regmifA

Regional MSME Investment Fund for Sub-Saharan Africa S.A., SICAV-SIF

Annual Report
2010

regmifA
annual report
2010

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about regmifa

Launched in May 2010, the Regional MSME Investment Fund for Sub-Saharan Africa SA, SICAV-SIF is a Luxembourg-based investment fund which seeks to foster economic development and prosperity in Sub-Saharan Africa. REGMIFA's mission is to support the micro-entrepreneur and the micro, small and medium sized enterprises (MSME) finance sector in the region through innovative financial products, while observing principles of additionality and sustainability. To this end the Fund provides medium to long-term debt financing in local currency to Partner Lending Institutions (PLIs) which serve MSMEs. Complementary to the fund's investment activities, a dedicated Technical Assistance (TA) Facility focuses on technical support to client institutions. REGMIFA was initiated by the G8 Summit in Heiligendamm and set up as a Public-Private Partnership aimed at establishing a vehicle that holds funds from public and private investors. Among the public investors are the Spanish Agency for International Cooperation for Development (AECID), the French Development Agency (AFD), the German Federal Ministry for Economic Cooperation and Development (BMZ), the Belgian Investment Company for Developing Countries (BIO), the European Investment Bank (EIB), Netherlands Development Finance Company (FMO), the Spanish Development Bank (ICO), the International Finance Corporation (IFC), KfW Bankengruppe (also acting as structuring agent), the Spanish Ministry of Foreign Affairs (MAEC), the Norwegian Microfinance Initiative (NMI), Oesterreichische Entwicklungsbank (OeEB), and the French Investment and Promotions Company for Economic Cooperation (PROPARCO). The Fund is managed by Symbiotics Asset Management SA, a specialized asset management company based in Geneva.

key figures

Investment Portfolio	USD 16.3 million
Net Asset Value of the Fund	USD 18.4 million
Number of countries	6
Number of Partner Lending Institutions financed	9
Number of investments	9
Committed funding from investors	USD 174.4 million
Number of MSMEs refinanced	37,696
Average loan to MSMEs	USD 656
% of women financed	75%

As of 31 December 2010

regmifa's investors

aecid

bio Development through Investment

Federal Ministry for Economic Cooperation and Development

ICO Instituto de Crédito Oficial

KfW BANKENGRUPPE

nmi NORWEGIAN MICROFINANCE INITIATIVE

Proparco GROUPE AGENCE FRANÇAISE DE DÉVELOPPEMENT

afd AGENCE FRANÇAISE DE DÉVELOPPEMENT

European Investment Bank

FMO Finance for Development

IFC International Finance Corporation World Bank Group

MINISTERIO DE ASUNTOS EXTERIORES Y DE COOPERACIÓN

OeEB

symbiotics REACHING OUT THROUGH INVESTMENTS

greetings

regmifA

Regional MSME Investment Fund for Sub-Saharan Africa S.A., SICAV-SIF

letter from the chairman

Dear Readers,

It is my pleasure to introduce to you REGMIFA's first Annual Report. This report documents the first eight months of Africa's first Regional Microfinance Investment Fund. Since its launch on 5 May 2010, the Fund has already disbursed loans totalling USD 16.3 million to nine institutions in six countries. More than 37,000 small businesses, micro entrepreneurs and low-income households are benefiting from its funding.

REGMIFA concentrates on Sub-Saharan Africa, the continent that continues to have the world's lowest level of financial services for micro and small enterprises. For example, Madagascar has one bank branch for every 100,000 people, while only one out of every 1,000 adults in Ethiopia has ever received a loan - compared with more than 80% in Europe, for example. Nonetheless, the fundamentals are favourable. Africa is one of the world's fastest growing economic regions - in the past decade the continent grew twice as fast as in the 1980s and 1990s. Improved macroeconomic conditions play an important role in this trend - particularly the successful reversal of the very high inflation rates in many countries and the reduction of public debt by many governments.

A group of experienced International Development Finance Institutions, International Financial Institutions and Donor Governments has joined forces under REGMIFA to address one of the crucial shortcomings of African financial markets and microfinance institutions in particular: the lack of longer-term funding in local currency. Microfinance as an instrument is certainly not a panacea for economic growth and development, and it is not immune to risk and error in individual cases. Yet it is an effective tool for placing development on a broader basis.

While REGMIFA will be a reliable partner to its direct business partners, the MFIs, and be ready to support them with technical assistance if needed, it will only work with those MFIs that comply with the principles of responsible finance in relation to their customers.

The Fund's exclusive focus on micro, small and medium enterprise finance in Sub-Saharan Africa combined with lending in local currency, which is unsubsidized to preserve financial sustainability, represents a unique business model in development finance. For the coming years it will remain a challenge to achieve and maintain a balance between the return requirements of shareholders and the sustainable access to finance for African MFIs in high risk markets. Such a balance will prepare the ground for private institutional investors to also join REGMIFA, which is structured as a private public partnership and, with Symbiotics in Geneva, has a private fund management in place.

In the year ahead, REGMIFA will continue to build up its loan portfolio and business services to benefit a fast growing number of micro, small and medium-sized enterprises in Sub-Saharan Africa.

With warm regards,

Wolfgang Kroh

Chairman of the Board of Directors

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Regional MSME Investment Fund for Sub-Saharan Africa S.A., SICAV-SIF

letter from the investment manager

Dear Investors,

2010 was an important year for the REGMIFA initiative as the Investment Fund was officially launched in May, three years after the project was initiated. The successful launch of the Fund and above target achievements in 2010 would not have been possible without the support of its initiator, KfW, investors, Board and Investment Committee members, who have been instrumental in providing us with invaluable guidance.

2010 has also been a year of important challenges in setting up the adequate set of procedures, management and monitoring tools to address the market specificities and Fund's financial and social mission.

Despite the shortened operational year, the figures speak for themselves. The Fund managed to expand outside the inception target countries and to refinance institutions with total assets ranging between USD 15 and 236 million. Nine institutions from Kenya, Ghana, Tanzania, Senegal, Nigeria and Cameroon benefited from an equal number of investments, leading to an investment portfolio of USD 16.3 million by end of the year.

Thanks to the hedging agreements concluded the Fund was able to fulfil the local currency funding needs of its Partner Lending Institutions by providing the vast majority of its loans in local currency.

