



Egypt

Central Bank of Egypt's EGP 100 bln financing initiative

INCLUDING SMES INTO CENTRAL BANK OF EGYPT'S EGP 100 BLN FINANCING INITIATIVE.

PURPOSE

Mitigate the economic impact of COVID19 pandemic on MSMEs by reducing cost of financing.

PARTNERS



البنك المركزي المصري
CENTRAL BANK OF EGYPT

EXECUTING BODY

Licensed banks

TARGET GROUP

This initiative targets large enterprises as well as small- and medium-sized enterprises (SMEs) - Including newly established medium size enterprises.

CONTEXT AND ISSUES

In December 2019, the Central Bank of Egypt (CBE) launched an initiative to support the industrial sector that provided loans to the manufacturing and agriculture sector at a decreasing interest rate of 10 percent (concessional rate).

In March 2020, to reduce the COVID 19 impact, CBE reduced the interest rate under the initiative to 8 percent decreasing interest rate. In June 2020, newly founded medium-sized enterprises and small firms that are affiliated with big entities are now eligible for this initiative.

SHORT DESCRIPTION

The facility aims mainly to decrease the costs of financing for MSMEs by providing banks with a refinancing line at 8%. The facility features are as follows:

- Business loans to support operating expenses & production including wages and salaries expenses.
- Banks are compensated for the interest rate differential every three months (credit and discount rate + 2 - 8%).
- Financing priority given to companies operating in the field of export or import substitution or new energy and renewable.
- The finance granted under this initiative should not be used to pay existing credit facilities and should be used for the purpose for which they were intended.
- All MSMEs operating prior to COVID19 crisis are eligible.
- Banks can lend to MFIs in order to lend to microenterprises.





BUDGET

EGP 100 bln

DURATION

Budget Exhaustion

STARTING DATE

14/07/2020

CATEGORY

MSME Financing

KEY WORDS

MSME financing; Working capital / operations; Export guarantee; Export credit

REF. EGFIN01

KEY HIGHLIGHTS

- ▶ The Egyptian Central Bank intends to temporarily prevent illiquid SMEs from falling into insolvency during the COVID19 disruption period.
- ▶ It allowed start-up/well-established medium size companies to access soft loans.
- ▶ The medium size start-up enterprises are classified according to their paid capital.
- ▶ Small sized enterprises, the most affected by COVID-19, owned by large companies or high net worth individuals are also eligible.
- ▶ The last similar initiative (concessional credit facility) for the medium enterprise sector was in 2016 and phased out in 2019.

TOOLS / SOURCE

[CBE Circular dated 19 March 2020 regarding amending the interest rate of some of the CBE initiatives.](#)

[CBE Circular dated 18 June 2020 regarding including medium start-ups and small companies related to large groups in the 8% initiative.](#)

