

SANAD

MENA Fund for MSME



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Die Zukunftsförderer



SANAD – Regional Fund for MSME

Mission



- **Poverty reduction:**
promotion of self-employment and income generation to improve the livelihood of low-income households through Microfinance
- **Employment objective:**
creating and maintaining employment, especially for youth through support for SME
- **Building inclusive financial systems:**
building financial and institutional capacity by cooperating with financial services providers (MFIs, banks, other institutions)



SANAD – “support“ Access to finance

Severe lack of access to finance for MSMEs
only an estimated 20% of 5.5m MSME have access to finance

- **High liquidity** is used for government financing perceived as less risky and more profitable
- **Lack of appropriate SME lending technologies** (cash flow analysis, risk adjusted pricing)
- **Small enterprises** are too small and informal for banks and too large for MFIs.

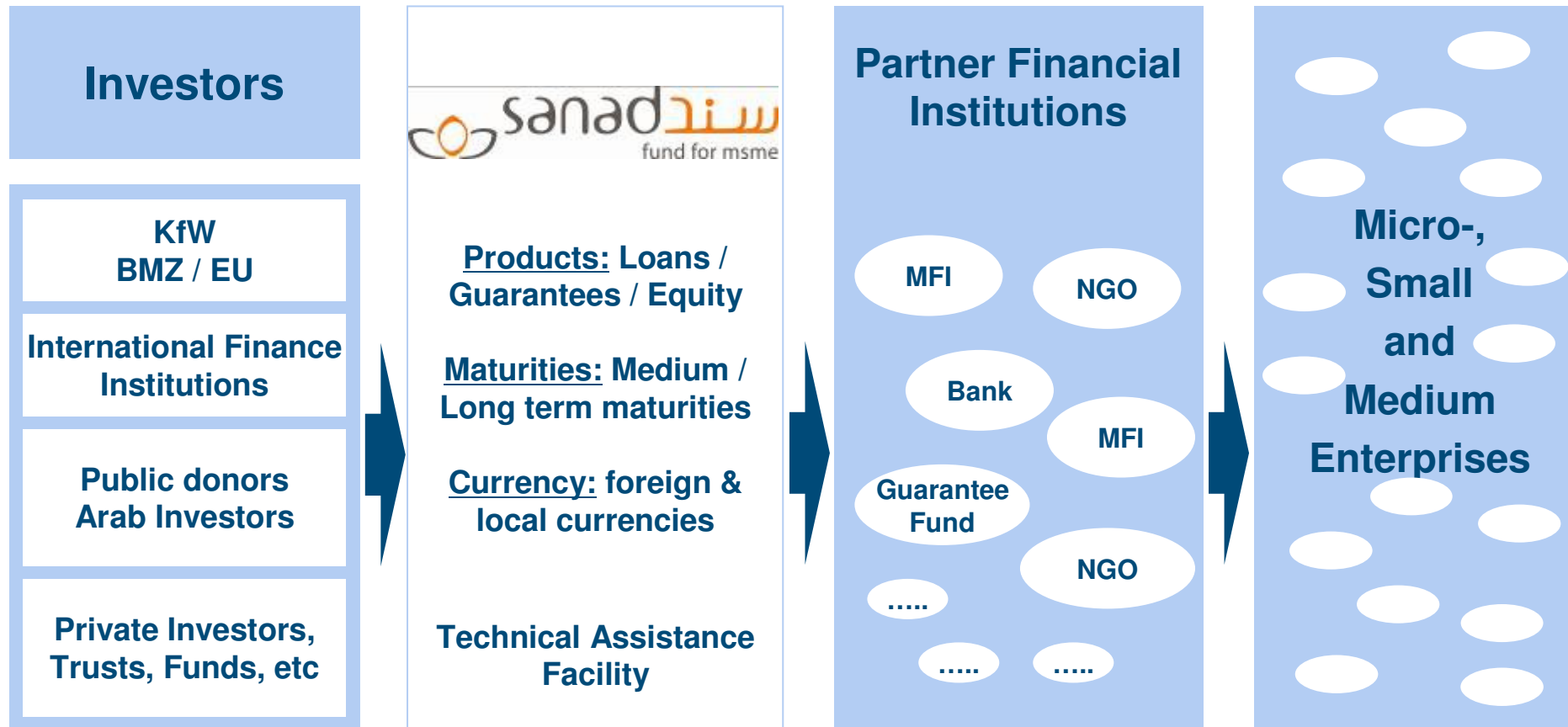
SANAD focuses on

- Financial Institution’s MSME lending bias
- “Missing Middle” – the smaller enterprises



