



**FAGACE**  
AFRICAN GUARANTEE AND  
ECONOMIC COOPERATION FUND  
AN INTERNATIONAL FINANCIAL INSTITUTION  
AT THE SERVICE OF AFRICA DEVELOPMENT



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## I. MD Foreword

The African Guarantee and Economic Cooperation Fund (FAGACE) is an international financial institution specialized in the promotion of public and private investments. Since its creation in 1977, the Fund's operations have made it possible to mobilize more than 3000 billion CFA for the benefit of the economies of its fourteen (14) Member States, thanks to the guarantee of bank loans and its various interventions.

As part of the 2021-2025 Strategic Plan, which is the compass of our Institution, our vision is to :

**« Make FAGACE a modern Guarantee Institution that contributes to the socio-economic development and financial integration of Africa ».**

The years 2021 to 2023 have been stimulating for the Fund, which has resolutely turned to new ambitions by implementing essential reforms to its strategic repositioning.

In this context, to ensure a better readability of its new offer, the Fund has refocused on the guarantee of both enterprises (SMEs and large enterprises) and structuring projects of States with a distribution of products mainly through banks and SGIs. The partnerships established with the latter are based on a loyal commitment of the parties. This translates into an alignment of interest for better risk sharing.

Henceforth, the Fund has a new operational structure that respects best practices and improves its responsiveness and efficiency.

As SMEs and SMIs are one of the main levers for the development of the economies of the Member States, the product offer now extends to all forms of guarantee, in particular through the provision of guarantee lines to partner banks and the guarantee of individual projects.

In addition, the governance of the Fund has been strengthened. To this end, three (03) independent directors have been co-opted for a more independent and efficient governance with a renewed Board of Directors and more structured committees.

Finally, the need to set up a prudential framework in line with international standards has been proved necessary for the Fund, in particular by reducing leverage to comply with the required standards and improve the operational efficiency of the institution.

At the end of 2023, the Fund, through its various interventions, consolidated its contribution to financing the development of Member States' economies, in line with the orientations set out in the Strategic Plan. These commitments need to be further strengthened for better results.

With this in mind, the year 2024 is devoted to the development of operational activities through the intensification of cooperation relations with financial partners, the expansion of areas of intervention and the mobilization of resources for the benefit of partners and States. In addition, the activities of the FAGACE Institute, the Fund's think tank responsible for training, studies, research and technical assistance to Member States and promoters, will be intensified.

Thus, the forecasts rely on support as collateral for PPP projects, public and private projects, and banks as part of their risk division ratio coverage to enable them to comply with regulatory requirements.

All these measures constitute a pledge to the market and shareholders, in order to boost the financing of member States and allow the Fund to fully play its role as an instrument for development in Africa.



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## II. Presentation of FAGACE

### Reminding the mission of FAGACE

Created in 1977, FAGACE's mission is to participate in the economic and social development and the fight against poverty in its member states by facilitating the mobilization of credits in favour of the public, private and mixed sectors.

### Share capital of FAGACE

The authorized capital is XOF 500 Billion CFAF since 2023.

### Head office

Cotonou, Benin

### Representations

- Douala, Cameroun
- Kigali, Rwanda
- Dakar, Sénégal

### 14 Members states



	BENIN		BURKINA FASO
	CAMEROUN		CENTRAL AFRICAN REPUBLIC
	CONGO-BRAZZAVILLE		CÔTE D'IVOIRE
	GUINEA BISSAU		MALI
	MAURITANIE		NIGER
	RWANDA		SENEGAL
	TCHAD		TOGO



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## III. THE NEW MOMENTUM

Through **the Strategic Plan 2021-2025**, our vision is to make FAGACE a modern institution which fully contributes to financial integration of Africa.

Our strategy is based on the main pillars of : innovation, strengthening the financial structure by opening up its capital to new States and financial partners, integrating African markets, pursuing reforms to make FAGACE more modern, more competitive and attractive to the Markets.

### Prospects

FAGACE intends to strengthen its collaboration with other Guarantee Funds and international financial institutions in order to draw as many resources as possible into our Member countries, in order to better support development projects that create jobs and wealth.

To do this, A synergy of actors is essential to facilitate the structuring of financing, to put the accent on financial engineering and to popularize the guarantee business to make it more accessible to the various players in the financial ecosystem.



