



Distinguished guests,

Ladies and gentlemen,

I would like to extend my heartfelt thanks and appreciation to all of you for joining us to celebrate the first anniversary of the African Guarantee Fund's operations.

As we celebrate this first anniversary, we look back with pride at the acceptance of the new institution by the African and international financial markets and look forward to meeting the needs of young Africans, as we contribute to the Continent's development.

Convinced that **SMEs MUST** play a key role in poverty reduction and achieving the MDGs in African countries, the Africa Commission in 2009 called for the establishment of an African Guarantee Fund for SMEs (AGF), which will channel guarantees and technical assistance to Financial Institutions with the objective of generating enhanced growth in the African SME sector, thereby creating increased employment in the economy.

Today, AGF is no longer just a concept but a real institution, the first African institution wholly dedicated to mobilizing private resources for SME's development on this Continent. It was conceived, designed, and supported using lessons learned from the other African and International Financial Institutions.

A joint venture between the African Development Bank, the Danish and Spanish Governments, AGF was initiated in 2010 and started its operation in 2012, which were officially launched in June 2012 in Arusha, Tanzania.

### **Ladies and Gentlemen**

In a little less than a year of standing up the AGF, we have developed a portfolio of guaranteed lending of \$50 million representing 46% of the financing to be



guaranteed. We are currently leveraged on a 1:1 ratio with our paid in capital. The Southern Africa region will have the highest concentration with 36% of the portfolio, followed by the East African region and the West African Economic Union with respectively 21% and 18% of the Portfolio. Our exposure in the West African monetary Zone represents 16% of the portfolio. More efforts will need to be deployed in Central Africa and North Africa in order to increase their contribution to the portfolio.

At this stage, I would like to sincerely thank our current partners, all banks and other financial Institutions which had confidence in us and decided to finance the SME sector with our support. We are looking forward to significantly increasing the number of these partners every day in the continent year after year.

I believe that we can comfortably extend the leverage ratio to 3:1. But our growth and credibility in the marketplace will be hampered and threatened unless we can increase our capital base and enter into appropriate partnerships.

Now that we have our basic operations set up and we are developing a portfolio, our number one goal at this point is both raising additional capital which to leverage, as well as to seek these partnerships with other guarantors, donors, philanthropies, socially minded investors with which we share both an approach and philosophy that is grounded in true risk sharing.

Regarding the capital level, in the next 1 to 3 years, we are scheduling to increase our capital to USD 500 million, with additional capital coming from bilateral donors as well as from DFIs.

For the partnership with other guarantors, we are very excited about the prospect of SIDA, DCA, ATI, ARIZ, Islamic Development Bank, partnering with us as we move forward. Their participation along with the original and potential shareholders considerably strengthens our position as well as increasing credibility in the African market place.



AGF anticipates that through leveraging its guarantee capital of three times, it will generate approx. USD 2 billion of new lending to SMEs in the medium term and reach some 10,000 African SMEs. This will help secure and create millions of productive and better jobs across the region.

We knew from the very beginning that it would be a tremendous effort. Yet our commitment to provide this part of the world with an instrument to effectively promote the SME sector was unshakable.

The founders of our Institution felt that there was value in committing resources and effort in such an enterprise, and no amount of sacrifice could override the importance of the mission because hanging in the balance was the sustainable development of our continent therefore the employment of our youth resulting in the reduction of poverty.

This morning, as CEO of the African Guarantee Fund, it is my joyful duty to first salute my colleagues, the dedicated professional individuals who toil and strive every day to make our vision a reality.

I would like also to salute AGF's founding partners, The Danish Government via Danida, the Spanish Government via the AECID and the African development Bank. They are giving us, as Africans, another great opportunity to efficiently contribute to the future our beloved Africa.

May I finish by once again thanking most warmly the African Development Bank for their hospitality and those who have arranged this much appreciated celebratory event.

Hope you are enjoying your breakfast.

Thank you.