

11. Africa: Financial Markets [183]

Commitment

“[This partnership should help us work together more effectively with a variety of new and existing initiatives such as:] developing a regional Micro Small and Medium Enterprises Investment Fund (REGMIFA) as an instrument to mobilize resources to refinance medium- and long-term investment credits for smaller enterprises and to microfinance institutions.”¹¹⁵¹

Growth and Responsibility in Africa

Assessment

Country	Final Compliance Score		
	Lack of Compliance -1	Work in Progress 0	Full Compliance +1
Canada		0	
France			+1
Germany			+1
Italy	-1		
Japan		0	
Russia	-1		
United Kingdom			+1
United States			+1
European Union			+1
Average Score			+0.33

Background

The G8 states have occasionally addressed the issue microfinance and private market development in the developing world at previous summits. At the 2004 Sea Island Summit, member states agreed to various measures designed to encourage private sector development, including an increase in support for microfinance and microenterprises.¹¹⁵² Their initiatives were inspired by the Martin-Zedillo report on Private Sector Development, presented by then Mexican President Ernest Zedillo and Canadian Prime Minister Paul Martin to the United Nations in 2004.

Microfinance, in the context of African development, was again discussed at the Gleneagles Summit in 2005.¹¹⁵³ The UN General Assembly designated 2005 as the International Year of Microcredit and invited governments, members of the United Nations system, concerned non-governmental organizations, the civil society, private sector, and media to participate in building a better public profile and greater capacity for the microcredit and microfinance sectors.¹¹⁵⁴ On 13 October 2006, the founder of the first microfinance bank, Muhammed Yunus, and his organization, the Grameen Bank, were jointly awarded the Nobel Peace Prize.¹¹⁵⁵ At the 2007 Heiligendamm Summit, the issue of microfinance was advanced aggressively through various German initiatives and member-states agreed to channel funds into microfinance institutions.

¹¹⁵¹ Growth and Responsibility in Africa, G8 Information Centre (Toronto) 8 July 2007. Date of Access: 3 January 2008. <<http://www.g8.utoronto.ca/summit/2007heiligendamm/g8-2007-africa.html>>

¹¹⁵² G8 Action Plan: Applying the Power of Entrepreneurship to the Eradication of Poverty, G8 Information Centre (Toronto) 9 June 2004. Date of Access: 22 January 2007. <<http://www.g8.utoronto.ca/summit/2004seaisland/poverty.html>>

¹¹⁵³ Africa, G8 Information Centre (Toronto) 8 July 2005. Date of Access: 22 January 2008.

<<http://www.g8.utoronto.ca/summit/2005gleneagles/africa.html>>

¹¹⁵⁴ Financing Development: Private Entrepreneurship, G8 Information Centre (Toronto) June 2004. Date of Access: 19 January 2008. <www.g8.utoronto.ca/evaluations/2004seaisland_final/13_2004_seaisland_final.pdf>

¹¹⁵⁵ The Nobel Peace Prize for 2006, Nobel Foundation (Oslo) 13 October 2006. Date of Access: 29 January 2008. <http://nobelprize.org/nobel_prizes/peace/laureates/2006/press.html>

The Heiligendamm commitment on microfinance was agreed to in the context of a renewed emphasis on microcredit by the “Partnership for Making Finance Work for Africa” (MFW4A) Initiative, the World Bank, and the African Development Bank. The World Bank has long stressed the importance of microfinance in Sub-Saharan Africa, noting that donors can help to alleviate poverty in that region by acting as independent “agents of restraint” in order to prevent abuse in the absence of effective national regulators.¹¹⁵⁶ Microfinance is believed to be better insulated from corruption than other finance mechanisms and is thus seen as a more effective means of funding poverty alleviation.¹¹⁵⁷

In addition, the commitment to create a Regional SME Investment Fund for Sub-Saharan Africa has been endorsed by representatives from the German development organizations, the African Development Bank, the British Department for International Development, the European Investment Bank, Agence française de Développement, the International Monetary Fund, the Canadian International Development Agency, the United Nations Capital Development Fund, USAID, the Consultative Group to Assist the Poor and the World Bank Group. These and other development organizations confirmed their commitment to financial sector development in Africa and their support for the MFW4A at a Partnership for Making Finance Work for Africa retreat in Berlin 12-14 October 2007.¹¹⁵⁸

Team Leader: Mila Khodskaya

Canada: 0

Canada has partially complied with its Africa: Financial Markets commitment. Although Canada supports efforts aimed at developing Africa’s private sector, it has yet to actively participate in the development of a regional Micro Small and Medium Enterprises Investment Fund (REGMIFA).

On 14 December 2007, Canada pledged CAD1.3 billion over three years to the World Bank’s International Development Association, which provides interest-free loans and grants to the world’s poorest countries.¹¹⁵⁹ The contribution comes as a “part of the Government’s intention, reaffirmed by Prime Minister Stephen Harper at this year’s Group of Eight (G8) Summit, to double international assistance to Africa by 2008–09 from 2003–04 levels, as more than 50 per cent of IDA’s resources are expected to go towards Africa.”¹¹⁶⁰

On 7 February 2008 Beverley J. Oda, Canadian Minister of International Cooperation, announced that Canada would contribute CAD302 million over three years to the African Development Bank.¹¹⁶¹ According to the Canadian International Development Agency the Bank’s efforts will “foster greater collaboration among African countries to strengthen their economies and infrastructure services.”¹¹⁶²

¹¹⁵⁶ Partnership for Making Finance Work for Africa, African Development Bank Group (Tunis) 19 October 2007. Date of Access: 11 May 2008. <http://www.afdb.org/portal/page?_pageid=293,158705&_dad=portal&_schema=PORTAL&focus_item=24764336&focus_lang=us>

¹¹⁵⁷ Financing Hope, Harvard International Review (Cambridge, Massachusetts) 2006. Date of Access: 11 May 2008. <<http://www.harvardir.org/articles/1496/2/>>

¹¹⁵⁸ Partnership for Making Finance Work for Africa, African Development Bank Group (Tunis) 19 October 2007. Date of Access: 11 May 2008. <http://www.afdb.org/portal/page?_pageid=293,158705&_dad=portal&_schema=PORTAL&focus_item=24764336&focus_lang=us>