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## IV. FAGACE offers in the current context

*Basel standards and the prudential framework applicable to credit institutions and financial companies*

### The new Basel II, Basel III scheme among other things aims to:

- Promoting the preservation of a sound and resilient banking system that has a controlled profile and meets the financing needs of the economies of the states;
- Strengthening minimum capital and capital reserve requirements based on credit, operational and market risks.

*In this context, FAGACE plays an important role as a guarantee fund. Hence the concentration of FAGACE activities around the guarantee.....*

*In two forms...*

- **Individual guarantee:** is aimed directly at companies, especially SMEs/large companies, borrowing from banks (guarantee granted on a case-by-case basis). FAGACE also offers its guarantee to the financing of a financial institution which addresses small entrepreneurial entities and thus facilitates the "refinancing" of these financial institutions (with commercial
- **Portfolio guarantee:** allows the bank to include in the guarantee, without prior approval of the guarantee mechanism, all credits that meet certain criteria.

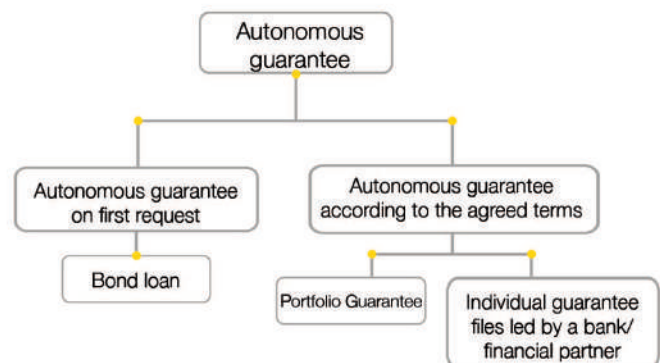
*Implemented through :*

- Banks for the portfolio guarantee,
- Banks, SGI or PSI, and other financial partners for the individual guarantee.

The main objective being to impact the essential link of the economic development of the countries... Targets: Large companies in the private sector, but also and especially SMEs

- Market segments with the greatest need for guarantees and financing
- Allowing for proper portfolio diversification

### Nature of FAGACE guarantees



### Other actions implemented by FAGACE

- Assistance to partners in mobilizing resources for the financing of their projects.
- Assistance in the follow-up and appraisal of files
- Investment of financial resources / financial advice
- Capacity building of partners
- Match-making



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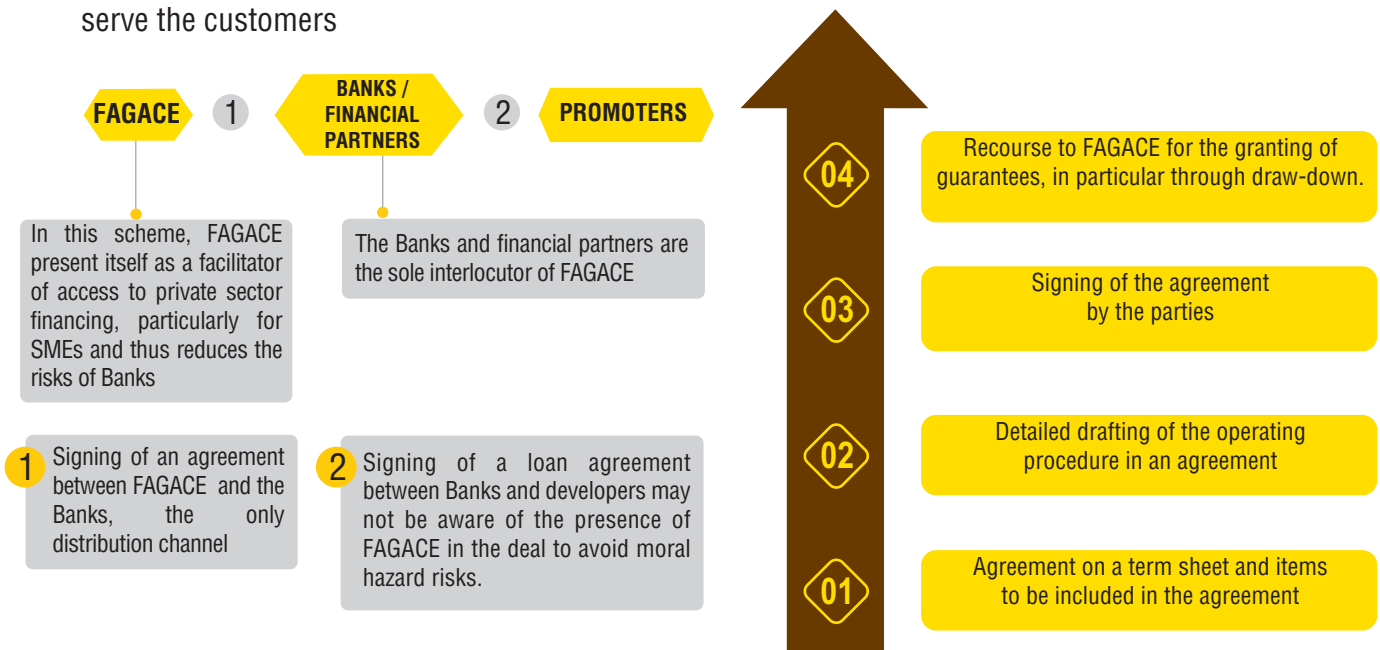
## IV. FAGACE offers in the current context

