



SFD المنحوق الإجتماعى للتنمية
Social Fund for Development

Supporting and Financing Micro and Small Enterprises (MSEs)

Social Fund for Development

www.sfdegypt.org

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Size of MSEs?

A small enterprise has an in-paid capital of 50,000 LE – 1 Million LE (9,000 \$ to 181,000 \$) and a working staff not more than 50 persons

A micro enterprise has an in-paid (\$ capital less than 50,000 LE (9,000

A) Why SFD supports Small Enterprises and Micro enterprises?

Small enterprises generate real, sustainable and stable job opportunities which contribute to the national economy

Micro enterprises increase income of beneficiaries leading to improving their living conditions

Target groups for MSEs are: active poor families, entrepreneurs, university graduates and small farmers.



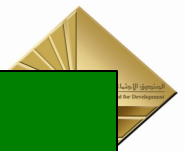
Why SFD is the leading Organization in Egypt that supports MSEs?



1) Law 141/2004 “The Law on Development of Small Enterprises” states the following:

Article II: “The Social Fund for Development is the entity competent with fostering the development of small enterprises and with planning, coordination and promotion for their dissemination on a wide scale, assistance in obtaining their needs including finance and services, etc.”

SFD has already partnered with donors, banking sector, NGO's and public and private institutions. SFD made concerned efforts in preparing the MSE national strategy to guarantee the synchronization of work with other like-minded entities for MSE development.



SFD uses (2the “Poverty Targeting Tool Kit” a . professional and efficient targeting mechanism

SFD has a (3unique outreach through its’ network .of 28 regional offices nation wide

4) To achieve sustainability SFD implements Good Practices Techniques for lending and promotes it to its partner organizations (Banks and NGOs).

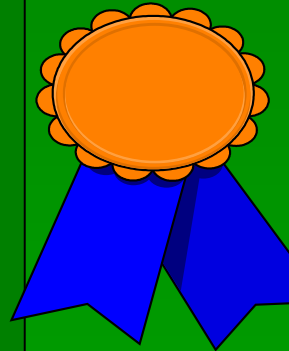
5) SFD started “Direct Lending” to its’ clients through outlets that were established in its regional offices.



6) SFD is the main legal entity in Egypt that is allowed to utilize its funds for financing NGOs without collaterals to avail Micro Credit to the end borrowers.

