

Development finance coalition exceeds target by committing over USD 5.55 billion for MSME financing in Africa

At the first Finance in Common Summit (FICS) in November 2020, the EDFI Association, on behalf of its 15 European member development finance institutions (DFIs), together with African Development Bank (AfDB), FinDev Canada, Islamic Corporation for the Development (ICD), U.S. International Development Finance Corporation (US DFC), and West African Development Bank (BOAD) launched a *coalition for a sustainable and inclusive recovery of the private sector*, later joined by the Trade and Development Bank (TDB).

Under this coalition, the DFIs all committed to dedicate at least USD 4 billion of financing to micro, small and medium size enterprises (MSMEs) in Africa, between mid 2020 and end of 2021. This initial target has been exceeded, whereby DFIs jointly committed over USD 5.55 billion of financing of MSMEs in Africa over the period. In addition to this challenge, the signatories to the coalition committed to (i) deepen cooperation among their institutions, (ii) focus on inclusive financial solutions for the private sector and (iii) support clients with technical assistance and advisory services when needed.

20
participating
DFIs
across the world
committed to
dedicate at least
USD 4 billion for
African MSMEs
from mid-2020
to end-2021

Result
a record of over
USD 5.55 billion
+40% compared
to the target of
USD 4 billion

1,400
transactions
targeting MSMEs
in Africa

strong focus on
smaller and
inclusive projects

targeting a broad
spectrum of SMEs
from small enterprises
/ start-ups to
mid-sized firms

**EUR 23
million**
of technical
assistance

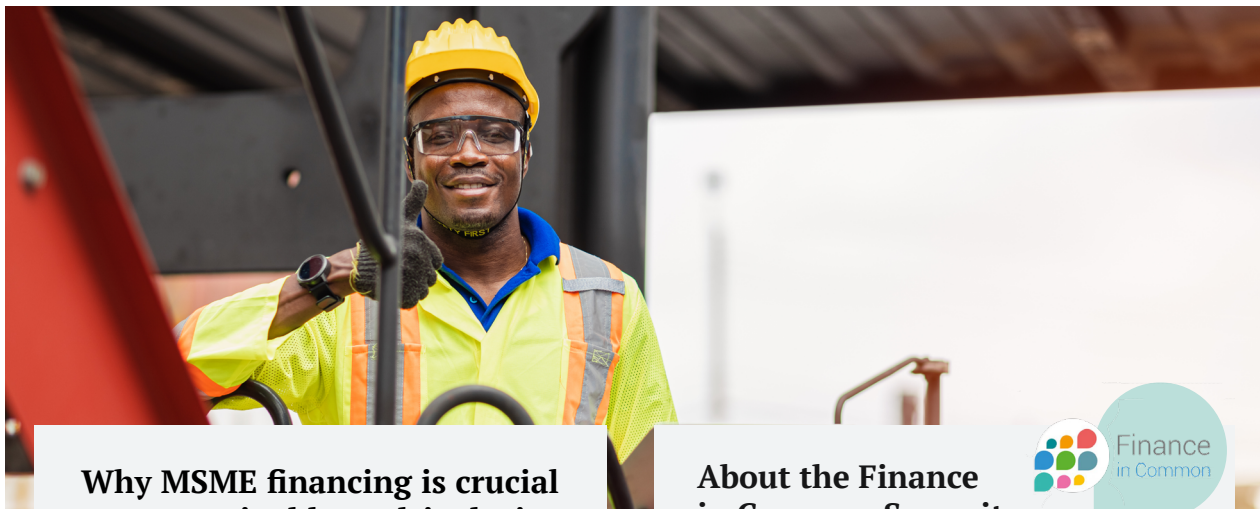
mobilised for capacity building
and advisory services to MSMEs.

The signatories:



Involving the 15 EDFI members:





Why MSME financing is crucial to a sustainable and inclusive recovery of the private sector?

MSMEs are the economic lifeblood of emerging and frontier economies. In developing countries, formal SMEs contribute to more than one third of gross domestic product and account for 52% of formal employment. Improved access to, finance for MSMEs is critically important to boost growth and the prospects of the 450 million young Africans projected to join the labor market by 2050. The viability of MSMEs is under acute pressure and efforts to expand inclusive financial solutions are an important part of the crisis response.

About the Finance in Common Summit (FICS)

FICS is an initiative gathering more than 500 Public Development Banks (PDBs) initiated in 2020. The first-ever platform of all PDBs, the Finance in Common Summit focuses on how PDBs can influence the global financial system to better protect our planet and societies. By rallying and challenging a new and significant global community with enhanced capacity of action, and by promoting sustained collective action, the Finance in Common Summit is a key milestone for COP27 and for other major international events in 2022.

About the coalition for sustainable and inclusive recovery of the private sector:

The 20 development finance institutions signatories to the coalition are focused on investing in vulnerable countries where COVID-19 has jeopardised decades of achievements with regard to private sector development, job creation and poverty reduction

The signatories hold collectively a portfolio of nearly USD 90 billion committed to private sector operations in low and middle-income countries, supporting more than 12 million direct jobs, with over 40% of this in Africa.

The signatories:



Involving the 15 EDFI members:

