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CERTAF

A PRODUCT OF



PROPARCO  
GROUPE AFD



Crisis  
Emergency  
Response  
Technical  
Assistance  
Facility  
**CERTAF**



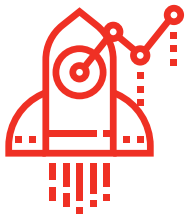
**Fact Sheet**  
**July 2024**

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## Working for the private sector and sustainable development

PROPARCO provides funding and support to both businesses and financial institutions (FIs) in Africa, Asia, Latin America and the Middle East in key development sectors such as infrastructure, renewable energy, agribusiness, financial institutions, health, and education. Its operations aim to strengthen the contribution of private players to the achievement of the Sustainable Development Goals (SDGs) adopted by the international community in 2015. To this end, PROPARCO finances companies whose activity contributes to creating jobs and decent incomes, providing essential goods and services, facilitating financial inclusion, and combating climate change.



OVER  
**45** YEARS

**PROMOTING SUSTAINABLE  
ECONOMIC, SOCIAL AND  
ENVIRONMENTAL DEVELOPMENT**

With the Support of the EU



## The European Union

THE EU IS THE  
**largest  
donor**

OF DEVELOPMENT AID  
AND CLIMATE FINANCE IN  
THE WORLD.

It is committed to donating at least 0.7% of its gross national income annually. The EU supports its financing with political actions to address governance, trade, and geographical challenges. The European Fund for Sustainable Development (EFSD) aims to increase sustainable finance in Africa and neighbouring countries, encouraging public and private investors to create jobs and boost economies. In 2020, the EFSD provided €5.4 billion for development projects. The expanded EFSD+ is part of the Global Gateway initiative, offering risk-sharing instruments up to €40 billion and mobilising up to €135 billion to help partner countries achieve the Sustainable Development Goals (SDGs).







# CERTAF at a glance

## Responding to the COVID-19 crisis and building future resilience

In 2020, to support FIs in countering the economic effects of the COVID-19 pandemic, the European Union (EU) mobilised the European Fund for Sustainable Development (EFSD) Guarantee Fund. Funding was provided to support the financing of micro, small and medium enterprises (MSMEs) through emergency loans, including to many PROPARCO partner FIs.

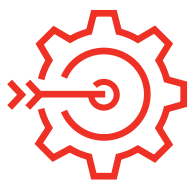
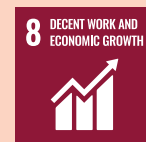
To complement this funding support, and with the support of EU delegated funding, PROPARCO initiated the COVID-19 Emergency Response Technical Assistance Facility (CERTAF) to provide technical assistance to selected partner FIs to support their recovery from the COVID-19 pandemic, to improve their business operations and to strengthen their resilience and overall financial and operational sustainability.

CERTAF activities commenced in May 2022 and the Facility has since been re-designated as the Crisis Emergency Response Technical Assistance Facility to improve its orientation towards newly emerged and future crises.



CERTAF actions cut across various SDGs with a notable focus on **SDG 8 on Decent Work and**

**Economic Growth, SDG 13 Climate Action, and SDG 5 Gender Equality.**



## What CERTAF does

- Supports FIs in protecting their employees and customers against crises and in continuing their business operations
- Supports FIs in adapting their models, products and operations to address MSME needs and to build resilience to future crises
- Service offering for FIs includes digitalisation and cyber-security; conformity and certification to industry-standards; crisis-related remote work / banking operations; management of portfolio quality deterioration and non-performing loans (NPLs); process / productivity improvements; liquidity management; Environmental, Social and Governance (ESG) efforts and internal health and safety improvements; risk management (e.g. currency risks, forecasting, regulatory reporting, etc.); product developments to respond to MSMEs' wider COVID-19 and other crisis-related challenges.

