Early Warning System

AFDB-P-KE-HAB-026

Kenya - Credit Bank PLC (CBP)

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Quick Facts

Countries	Kenya
Financial Institutions	African Development Bank (AFDB)
Status	Approved
Bank Risk Rating	U
Voting Date	2019-07-17
Borrower	Credit Bank
Sectors	Finance
Investment Amount (USD)	$ 4.21 million

Project Description

The proposed project is a USD 8 million-targeted financing to Kenya's Credit Bank for lending exclusively to small and medium enterprises (SMEs) in construction, agriculture, renewable energy and manufacturing. The loan, which has a five-year maturity with a two-year grace period, marks the first proposal under the Bank's new initiative to prop-up SMEs in Africa. Credit Bank (CBP) is privately-owned bank, established in 1985 and dedicated to propelling SMEs' growth through financing and capacity building initiatives. It is financially sound and, as an adequately capitalized tier-3 financial institution, has a strong track record of SMEs, providing working capital and trade finance facilities. As such it is well-positioned to succeed in providing innovative longer term financial solutions to SMEs along several value chains including strategical financial solutions in Kenya. Credit Bank has the supporting infrastructure and a strong presence in key economic regions within Kenya and is expected to support several small businesses in rural areas, thereby producing substantial development impact. CBP's client base of 25,000 comprises primarily of SMEs operating in the manufacturing, energy, infrastructure, health, agribusiness, trade and communications sectors. Currently, it is funded mainly from deposits. The LoC will diversify its funding base and reduce its funding cost. The facility also fits well with the financial sector development policy and strategy and will contribute to the Bank's Jobs for Youth Programme and the Affirmative Finance Action for Women in Africa programme. A significant share of the proceeds of the loan are expected to flow through to the labourintensive agriculture value-chain in rural areas thus spurring job creation. It is expected that approximately 10% of the proceeds of the LoC will be dedicated to women-owned enterprises.

The over-arching objective of the project is to provide access to finance to SMEs, the "missing middle" in Kenya, thereby reducing their financing gap. The facility's proceeds will support transactions aimed at improving their productive capacities thereby enhancing entrepreneurship, job creation, income generation, and sustainable growth, leading to a multiplier effect on the country's economic growth.

The main project beneficiairies are Credit Bank (CBP), small and medium enterprises (SMEs) and the government of Kenya.

Investment Description

- African Development Bank (AFDB)

Contact Information

private-sector@afdb.org

ACCOUNTABILITY MECHANISM OF AfDB

The Independent Review Mechanism (IRM), which is administered by the Compliance Review and Mediation Unit (CRMU), is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an African Development Bank (AfDB)-financed project. If you submit a complaint to the IRM, it may assist you by either seeking to address your problems by facilitating a dispute resolution dialogue between you and those implementing the project and/or investigating whether the AfDB complied with its policies to prevent environmental and social harms. You can submit a complaint electronically by emailing crmuinfo@afdb.org, b.kargougou@afdb.org, b.fall@afdb.org, and/or s.toure@afdb.org. You can learn more about the IRM and how to file a complaint at https://www.afdb.org/en/independent-review-mechanism/.

Bank Documents

- Project Information