REGMIFA's social mission is at the core of the initiative and our team is committed to pursue the Fund's social return objective. This mission is embodied at all levels of the investment process of the Fund, starting from the initial due-diligence of PLIs, where each institution receives an internal social rating integrating seven ESG dimensions, from social governance to labour climate, financial inclusion and client protection. Throughout the investment and supervision process, innovative reporting tools are used to ensure that the impact can be measured and monitored. As signatory of the Smart Campaign, we are dedicated to promoting client protection principles. As of year-end, the Fund could claim a strong outreach with estimated 37,696 MSME clients, of which 87.5% have their own micro-enterprises. Women were the main beneficiary of these investments, representing 74% of the client base.

We foresee a lot of interesting opportunities in 2011 as the Fund will continue to expand in new markets, develop partnerships with hedging partners, further promote local currency funding solutions and start offering technical assistance programs to the Fund investees.

With kind regards

Roland Dominicé Valerie Dujardin Vlassis Tigkarakis Geremy Birchard

symbiotics ASSET MANAGEMENT

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Regional MSME Investment Fund for Sub-Saharan Africa S.A., SICAV-SIF

letter from the structuring agent

Dear Reader,
REGMIFA targets those MSMEs in Sub-Saharan Africa that do not yet have regular access to finance. According to our market analysis this is exactly what is needed by Africa's MFI's in the "missing middle". Therefore, there is a strong "raison d'etre" for REGMIFA.

However, at the same time we look very carefully at the specifics of the local markets. A few countries worldwide have seen very dynamic growth in microfinance loan portfolios over the last years which has resulted in overheating, pressure on loan approval standards and over-indebtedness of clients. These developments do not come as a surprise. We have observed signals of overheating in specific markets (mainly outside of Africa) and have addressed the issue by timely adaptation of responsible finance principles in REGMIFA's guidelines. Responsible finance is the promotion of more transparent, inclusive and equitable participation in financial markets. REGMIFA adheres to these principles by e.g. selecting the "right" partner lending institutions (PLIs) with responsible products, policies and practices, promoting industry codes of conducts and standards such as the Smart Campaign, and incorporating financial awareness and financial capability of end borrowers in standard due diligence processes of PLIs.

We are convinced that REGMIFA will contribute substantially to developing the private sector in Sub-Saharan Africa. In addition, the REGMIFA TA Facility will strengthen financial sector development by providing TA to partner lending institutions. We are proud to be the structuring agent of REGMIFA and we look forward to developing this initiative further together with our partners.

KfW

Structuring Agent of REGMIFA

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Regional MSME Investment Fund for Sub-Saharan Africa S.A., SICAV-SIF

strategy

Fund

REGMIFA is a debt fund which focuses on refinancing regulated and/or non-regulated microfinance institutions, local commercial banks and/or other financial institutions (each a Partner Lending Institution or PLI), which are established in Sub-Saharan African countries and serve micro, small and medium enterprises (MSMEs). It provides its PLIs with longer term senior loans, subordinated debt and guarantee schemes, the majority of which is delivered in local currency.

MSMEs form the backbone of every economy: they are the engines of growth and income generation. A lack of financial resources constrains African MSMEs from realizing their full potential. Removing these obstacles and unlocking the potential of local capital markets to benefit MSMEs is a priority for REGMIFA donors and other investors. The Fund aims at building a balanced portfolio, with small and medium-sized PLIs comprising the majority of the Fund's client mix over time. Small PLIs are those with total assets below USD 10 million, medium PLIs have total assets between USD 10 and 30 million, and large PLIs have total assets in excess of USD 30 million. In this inception year, 74.7% of the Fund's portfolio was invested in large PLIs as the focus for the first years of operation is to ramp-up the portfolio of the Fund. Small and medium PLIs are expected to represent a larger portion of the portfolio going forward.

REGMIFA's unique capital structure embodies the principle of public-private partnership by leveraging public funds as a risk cushion to attract significant private sector capital to Sub-Saharan Africa.

"FMO is dedicated to fostering growth in Sub-Saharan Africa by supporting entrepreneurial activity. We believe that providing financing to financial institutions in the region contributes to the success of micro-entrepreneurs and small or medium-sized businesses. This in turn boosts economic development and income generation.
As such, FMO and REGMIFA have a shared vision, and we are proud to be a shareholder of the Fund."

Georges K. Boakeng rents a grocery in the central street of Adum, Kumasi since 2006. Thanks to the central location of his shop, his dynamism and his trading skills, his business is flourishing today. He took his first loan with FASL in 2006, and Georges benefits from an overdraft facility of USD 13,000. Thanks to the daily Sussu collector of FASL, Georges has a credit and debit turnover average of USD 95,000 per month.

Source: First Allied Savings and Loans, Ghana

"BIO is proud to be one of the investors in the Regional MSME Investment Fund for Sub-Saharan Africa. The Fund's objective is completely in line with BIO's mandate as it will ensure access to finance for a much broader segment of the population, improving their living conditions, and help microentrepreneurs in creating sustainable employment. It will serve as catalyst to mobilize additional private capital to the African microfinance sector and help to further broaden and deepen the financial sector overall. Ultimately, REGMIFA will enhance the reputation and standing of a yet immature sector."

