



AFRICAN DEVELOPMENT BANK GROUP  
GROUPE DE LA BANQUE AFRICAINE  
DE DEVELOPPEMENT

# The AfDB's Business Opportunities Seminar

## Finance and SMEs

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Financial Sector Development

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# Strategic Pillars

## Vision

Enabling a vibrant, innovative, robust  
and competitive financial system

## Pillar I

Increasing access to the underserved,  
particularly women and youth

## Pillar II

Broadening and deepening  
Africa's financial systems

Financial Stability & Governance

Innovation

Partnership



# Financial Sector Development Department Structure

## Financial Intermediation & Inclusion

- Local and regional banks
- Leasing companies
- Fintechs
- PE Funds
- Other NBFIs

## Capital Markets Development

- Stock Exchanges
- Governments
- Mortgage companies
- Bond Issuers
- Capital Market Funds

## Trade Finance

- Local and regional banks
- Global banks
- Soft commodity corporates
- Trade Funds

## Non-lending Activities

- Capital Markets Development Trust Fund (CMDTF)
- Making Finance Work for Africa (MFW4A)
- Technical Assistance
- Thematic Studies

# Financing instruments – pricing is risk-based and competitive

Senior Debt		<ul style="list-style-type: none"><li>▪ Up to 10-year tenor – (Trade Finance 3.5 years)</li><li>▪ Up to 5 years grace period</li><li>▪ Foreign and local currency</li><li>▪ SME program: USD1m – USD9m financing per bank + T/A</li></ul>
Subordinated Debt		<ul style="list-style-type: none"><li>▪ Foreign and local currency</li><li>▪ Qualifies as Tier II capital</li></ul>
Guarantee		<ul style="list-style-type: none"><li>▪ Trade Finance Guarantee</li><li>▪ Financial Institution Risk Sharing</li><li>▪ Partial Credit Guarantee</li></ul>
Equity/Fund		<ul style="list-style-type: none"><li>▪ Direct Equity – mainly in regional DFIs</li><li>▪ Private Equity Fund</li><li>▪ Impact Fund</li><li>▪ Trade Fund</li><li>▪ Capital Market Fund</li></ul>
Technical Assistance/ Building	Capacity	<ul style="list-style-type: none"><li>▪ Fund for Africa Private Sector Assistance (FAPA)</li><li>▪ Africa Digital Financial Inclusion Fund (ADFI)</li><li>▪ Microfinance Capacity Building Fund (MCBF)</li><li>▪ Migration &amp; Development Fund (MDF)</li><li>▪ Capital Markets Development Trust Fund (CMDTF)</li></ul>



# Project selection criteria

1

## Strategic Alignment

- Alignment with regional/country strategic priorities
- Alignment with AfDB strategic priorities

2

## Development outcomes

- Job creation, household benefits, support to local businesses
- Tax revenue generation
- Private sector development

3

## Commercial Viability

- Market positioning
- Commercial strength - CAMEL
- PE Fund Manager track record, experience and financial strength

4

## Additionality & Complementarity

- AfDB value addition - tenor, forex, risk mitigation
- Crowding-in other partners: syndication, co-financing

# Application process and documents

- Formal request for financing – letter, email to PIFD Director/Manager
  - Documents required
    - ✓ 3 – 5 years of audited financial statements – Annual Reports
    - ✓ Business Strategy/Prospectus/Information Memorandum
    - ✓ Environment and Social Management Policy
    - ✓ Corporate Social Responsibility & Governance Report (if available)
    - ✓ Pipeline of indicative sub-projects (client facilities) where applicable
    - ✓ Integrity Due Diligence (KYC/AML compliance)
- Due Diligence Mission to client's premises



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# THANK YOU

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