

UNEP Finance Initiative West Africa Roundtable  
Thursday 22 May 2008, Lagos, Nigeria



**“UNEP FI activities on microfinance and SMEs in Africa”**

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**UNEP Finance Initiative**  
Innovative financing for sustainability



## UNEP FI Regional Activities in Africa: The African Task Force (ATF)

### OUR ATF MEMBERS:

Africa Investor  
BMCE Bank  
Development Bank of South Africa  
Industrial Development Corporation  
Standard Bank Group  
Societe Generale  
The Netherlands Finance Corporation, (FMO)

African Institute for Corporate Citizenship  
Citi South Africa  
Investec Bank  
Nedbank  
Standard Chartered Bank  
Swaziland Development & Savings Bank  
University of South Africa (UNISA)

### ACTIVITIES AT A GLANCE:

REPORT LAUNCHED IN JUNE 2007: “Banking on Value: A New Approach to Credit Risk in Africa”

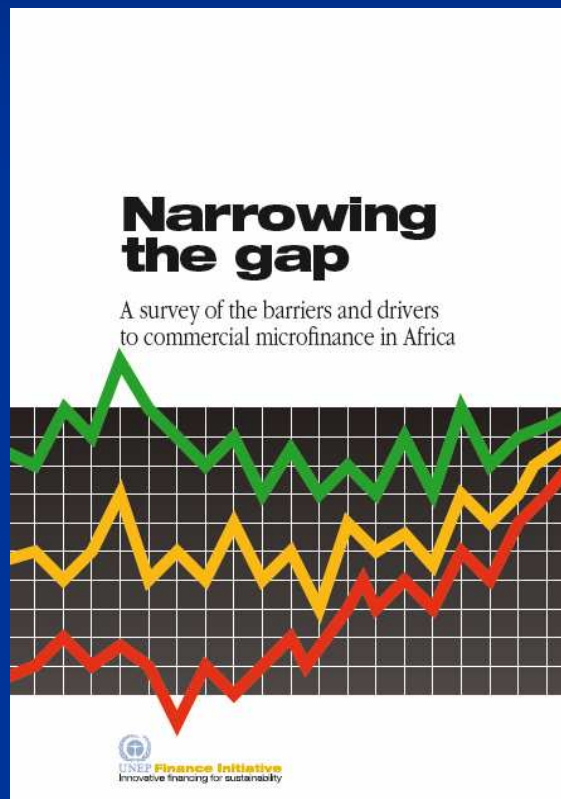
REPORT LAUNCHED IN OCTOBER 2007: “The State of Responsible Investment in South Africa”

**REPORTS LAUNCHED IN MAY 2008: Commercial Microfinance and SME Investment**

**WEST AFRICA ROUNDTABLE IN MAY 2008:** Lagos, Nigeria

[http://www.unepfi.org/regional\\_activities/africa/index.html](http://www.unepfi.org/regional_activities/africa/index.html)

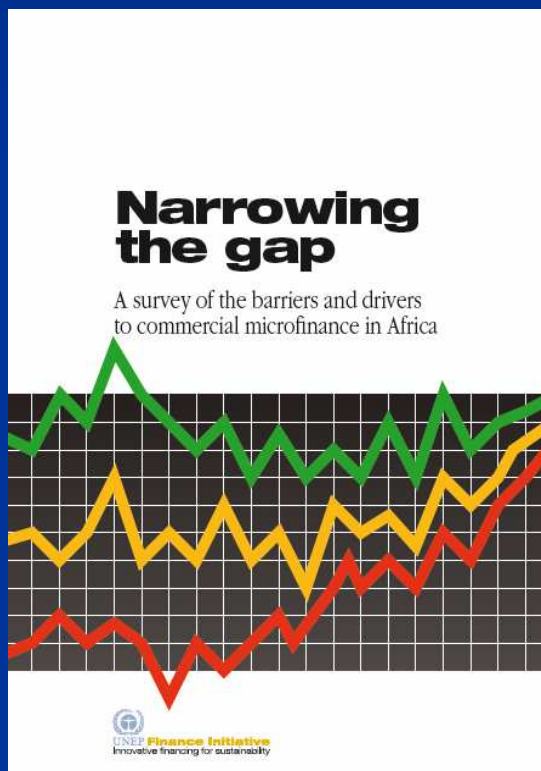
# “Narrowing the gap: A survey of the barriers and drivers to commercial microfinance in Africa”