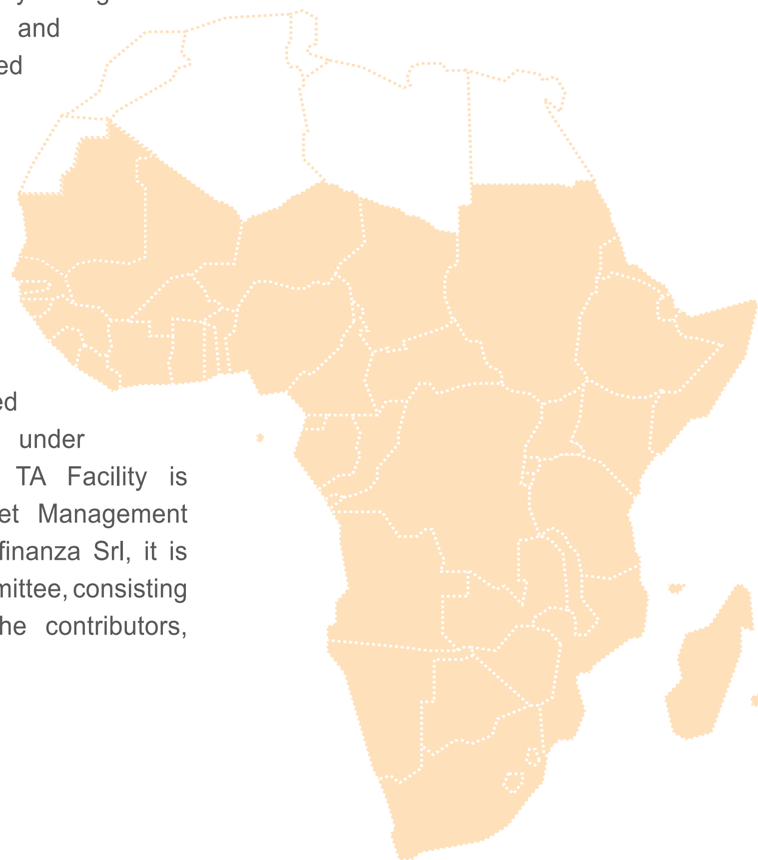
TA Facility

The Technical Assistance (TA) Facility operates as a separate and independent entity. TA is a key element of the Investment Fund's value proposal, enabling it to provide technical support to MSME financial institutions in Sub-Saharan Africa and increase their developmental impact while mitigating risk at the Fund level.

The Facility's activities are targeted in scope, directly supporting the investment portfolio of the Fund, and complementary to other industry initiatives in the region. The approach taken for the implementation and the management of the Facility is based on the delivery of high quality consultancy services and the provision of services based on clients' needs. Although the TA Facility will work with PLIs funded by the REGMIFA Investment Fund, there will be a particular focus on small and medium PLIs in line with the Fund's priorities.

The TA Facility is structured as a Fiduciary agreement under Luxembourg law. While the TA Facility is managed by Symbiotics Asset Management SA in collaboration with Microfinanza Srl, it is supervised by a TA Facility Committee, consisting of members nominated by the contributors, to ensure the delivery of high quality services following fair and transparent processes and procedures.

As of December 2010, Finance Institutions and International Financial Institutions have committed over EUR 5 million contributions to the Facility. These resources will cover the expected funding needs of the Facility over the first three years.



overview

Fund Structure

REGMIFA is structured as a multi-layer fund which reflects the risk/return requirements of its investors. To meet these requirements there are three shareholder classes (A,B,C) and two noteholder classes (senior and subordinated), each share and note class having its own risk profile and targeted return.

Debt	Senior Notes
	Subordinated Notes
Equity	A Shares
	B Shares
	C Shares

The C Shares form the foundation of the capital structure. They are primarily subscribed by donors and comprise a mandatory minimum of 33% of REGMIFA's total assets. In addition to this core quality, by representing the first loss tranche layer, they provide an appropriate cushion to investors that contribute to REGMIFA's development impact by underwriting A-Senior and B-Mezzanine Shares and senior and subordinated notes. Regarding the last ones, 2010 saw an important step in the financial life of the Fund with the first Notes being issued.

Highlights of 2010

Conclusive inception of the Fund

• Obtained all regulatory authorizations to operate as a SICAV-SIF under Luxembourg Law.
• Promoted by KfW and successfully launched on May 5, 2010.
• Completed the structuring of the TA Facility as a Fiduciary Agreement under Luxemburg Law in July 2010.

Strong support from international investors

• Development Financial Institutions and International Financial Institutions committed USD 174.4 million, of which 40% in C Shares.
• Investors in the Fund include: the Spanish Agency for International Cooperation for Development (AECID), the French Development Agency (AFD), the Belgian Investment Company for Developing Countries (BIO), the German Ministry for Economic Co-operation and Development (BMZ), the European Commission/ EuropeAid, the European Investment Bank (EIB), the Development Bank of the Netherlands (FMO), the Spanish Development Bank (ICO), the International Finance Corporation (IFC), a member of the World Bank group, KfW Bankengruppe, the Spanish Ministry of Foreign Affairs (MAEC), the Norwegian Microfinance Initiative (NMI), the Development Bank of Austria (OeEB) and the Investment and Promotions Company for Economic Cooperation (PROPARCO).

Fast build-up of the investment portfolio

• USD 16.3 million invested in Partner Lending Institutions in 2010, benefitting 9 institutions located in Senegal, Kenya, Ghana, Nigeria, Tanzania, and Cameroon.

Focus on local currency financing

• 94% of the loans denominated in local currency.
• All currency exposure hedged back against the currency of the Fund (USD).

Edward Wereko-Boating started working in the wheat industry in Kumasi in 2001. In 2005, he took his first credit with FASL to buy a larger amount of products. His business has grown considerably since then. He now rents a warehouse close to the central market of Kumasi ensuring his business high visibility and benefits from a credit of USD 15,000 and an overdraft facility of USD 6,500. Thanks to the Sussu collector of FASL, Edward deposits a daily amount of between USD 1,000 and USD 10,000.

Source : First Allied Savings and Loans, Ghana

Market Outline and Overview

Challenges in 2010

The climate for investment in the MSME lending sector was vigorous in 2010. Many institutions demonstrated resilience towards global market declines of previous years and were seeking capital for growth and institutional improvements.

Kenya, a key market for the Fund, witnessed substantial progress, with improving portfolio quality in the microfinance/SME lending sector, increased use of mobile technology in financial services, a successful constitutional referendum and movement towards a more integrated East African Community.

Despite rising concerns about concentration and over-indebtedness in urban markets in the MSME lending sector, Ghana, another important market, also showed positive signs. Both young and mature institutions sought support for growth and capacity building to meet growing demand. This is due in part to the country's newly developed petroleum resources.

Senegal proved to be a significant market for the Fund - a direct result of favourable pricing in local currency and the stability of the peg to the Euro. While there are solid targets - some having impressive scale - the MSME lending sector is not as sophisticated as in other regions,

"IFC helped create REGMIFA to support the sustainable growth of microfinance in Sub-Saharan Africa. REGMIFA fills a unique niche in the market and has the potential to make a real difference in the availability of financial services to the smallest businesses and entrepreneurs who encourage inclusive growth by serving consumers and other businesses at the base of the pyramid."

