guarantee): 0.5% to 1.5% for loan transactions and flat rated charge of 1% for issued bonds;

- Guarantee fee (calculated on the cumulated activities of the guarantee): 0.5% to 2.5% per annum for loan transactions and 0.5% à 2% per annum for issued bonds, accounted in beginning of the year.

Refinancing

- Commitment fee - FLAT fee of 2%

- Fixed interest rates by executive bodies: applicable to disbursements and at the final schedule of its reimbursement.

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Duration

FSA interventions must have a minimum duration of 2 years or otherwise as per ASF
Conclusion
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