**PRESS RELEASE**

**US$12 million in loans to support thousands of small businesses quarrying ‘Development Minerals’ in Africa**

**Loans for small businesses that quarry, manufacture and trade gravel, clay, granite, gypsum and other local materials critical for development in five African countries**

**Brussels, 8 June 2017–** Five thousand micro, small and medium scale ‘Development Minerals’ operators will now have access to more affordable finance as a result of a partnership between the African Guarantee Fund for Small and Medium-sized Enterprises Ltd (AGF), the African Caribbean and Pacific Group of States, the European Union and the United Nations Development Programme.

AGF will make available US$12 million in credit guarantee facilities to financial institutions in Cameroon, Guinea (Conakry), Nigeria, Uganda and Zambia in connection with loans provided by these to small and medium-size enterprises (SMEs) working in the ‘Development Minerals’ sector, utilising the guarantee facilities. US$12 million will in fact result in up to US$24 million in finance as guarantees underpin 50% of each loan. The financing is expected to boost the livelihoods of approximately 25,000 people and their dependents across some of Africa’s most impoverished communities.

“SMEs create more than 90% of jobs in developing countries and are already major backers of poverty reduction and development at the local level. But SMEs often tell us that they need more finance to thrive, especially those in neglected sectors such as ‘Development Minerals.’ Together with AGF, we are stepping in to fill this gap,” said Barbara Pesce-Monteiro, Director of the UN and UNDP Office in Brussels.

“The development of SMEs is one of the principal solutions to the growth challenges faced by African countries. These businesses are recognized as one of the key drivers of growth and job creation in every modern economy around the world. Unfortunately, African SMEs are not playing this role because of the constraints that they face. Among these constraints, the noted one is the lack of, or inadequate, access to financing,” said Felix Bikpo, CEO of AGF.

AGF helps SMEs access finance by sharing potential risk with financial institutions. It also provides training to build their capacity. Since its launch in 2012, AGF has partnered with financial institutions in 38 African countries. More than 4,000 SMEs have benefited from its loan guarantee facilities.

AGF and the ACP-EU Development Minerals Programme will also invest US$200,000 in training financial institutions and SMEs to ensure funds are disbursed and spent effectively. Together, they will run trainings on credit and risk assessment for credit directors, risk managers and risk analysts in the participating countries. At the same time, the ACP-EU Development Minerals Programme will work with ‘Development Minerals’ SMEs to improve their entrepreneurship skills, including accounting, marketing, sales promotion and purchasing.

“We do mining of gravel and construction stones. My dream for our association is growth and to see growth for the whole community at large. I also have a dream of empowering the women. Give us some small funding and we transform our communities,” says Josephine Aguttu who is the lead member of the Busia United Miners Association, a small quarry cooperative in eastern Uganda. Members include 43 miners, of which 20 are women.

“Development Minerals can spur sustainable domestic economic development in Africa, as in other regions, but we need to makesure the artisanal and small-scale operators behind it have the support they need and this includes affordable finance. We are delighted to be partnering with the AGF to make this possible for the benefit of thousands of operators and their dependents,” said Viwanou Gnassounou, Assistant Secretary General of the African, Caribbean and Pacific Group of States.

“A decent job is the best way out of poverty and all over the world the private sector is the main engine for growth and job creation. Through the ACP-EU Development Minerals Programme, the European Union is firmly committed to supporting efficient, inclusive and responsible small businesses. This calls for multiple skills, new instruments and stronger capacities to increase access to finance, competitiveness and innovation,” says Antti Karhunen, Head of the Private Framework Development, Trade, Regional Integration Unit at the European Commission’s Directorate for International Cooperation and Development, DG DEVCO.

The 2030 Agenda for Sustainable Development declares access to finance as a major challenge for SMEs and calls for development-oriented policies that encourage their growth and formalisation.

ENDS

**NOTES TO EDITORS**

The partnership was announced during a high-level panel at the European Development Days with speakers including Jeff Sachs and Muhammad Yunus, <http://bit.ly/2pldJqb>

**About the ACP-EU Development Minerals Programme**

The ACP-EU Development Minerals Programme is a three-year, €13.1 million capacity building programme, that is an initiative of African, Caribbean Pacific (ACP) Group of States, coordinated by the ACP Secretariat, financed by the European Commission and United Nations Development Programme (UNDP) and implemented by UNDP. The programme is supporting sustainable and inclusive development in the industrial minerals, construction materials, dimension stones and semi-precious stones sectors through capacity development of key stakeholders such as regulatory agencies and local governments; private stakeholders including small-scale mining enterprises, construction companies, mining and quarrying associations; as well as training centres, universities, civil society organizations and community groups. The 28 African countries involved in the Programme are: Angola, Benin, Burkina Faso, Cameroon, Cote d’Ivoire, Democratic Republic of Congo, Ethiopia, Gabon, Ghana, Guinea – Conakry, Kenya, Lesotho, Madagascar, Malawi, Mali, Mozambique, Namibia, Niger, Nigeria, Republic of Congo, Rwanda, Senegal, Sierra Leone, Tanzania, Togo, Uganda, Zambia, Zimbabwe, [www.developmentminerals.org](http://www.developmentminerals.org)

**About the Africa Guarantee Fund (AGF)**

Officially launched on 1st June 2012, AGF is a Pan-African non-bank financial institution founded by the government of Denmark through the Danish International Development Agency (DANIDA), the government of Spain through the Spanish Agency for International Cooperation and Development (AECID) and the African Development Bank (AfDB). Agence Française de Développement (AFD) joined AGF in 2015 followed by the Nordic Development Fund (NDF) in 2016. AGF aims to promote economic development, increase employment and reduce poverty in Africa by providing financial institutions with guarantees and other similar or related financial products specifically intended to support SMEs in Africa. www.africanguaranteefund.com

**About the Credit Guarantee Facilities**

The Credit Guarantee Facilities will be provided by AGF to financial institutions (FIs) in Zambia, Uganda, Cameroon, Guinea (Conakry) and Nigeria on the basis of Guarantee Agreements to be entered with each FI. The guarantee will partially cover the loans provided by the FIs to the SMEs operating in the Development Minerals sector (including quarrying, processing, manufacturing and trading in minerals such as gravel, sand, clay, granite, marble, gypsum, talc and semi-precious stones) in the five target countries.

**About Development Minerals**

‘Development Minerals’ are minerals and materials that are quarried, processed, manufactured and used domestically in industries such as construction, manufacturing, and agriculture. From toothpaste, to paints and buildings to plates, local materials like sand, gravel, limestone and clay are intrinsic to everyday life and can play a giant role in achieving the sustainable development goals. Development Minerals are economically important close to the location where the commodity is mined and include industrial minerals, construction materials, dimension stones and semi-precious stones. African Ministers, as part of the African Union’s First Specialized Technical Committee on Trade, Industry and Minerals have called on member states to prioritise Development Minerals as part of Africa’s industrialisation agenda.

\* \* \*

For more information, including case studies from Guinea and Uganda, photographs and video reel, please contact: Gabriela Flores, [gabriela.flores.zavala@gmail.com](mailto:gabriela.flores.zavala@gmail.com), Tel: +44 7931924934 or Rehema Kahurananga, [rehema.kahurananga@africanguaranteefund.com](mailto:rehema.kahurananga@africanguaranteefund.com), Tel: +254 732 148 000