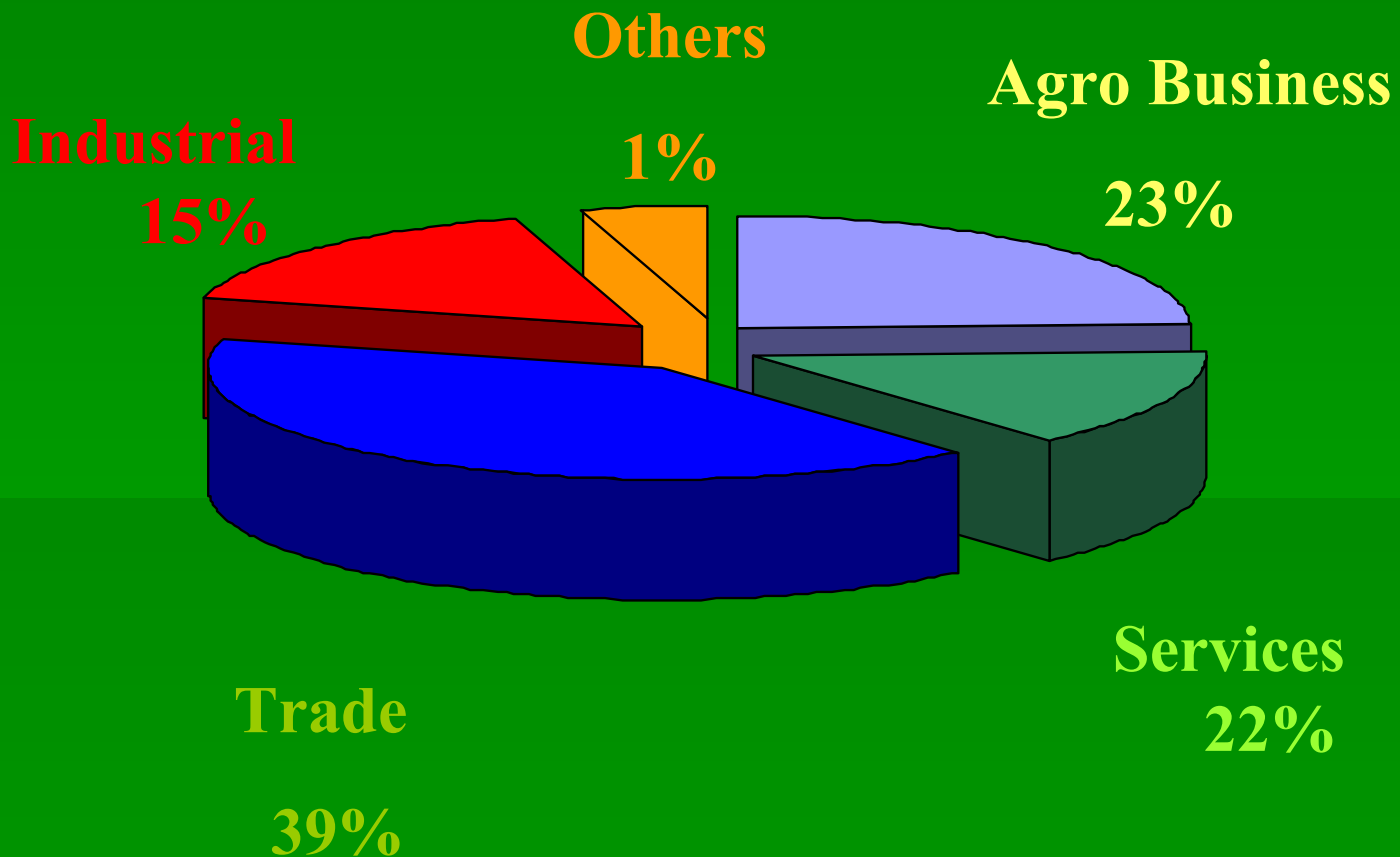
7) SFD supports NGOs nationwide through: Offering **integrated service packages for women** in the fields of health (70% women), education (98% women), providing micro credit loans through NGO's (51% women) and supporting women empowerment in various development schemes.

8) SFD offers **technical assistance** to Banks, NGOs and entrepreneurs. SFD also supports entrepreneurs with pre-feasibility studies and marketing services (internal & external exhibitions and e-marketing).



