

**CEG 1007 – SME CREDIT LINE TO NBE**

<b>SECTOR</b>	<b>FINANCIAL SECTOR AND SUPPORT TO THE PRIVATE SECTOR</b>	<b>PROJECT COST</b>	<b>30 M€</b>
AFD FOREIGN STATES COMMITTEE DECISION	: 16 DECEMBER 2009	COFINANCIERS	-
LOAN AGREEMENT SIGNED ON	:	AFD LOAN	<b>30 M€</b>
RATIFICATION BY PARLIAMENT	:	MATURITY/ GRACE PERIOD	<b>12 YEARS/ 3 YEARS AND 3 MONTHS</b>
EFFECTIVENESS	:	TYPE OF LOAN	<b>NON SOVEREIGN CONCESSIONAL</b>
1 <sup>ST</sup> DISBURSEMENT	:	DIRECT BENEFICIARY	<b>NATIONAL BANK OF EGYPT</b>
DEADLINE FOR DISBURSEMENT	:		

**Project Description:** € 30 millions concessional credit line to NBE for developing its SME lending activity (mesofinance) and strengthening its expertise on this market.

**Final beneficiaries of the project:** Small and medium enterprises with an annual turnover between EGP 1 M and EGP 40 M (between € 0.12 M and € 5 M).

**Development goal:** To promote growth and employment, and, indirectly, fight poverty, through SME development.

**Project's specific objectives:**

1. Facilitate the access of Egyptian SMEs to bank credit and support their investments.
2. Bringing adapted resources to NBE for developing its SME department, and capacity-building for NBE in the field of SME lending.

**Content of the Project:**

- ✓ Refinancing loans for small and medium enterprises with a turnover between EGP 1 M and EGP 40 M (between € 0.12 M and € 5 M), through medium or long term loans (maturity > 24 months).
- ✓ 25% of loans will be granted to schools and private health firms.
- ✓ 25% of loans will be allocated outside Greater Cairo and Alexandria.
- ✓ Support to NBE for the implementation of an internal training programme dedicated to its SME staff.
- ✓ Financing of a market study on SMEs in Egypt, for evaluating the needs of SMEs by region and by sector.
- ✓ Implementation of a capacity-building programme for SMEs.

**Cost and Financing Plan:**

The 30 M€ credit line (EGP 240 M) will be disbursed within a maximum 3 years period.

**Impact of the project:**

- ✓ Finance the investments of nearly 500 SMEs and increase the average maturity of loans granted to SMEs.
- ✓ Strengthen the expertise of 1 000 persons (NBE SME staff and small entrepreneurs), through training.

**Sustainability of the project:**

This project is part of the NBE long-term strategy to strengthen its SME-lending activity. It complements projects initiated by other donors since 2005, but will be focused on smaller size SMEs, which benefit less from bank credit.