(continuation and end)

**The modus operandi is based on trust and rapidity**

FAGACE proposes to the Banks to establish together a modus operandi, in order to better serve the customers

In summary, the procedure is implemented in 4 steps....





## V. Why cooperate with FAGACE ?

*FAGACE has undergone great changes in recent years*

### ...with a standardized Board of Directors...

- Presence of independent Technical Directors who strengthen the composition of the Board of Directors

### ... supported by specialized committees in accordance with international standard

- Audit Committee,
- Governance and Compensation Committee,
- Guarantee Committee.

### A “risk” oriented organization

- ...With a revised organization chart, and focused on risk analysis and management

*A prudential framework in line with international standards*

- Maximum intervention ceiling per project : 5% of downstream potential unless decided by the board,
- Equitable risk sharing with banks,
- Adoption of prudential and accounting standards in line with international standards
- etc...
- Strict application of the provisioning rules of AMF-UMOA (Autorité des Marchés Financiers -West African Monetary Union) and AIAFD
- Appointment of auditors belonging to an international network
- Etc...

### FAGACE, as a credible institution

Membre OF THE ASSOCIATION OF AFRICAN DEVELOPMENT FINANCE INSTITUTIONS (AIAFD)  
2022 AIAFD Prudential Standards and Rating System (NSPSE)

“A+”  
Roll of honour

Rated and monitored by GCR Ratings (subsidiary of MOODY'S)

“AA” in 2023

...Accredited by the AUTORITE DES MARCHES FINANCIERS (AMF-UMOA)

Approval 2014

...Approved by the SECURITIES AND EXCHANGE COMMISSION OF CENTRAL AFRICA (COSUMAF)

Approval 2020

*The agreement signed is based on (I) a frank commitment and (II) a review of operating procedures*

### A frank commitment based on

- Regular and transparent financial communication,
- Prompt review of guarantee requests,
- Efficient Defect Management Procedure : timely payments.



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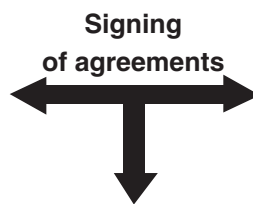
## V. Why cooperate with FAGACE ?

(Continuation and End)

### Reassuring operating procedures

- Percentage guaranteed : maximum 50% of the amount of the loan or of the guaranteed line, except in the case of guarantees for loans on the financial market ;
- Collateral : formalized by the bank ;
- Implementation of the guarantee in final loss ;
- Indemnification model : final loss on agreed terms ; FAGACE indemnifies the Bank or the Financial Partners for 50% of its commitment in the first instance and the Bank/Financial Partner recovers from the promoter. The balance due by FAGACE is paid to the Bank/Financial Partner after the final loss is determined.

### A WIN-WIN PARTNERSHIP BETWEEN FAGACE AND ITS PARTNERS



Banks/  
Financial Partners

Conventions materialized by a dependence of stakeholders relations in the financing of the project, in such a way that each of the parties is concerned by the consequences of the non-observance of its obligations (alignment of interests)

#### FAGACE

- Building trusting relationships;
- Stimulating the granting of loans by banks;
- Facilitating access to bank loans for economic operators, decentralized local authorities, States, SME's and large companies.

#### PARTNERS

- Simpler, faster and more relevant procedures;
- Seamless compensation;
- Active financing of the economy (through SMEs);
- Transparency in discussions and information exchanges;
- Regular exchange of financial information;
- Better risk weighting by the Banking Commission.