¹¹⁵⁹ Government of Canada Pledges \$1.3 Billion to World Bank’s International Development Association, Department of Finance Canada (Ottawa) 14 December 2007. Date of Access: 19 January 2008. <<http://www.fin.gc.ca/news07/07-099e.html>>

¹¹⁶⁰ Government of Canada Pledges \$1.3 Billion to World Bank’s International Development Association, Department of Finance Canada (Ottawa) 14 December 2007. Date of Access: 19 January 2008. <<http://www.fin.gc.ca/news07/07-099e.html>>

¹¹⁶¹ The Government of Canada Announces Major Step Towards Fulfilling its Commitment to Africa, Canadian International Development Agency (Ottawa) 7 February 2008. Date of Access: 12 May 2008. <<http://www.acdi-cida.gc.ca/cidaweb/acdicida.nsf/En/FRA-2711373-MH8>>

¹¹⁶² The Government of Canada Announces Major Step Towards Fulfilling its Commitment to Africa, Canadian International Development Agency (Ottawa) 7 February 2008. Date of Access: 12 May 2008. <<http://www.acdi-cida.gc.ca/cidaweb/acdicida.nsf/En/FRA-2711373-MH8>>

Maxime Bernier, the former Minister of Foreign Affairs and Canada's Governor of the Bank welcomed the Bank's focus "on strengthening infrastructure and governance on the continent."¹¹⁶³

Similarly, on 15 April 2008 the government of Canada and the African Development Bank Group announced a new Technical Cooperation Arrangement "under which Canada is providing CAD5 million to a bilateral fund for development projects financing in Africa."¹¹⁶⁴ Among its objectives, the fund seeks to promote private sector development.¹¹⁶⁵

On 6 April 2008, the Development Cooperation Ministers of the G8 countries met with their counterparts from developing nations in Tokyo. Although the Ministers discussed various aspects of African development, they made no comments on REGFIMA or micro-finance initiatives in Africa.¹¹⁶⁶

Canadian officials have otherwise remained silent on the issue of Canadian support for microfinance initiatives in Africa and have made no announcements on contributions to the start-up capital of REGMIFA. Thus, Canada has been awarded a score of 0 for its private market development, but for its lack of active contribution to REGMIFA.

Analyst: Julien Russell Brunet

France: +1

France has fully complied with its commitment on REGFIMA as agreed to at the 2007 Heiligendamm Summit.

On 28 February 2008, French President Nicolas Sarkozy announced that France would allocate €2.5 billion over five years to support the private sector in Africa. Included in his February announcement was a €250 million investment fund designed to support small and medium enterprises (SME) in Africa, which will be available only to those agencies and investors that engage in microfinance lending practices.¹¹⁶⁷ This fund is to be matched by a separate financing stream of €250 million, which was designed to provide security for banks lending to SMEs via traditional financial programs. As such, it is intended to be a sort of collateral fund for banks wary of lending to new entrants in the credit market. The French government believes that these two funds will help sustain more than one hundred thousand jobs across the continent.¹¹⁶⁸

In addition to the two specific allocations for microfinance and collateral for African SMEs, President Sarkozy also announced on 28 February 2008 that the French government would triple its financial support for private sector development in Africa over the next five years. The new money destined for this aspect of African development is approximately €2 billion. The French government believes that the multiplier effect of such an allocation could encourage the mobilization of a further €5 billion in private funds destined for the African economy.¹¹⁶⁹

¹¹⁶³ The Government of Canada Announces Major Step Towards Fulfilling its Commitment to Africa, Canadian International Development Agency (Ottawa) 7 February 2008. Date of Access: 12 May 2008. <<http://www.acdi-cida.gc.ca/cidaweb/acdicida.nsf/En/FRA-2711373-MH8>>

¹¹⁶⁴ Canada and AfDB Group Launch New Technical Cooperation Fund to Finance Development Projects in Africa, The African Development Bank Group (Tunis) 15 April 2008. Date of Access: 12 May 2008. <http://www.afdb.org/portal/page?_pageid=293,174339&_dad=portal&_schema=PORTAL&press_item=30712610&press_lang=us>

¹¹⁶⁵ Canada and AfDB Group Launch New Technical Cooperation Fund to Finance Development Projects in Africa, The African Development Bank Group (Tunis) 15 April 2008. Date of Access: 12 May 2008. <http://www.afdb.org/portal/page?_pageid=293,174339&_dad=portal&_schema=PORTAL&press_item=30712610&press_lang=us>

¹¹⁶⁶ Chair's Summary, G8 Information Centre (Toronto) 6 April 2008. Date of Access: 25 May 2008. <http://www.g8.utoronto.ca/development/chair_summary_080406.html>

¹¹⁶⁷ Initiative pour le soutien de la croissance en Afrique, Agence française de développement (Paris) March 2008. Date of Access: 25 May 2008. <<http://www.afd.fr/jahia/Jahia/lang/fr/home/Presse/Communique/pid/4539>>

¹¹⁶⁸ Initiative pour le soutien de la croissance en Afrique, Agence française de développement (Paris) March 2008. Date of Access: 25 May 2008. <<http://www.afd.fr/jahia/Jahia/lang/fr/home/Presse/Communique/pid/4539>>

¹¹⁶⁹ Initiative pour le soutien de la croissance en Afrique, Agence française de développement (Paris) March 2008. Date of Access: 25 May 2008. <<http://www.afd.fr/jahia/Jahia/lang/fr/home/Presse/Communique/pid/4539>>

On 31 March 2008, President Sarkozy met with Muhammad Yunus, founder of Grameen Bank and the winner of the 2006 Nobel Peace Prize. They spoke about the importance of microfinance institutions in reducing poverty and promoting development.¹¹⁷⁰ President Sarkozy assured Dr. Yunus that France would increase its efforts, particularly in Africa, where it already contributes to funds supporting microfinance initiatives.¹¹⁷¹ *Le Figaro* reported that, during the meeting, Dr. Yunus discussed the work of the G8 in the establishment of a fund for developing microfinance institutions in Africa with President Sarkozy.¹¹⁷² While France has yet to actively contribute to the fund (REGMIFA), the President of the Republic pledged to Dr. Yunus that he would encourage work on the project before the G8 summit in Japan.¹¹⁷³

In the Framework Partnership Document for cooperation between France and the Democratic Republic of Congo of 10 July 2007, France stated that it supports “the acquisition of shareholdings in microfinance institutions” as an initial step towards “the reactivation of [the Congolese] economy.”¹¹⁷⁴ French officials, however, have made no statements on the importance of microfinance to the African economy as a whole.