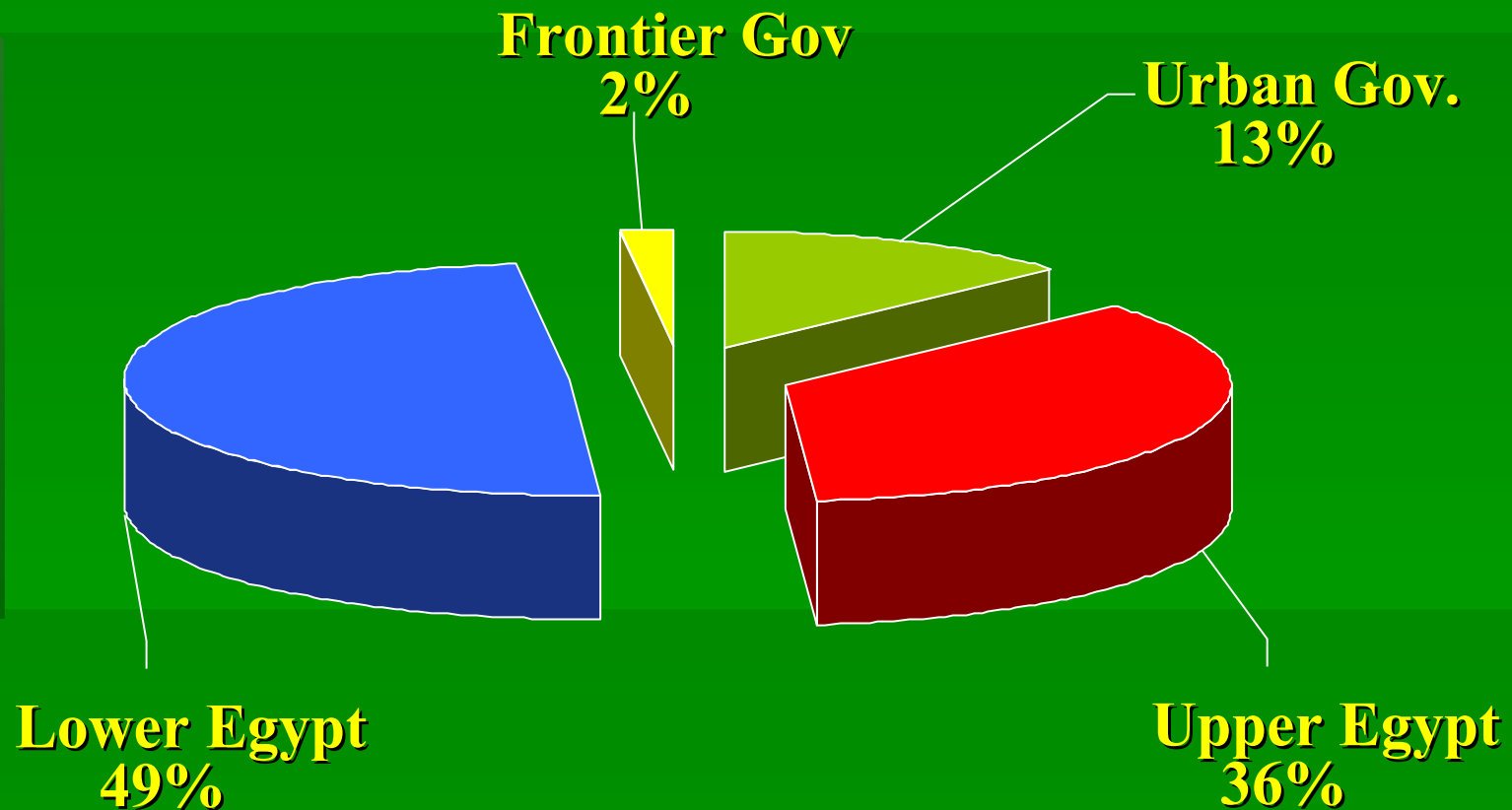
SFD Small Loans Sectors Distribution

Main Sectors





Geographical Distribution





Achievements of SFD in developing the sub-franchise small enterprises

- Conducting the 1st survey in Egypt on franchise projects**
- Promoting the culture of freelance franchise entrepreneurship in Egypt through organizing conferences, workshops, seminars and training sessions**
- Offering Technical assistance, marketing and other non financial services to franchise sector**
- Signing several protocols with franchisors as Radio Shack, Fuji Image, Ghabour Autos and 6th of October Company for house and hotels products**
- Providing sub-franchise loans to entrepreneurs (franchisees) so far with a total of 35 LE millions, generating about 2200 permanent and temporary jobs**

SFD marketing strategies to reach the MSEs segment.



- SFD reaches beneficiaries through its 28 regional offices in all governorates of Egypt (including mobile convoys).
 - SFD organizes workshops and vocational training sessions for new graduates, entrepreneurs and job seekers.
 - SFD launches media campaigns (street signs, TV video clips and press releases) to market SFD services rendered to MSEs.
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- SFD established its permanent exhibition building in Cairo as a permanent show room for MSEs in Egypt
 - SFD organizes local and international trade fairs to enable MSEs to market their products and develop their export capabilities.

