



## Develop appropriate financing for SMEs

Project start-up: **2009**

Financing: **Equity investment for (+/-) € 2 M equivalent**

Partner: **Maghreb Leasing Algerie**

### Impacts

- Support job creation in Algeria in facilitating SME's access to finance;
- Provide continuous support to the growth of a successful client focusing on the underserved SME's segment;
- Increase competition in the financial sector as the leasing industry grows and brings new players and instruments into the market;
- Promote a south-south investment which will contribute to the development of a more integrated financial sector across North Africa.

### Context

Algeria has some 300,000 small and medium enterprises (SME's) which have limited access to financial services, with local banks focusing mainly on state-owned companies and the best private risks. Therefore, SME's limited access to funding has facilitated the leasing industry's growth in Algeria. Leasing is moreover a simpler and faster financial solution compared to bank credit for which the delays are much longer.

### Project objectives

PROPARCO's repeat investment in MLA has been required to further develop MLA's lease portfolio; enabling the financing of activities which require stable resources. PROPARCO's investment has been accelerated upon the Central Bank (Bank of Algeria) in December 2008 requiring financial institutions to increase their capital to a minimum DZD3.5b (EUR33m) so as to strengthen their financial base.

### Description

MLA is the leading leasing company in Algeria with a 25 % market share offering medium term lease finance mainly to SME's in various sectors including construction, transport, computing and commercial real estate. MLA had close to 700 clients at the end of September 2009.

MLA's shareholding structure is as follows: Tunisie Leasing (30%), Amen Bank (21%), IFC (17%), FMO (17%), PROPARCO (8%), Maghreb Private Equity Fund (4%), and CFAO (3%).

Amen Bank was founded in 1971 as Credit Foncier de Tunisie. Its ownership structure is mainly held by private Tunisian interests. Amen Bank is Tunisia's fifth-largest bank.

Tunisie Leasing (TL), who have been a client of PROPARCO since 1993 is the leading leasing company in Tunisia with a 29% market share. TL is 50.1% owned by the Amen Bank Group and is listed on the Tunisian Stock exchange. TL has played a major role in setting up MLA as the technical assistance provider and the largest shareholder.

The project consists of a repeat investment for an equity stake as PROPARCO was solicited by TL to invest in MLA from its setting up in 2006.

More information on [www.proparco.fr](http://www.proparco.fr)