

Alexandria Business Association



SMALL AND MICRO ENTERPRISE PROJECT

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The Role of ABA in the Transformation of Clients From the Informal to the Formal Sector



- **ABA is** a non-profit organization.
- It started activities in 1990 through the SME Programs.
- **Our vision** is reaching the poorest of the poor and improve their income, health and culture.
- **Our mission** is :-
 - 1- Assisting the poor people financially and non financially through our credit and technical programs.
 - 2- Creating new jobs and reducing unemployment rate.
 - 3- Transformation of clients from the informal to the formal sector.

- **ABA now** has 41 branches and 3 offices , operating in 6 different Governorates in Egypt.

- **ABA reached** 223 thousand clients with total amount of loans 1.32 billion L.E and total disbursements exceeding 689 thousand loans.

- **ABA's rewards:-**
In 2001, ABA won the AGFUND International Prize.
Out of 114 Programs found in 94 different Countries.

ABA has 3 credit programs:-

> SME Program (Individual lending)

For loans from L.E.1000 to L.E.100,000(\$182 to 18,1800)

Development Path (Group lending)

For loans from L.E.500 to L.E. 1500 (\$191 to \$273)

> Blossoms Program (Group lending)

For loans from L.E.150 to L.E.900 (\$27 to \$164)

ABA has One Charity Program

➤ Towards Self-Employment Program

This program is dedicated to reduce poverty by helping unemployed poor people to start businesses that they plan and manage themselves.

**➤ 2 non refundable installments each for
L.E. 150 (\$27)**

Target Group

- **Unemployed poor people.**
- **Startup/existing poor Female Headed Households.**
- **Existing MICRO Enterprises employing up to 5 Workers.**
- **Existing Small Enterprises employing from 6 – 15 workers.**

Non- Financial Services

ABA provides 4 types of services:

- **Training.**
- **Library.**
- **Showroom.**
- **Marketing.**

The objectives of these services is to upgrade clients managerial and technical skills , improve their production technology, assist them in marketing and provide them with the updated knowledge and technology.

Middle East Training Centre

- **The centre is providing consultancy services in designing sustainable micro credit schemes , setting interest rates, incentives schemes...etc.**
- **ABA provides these services nationally, regionally and internationally.**
- **The centre also provide training for clients including computer courses, marketing, management, accounting, finance, administration, in addition to technical course.**
- **The Center is operating in cooperation with several technical providers including:-**
 - Microsoft – CISCO – Planet Finance**

ABA's Objectives

- **The graduation of the clients up to SME Program and then to banks.**
- **Through successive loans, clients could be graduated from smaller loans to higher loans under the policy of Eligibility Requirements.**

Eligibility Requirements

Loan Size	Requirements
< L.E. 7,500 (US\$ 1,364)	Personal ID A fixed business address
> L.E. 7,500 (US\$ 1,364)	Ability to read & write
> L.E. 10,000 (US\$ 1,818)	Tax Card
> L.E. 12,500 (US\$ 2,273)	Social Security Certificate
> L.E. 15,000 (US\$ 2,727)	Bank Checking Account
> L.E. 20,000 (US\$ 3,636)	Financial + Tax Statements

Ability to Read and Write

> L.E. 7,500 (US\$ 1,364)

- > ABA does not only provide financial support to its clients , but helps them to meet eligibility requirements.**
- > ABA has started providing illiteracy classes for its clients since January 2004.**
- > More than 2300 clients have benefited from these classes.**

Tax Card and Social Security Certificate

> **L.E. 10,000 (US\$ 1,818)**

- **Seminars** are held at ABA premises to explain the importance of issuing these formal cards.
- **Lecturers** are chosen from the officials of the Taxation Department or Social Security Departments.
- Those lecturers explain to the clients, the forms required and the steps to be taken in order to issue these cards. They also support them to overcome any obstacles.