Afia Bronya is 36 years old, married to a farmer and is a mother of five children. She lives in the central region of Ghana, in Buabinso, a suburb of Dunkwa-on-Offin. Afia is a food vendor. She fries fish and also prepares popcorn for sale in her community. She has carried out this business for six years. However, she was not able to meet the entire demand of her customers until she obtained a loan from Sinapi Aba Trust (SAT) of Ghana amounting to cedis 400 (USD 260). She remarked "Before I took the loan from Sinapi, I could only buy two cartons of fish which was not enough to satisfy all my customers in the community. When I added the loan to my working capital, I was able to purchase four cartons of fish and a brand new popcorn machine to speed up my popcorn business. The loan has been of great help to me." Afia always wished to pursue a higher education but was not able to because her parents could not afford school expenses. She stated that due to the increased productivity of her business, her income has increased, enabling her to meet the educational needs of her children that she had so longed for with the support of her husband.

Source: Sinapi Aba Trust, Ghana

Before starting her current business, Rhoda was a brewer of changaa and busaa, which are popular alcoholic beverages. Rhoda was introduced to KWFT, which helps to promote the empowerment of women in 2003. “I came to know about the KWFT and its loans from friends. They told me about the credit facilities but I was worried about not being able to obtain a loan since I did not have any land that I could offer as security or any money,” Rhoda recalls. However, out of sheer determination, Rhoda was able to secure a loan of Sh 30,000 from KWFT which she used to start a butcher’s shop at Moi University in Eldoret. “Life changed and we were able to repay the loan within six months.” Rhoda went on to take out a further loan of Sh 80,000 which enabled her to purchase land for her family. Using the training received from KWFT, she focused on expanding her business. Recently, Rhoda won a two-year contract to sell meat and charcoal (a type of carbon widely used in Kenya as cooking fuel).

Source: KWFT, Kenya

with local institutions typically having weaker governance and internal systems.

The Fund also placed a small investment in Nigeria in 2010. While Nigeria offers the greatest long-term potential of any country in Sub-Saharan Africa, its banking/microfinance sector showed signs of deep disturbances in 2010, with continuing instability.

Additionally, the Fund managed to make investments in Cameroon and Tanzania whose sectors show promise but are limited in the number of targets. Uganda did not fulfil the initially high expectations of the Fund for 2010. High hedging costs against the local currency and a slowdown in the microfinance sector prevented any investments from being made.

“REGMIFA is a great opportunity for OeEB to reach small enterprises in Sub-Saharan Africa. In addition to the commercial structure of the Fund, OeEB values the substantial development effect through the provision of local currency to the partner institutions.”

Outlook for 2011

2011 has already presented many opportunities in new markets. Expected pipeline transactions for 2011 include Benin, Togo, Zambia, and Rwanda, which are more challenging and less developed markets. The Investment Manager also plans to grow its portfolio in markets such as Madagascar and Mozambique where several target investment opportunities for the Fund have been identified but where competitive local currency hedging solutions can prove difficult to find.

At the investee level, the recurring concerns are good governance, solid systems, and transformation. Competition continues to stiffen, as consumer lenders and some downscaling banks are expanding their operations in the microfinance sector, in addition to numerous greenfield microfinance banking projects.

Geopolitical conditions on the continent are dynamic. In West Africa, the Ivory Coast crisis has deepened, although no direct spillover effects have impacted neighbouring microfinance sectors. The dramatic events in North Africa have not yet affected Sub-Saharan countries, although there is always the risk of civil conflict over long-standing rulers in many African countries, particularly during elections.

"Sub-Saharan Africa is a Focus Region for the NMI Global Fund. We seek to support a broad range of Partner Lending Institutions in this Region. We also seek to focus our investments on Tier 2 and Tier 3 MFIs and to provide them with investments in local currency. As a result, REGMIFA is a perfect partner for NMI. We are also pleased to be working so closely with KfW and the other Development Finance Institutions who are investors in the Fund and to be collaborating on technical assistance projects that build human and institutional capacity at African MFIs."

financial statements

Balance Sheet

As of 31 December 2010
(expressed in USD)

ASSETS	31 December 2010
Gross Loans to Partner Lending Institutions Impairment allowances	16,257,778
Impairment allowances	-
Loans to Partner Lending Institutions	16,257,778
Interest accruals on loans	401,400
Derivative financial instruments (net)	216,461
Cash and cash equivalents	4,916,629
Prepaid expenses	24,837
Other receivables	691,344
TOTAL ASSETS	**22,508,449**

LIABILITIES	
Notes	(1,500,000)
Accrued expenses	(610,911)
Subscription received in advance	(2,000,000)
TOTAL LIABILITIES (excluding net assets attributable to holders of redeemable shares)	**(4,110,911)**
Net assets attributable to holders of redeemable shares	**18,397,538**

Breakdown of Equity

As of 31 December 2010
(expressed in USD)

EQUITY	
Total share capital	
Class A Shares	5,250,000
Class B Shares	5,950,000
Class C Shares	7,050,000
TOTAL RETAINED EARNINGS	
Class A Shares	-
Class B Shares	-
Class C Shares	147,538
TOTAL EQUITY	
Class A Shares	5,250,000
Class B Shares	5,950,000
Class C Shares	7,197,538

Income Statement

for the period from 1 December 2009 to 31 December 2010 (expressed in USD)

Net assets at the beginning of the period	
INCOME	
Interest income on loans and receivables from Partner Lending Institutions	481,997
Bank interest	955
Other income	1,409,648
Unrealized gain on derivatives	258,273
Realized and unrealized gain on exchange	72,318
Total Income	2,223,191
EXPENSES	
Management fees	(652,700)
Secretary fees	(98,719)
Legal and audit fees	(298,267)
Administration, custodian and domiciliation fees	(80,534)
Formation expenses	(646,960)
Subscription tax	(806)
Other administrative expenses	(29,470)
Marketing and promotion expenses	(15,177)
Interests on Notes	(11,084)
Unrealized loss on derivatives	(41,812)
Realized and unrealized loss on exchange	(200,124)
TOTAL EXPENSES	**(2,075,653)**
Operating profit before tax	147,538
Increase in net assets attributable to holders of redeemable ordinary shares from operations	**147,538**

Statement of Comprehensive Income

for the period ended 31 December 2010
(expressed in USD)

Increase in net assets attributable to holders of redeemable ordinary shares from operations	**147,538**
Other comprehensive income for the period, net of tax	147,538
Total comprehensive income for the period, net of tax	147,538

Statement of Cash Flows

As of 31 December 2010 (expressed in USD)