# The CERTAF approach

## CERTAF provides technical assistance through two delivery channels:

**1 Customised technical assistance** to meet the identified needs of selected FIs. These needs are identified through a collaborative process with each partner FI by way of an analysis of key documents, online meetings with senior management, and in-country discussions, to assess key operational aspects, notably:

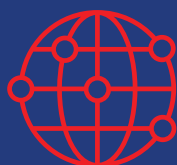
- Strategy and management
- Market segmentation and product offering
- Credit process and risk management
- Sales and delivery channels
- Use of technology
- Environmental and social management covering gender and responsible practices

The assessment of each FI also includes a SWOT analysis to identify areas of competitive advantage, opportunities for business growth, and areas for strengthening and improvement. The overall assessment provides the basis for specification of potential areas for CERTAF technical assistance support.

**2 Online training and coaching** on topics that are identified as being of interest to a number of CERTAF partner FIs and potentially other PROPARCO partner institutions.

The CERTAF team comprises a core team of 11 experienced professionals, with specialist expertise in banking for MSMEs, microfinance, MSME capacity building, management and organisation, environmental and social management, digital finance, marketing and communications, monitoring and evaluation, and banking supervision / risk management.

CERTAF is also able to engage experts with specialist competencies outside its core team to address any specific requirements of its partner FIs and to ensure it provides leading-edge expertise. These experts are supported and supervised by the NIRAS Facility Management Team based in Paris, contracted in collaboration with Deloitte Afrique and LFS Advisory GmbH to implement the Facility on PROPARCO's behalf.



## Where we operate

### EU Neighbourhood countries



Georgia  
(two partner FIs)



Tunisia

### Sub-Saharan Africa



Madagascar



South Africa



Senegal



Uganda

# Early progress

## Key developments in the first 24 months of CERTAF operations include:

- **Needs assessments conducted for seven FIs** (two in Georgia, and one each in Madagascar, Senegal, South Africa, Tunisia and Uganda); see box below for details of these institutions
- **Design and ongoing implementation of technical assistance support** related to these completed assessments, with one area of support prioritised for each FI, including:
  - (i) Business process improvement
  - (ii) Digitalisation
  - (iii) IT systems development
  - (iv) Strategy and risk management review
  - (v) Agricultural finance
  - (vi) SME banking strategy
  - (vii) Environmental and social management system (ESMS) development
- **Design of two priority areas for online training and coaching** (including development of draft syllabuses and event schedules) as follows with implementation expected during semester three of 2024:
  - (i) Digitalisation
  - (ii) Business process improvement

# Our partner financial institutions at a glance



## CREDO BANK Georgia

In July 2021, PROPARCO and JSC Credo Bank signed an equity investment agreement whereby PROPARCO became a new shareholder of the bank and provided a capital injection of 36m Georgian Lari (EUR 10.2m). The investment supported Credo's acquisition of Finca Bank, Georgia, and strengthened the bank's capital base to support further business growth.

In August 2022, PROPARCO signed a EUR 16.5m loan agreement with Credo to support the development of its loan portfolio. Since 2015, PROPARCO has allocated four senior loans to Credo totalling EUR 36m.

*Credo Bank a leading bank in the Georgian microfinance market in terms of country-wide presence and the number of clients. It operates 79 service centres and supports more than 346,000 customers across Georgia. The bank's mission is to provide sustainable financial services to micro, small and medium businesses, with a preference for rural activities and those businesses that create income and employment opportunities.*



## CRYSTAL MFO Georgia

In June 2023, PROPARCO granted a USD 10 million financing to JSC MFO Crystal to support the development of its loan portfolio. Crystal is also a leading microfinance institution in the country and operates mainly in rural areas, targeting MSMEs and the agricultural sector.

The financing was guaranteed by the EU's EFSD 'Emergency Covid Response' programme, and is targeted towards achieving increased employment and financial inclusion through support for Georgia's microentrepreneurs.

*Crystal started its microcredit activities in 1998, as an NGO serving vulnerable internally displaced populations. Now a non-banking microfinance institution, Crystal has remained committed to its social mission: its core business remains the provision of microloans to rural Georgian populations (58% of its portfolio), with most of its activity concentrated in the West of the country. The institution is also committed to supporting the growth of women entrepreneurs.*



## ATL Tunisia

In February 2020, PROPARCO provided an EUR 15m credit line to ATL for the development of ATL's leasing portfolio in the face of challenging macro-economic conditions that were exacerbated by the COVID-19 crisis. The credit facility also provided diversification of ATL's sources of finance.