- As an alternative solution ,ABA agreed with **Legal Bureaus in accounting and taxation**, to help the clients , for affordable fees.
- ABA also directs its clients to the **One Stop Window** (AID project to help formalization)

Bank Checking Account

> L.E. 15,000 (US\$ 2,727)

- **One of ABA's objectives is to graduate the SME's to be eligible for Banking relationship.**
- **Reaching the ceiling of the SME program (now 100,000L.E),the client should be graduated to suffice his financial needs through banks.**
- **ABA at this stage (15,000L.E loan) persuades its clients to have a bank checking account to start a relationship with the banking system.**

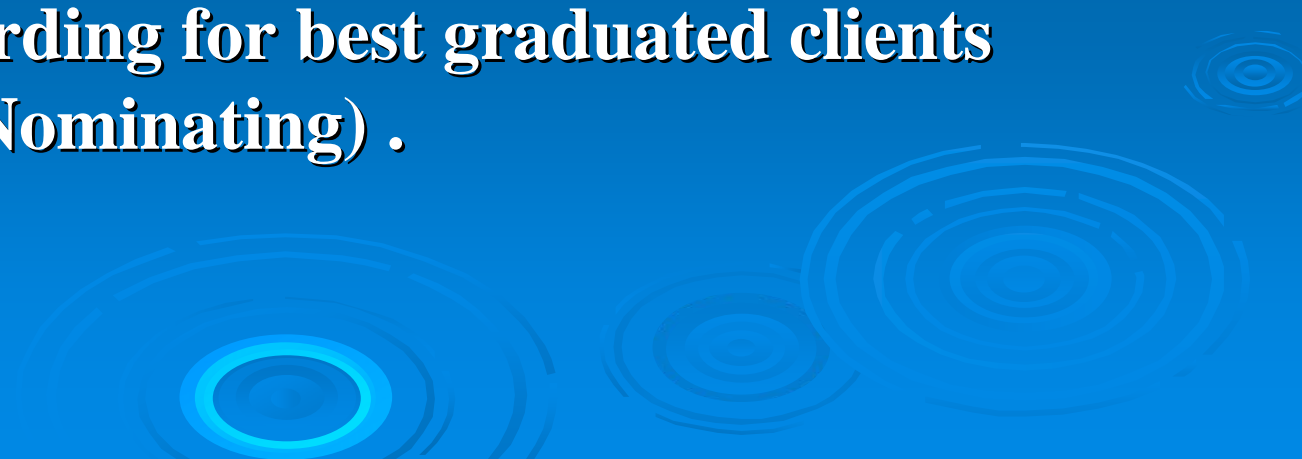
Financial Statement for the Business and Tax Statement

> L.E. 20,000 (US\$ 3,636)

- **At this stage clients are operating a size of business which necessitate maintaining financial books and prepare Balance sheets and Income statement.**
- **Under the eligibility requirements for (loans > 20,000), clients are introduced to an audit firms, in order to prepare financial statements.**
- **Any taxation problems can also be solved through this firm.**

Additional Steps Aiming at graduating clients and improving their life style.

- **Discounts on medical Services.**
- **Networking between Clients.**
- **Networking within the business community.**
- **Participation and attendance of local conferences and exhibitions.**