Net assets at the beginning of the period	
Cash flows from operating activities	
Operating profit before tax	147,538
Adjustments for :	
Foreign exchange loss	128,105
Gain on derivatives	(216,461)
Investment income	(481,997)
Interest expense	11,084
Net (increase) in other receivable	(1,117,581)
Net increase in other payable	610,911
Cash-flows used in operating activities	**(918,401)**
Cash flows from investing activities	
Net increase in Investment income	470,913
Net (increase) in loans to Partner Lending Institutions	(16,385,883)
Cash-flows used in investing activities	(15,914,970)
Cash flows provided by financing activities	
Cash received on Notes issued	1,500,000
Cash received on Shares issued	18,250,000
Advance of cash on subscriptions	2,000,000
Cash-flows provided by financing activities	**24,750,000**
Net Increase in cash and cash equivalents	**4,916,629**
Opening cash and cash equivalents	**-**
Closing cash and cash equivalents	**4,916,629**

regmifA

Regional MSME Investment Fund for Sub-Saharan Africa

performance

Development Impact

Social Return at a Glance

REGMIFA invested USD 16.4 million in 2010, which allowed to…
directly support 167 full-time jobs in PLIs and
to finance 37,696 end-borrowers…

who are…

- primarily women (69%)
- located in both urban (54%) and rural areas (46%)
- in 6 different countries, notably Kenya (51%)
- running a micro, small or medium business (93%)
- involved in trade (84%)

and who received…

- on average a USD 656 loan
- through a group-loan system (65%)
- with a repayment rate of 94%

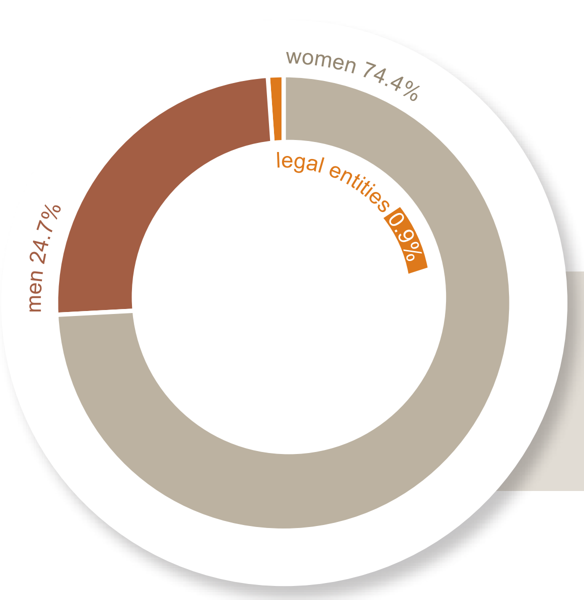
Social Rating at a Glance

The Social Responsibility Rating shows to which extent an MFI contributes to sustainable socio-economic development and acts responsibly towards its various stakeholders.

It includes 100 indicators split into seven dimensions: social governance, labour climate, financial inclusion, client protection, product quality, community engagement, and environmental policy.

Each indicator is graded from 0 to 3 (0 = non existence or very poor, 3 = existence and high quality) and a weighting system is then applied to obtain a score ranging from 0 to 5 stars; 5 stars meaning that there is an extremely strong likelihood that the Fund contributes via its investment in the assessed PLI to sustainable development or that there is an extremely low risk of having negative social impacts.

The Average Score of the Portfolio ★★★⯪☆

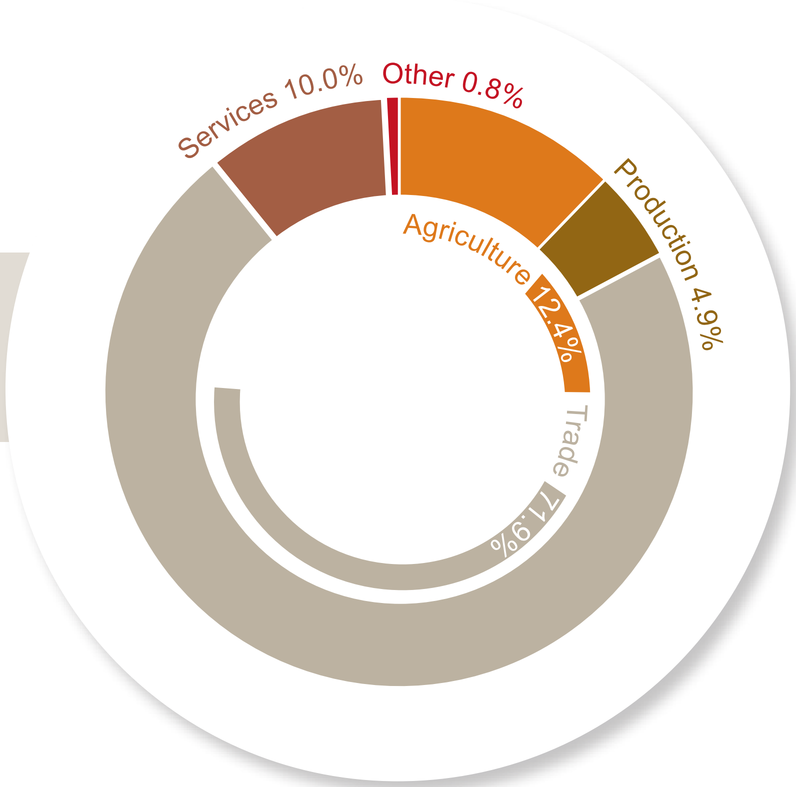


Gender

A large majority of REGMIFA's end beneficiaries are women micro-entrepreneurs.

Activities

7 out of 10 of REGMIFA's end beneficiaries are engaged in small trade.

