

EIB signs Kshs 10.45 billion support for East African entrepreneurs

The European Investment Bank has signed two new credit lines for East-Africa this morning for a total of EUR 95 million (Kshs 10.45 billion) to be made available through Equity Bank and HFC Limited to support smaller local projects in Kenya, Tanzania, DRC and Uganda.

EIB Vice President Pim van Ballekom, responsible for operations in East Africa, commented: “The credit lines signed today will not only benefit people in Kenya, but are meant for people in neighbouring countries as well.

The EIB is committed to supporting Kenyan Banks in providing credit to the young and growing population in the region. Kenya is increasingly becoming a hub for the region on many levels and we as a Bank must look at this from a very basic point of view: there is a young and growing population with enormous potential, you need credit to support that momentum.”

The EIB signed a EUR 75 million (Kshs 8.25 billion) credit line with Equity Bank, under which funds are earmarked for three subsidiaries; EUR 36 million (Kshs 3.96 billion) for Equity Tanzania, EUR 20 million (Kshs 2.2 billion) for Procredit DRC and EUR 19 million (Kshs 2.09 billion) available through Equity Uganda. The on-lending will be available in USD or local currencies with the objective of contributing to job creation and poverty reduction. In addition, Equity Group will benefit from a EUR 2m (Kshs 220 million) technical assistance program funded by the EIB to support its strategy of transforming branches into SME business centres.

Equity Group Managing Director & CEO Dr James Mwangi said ‘With this facility of Kshs 8.25 billion (EUR 75 million) we will be in a position to support up to 1000 regional companies with an average loan of nearly Kshs 10 million each thus assisting develop local entrepreneurs to compete at regional level furthering integration and cross border trade.’”

Next to this, a EUR 20 million (Kshs 2.2 billion) credit line under the EIB’s East and Central Africa Private Enterprise Finance facility was signed with HFC Limited. This credit line will support HFC in providing the much needed longer term financing to private enterprises and commercially operated public sector entities in productive sectors in Kenya, in line with EU and national development priorities. In addition, HFC will benefit from EIB funded technical assistance program aimed at strengthening capacity in line with its strategy.

“I am proud to note that the success of the initial funding by EIB, has now brought more opportunities and we are happy to be recipients of another 20 million Euros, which is undoubtedly, an endorsement of the impact HFC is having on the SME sector. This new funding will be channelled towards financing the working capital and expansion of our growing SME customer base.” said Sam Waweru, HFC Managing Director.

Since September 2014, the credit lines in the region are supported by a EUR 5 million (Kshs 550 million) technical assistance (TA) programme to support financial intermediaries and SMEs over a 3 year period. The programme will be extended for a further 3 years from April 2017 for an additional EUR 4.7 million (Kshs 517 million) and is coordinated out of Nairobi, with a

permanent presence of consultants in Kenya, Tanzania, Uganda and Rwanda.

In the last seven years, the EIB has provided EUR 321 million (Kshs 35 billion) in credit lines for Kenyan businesses, which have benefitted nearly 800 Kenyan companies, creating over 9,000 new jobs in agriculture, education, transport, tourism, trade and other sectors.

Background information:

The European Investment Bank (EIB) is the long-term lending institution of the European Union owned by its Member States. It makes long-term finance available for sound investment in order to contribute towards EU policy goals. The European Investment Bank has supported transformational investment across Africa for more than 50 years and operates in Kenya since 1977. Over the last decade the EIB has provided more than EUR 22 billion (Kshs 2.42 trillion) for long-term investment across Africa.

Equity Group Holdings Limited is a financial services holding company in East Africa. The Group has banking subsidiaries in Rwanda, Kenya, Uganda, South Sudan, Tanzania and DRC, with additional non-banking subsidiaries engaged in provision of investment banking, custodial, insurance agency, philanthropy, consulting and infrastructure services. Over the years, the Group has built a social and economic brand and scaled up by providing financial services to the masses through a diversified distribution of its products and services. It has also had a unique approach to impacting the lives of the people in communities where it operates using existing infrastructure, enormous human capital and strong brand.

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