On 6 April 2008, the Development Cooperation Ministers of the G8 countries met with their counterparts from developing nations in Tokyo. Although the Ministers discussed various aspects of African development, they made no comments on REGFIMA or micro-finance initiatives in Africa.¹¹⁷⁵

Still, France has been awarded a score of +1 for its comprehensive support of microfinance and private market development.

Analyst: Julien Russell Brunet

Germany: +1

Germany has fully complied with its commitment to support microfinance institutions and the establishment of a Regional Microfinance Bank in Africa (REGMIFA).

On 4 October 2007, German Chancellor Angela Merkel addressed the African Union in Addis Ababa, Ethiopia and reaffirmed Germany’s commitment to developing a microfinance bank in Africa.¹¹⁷⁶ Chancellor Merkel’s statement was reinforced on 22 November 2007 by the German Federal Ministry for Economic Cooperation and Development (BMZ) pledge of €50 million for the startup of a regional microfinance bank in Africa (REGMIFA).¹¹⁷⁷ The BMZ plans to make REGMIFA operational in 2008.¹¹⁷⁸

¹¹⁷⁰ Entretien entre le Président de la République et M. Muhammad YUNUS, ancien Prix Nobel de la Paix et fondateur de la Grameen Bank, Présidence de la République (Paris) 28 March 2008. Date of Access: 12 May 2008.

<http://www.elysee.fr/documents/index.php?mode=view&lang=fr&cat_id=5&press_id=1218>
¹¹⁷¹ Compte-rendu de l'entretien avec M. Muhammad YUNUS, Prix Nobel de la Paix 2006, Présidence de la République (Paris) 31 March 2008. Date of Access: 12 May 2008.

<http://www.elysee.fr/documents/index.php?mode=view&lang=fr&cat_id=5&press_id=1225>
¹¹⁷² Yunus, le Nobel qui repense le capitalisme, *Le Figaro* (Paris) 7 April 2008. Date of Access: 12 May 2008.
<<http://www.lefigaro.fr/economie/2008/04/07/04001-20080407ARTFIG00306-yunus-le-nobelqui-repense-le-capitalisme.php>>

¹¹⁷³ Yunus, le Nobel qui repense le capitalisme, *Le Figaro* (Paris) 7 April 2008. Date of Access: 12 May 2008.
<<http://www.lefigaro.fr/economie/2008/04/07/04001-20080407ARTFIG00306-yunus-le-nobelqui-repense-le-capitalisme.php>>

¹¹⁷⁴ Framework partnership document France - Democratic Republic of Congo (2007-2011), Ministère des Affaires Étrangères (Paris) 10 July 2007. Date of Access: January 10, 2008. <http://www.diplomatie.gouv.fr/en/france-priorities_1/development_2108/french-policy_2589/aid-instruments_2674/framework-partnership-documents_2675/framework-partnership-document-france-democratic-republic-of-congo-2007-2011_9498.html?var_recherche=microfinance#so_13>

¹¹⁷⁵ Chair’s Summary, G8 Information Centre (Toronto) 6 April 2008. Date of Access: 25 May 2008.
<http://www.g8.utoronto.ca/development/chair_summary_080406.html>

¹¹⁷⁶ Speech by Federal Chancellor Angela Merkel to the African Union in Addis Ababa on 4 October 2007, Government of the Federal Republic of Germany (Berlin) 25 October 2007. Date of Access: 11 January 2007.
<http://www.bundesregierung.de/nr_6516/Content/EN/Reden/2007/10/2007-10-04-rede-merkel-addis-abebe.html.>

¹¹⁷⁷ G8 – Progress on implementation: General Overview, Federal Ministry for Economic Cooperation and Development (Berlin) 22 November 2007. Date of Access: 11 January 2007.
<http://www.bmz.de/en/zentrales_downloadarchiv/Presse/AFP_und_WBF/englisch/heiligendamm_implementation_en.pdf.>

¹¹⁷⁸ G8 – Progress on implementation: General Overview, Federal Ministry for Economic Cooperation and Development (Berlin) 22 November 2007. Date of Access: 11 January 2007.

The BMZ has promoted investment in private sector development through the KfW Entwicklungsbank, the German Development Bank. The KfW Entwicklungsbank held its 2007 Financial Sector Development Symposium in Berlin 15 - 16 November 2007.¹¹⁷⁹ The symposium promoted knowledge exchange and discussions on such topics as microfinance securitization and the strengthening of financial markets.¹¹⁸⁰

Germany has actively encouraged microfinance in Africa from private investors. On 11 December 2007, the BMZ held the "Africa Investment Day" which brought together more than one hundred-fifty participants from the African and German private sectors.¹¹⁸¹ The meeting was designed to "promote a stronger involvement of the private sector on the African continent."¹¹⁸²

Germany continued to support microfinance initiatives as part of its development policy through the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), a federally owned international cooperation enterprise. The GTZ has worked and continues to work explicitly towards Germany's G8 Financial Markets commitment through the Financial System Development (FSD) Program, which cooperates with the Bank of Uganda to develop a micro-credit system.¹¹⁸³

In collaboration with the Frankfurt School of Finance and Management (FSFM), the Kreditanstalt für Wiederaufbau Bankengruppen (KfW) held the Frankfurt Forum on Development Finance 2008 21-22 February 2008.¹¹⁸⁴ This forum encouraged microfinance through workshops on "Developing Local Financial Markets" and "Creating Responsible Financial systems".¹¹⁸⁵

On 6 April 2008, the Development Cooperation Ministers of the G8 countries met with their counterparts from developing nations in Tokyo. Although the Ministers discussed various aspects of African development, they made no comments on REGFIMA or micro-finance initiatives in Africa.¹¹⁸⁶

Germany has been awarded a score of +1 for its continued and comprehensive support of REGMIFA and other microcredit initiatives.