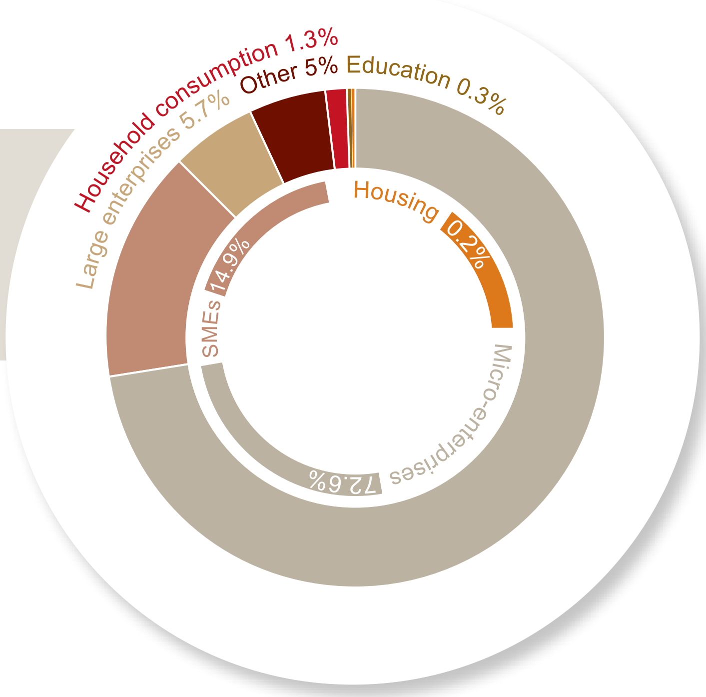


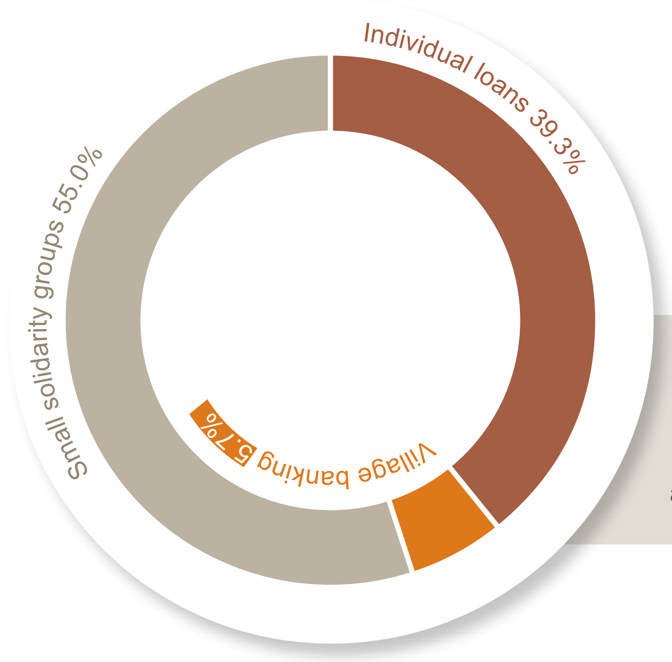
Location

Most sub-loans benefitted micro-entrepreneurs located in urban areas.

Credit products

87.5% of sub-loans benefitted the commercial activities of micro-enterprises and SMEs.



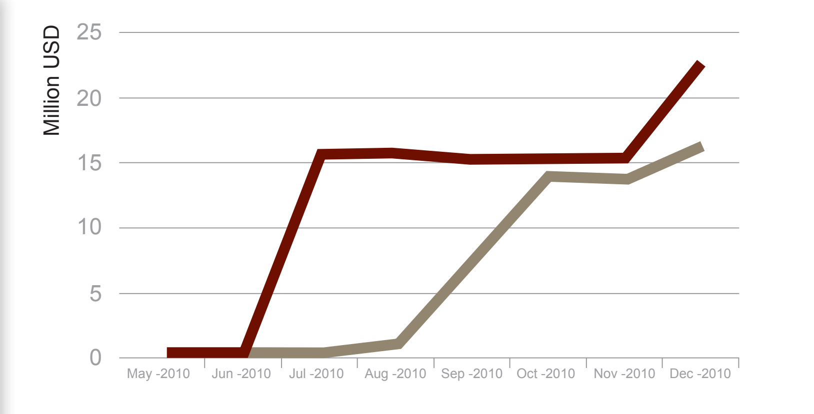


Credit methodology

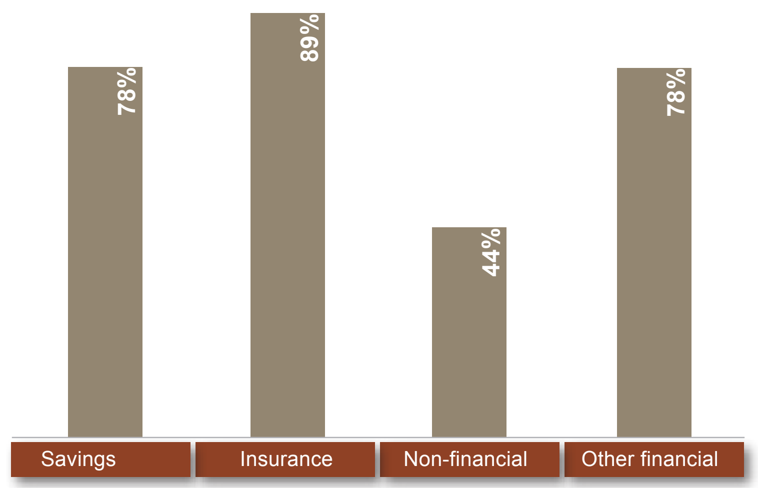
More than half of all sub-loans were distributed and administered through a small group loan system.

Investments/Partner Lending Institutions

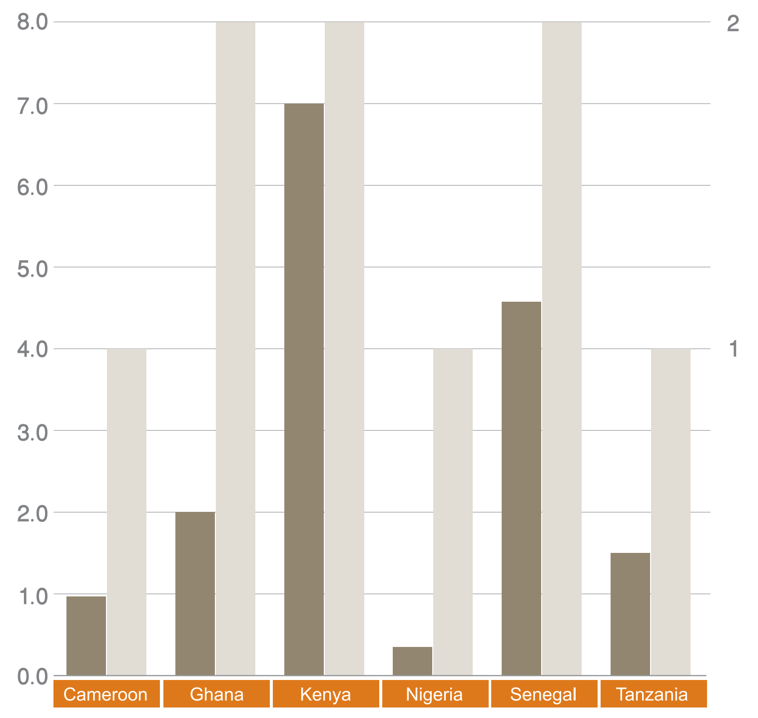
Stable portfolio growth
The investment portfolio reached USD 16.3 million in the first eight months of the Fund's operations.



investment portfolio growth



services other than credit
89% of all PLIs offered insurance services, mainly credit life products. Other financial services refer to services such as debit/credit card, money transfer services, or payments by check. Non-financial services refer to enterprise services, adult education, health services and women empowerment.