Unique non-financial services offered by SFD to SMEs segment in Egypt



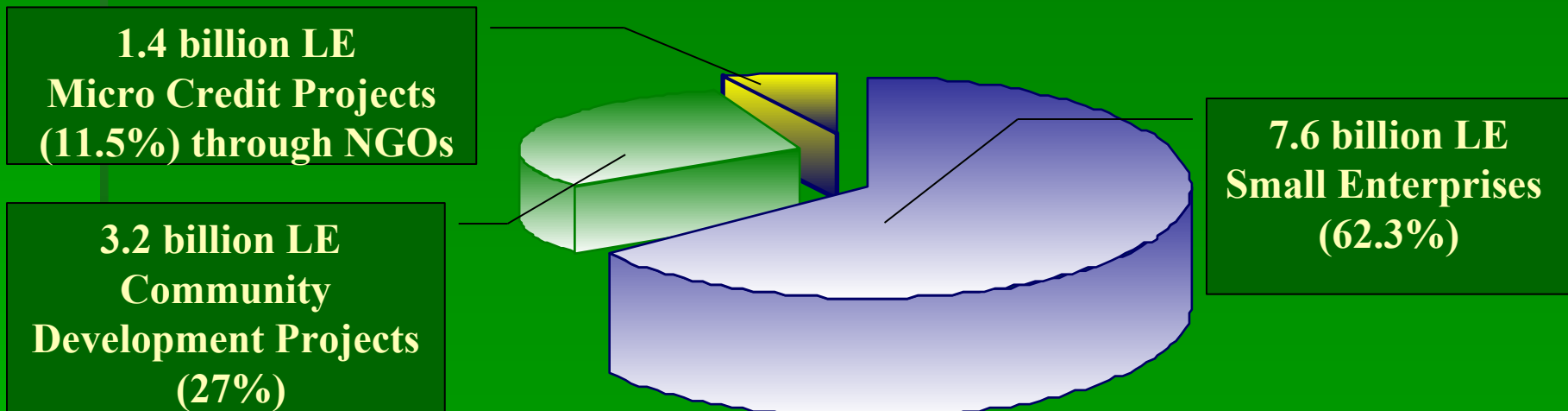
- SFD is the major provider of non-financial services to SMEs covering a broad range:
 - * Promoting entrepreneurship
 - * One-Stop-Shops
 - * Cluster and incubator support
 - * Infrastructure support (IT branch at Smart village and R&D centers for excellence)
 - * Improving the system of SME procurement access
 - * Access to 10% of government procurement contracts to MSEs
 - * Access to 10% of government land to MSEs
 - * Teaching entrepreneurship to graduates students and youth to improve their access to markets
- SFD targets providing non-financial services to 5% of MSEs by 2013 (served number is 23,000 in 2006 and target number is 165,000 by 2013)

SFD Overall Achievements from 1/1/1992 to 30/09/2008



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12.2 billion Egyptian Pounds (\$ 2.05 Billion) were pumped into various fields



	Small Enterprises (272,000 projects)	1,107,000 jobs
	Micro Credit (748,000 projects)	865,000 jobs
	Community Development projects	492,000 jobs

Job opportunities achieved are 2.46 million jobs



What are the problems that face MSEs and how can be solved (from SFD experience).

Defaults Rate of Beneficiaries

Averages 3-5 % for Small Enterprises

Less than 1 % for Micro Credit loans

Actual Reasons for MSEs Defaults

- 1) Liquidity problems
- 2) Marketing problems
- 3) Technical and administrative problems
- 4) Absence of development and enhancement vision
- 5) Market instability and changes in society
- 6) Increase in operation costs versus products costs
- 7) Other emerging business or private debts
- 8) Conflict or dispute between partners
- 9) External factors (laws, currency depreciation, etc.)
- 10) Death / sickness / physical disability of owner

Solutions for mitigating defaults problems of MSEs

- 1) Increase project capital**
- 2) Incorporate new partners**
- 3) Selling unutilized assets**
- 4) New personal loans**
- 5) Utilize reserve funds and unused profits**
- 6) Selling some equipment/machines and use rented ones**
- 7) Improve managerial and technical systems**
- 8) Improve marketing outreach**

CONCLUSION

We should join hands together and synchronize our individual efforts to develop and promote MSEs in Egypt.



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Thank You