*ATL is a longstanding player in the Tunisian leasing sector. It was set up in 1993 at the initiative of Arab Tunisian Bank, the Tunisian subsidiary of Arab Bank Group, and the public bank : "Banque Nationale Agricole". ATL went public in 1997 and has since experienced strong growth in its leasing activities, operating through a network of 11 branches, mainly in trade, services, construction, industry and agriculture sectors.*



## PAMECAS Senegal

In October 2021, PROPARCO partnered with CDP, the Italian development bank, to grant loans totalling EUR 8m (5.2 billion CFA Francs) to PAMECAS, to enable it to expand its portfolio of microloans to Senegalese entrepreneurs.

PAMECAS was created in 1995 as a project implemented as part of the Senegalese government's international cooperation policy. At the end of the project in 1999, the PAMECAS network comprised nineteen autonomous savings and credit mutuals, demonstrating commitment and determination to extend their operations against a challenging economic environment.

*PAMECAS is now one of the leading microfinance institutions in Senegal. Through its commitment to micro-entrepreneurs and MSMEs, particularly in trade, agriculture and livestock sectors, the microfinance institution plays an important role in social development in Senegal. It offers credit and savings products to its 850,000 members and currently has over 90,000 borrowers.*





## CENTENARY BANK Uganda

In July 2022, PROPARCO provided a credit line of EUR 16.5m and portfolio guarantees of EUR 10.0m (i.e. EUR 26.5m in total, equivalent to 105 billion Uganda Shillings), to boost Centenary Bank's capacity to support MSMEs, with a specific focus on agriculture, microfinance and enterprises affected by the COVID-19 crisis.

PROPARCO's line of credit was provided to support the growth of Centenary Bank's 'mission critical' portfolio of microfinance, agricultural and SME borrowers. The project is supported by the French government under an EFSD guarantee.

*Centenary Rural Development Bank was founded in 1985 by the Ugandan Catholic Church with the objective of serving the rural poor and contributing to the overall economic development of the country. Following years of strong growth, it has become the second largest financial institution in the country, whilst continuing to focus on its mission critical client segments, currently accounting for around 43% of the total portfolio.*



## ACCÈSBANQUE Madagascar

In June 2022, PROPARCO and the EU granted a line of credit equivalent to EUR 5m, denominated in Malagasy Ariary, to AccèsBanque Madagascar, a Malagasy microfinance bank. The line of credit is guaranteed by the EU EFSD programme, and hedged by The Currency Exchange Fund N.V. (TCX) to eliminate the FX risk of the credit line.

The line of credit is targeted at improving access to finance. According to World Bank estimates, only 29% of Malagasy households currently have access to formal financial services and 3% have access to credit from a bank. This severely constrains economic growth, which was further reduced by the COVID-19 impact on access to finance, business activity and employment, notably related to MSMEs and the informal sector.

*AccèsBanque, a subsidiary of Access Holding, contributes to the financing of Malagasy companies, notably targeting and facilitating the financing of SMEs and microenterprises. Through a diversified product offer, and high levels of digitalisation, AccèsBanque contributes to improved access to financial services in Madagascar and thereby to the development of MSMEs and employment generation in the country. AccèsBanque also participates in the French 'Choose Africa' initiative, launched by AFD Group in March 2019.*



## TUHF South Africa

In December 2022, PROPARCO allocated a credit line denominated in South African Rand for an amount equivalent to EUR 10m to TUHF Limited. The project finances loans for the rehabilitation/construction of affordable and well-located housing in South African cities and townships. The project benefits from the support of the EU's EFSD COVID programme.

A portion of the total financing (EUR 3m) was allocated to TUHF's lending activity in historic township areas that were previously underdeveloped (through uMaStandi, a TUHF subsidiary company). The project thus contributes to revitalising city and township economies and supports entrepreneurs operating in these areas for the benefit of inclusive growth and development.

*TUHF was established in 2003 as a nonbank financial institution. It has since been financing small-scale entrepreneurs investing in the affordable rental housing market through the rehabilitation of existing inner-city buildings and the construction of new buildings in major South African cities. TUHF plays a key role in financing the housing market for the low- and middle-income segments of the population, in line with the national strategy to facilitate access to housing.*



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