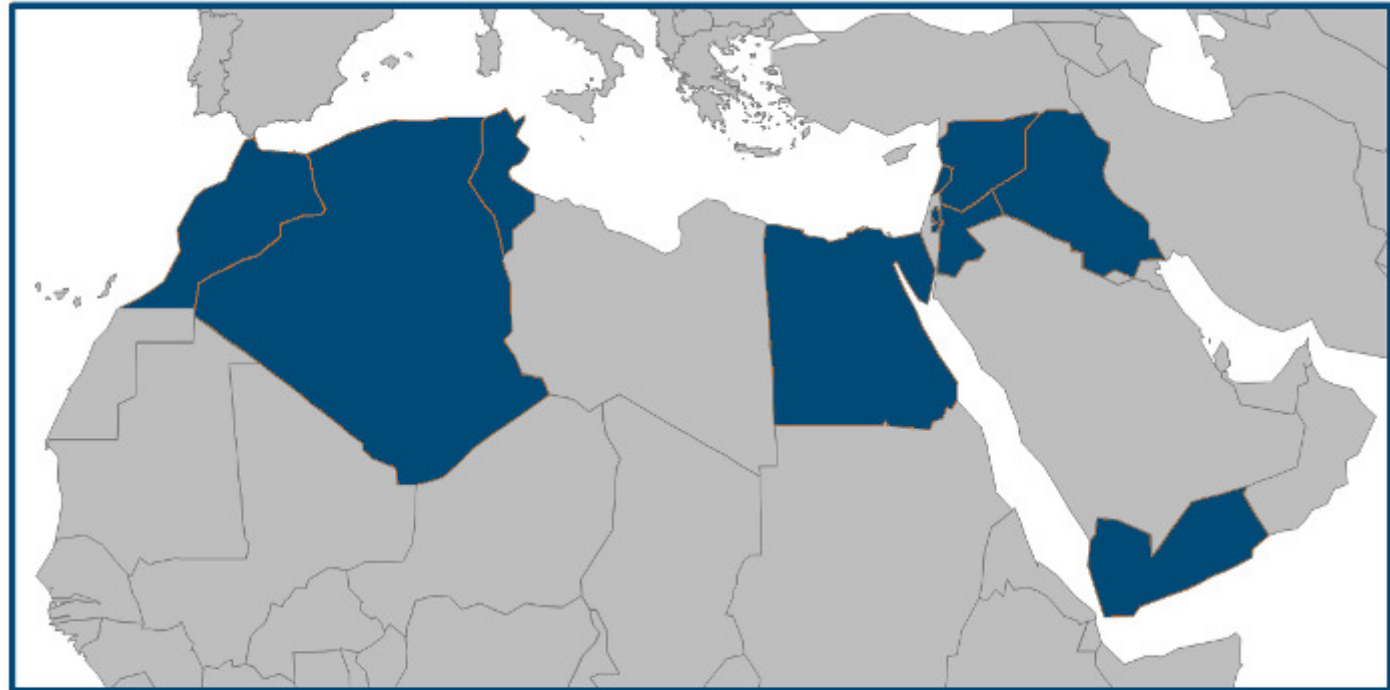
Mechanism to improve access to finance

Investors – SANAD – Partners – MSME



Target Countries

- Algeria
- Egypt
- Iraq
- Jordan
- Lebanon
- Morocco
- Palestinian Territory
- Syria
- Tunisia
- Yemen



Focus on the Missing Middle: USD 10,000 to USD 100,000

- The Fund is estimated to reach a **portfolio of 100-300m USD within five years** segmented into
 - 25% to micro enterprises
 - 50% to small enterprises
 - 25% to medium enterprises

- **Initial funding**
 - 22m USD plus 5,5m USD for TA - BMZ
 - 11m USD plus 2,7m USD for TA - European Union
 - Further Donors and IFIs currently approached

Technical Assistance Facility (I)

TA Target Areas



- **MFIs**
 - Strategic longer-term TA for transformation
 - Short-term tailor-made TA in areas such as product development, risk management, financial management/ALM, and strengthening middle management capacities

- **Banks**
 - Support banks in down-scaling to the lower segment of SME (“missing middle”)
 - Market/feasibility studies, strategy development, product development, training and coaching of staff etc.