Analyst: Tatjana Zalar

Italy: -1

Italy has failed to comply with its commitment to participate in the creation of a regional microfinance bank or to refinance microcredit institutions.

<http://www.bmz.de/en/zentrales_downloadarchiv/Presse/AFP_und_WBF/englisch/heiligendamm_implementation_en.pdf>

¹¹⁷⁹ 2007 Financial Sector Development Symposium, KfW Entwicklungsbank (Berlin) 15 November 2007. Date of Access: 11 January 2008.

<http://www.kfw-entwicklungsbank.de/EN_Home/Topics/Financial_Sector/Events/Pdf_documents_Symposium_2007/2007Agenda.pdf>

¹¹⁸⁰ Mobilising Structured Finance for New Fields –Ready for New Applications? KfW Entwicklungsbank (Berlin) 16 November 2007. Date of Access: 11 January 2007. http://www.kfw-entwicklungsbank.de/EN_Home/Topics/FinancialS15/Events29/Pdf_documents_events/2007Session5_Presentation_Jobst.pdf>

¹¹⁸¹ "Africa Investment Day" of the German government to promote investments in Africa, Federal Ministry for Economic Cooperation and Development (Berlin) 11 December 2007. Date of Access: 11 January 2007.

<http://www.bmz.de/en/press/pm/2007/december/pm_20071211_146.html>

¹¹⁸² "Africa Investment Day" of the German government to promote investments in Africa, Federal Ministry for Economic Cooperation and Development (Berlin) 11 December 2007. Date of Access: 11 January 2008.

<http://www.bmz.de/en/press/pm/2007/december/pm_20071211_146.html>

¹¹⁸³ Financial System Development (FSD) Programme, Deutsche Gesellschaft für Technische Zusammenarbeit (Berlin). Date of Access: 11 January 2008. <<http://www.gtz.de/en/top-themen/16458.htm>>

¹¹⁸⁴ Frankfurt Forum on Development Finance 2008 (Frankfurt) 21 – 22 February 2008. Date of Access: 9 May 2008.

<http://www.frankfurt-forum.org/htdocs/sessions_pillars.html>

¹¹⁸⁵ Frankfurt Forum on Development Finance 2008 (Frankfurt) 21 – 22 February 2008. Date of Access: 9 May 2008.

<<http://www.frankfurt-forum.org/agenda/index.html>>

¹¹⁸⁶ Chair's Summary, G8 Information Centre (Toronto) 6 April 2008. Date of Access: 25 May 2008.

<http://www.g8.utoronto.ca/development/chair_summary_080406.html>

In September 2007, then Italian Prime Minister Romano Prodi issued a statement that noted that it was “useful and realistic to prioritize what Africa is requesting: peace, security, support for alleviating poverty and fostering growth, and continent-wide cooperation.”¹¹⁸⁷ No mention was made of microfinance or microcredit priorities. However, former Prime Minister Prodi did suggest that “we must strengthen and in some cases create institutional, cultural, and political cooperation”¹¹⁸⁸ with Africa. As well, the Prime Minister acknowledged that the G8 “can play an important role” in realizing the Millennium Development Goals.¹¹⁸⁹

On 6 April 2008, the Development Cooperation Ministers of the G8 countries met with their counterparts from developing nations in Tokyo. Although the Ministers discussed various aspects of African development, they made no comments on REGFIMA or micro-finance initiatives in Africa.¹¹⁹⁰

Thus, Italy has been awarded a score of -1 for its failure to participate in the creation of a regional microfinance institution for Africa and its failure to support African microfinancial institutions and initiatives.

Analyst: Karen Chang

Japan: 0

Japan has partially complied with its commitment on microfinance. Although it has actively supported the concept of microfinance in Africa, Japan has failed to provide financial contributions for the creation of a regional microfinance bank.

On 12-14 February 2007, Japan held the fourth Africa-Asia Business Forum (AABF-IV) in Dar es Salaam, Tanzania.¹¹⁹¹ The AABF brought together businesspeople from three hundred companies to help initiate development investment collaborations between Africa and Asia.¹¹⁹² The AABF was in conjunction with a symposium on financing small and medium sized Enterprises (SMEs) in Africa.¹¹⁹³

The Japanese Government has also continued to support the Africa-Asia Small and Medium Enterprise (SME) Network (Technonet Africa), which focuses on linking Asia’s experience in small and medium size enterprises with the African continent.¹¹⁹⁴ This program also encouraged the development of SMEs in industrial areas, agriculture, food processing, and metalworking.

Japan held the fourth annual Tokyo International Conference on African Development (TICAD IV) 28-30 May 2008. TICAD IV focused on encouraging economic growth in Africa.¹¹⁹⁵ However, John Henry Stein,

¹¹⁸⁷ Address by Prime Minister Romano Prodi at the United Nations, Permanent Mission of Italy to the United Nations (New York) 24 September 2007. Date of Access: 13 January 2008.

<http://www.italyun.esteri.it/italyun/docs/statemen/2007_09_24_cds_en.html>

¹¹⁸⁸ Address by Prime Minister Romano Prodi at the United Nations, Permanent Mission of Italy to the United Nations (New York) 24 September 2007. Date of Access: 13 January 2008.

<http://www.italyun.esteri.it/italyun/docs/statemen/2007_09_24_cds_en.html>

¹¹⁸⁹ Address by Prime Minister Romano Prodi at the United Nations, Permanent Mission of Italy to the United Nations (New York) 24 September 2007. Date of Access: 13 January 2008.

<http://www.italyun.esteri.it/italyun/docs/statemen/2007_09_24_cds_en.html>

¹¹⁹⁰ Chair’s Summary, G8 Information Centre (Toronto) 6 April 2008. Date of Access: 25 May 2008.

<http://www.g8.utoronto.ca/development/chair_summary_080406.html>

¹¹⁹¹ Africa - Asia Business Forum, Tokyo International Conference on African Development (Tokyo), 12 January 2008.