Outreach to key markets
The Fund reached out to nine institutions in six countries.

Outstanding loan amount in mUSD
Number of PLIs

invested portfolio

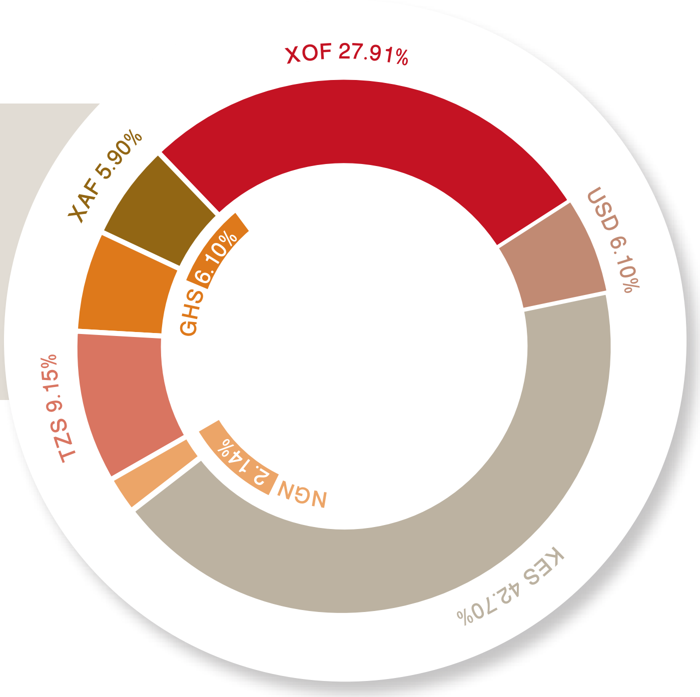
Methodology to assess social impact / outreach

A weighted average system based on the Fund's investment in each PLI has been used to compute ESR indicators contained in this report. We believe that such a methodology allows a better assessment of the social outreach of the Fund.

currency allocation

Focus on local currency financing

94% of the outstanding portfolio was disbursed in local currency loans in order to match the currency of the borrowers' lending portfolio and to reduce the PLI's exposure to significant volatility.



Partner Lending Institutions

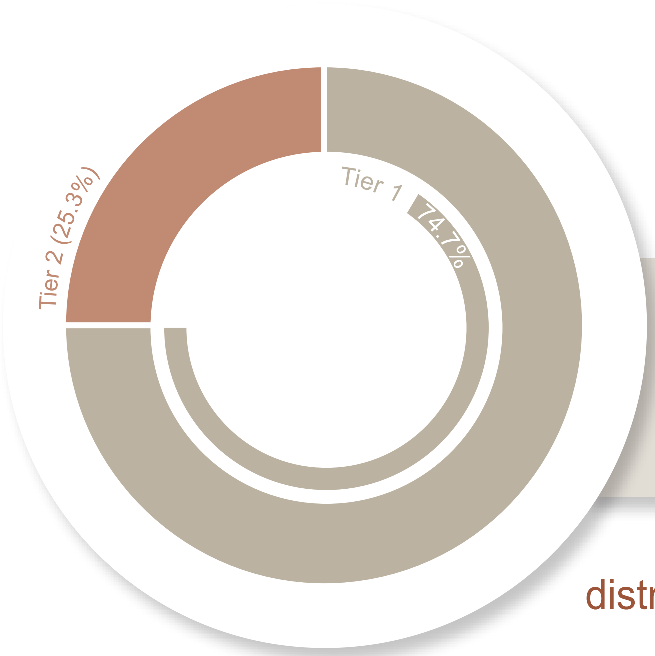
REGMIFA is committed to including operationally sound but financially excluded Partner Lending Institutions in the financial system. In 2010, the Fund refinanced nine PLIs, including a bank, a cooperative, five non-bank financial institutions and two NGOs.

> "Why did AFD decide to join REGMIFA? Simply because with this unique tool donors, Development Finance Institutions and private investors can join their efforts to provide highly needed financing and technical assistance which are dedicated to microfinance institutions and banks all over Sub-Saharan Africa dedicated to the MSME sector."

Top 5 PLIs and Country Exposures

Country	Investee	CCY	USD
Kenya	Kenya Women Finance Trust	KES	5.0m
Senegal	PAMECAS	XOF	3.3m
Kenya	Faulu Kenya	KES	2.0m
Tanzania	FINCA Tanzania	TZS	1.5m
Senegal	MicroCred Senegal	XOF	1.0m

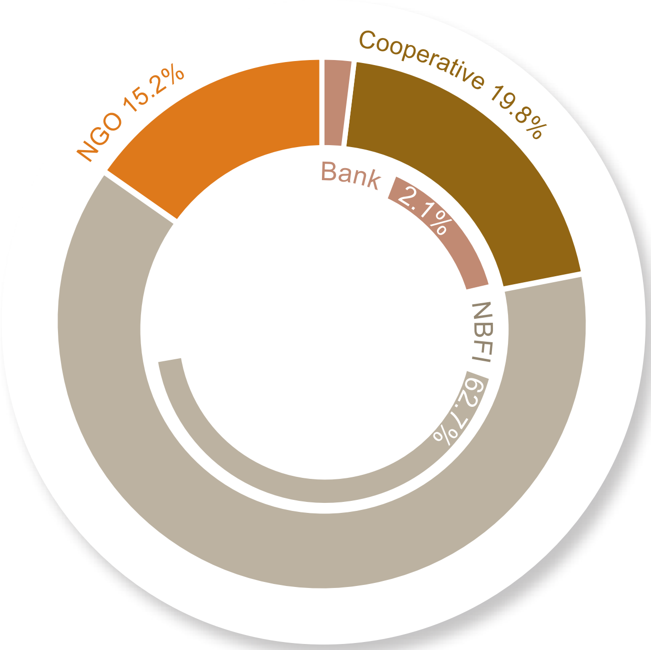
Invested PLI profile*	Simple Average	Median
Total Assets (USD)	77,386,115	50,124,975
Gross loan portfolio (USD)	49,968,326	26,823,044
Debt/Equity ratio	3.83	4.19
Portfolio yield	42.84%	41.56%
Operating expense ratio	33.23%	35.34%
Operational self-sufficiency	113.50%	109.93%
Return on Equity	12.46%	15.46%
Return on Assets	3.22%	2.41%
PAR > 30 days	5.23%	4.36%
Write off ratio	0.41%	0.00%