- **New initiatives**
 - Concept development, feasibility studies, start-up phase

Thank you



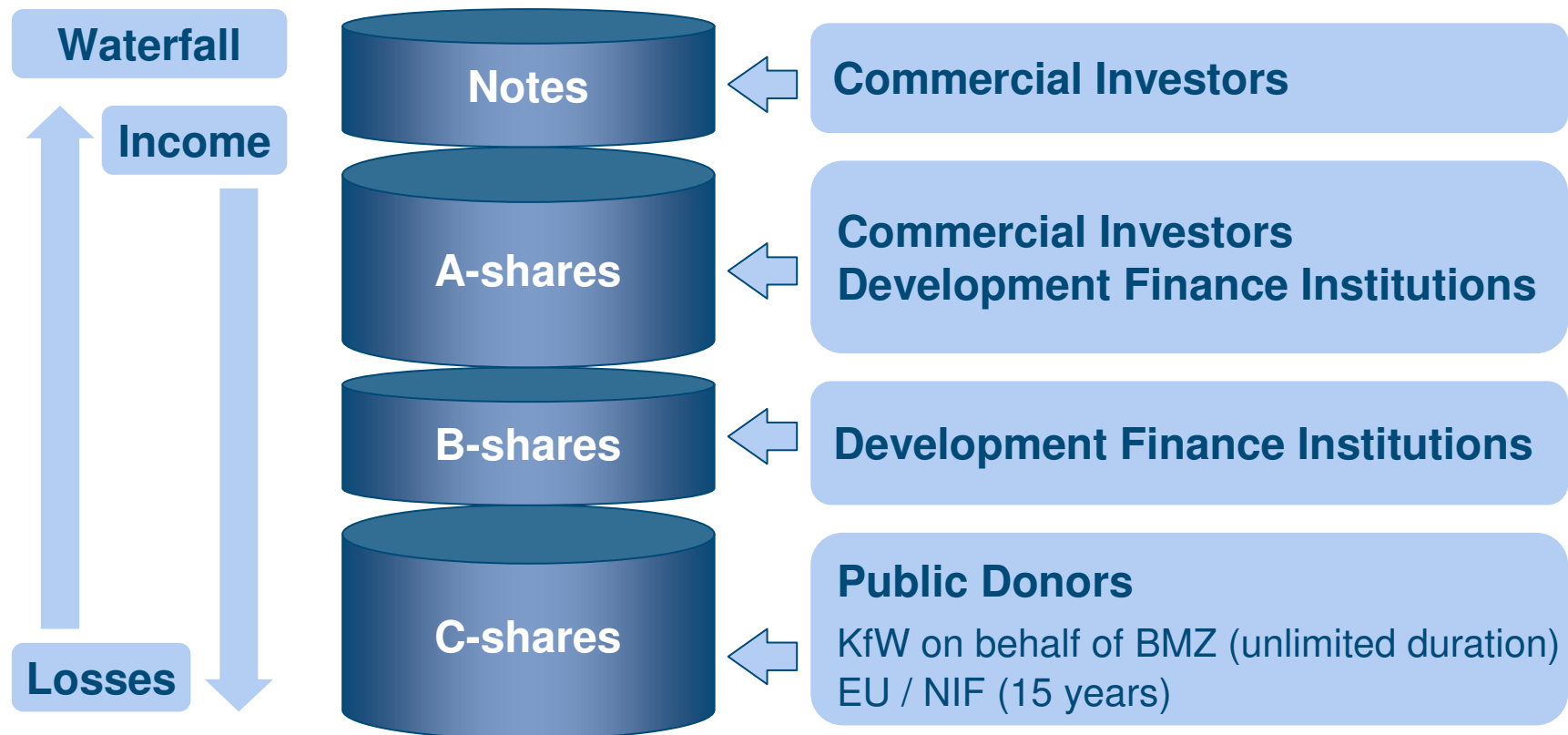
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Backup (I) Risk Subordination and Leverage

Waterfall Principle – Tranches - Investors



Backup (II) Eligibility Criteria for Partner Institutions

Target Group Orientation – Financial Strength – ESG



MSME Target Group Orientation	<ul style="list-style-type: none">• Strategic orientation towards MSME target group• Minimum thresholds in outreach and regional diversification
Financial Strength	<ul style="list-style-type: none">• Minimum standards in portfolio quality, capital adequacy and profitability• Qualified management and sound internal systems and processes
ESG (Environmental, Social, Governance)	<ul style="list-style-type: none">• Maintenance and promotion of good governance standards• Adoption of international and local social and environmental guidelines• Adherence to Responsible finance principles