Date of Access: 9 May 2008. <<http://www.ticad.net/news-20061212.shtml>>

¹¹⁹² Africa - Asia Business Forum, International Conference on African Development (Tokyo), 12 January 2008. Date of

Access: 9 May 2008. <<http://www.ticad.net/news-20061212.shtml>>

¹¹⁹³ Africa - Asia Business Forum, International Conference on African Development (Tokyo), 12 January 2008. Date of

Access: 9 May 2008. <<http://www.ticad.net/news-20061212.shtml>>

¹¹⁹⁴ Africa-Asia SME Network International Conference on African Development (Tokyo) March 2008. Date of Access: 9

May 2008. <<http://www.ticad.net/practice.shtml>>

¹¹⁹⁵ TICAD IV (28-30 May, 2008), Ministry of Foreign Affairs of Japan (Tokyo) November 2007. Date of Access: 11

January 2008. <<http://www.mofa.go.jp/region/africa/ticad/ticad4/outline.pdf>>

World Bank Senior Manager and Acting Sector Director in charge of sustainable development in Africa, has encouraged Japan to exercise more leadership in African development.¹¹⁹⁶

On 6 April 2008, the Development Cooperation Ministers of the G8 countries met with their counterparts from developing nations in Tokyo. Although the Ministers discussed various aspects of African development, they made no comments on REGFIMA or micro-finance initiatives in Africa.¹¹⁹⁷

Thus, Japan has been awarded a score of 0 because of its active support of microfinance initiatives in Africa but lack of support in the creation of a regional microfinance bank.

Analysts: Tatjana Zalar and Katya Prokhorova

Russia: -1

Russia has failed to comply with its commitment to contribute to developing a regional Micro Small and Medium Enterprises Investment Fund (REGMIFA). Three distinct issues affected Russia's noncompliance with the commitment.

First, Russia has long been a destination of credits for microfinance from developed countries and international organization.¹¹⁹⁸ The Russian Federation has attracted credits from the European Bank for Reconstruction and Development (EBRD) and still has an acute need for microfinance. According to market estimates, six million small enterprises in Russia need microcredit.¹¹⁹⁹

Second, in contrast to other G8 countries, Russia has had limited experience with microfinance. Microfinance in Russia is not yet fully regulated and the concept of a microfinance institution (MFI) is absent from Russian legislation. Nevertheless, some progress has been made. As of November 2007, reports indicated that negotiations between the World Bank and the Government of Russia over the Russian Federal Law on Microfinance may be concluded prior to 2008.¹²⁰⁰

Third, Russia is the only G8 country that is not a non-regional member (i.e. shareholder) of the African Development Bank (ADB).¹²⁰¹ Russia's absence from the ADB restricts its ability to contribute to microfinance initiatives on the continent.

Furthermore, at the Heiligendamm Summit, Vice Minister of Finance Sergei Storchak stated that Russia should focus its attention on the former Soviet Republics, which are in need of development assistance as well, before embarking on embarking on aid projects for Africa.¹²⁰²

On 6 April 2008, the Development Cooperation Ministers of the G8 countries met with their counterparts from developing nations in Tokyo. Although the Ministers discussed various aspects of African development, they made no comments on REGFIMA or micro-finance initiatives in Africa.¹²⁰³

Thus, Russia has been awarded a score of -1.

¹¹⁹⁶ World Bank Urges Japan to show Leadership on African Development, G8 News and Analysis (Toronto) 12 March 2008. Date of Access: 9 May 2008. <<http://g8live.org/2008/03/12/world-bank-urges-japan-to-show-leadership-on-african-development/>>

¹¹⁹⁷ Chair's Summary, G8 Information Centre (Toronto) 6 April 2008. Date of Access: 25 May 2008. <http://www.g8.utoronto.ca/development/chair_summary_080406.html>

¹¹⁹⁸ Rapid growth in microfinance, Business and Society, Banking Practice Abroad (Kiev) August 2007. Date of Access: 4 December 2007. <<http://www.web-standart.net/magaz.php?aid=9027>>

¹¹⁹⁹ Russia Misses Microfinance, Inter Press News Service Agency (Rome) 28 August 2007. Date of Access: 3 December 2007. <<http://ipsnews.net/news.asp?idnews=39045>>

¹²⁰⁰ Ministry of finance is developing legislation for microfinance, Allbusiness (Moscow) 15 November 2007. Date of Access: 4 December 2007. <<http://www.allbusiness.ru/NewsAM/NewsAMShow.asp?id=809434>>

¹²⁰¹ Non-regional member countries, African Development Bank (Abidjan). Date of Access: 22 January 2008.

<http://www.afdb.org/portal/page?_pageid=473,969002&_dad=portal&_schema=PORTAL>

¹²⁰² The Means of Doubling Aid to Africa do not exist in the Russian budget – Head of Minfin, Ministry of Finance (Moscow) 7 June 2007. Date of Access: 14 May 2008. <http://www1.minfin.ru/ru/press/speech/index.php?&show_all4=1&id4=58>

¹²⁰³ Chair's Summary, G8 Information Centre (Toronto) 6 April 2008. Date of Access: 25 May 2008. <http://www.g8.utoronto.ca/development/chair_summary_080406.html>

Analyst: Tatiana Lanshina

United Kingdom: +1

The United Kingdom has fully complied with its commitment on financial markets. Since June 2007, the UK has continued to support microfinance initiatives as part of its development policy and contributed financially to replenish *the ADB in order to support its work with private sector-based microfinance vehicles*.

On 24 April 2008, Prime Minister Gordon Brown announced that the Department for International Development planned to work with the Grameen Group and various private sector partners to assist Africa's poorest citizens' access and unlock the power of financial services.¹²⁰⁴ DFID will help ensure that more people in the South have the necessary skills to make microfinance schemes work successfully. Following a meeting with Muhammad Yunus, PM Brown stated, "As a first step we will provide GBP500 000 towards bridging the skills gap in the microfinance industry in Africa, which will be more than matched by the private sector."¹²⁰⁵ DFID has committed to bringing together civil society organizations and the private sector to contribute the knowledge, skills and funding required to bring microfinance to those on the continent who need it the most.¹²⁰⁶

On 19 October 2007, the United Kingdom announced that the CDC Group plc, a government-backed private equity emerging markets fund-of-funds investor, would be investing US\$30 million in a new microfinance hedge fund.¹²⁰⁷ Minlam Asset Management LLC (MAM), a New York-based investment firm, established the fund called Minlam's Microfinance Offshore Hedge Fund.¹²⁰⁸ Minlam provides local currency credit to microfinance institutions (MFIs), which operate in emerging markets across Africa, Asia, Eastern Europe and Central and South America.¹²⁰⁹ The CDC's commitment to Minlam's Hedge fund is the biggest investment in microfinance funds made by the group to date. According to Hywel Rees-Jones, CDC's investments director, Minlam is the Group's first investment in a provider of debt capital for MFIs.¹²¹⁰

On 27 November 2007, the United Kingdom announced that it would double its contribution to the eleventh replenishment of the African Development Fund, raising its total sum to GBP417 million.¹²¹¹ British International Development Secretary Douglas Alexander remarked, "It demonstrates our commitment to help build African institutions, our confidence in the reform process being undertaken by

¹²⁰⁴ Press Release: Gordon Brown announces plan to unlock the power of financial services for Africa's poor, Department for International Development (London) 24 April 2008. Date of Access: 29 April 2008.

<<http://www.dfid.gov.uk/news/files/pressreleases/gbrown-unlocks-finances-africa.asp>>

¹²⁰⁵ Press Release: Gordon Brown announces plan to unlock the power of financial services for Africa's poor, Department for International Development (London) 24 April 2008. Date of Access: 29 April 2008.

<<http://www.dfid.gov.uk/news/files/pressreleases/gbrown-unlocks-finances-africa.asp>>

¹²⁰⁶ Press Release: Gordon Brown announces plan to unlock the power of financial services for Africa's poor, Department for International Development (London) 24 April 2008. Date of Access: 29 April 2008.

<<http://www.dfid.gov.uk/news/files/pressreleases/gbrown-unlocks-finances-africa.asp>>

¹²⁰⁷ UK's CDC Group Invests USD 30 Million in Minlam's Microfinance Offshore Hedge Fund, Microcapital Org (Massachusetts) 19 October 2007. Date of Access: 30 November 2007. <<http://www.microcapital.org/?p=1425#more-1425>>

¹²⁰⁸ UK's CDC Group Invests USD 30 Million in Minlam's Microfinance Offshore Hedge Fund, Microcapital Org (Massachusetts) 19 October 2007. Date of Access: 30 November 2007. <<http://www.microcapital.org/?p=1425#more-1425>>

¹²⁰⁹ UK's CDC Group Invests USD 30 Million in Minlam's Microfinance Offshore Hedge Fund, Microcapital Org (Massachusetts) 19 October 2007. Date of Access: 30 November 2007. <<http://www.microcapital.org/?p=1425#more-1425>>

¹²¹⁰ UK Government Investment Group Puts US\$30Mln in New Microfinance Hedge Fund, The Microfinance Gateway (Washington D.C.) 17 October 2007. Date of Access: 30 November 2007. <<http://www.microfinancegateway.org/content/article/detail/44213>>

¹²¹¹ UK Doubles Contribution to African Development Fund, African Development Bank Group (Abidjan) 7 November 2007. Date of Access: 19 January 2008.

<http://www.afdb.org/portal/page?_pageid=293,174339&_dad=portal&_schema=PORTAL&he_item=26150415&press_lang=us>

the African Development Bank, and our belief that the Fund can effectively support development in Africa's poorest countries.”¹²¹²

The United Kingdom’s Department for International Development (DFID) is one of five development partners of the Financial Sector Deepening Trust Fund (FSDT) consortium.¹²¹³ Officially launched on 11 October 2005 the FSDT is an investments fund with the overall aim of achieving greater access to the financial sector for more people in Tanzania. DFID is a major contributor to the FSDT, which, in 2008, is contributing GBP7 million to a US\$45 million fund between 2005-2010 that aims to help banks in Tanzania develop new financial products that address the needs of poor households and offers grants so banks can hire and train staff sensitive to the needs of low income groups.¹²¹⁴

On 25 January 2008, the United Kingdom’s International Development Secretary Douglas Alexander launched a new fund designed to increase the financial understanding amongst the world’s poorest people.¹²¹⁵ The GBP4-million Financial Education Fund, which is the first of its kind, will back those initiatives that help raise the financial literacy of poor consumers and businesses in Africa, where almost three in four individuals still do not have a bank account.

On 6 April 2008, the Development Cooperation Ministers of the G8 countries met with their counterparts from developing nations in Tokyo. Although the Ministers discussed various aspects of African development, they made no comments on REGFIMA or micro-finance initiatives in Africa.¹²¹⁶

Thus, the United Kingdom has been awarded a score of +1 for its continued contributions to enhancing microfinance projects across Africa.

Analyst: Hannah Moosa

United States: +1

The United States has fully complied with its commitment on microfinance. The United States has been successful in refinancing microfinance institutions as well as establishing new investment funds.

On 8 June 2007, the United States launched initiatives to strengthen African financial markets, mobilize domestic and foreign investment and help spur job creation and economic growth in Africa.¹²¹⁷ The Africa Financial Sector Initiative (AFSI) was designed to mobilize up to US\$1 billion in privately managed investment funds for Africa in addition to providing expert assistance to address structural impediments in Africa’s financial sector.¹²¹⁸ Furthermore the United States pledged that the Overseas Private Investment Corporation (OPIC) would support the creation of new private equity funds that may mobilize up to US\$800 million of additional investment to Africa.¹²¹⁹

¹²¹² UK Doubles Contribution to African Development Fund, African Development Bank Group (Abidjan) 7 November 2007. Date of Access: 19 January 2008. <http://www.afdb.org/portal/page?_pageid=293,174339&_dad=portal&_schema=PORTAL&press_item=26150415&press_lang=us>

¹²¹³ Financial Sector Deepening Trust Fund, Bank of Tanzania (Dar Es Salaam) June 2007. Date of Access: 30 November 2007. <<http://www.bot-tz.org/MFI/Library/FSDT.htm>>

¹²¹⁴ Press Release: Billion benefit from bank accounts, Department for International Development (London) 18 June 2007. Date of Access: 30 November 2007. <<http://www.dfid.gov.uk/news/files/pressreleases/bank-billion-benefit.asp>>

