



Egypt: Guarantee and Subsidy Fund (GSF)

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Project Summary: USAID's Egypt Financial Services (EFS) project (www.egyptfs.com) is a multi-year cross-disciplinary four-task effort to stimulate the growth of effective banking and financial services activity. This initiative is particularly focused around housing which suffers from lack of efficient title registration procedures that severely inhibit mortgage finance.

As part of its Task I (Mortgage Finance), the prime contractor engaged the Affordable Housing Institute (AHI) to discuss how the organization could assist the Guarantee and Subsidy Fund (GSF), a two-year-old Egyptian-governmental entity under the supervision of Egypt's Mortgage Finance Authority (MFA). At the request of the Government of Egypt, Ministry of Investment (MoI), the Affordable Housing Institute (AHI) wrote a business plan for the GSF.

Operation facts

Egypt is one of the world's fastest-growing, fastest-urbanizing countries. With a population of 18 million, Cairo is among the world's largest and fastest-growing cities. Lack of effective housing finance is one of several factors contributing to major imbalances between supply and demand that are stressing Cairo's infrastructure, its economy, and its families.

The GSF faced major strategic choices among:

- Subsidy or credit-enhancement entity
- Retail activity as a direct lender/ subsidy provider or a wholesale provider to other entities such as originators
- Affiliating with or independence from the MFA

AHI Services provided

- Review of enabling legislation and history of both MFA and GSF
- Two week-long trips to Cairo to interview stakeholders from all sectors and to gather market information
- Organizational review and analysis of MFA and GSF operations, including products and services
- Gaps analysis identifying needs in the Egyptian housing financial ecosystem
- Categorization of existing GSF activities
- Identification of products and services the GSF could create and foster, with cost-benefit assessment of each
- Development of GSF business plan
- Presentation to client, GSF, MFA, and Ministry of Investment

Outcomes

The MFA and MoI strongly endorsed AHI's report and overall direction. Presently, the activity on the GSF has been temporarily superseded as events intervened leading to a redirected and intensive focus on a proposed new affordable housing production program. AHI also played an early conceptual-design role in Egypt's new affordable housing production program (described separately). The GSF strategic plan is scheduled to be implemented in the next twelve months.