

# CHOOSE AFRICA

R E S I L I E N C E

**AN ACCELERATOR FOR THE ECONOMIC  
RECOVERY OF BUSINESSES IN AFRICA**



# SUPPORTING THE ECONOMIC RECOVERY OF BUSINESSES IN AFRICA

Through the Choose Africa initiative launched in 2019, **Agence Française de Développement Group (AFD and its private sector financing arm Proparco)** is mobilizing all its tools to finance and assist start-ups, microenterprises and SMEs in Africa. In response to the economic crisis triggered by Covid-19, AFD Group is stepping up its action by deploying a new component of the initiative: Choose Africa Resilience.

## Africa is expected to face its first recession for 25 years

- Forecasts of a contraction in economic activity of 3% in 2020
- Microenterprises and SMEs hard hit with cashflow problems
- Workers in the informal sector and the most vulnerable populations bearing the brunt of the effects of this crisis.

**AFD Group is scaling up the presidential Choose Africa initiative with a mechanism to support microenterprises and SMEs affected by the crisis.**

- |  |  |
|--|--|
| <b>1</b> Go beyond the macroeconomic response of governments and international organizations | <b>2</b> Take specific action to support the formal and informal private sector in Africa                                |
| <b>3</b> New financing and support tools adapted to strengthen the Choose Africa initiative  | <b>4</b> A mechanism to catalyze financing for Africa's private sector, working with our counterparts, development banks |

**An additional € 1bn for the Choose Africa initiative, which will bring it to € 3.5bn**



Initial commitment	Resilience component	Enhanced initiative
<b>€2.5</b> bn for African start-ups and SMEs between 2018 and 2022	<b>€1</b> bn added to support the recovery	<b>€3.5</b> bn for African start-ups and SMEs



R E S I L I E N C E

**In response to the needs of businesses and entrepreneurs on the ground**

	NEEDS	OUR SOLUTIONS
FINANCIAL SUPPORT TO SMES	<p>Meet the financing requests of SMEs</p> <p>Increase the capital base of companies</p>	<ul style="list-style-type: none"> <li>• Loans to local partner banks to finance MSMEs</li> <li>• Direct Proparco loans to companies</li> <li>• Enhanced risk-sharing tools for local banks that lend to SMEs weakened by the crisis:               <ul style="list-style-type: none"> <li>- Guarantee of up to 80% for loans with a maturity ranging between 1 and 4 years</li> <li>- Guarantee of up to 50% for loans with a maturity of less than 1 year</li> </ul> </li> <li>• Equity investments in companies:               <ul style="list-style-type: none"> <li>- Via partner funds</li> <li>- By Proparco</li> </ul> </li> </ul>
FINANCIAL SUPPORT TO SMALL BUSINESSES AND MICROENTERPRISES	<p>Encourage microfinance institutions (MFIs) to lend to their clients</p> <p>Meet the liquidity needs of MFIs</p> <p>Strengthen the financial inclusion sector weakened by the crisis</p>	<ul style="list-style-type: none"> <li>• Direct loans and guarantees to MFIs</li> <li>• Guarantees to local banks that lend to MFIs</li> <li>• Equity investments in MFIs</li> </ul>
TARGETED TECHNICAL ASSISTANCE	<p>Help companies manage the impacts of the crisis</p>	<ul style="list-style-type: none"> <li>• Support for the management of the crisis and adaptation of business models</li> <li>• Support for performance</li> <li>• Strengthening sustainable and inclusive practices</li> </ul>



[choose-africa.com/en/resilience/](https://choose-africa.com/en/resilience/)