European Investment Bank Facility Supports Microfinance in Tunisia, The Microfinance Gateway (Washington D.C.) 19 December 2007. Date of Access: 7 January 2008. <<http://www.microfinancegateway.org/content/article/detail/46206>>

¹²¹⁵ Press Release: UK backs lessons in banking to help Africa’s poor, Department for International Development (London), 25 January 2008. Date of Access: 27 March 2008. <<http://www.dfid.gov.uk/news/files/alexander-lessons-in-banking.asp>>

¹²¹⁶ Chair’s Summary, G8 Information Centre (Toronto) 6 April 2008. Date of Access: 25 May 2008. <http://www.g8.utoronto.ca/development/chair_summary_080406.html>

¹²¹⁷ Fact Sheet: A Record of Commitment to Africa, The White House (Washington D.C.) 8 June 2007. Date of Access: 12 January 2008. <<http://www.whitehouse.gov/news/releases/2007/06/20070608-14.html>>

¹²¹⁸ Fact Sheet: A Record of Commitment to Africa, The White House (Washington D.C.) 8 June 2007. Date of Access: 12 January 2008. <<http://www.whitehouse.gov/news/releases/2007/06/20070608-14.html>>

¹²¹⁹ Fact Sheet: A Record of Commitment to Africa, The White House (Washington D.C.) 8 June 2007. Date of Access: 12 January 2008. <<http://www.whitehouse.gov/news/releases/2007/06/20070608-14.html>>

On 25 April 2008, President George W. Bush announced the addition of five more investment funds supported by OPIC that would mobilize an additional US\$875 million in investment capital for the continent.¹²²⁰ This brings the total investment to more than US\$1.6 billion.¹²²¹ Furthermore, a US\$698 million project, part of the Millennium Challenge Corporation with Tanzania, was created in an effort to reduce global poverty through the promotion of sustainable economic growth.¹²²²

The United States has pledged funds in the amount of US\$250 million to jump start three new African investment funds.¹²²³ The OPIC announced that it will provide the initial start-up financing for these funds. The OPIC will grant US\$100 million each to the Africa Catalyst Fund and the Millennium Global Africa Opportunities Fund. In addition, US\$50 million will be given to the Atlantic Coast Regional Fund.¹²²⁴ The Africa Catalyst Fund and Millennium Global Africa Opportunities Fund will invest in private and exchange-traded debt and equity securities with a focus on different countries.¹²²⁵ Atlantic Coast Regional Fund is to make private equity investments in west and central Africa, including Cameroon, Ivory Coast, Ghana, Nigeria and Senegal.¹²²⁶ The investments are aimed at critical sectors such as transportation, financial services, telecommunications and mining.¹²²⁷

The President's FY 2009 budget request, combined with previous budgets and program implementations is cohesive with this commitment.¹²²⁸ President Bush also acknowledges that one of the keys to helping Africa succeed is to empower entrepreneurs.¹²²⁹

On 6 April 2008, the Development Cooperation Ministers of the G8 countries met with their counterparts from developing nations in Tokyo. Although the Ministers discussed various aspects of African development, they made no comments on REGFIMA or micro-finance initiatives in Africa.¹²³⁰

Thus, the United States has been awarded a score of +1 for its active involvement in strengthening Africa's financial sector.

Analyst: Karen Chang

European Union: +1

The European Union has fully complied with its financial market commitments.

On 11 November 2007, The European Investment Bank (EIB) and the International Finance Corporation (IFC) announced that they would invest up to €10 million in the equity of Capital Financial Holdings SA,

¹²²⁰ U.S. Africa Policy: An Unparalleled Partnership Strengthening Democracy, Overcoming Poverty, and Saving Lives, The White House (Washington) 14 February 2008. Date of Access: 10 May 2008.

<<http://www.whitehouse.gov/infocus/africa/>>

¹²²¹ U.S. Africa Policy: An Unparalleled Partnership Strengthening Democracy, Overcoming Poverty, and Saving Lives, The White House (Washington) 14 February 2008. Date of Access: 10 May 2008.

<<http://www.whitehouse.gov/infocus/africa/>>

¹²²² President Bush Discusses Trip to Africa at Leon H. Sullivan Foundation, The White House (Washington) 28 February 2008. Date of Access: 10 May 2008. <<http://www.whitehouse.gov/news/releases/2008/02/20080226.html>>

¹²²³ U.S. plans \$250 mln for African investment funds, Reuters (Accra) 19 November 2007. Date of Access: 12 January 2008. <<http://www.reuters.com/article/politicsNews/idUSL1927704720071119?pageNumber=3&virtualBrandChannel=0>>

¹²²⁴ U.S. plans \$250 mln for African investment funds, Reuters (Accra) 19 November 2007. Date of Access: 12 January 2008. <<http://www.reuters.com/article/politicsNews/idUSL1927704720071119?pageNumber=3&virtualBrandChannel=0>>

¹²²⁵ U.S. plans \$250 mln for African investment funds, Reuters (Accra) 19 November 2007. Date of Access: 12 January 2008. <<http://www.reuters.com/article/politicsNews/idUSL1927704720071119?pageNumber=3&virtualBrandChannel=0>>

¹²²⁶ U.S. plans \$250 mln for African investment funds, Reuters (Accra) 19 November 2007. Date of Access: 12 January 2008. <<http://www.reuters.com/article/politicsNews/idUSL1927704720071119?pageNumber=3&virtualBrandChannel=0>>

¹²²⁷ U.S. plans \$250 mln for African investment funds, Reuters (Accra) 19 November 2007. Date of Access: 12 January 2008. <<http://www.reuters.com/article/politicsNews/idUSL1927704720071119?pageNumber=3&virtualBrandChannel=0>>

¹²²⁸ U.S. Africa Policy: An Unparalleled Partnership Strengthening Democracy, Overcoming Poverty, and Saving Lives, The White House (Washington) 14 February 2008. Date of Access: 10 May 2008.