- **Registration with industry modernization centre.
(Training – Grants – Workshops – Local
international exhibitions).**
 - **Protocols with local banks to finance graduated
clients (NBE – Bank Of Alexandria).**
 - **Annual rewarding for best graduated clients
(Directly or Nominating) .**
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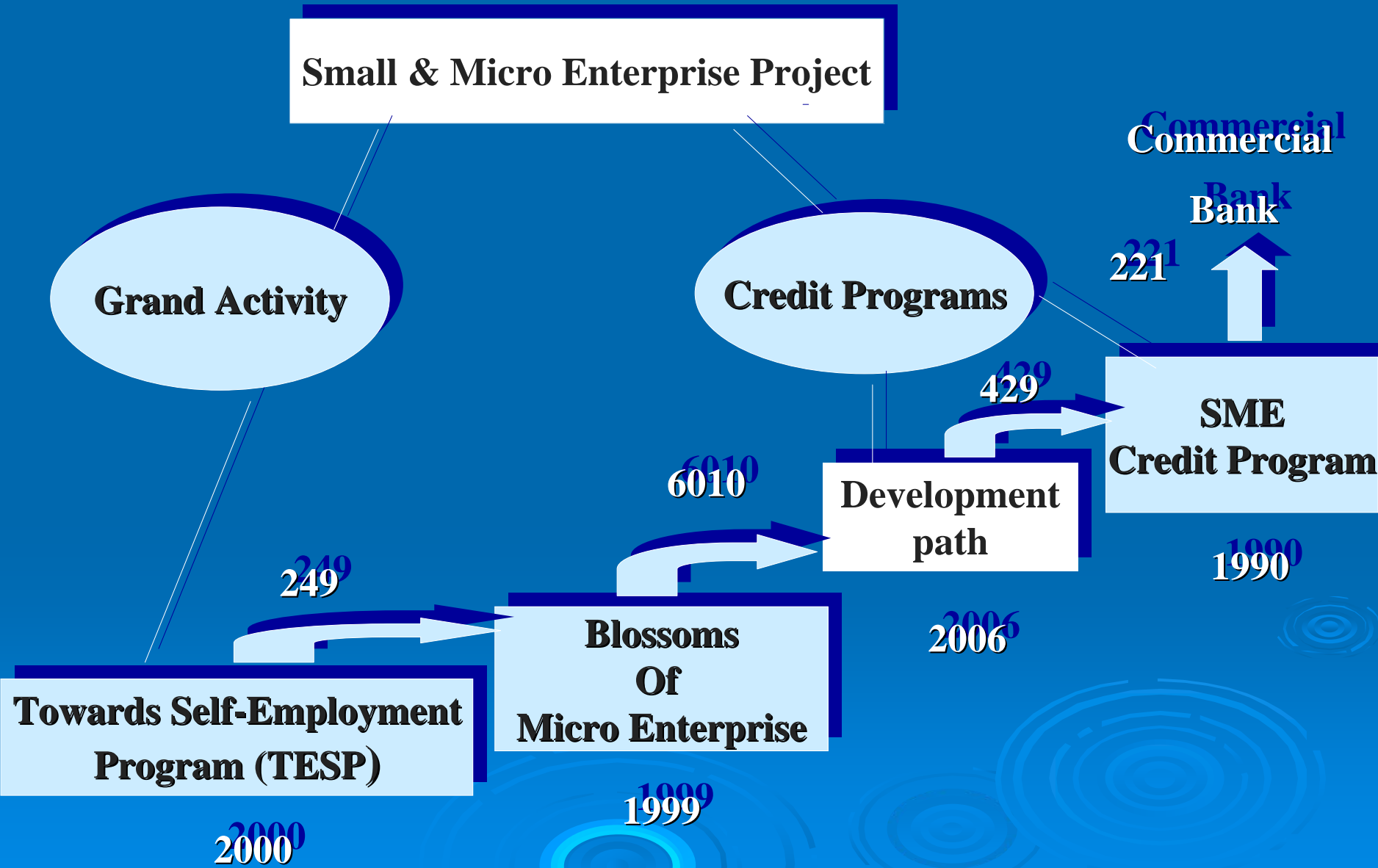
Impact Tracking

- **Employment generation.**
- **Transformation of clients from informal to formal sector.**
- **Graduation of clients from Micro Enterprises to small Enterprises.**
- **Standard of living.**
- **Reducing the level of illiteracy.**
- **Expansion in business.**
- **Standard of education.**

An Important Observation of Impact Tracking

Despite the fact that 96 % of Loans below
eligibility requirement (LE. 10.000)
ABA succeeded to persuade 25% of
beneficiaries to be formal.

ABA's Approach to Graduate Poor People to Micro Credit



THANK YOU

For more information please visit our website at
www.aba-sme.com