

Project Proposal for a West Africa MicroFund

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Summary

The project proposes the creation of an APEX fund for microfinance in West Africa. This fund, the *MicroFund for West Africa*, will provide resources in a sustainable way to microfinance institutions (MFIs) in the eight countries that comprise the Economic and Monetary Union of West Africa (UEMOA), specifically, Benin, Burkina Faso, Ivory Coast, Mali, Niger, Senegal, Togo, and Guinea-Bissau.

The fund will be established jointly by PlaNet Finance and commercial banks in West Africa, with the support of international development agencies. The purpose of the Fund will be to:

encourage the development of young and promising medium size (Tier 2) MFIs in the region by providing them with credit funds targeted to their particular stage of development, and with technical assistance grants to strengthen their governance and internal procedures; and

support the development of the largest MFIs (Tier 1) by providing them with access to loans and grants that will facilitate their transition to formal financial institutions.

The *West Africa MicroFund* will be conceived as a replicable model for other regions in Africa, in accordance with the framework of the New Partnership for Africa's Development (NEPAD).

Goal/Purpose

The development of adequate financial services to serve the poorest has become a worldwide challenge in the context of the fight against poverty. In Africa, where less than 5% of the population has access to financial services, the development of microfinance is particularly urgent, and corresponds directly to the United Nations' Millennium Goals as stated in the report of the Secretary General of 6 September 2001, in

Meet G8 objectives

The *MicroFund for Africa* falls within the framework of the G8 Africa Action Plan in support of NEPAD announced by G8 countries at the Kananaskis Summit in June 2002. Specifically, Paragraph III of the G8 Kananaskis Communiqué calls for “African initiatives aimed at fostering efficient and sustainable regional financial markets and domestic savings and financing structures, including micro-credit schemes.”

Objectives

The *Fund* will be managed by a specialised structure within PlaNet Finance and localised in West Africa. It will be responsible for: