« EU Initiative for Financial Inclusion »
Access to finance

- **Key pillar of EU strategy** for private sector development in the region;

- 6 million micro, small and medium-sized enterprises in the region (MSMEs) with large potential for economic expansion and for job creation;

- Access to finance for MSMEs by local banks, limited for different reasons, e.g. in Palestine 6% of total lending, in Egypt 7-8 %, in Jordan 11%, in Tunisia 15%, in Lebanon 16% and 25% in Morocco;

- Supply and demand side measures needed to facilitate access to finance, focus on financial inclusion
“EU Initiative for Financial Inclusion”

- Prepared by the EU in partnership with EFIs (EIB, EBRD, KFW, AFD) in 2016 to expand financing to MSMEs;

- How do we work? through blending with key financial institutions, using the **Neighbourhood Investment Platform (NIP)**;

- MSME finance through several complementary facilities, mainly at regional level, with different lead financiers, providing comprehensive support
EU approach: key principles

- **Pooling efforts**: EUR 177 million grants from the Commission with funds from EFIs expected to mobilize more than EUR 1.3 billion funding, potential to reach more than 200,000 MSMEs;

- **Principles**: impact, scale and coordination;

- **Focus on inclusion** (women, young entrepreneurs, territorial balance), micro and small enterprises (medium in EU definition = large locally) and **market development** (e.g. new institutions, new products)
“EU Initiative for Financial Inclusion
What does it offer?

- Microfinance through local financial institutions and capacity building – KfW;
- Investment into equity funds to support enterprises + loans to MFIs for on-lending to M and S as well as capacity building – EIB;
- MSME credit lines and capacity building to local financial institutions – EBRD;
- Advisory services to SMEs through grants – EBRD;
- Guarantee funds to cover losses of local banks lending new funds to SMEs – AfD in cooperation with IFC
"EU Initiative for Financial Inclusion" – indicative financial figures

<table>
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<tr>
<th>Financial Inclusion facilities with NIF support</th>
<th>Lead Financier</th>
<th>EU/NIP Grants € million</th>
<th>EFIs Funds + Third party funds € million</th>
<th>Total financing € million</th>
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<td>SANAD Fund in support to micro-finance institutions for on-lending</td>
<td>KfW</td>
<td>53</td>
<td>235</td>
<td>288</td>
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<tr>
<td>Risk Capital Facility (investment equity funds, microfinance for on-lending)</td>
<td>EIB</td>
<td>50</td>
<td>400</td>
<td>450</td>
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<td>Small Business Advisory services (SBS)</td>
<td>EBRD</td>
<td>25.5</td>
<td>6.7</td>
<td>32.2</td>
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<td>Support to MSME Financial Inclusion (credit lines to banks and MFIs)</td>
<td>EBRD</td>
<td>25</td>
<td>160</td>
<td>185</td>
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<tr>
<td>MENA SME Guarantee Fund</td>
<td>AFD</td>
<td>24</td>
<td>336</td>
<td>360</td>
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<tr>
<td>Total (indicative)</td>
<td></td>
<td><strong>177.5</strong></td>
<td><strong>1137.7</strong></td>
<td><strong>1315.2</strong></td>
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TOGETHER WE CAN GROW YOUR BUSINESS