[www.unepfi.org/africa](http://www.unepfi.org/africa)

- Conceptualized by UNEP FI ATF members, in partnership with the Gates Foundation
- Gives practical guidance to African MFIs, investors, and other stakeholders to attract and facilitate an environment for sustainable commercial microfinance
- Best practice and guidance based on the approaches of over 30 African commercial banks, MFIs, fund managers, analysts, investors, and development banks

# “Narrowing the gap: A survey of the barriers and drivers to commercial microfinance in Africa” – Key Findings



[www.unepfi.org/africa](http://www.unepfi.org/africa)

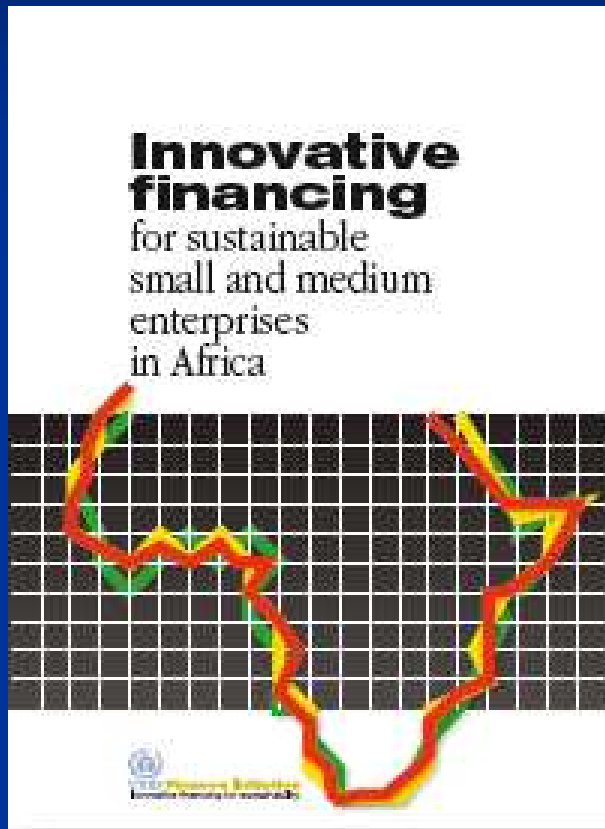
- Problem - Africa receives only 7% of foreign commercial investment for microfinance however, Latin America and the Caribbean receives 28%
- Barriers - Commercial investment still weak due to range of barriers from lack of data to assess risk and return potentials and “crowding out” by non-commercial funding
- Opportunities – Investors support more ratings to increase transparency; improved governance structures for MFIs; and more technical assistance to go hand in hand with investments

## “Innovative financing for sustainable small and medium enterprises in Africa”



- Conceptualized by UNEP FI ATF members, in partnership with the WWF
- Highlights investment opportunities in the sustainable SME sector in Africa to development, private and philanthropic finance communities
- Four case studies from innovative financing models investing in sustainable SMEs are presented – Acumen, GroFin, E+Co, Root Capital

## “Innovative financing for sustainable small and medium enterprises in Africa – Key Findings”



- Justification – In Africa, SMEs and the informal sector represent over 90% of businesses, contribute to over 50% of the GDP, and over 60% of employment
- Barriers – Perceived country, currency and credit risks
- Recommendations – Educate investors about various approaches to financing SMEs; Engage local banks; Train African fund managers on identifying, investing in and promoting sustainable SMEs