<<http://www.whitehouse.gov/infocus/africa/>>

¹²²⁹ President Bush Discusses Trip to Africa at Leon H. Sullivan Foundation, The White House (Washington) 28 February 2008. Date of Access: 10 May 2008. <<http://www.whitehouse.gov/news/releases/2008/02/20080226.html>>

¹²³⁰ Chair's Summary, G8 Information Centre (Toronto) 6 April 2008. Date of Access: 25 May 2008.

<http://www.g8.utoronto.ca/development/chair_summary_080406.html>

the first financial holding company in the Central Africa region.¹²³¹ CFH brings the Commercial Bank Cameroon, Commercial Bank Chad and Commercial Bank Centrafrique together in an effort to develop the banks' small and medium-sized enterprise lending capacity, to the benefit of local entrepreneurs and investors, while contributing to the development of the region's banking system.¹²³²

On 25 October 2007, AfriCap Microfinance Fund closed its second round of investments at US\$50 million, and announced its transformation into a permanent capital investment company called AfriCap Microfinance Investment Company.¹²³³ The EIB committed up to €5 Million in investments in the regional company, which is dedicated to the creation and acquisition of commercial microfinance companies and banks.¹²³⁴

On 19 December 2007, the EIB's Facility for Euro-Mediterranean Investment and Partnership (FEMIP) granted a long-term loan of nearly TND3.6 million (€2 million) to the Tunisian micro-finance association ENDA Inter-Arabe to finance its expansion.¹²³⁵ This loan will enable ENDA to provide over fifty thousand microcredits.¹²³⁶ In addition to having a catalytic effect on local investors, this loan will, in turn, foster the creation of small businesses and jobs. Aside from being the leading provider of development finance in the region, FEMIP has also established itself as a forum for dialogue and cooperation between Europe and the Mediterranean. In May 2008, FEMIP held a conference dedicated to microfinance issues in Tunis.¹²³⁷

On 5 May 2008, the European Investment Bank's (EIB) Facility for Euro-Mediterranean Investment and Partnership (FEMIP), announced its provision of a new loan to assist the private and public sector in Tunisia.¹²³⁸ The first loan of €200 million will be made available to small and medium-sized enterprises through five Tunisian banks which have a strong local foothold: Arab Tunisian Bank, Banque Internationale Arabe de Tunisie, Union Bancaire pour le Commerce et l'Industrie, Amen Bank and Banque de l'Habitat.¹²³⁹ This operation will benefit from a guarantee from the Tunisian government. This fifth FEMIP loan to Tunisian SMEs since 1998 brings the total amount advanced to €705 million. FEMIP's aim is to stimulate the private sector in the Mediterranean partner countries, and more generally to help

¹²³¹ IFC and EIB invest in Central Africa's first financial holding company to boost lending to SMEs and strengthen banking in the region, European Investment Bank (Luxembourg) 11 December 2007. Date of Access: 19 January 2007.

<<http://www.eib.org/projects/press/2007/2007-134--ifc-and-eib-invest-in-central-africas-first-financial-holding-company-in-the-region.htm?searchType=press&indice=3>>

¹²³² IFC and EIB invest in Central Africa's first financial holding company to boost lending to SMEs and strengthen banking in the region, European Investment Bank (Luxembourg) 11 December 2007. Date of Access: 19 January 2007.

<<http://www.eib.org/projects/press/2007/2007-134--ifc-and-eib-invest-in-central-africas-first-financial-holding-company-in-the-region.htm?searchType=press&indice=3>>

¹²³³ AfriCap Transforms into Largest African Microfinance Private Equity Company: Second Round of Investments Closes at US\$50Mln, The Microfinance Gateway (Washington D.C.) 25 October 2007. Date of Access: 30 November 2007.

<<http://www.microfinancegateway.org/content/article/detail/44426>>

¹²³⁴ AFRICAP II, European Investment Bank (Luxembourg) 23 October 2007. Date of Access: 30 November 2007.

<<http://www.eib.org/projects/pipeline/2006/20060099.htm>> & AfriCap Transforms into Largest African Microfinance Private Equity Company: Second Round of Investments Closes at US\$50Mln, The Microfinance Gateway (Washington D.C.) 25 October 2007. Date of Access: 30 November 2007

<<http://www.microfinancegateway.org/content/article/detail/44426>>

¹²³⁵ FEMIP supports microfinance in Tunisia - EUR 2 million loan to ENDA Inter-Arabe microfinance association, European Investment Bank (Luxembourg) 19 December 2007. Date of Access: 7 January 2007.

<<http://www.eib.org/projects/press/2007/2007-148--La-FEMIP-soutient-la-microfinance-en-Tunisie.htm?searchType=press&indice=2>>

¹²³⁶ FEMIP supports microfinance in Tunisia - EUR 2 million loan to ENDA Inter-Arabe microfinance association, European Investment Bank (Luxembourg) 19 December 2007. Date of Access: 7 January 2007.

<<http://www.eib.org/projects/press/2007/2007-148--La-FEMIP-soutient-la-microfinance-en-Tunisie.htm?searchType=press&indice=2>>

¹²³⁷ FEMIP supports microfinance in Tunisia - EUR 2 million loan to ENDA Inter-Arabe microfinance association, European Investment Bank (Luxembourg) 19 December 2007. Date of Access: 7 January 2007.

<<http://www.eib.org/projects/press/2007/2007-148--La-FEMIP-soutient-la-microfinance-en-Tunisie.htm?searchType=press&indice=2>>

¹²³⁸ FEMIP grants two loans in Tunisia to support SMEs and develop the natural gas network, European Investment Bank (Luxembourg) 8 May 2008. Date of Access: 9 May 2008.

<<http://www.eib.org/projects/press/2008/2008-031-la-femip-accorde-deux-pr%C3%AAs-en-tunisie-pour-soutenir-les-pme-et-d%C3%A9veloppeur-le-r%C3%A9seau-de-gaz-naturel-.htm>>

¹²³⁹ FEMIP grants two loans in Tunisia to support SMEs and develop the natural gas network, European Investment Bank (Luxembourg) 8 May 2008. Date of Access: 9 May 2008.

<<http://www.eib.org/projects/press/2008/2008-031-la-femip-accorde-deux-pr%C3%AAs-en-tunisie-pour-soutenir-les-pme-et-d%C3%A9veloppeur-le-r%C3%A9seau-de-gaz-naturel-.htm>>