Tier 3: Total Assets (TA) < USD 10 million
Tier 2 : USD 10 million <= TA < USD 30 million
Tier 1 : TA<= USD 30 million

distribution by institutional size*

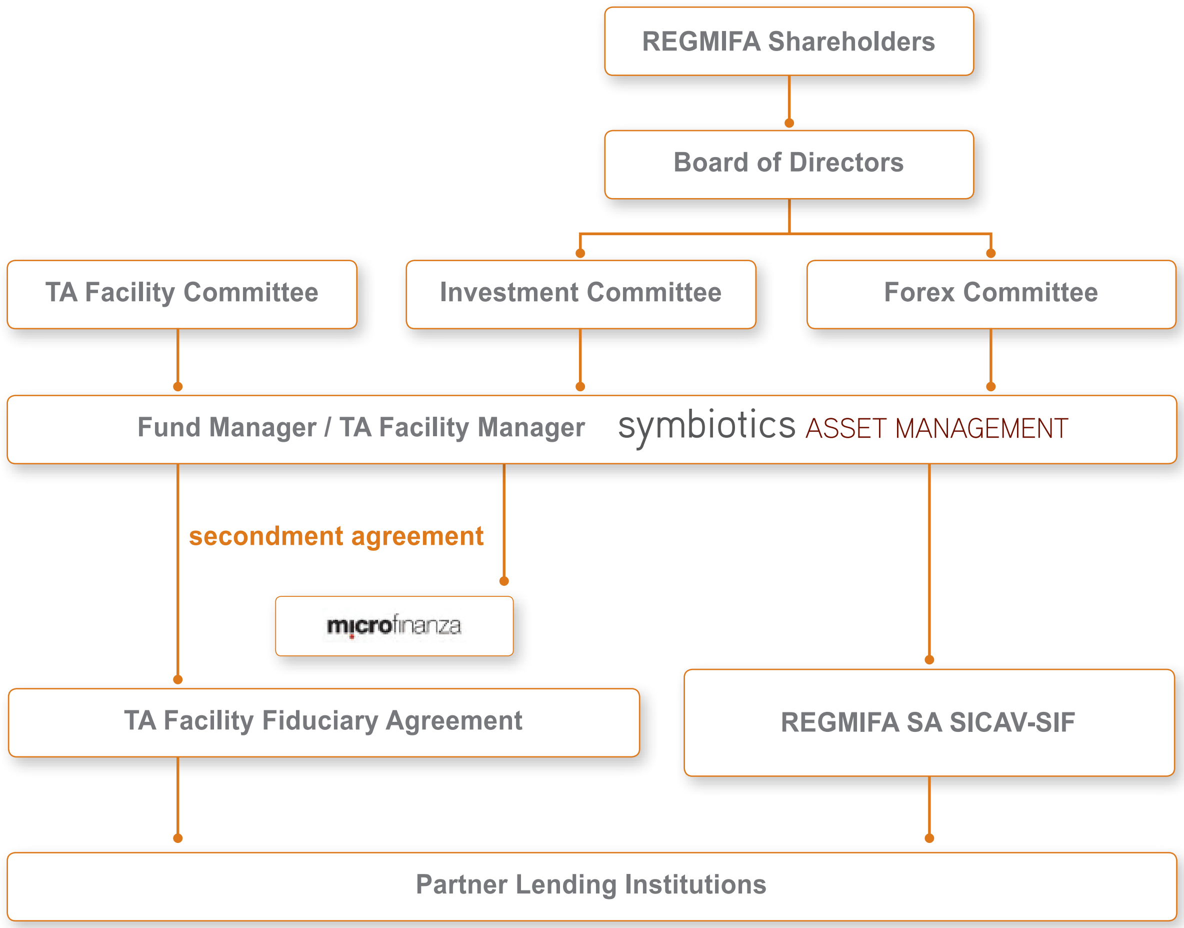
general information



distribution by institutional type*

If not indicated otherwise, indicators on this page are provided as simple averages (unweighted).

Organizational Structure



"The Spanish Cooperation for Development has been involved in REGMIFA as a result of its commitment to the Millennium Development Goals and the priority given to Sub-Saharan Africa.

The regional and multilateral dimension of REGMIFA within a public-private approach gives it a high value and makes it potentially replicable. Another key factor for the Spanish involvement in REGMIFA is the focus on providing a full range of financial services to micro, small and medium enterprises while giving microfinance institutions access to local currency loans linked to capacity building for improving their financial and social performance.

For the Spanish cooperation REGMIFA is an important way to contribute to the objective of promoting economic growth by giving micro, small and medium enterprises in the sub-Saharan region access to financial services which are necessary for their strengthening and growth."

Abbreviations

GAV	Gross Asset Value (Total Assets of the Fund)
NAV	Net Asset Value
PLI	Partner Lending Institution
AECID	Agencia Española de Cooperación Internacional para el Desarrollo; Spanish Agency for International Cooperation for Development
AfD	Agence Française de Développement; French Development Agency
BIO	Belgische Investeringsmaatschappij voor Ontwikkelingslanden; Belgian Investment Company for Developing Countries
EIB	European Investment Bank
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung; German Ministry for Economic Cooperation and Development
FMO	Nederlandse Financierings- Maatschappij voor Ontwikkelingslanden; Development Bank of the Netherlands
ICO	Instituto de Crédito Oficial ; Spanish Development Bank
IFC	International Finance Corporation
KfW	Kreditanstalt für Wiederaufbau ; German Development Bank
NMI	Norwegian Microfinance Initiative
PROPARCO	Promotion et Participation pour la Coopération économique; Investment and Promotions Company for Economic Cooperation
OeEB	Oesterreichische Entwicklungsbank; Austrian Development Bank
MSME	Micro, Small and Medium Enterprise
TA	Technical Assistance
FX	Foreign Exchange
ESR	Environmental and Social Responsibility
NBFI	Non-Bank Financial Institution

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