



MED MSMEs

Policies for inclusive growth

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Support to an Enabling Business Environment for MSMEs Development & Financial Inclusion



MED MSME Programme

Recommendations for Enhancing the MSMEs Access to Finance in the South Med

SBAC Coordination and Dialogue Event
UfM-Barcelona June 23, 2022



MED MSMEs Programme performed the following activities:

2020/2021

- Mapping of available instruments for alternative financing in the South Med Region
- Developing regional survey for acquiring input from partner countries
- Developing 6 country roadmaps and recommendation

2021/2022

- Identifying policies and regulations targeting alternative financing tools
- Developing survey for MFIs to address issues and needs
- Developing fintech and gender guidelines to improve MFIs' services
- Developing regional discussion paper with comparative matrix of available alternative financing instruments and policies.

Outcomes of MF impact upscaling (phase1)

2021-2022

- Completed regional discussion paper with comparative matrix of available alternative financing instruments and policies.
- Identification of regional and International MF best practices
- Enhanced public private dialogue through regional webinars
- Developing fintech and gender guidelines to improve MFIs' services

MED MSMEs Programme Achievements in the MF Impact Upscaling (Phase 1)

Consolidated Matrix

The Regional discussion paper incorporated a consolidated matrix highlighting the following:

- Status of policies and regulation designed for alternative financing
- More than 150 policy and regulations were investigated for alternative finance
- Colour coding for gaps and opportunities in improving MF policies
- Recommendations for improving MF sector services as next steps

Regional Survey

Developing regional survey targeting MFIs' to acquire and prioritize needs and tackle issues. The survey resulted in:

- Acquiring information on the need to improve policies for the MF sector
- Addressing issues that are hindering the improvement of MFIs services
- Overall view on the digitizing of the MF services
- Addressing the liquidity issues and funding constraints for MFIs

Guidelines

Developing **two** guidelines for enhancing gender financing and digitizing MFIs' operations

MED MSMEs Programme Achievements in the MF Impact Upscaling (Phase 1)

Best Practices

The regional discussion paper incorporated best practices based on the selected topics of the study.

From the EU Member States



- Microfinance Law
- Tax Exemption
- European code of good conduct for microcredit provision
- EIF guarantee Scheme
- The financial instrument for the European Social Fund
- Fintech in the EU Central Bank
- EU PSD2
- European Women Onboard
- Electronic identification and trust services

MED MSMEs Programme Achievements in the MF Impact Upscaling (Phase 1)

Best Practices

The regional discussion paper incorporated best practices based on the selected topics of the study.



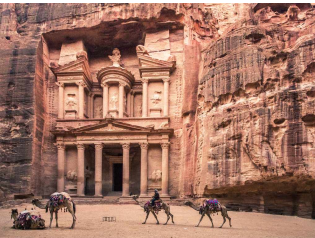
From Italy

- Microfinance License simplification



From Albania

- Microfinance License simplification



From Jordan

- CRIF
- Regulatory Fintech Sandbox



Global

- Gender financing and equality
- CANVAS for good practices

Selecting Overall Priorities (Under phase1)


Area	Priorities	Survey
Lending and upscaling	<ol style="list-style-type: none"> 1. Funding and guarantees 2. Provisioning 3. Taxation 4. Loan and interest rate caps 5. Licencing, regulation, and capital requirements 6. Credit bureaus 	<ol style="list-style-type: none"> 1. Funding and guarantees 2. Licencing, regulation, and capital requirements 3. Loan and interest rate caps 4. Credit bureaus 5. Provisioning 6. Taxation
Gender issues	<ol style="list-style-type: none"> 1. Programmes, policies, and regulations for incentivizing and / or obligating MFIs to finance women 2. Board representation / Senior positions 	<ol style="list-style-type: none"> 1. Programmes, policies, and regulations for incentivizing and / or obligating MFIs to finance women 2. Board representation / Senior positions
Digitalization	<ol style="list-style-type: none"> 1. Cashless payments 2. Experimentation & Sandboxes 3. Legal Mandate and Regulatory Frameworks for Digitalization 4. E-signatures 	<ol style="list-style-type: none"> 1. Legal Mandate and Regulatory Frameworks for Digitalization 2. Cashless payments 3. Experimentation & Sandboxes 4. E-signatures


Activities undertaken: Proposed Recommendations (Phase 1)


Lending & upscaling	Recommendation	Proposal / way forward / Potential partners
Funding deposits	Facilitate access to long term local currency credit lines and equity	<ul style="list-style-type: none"> • Development of a “self-assessment” toolkit • Regional and/or country platforms / workshops could be used to discuss funding issues among the EC, DFIs, and MFIs, and banks • Providing TA and grants for transforming from MFI to Banks through the EFSD+ / Blending facilities • Supporting Central Banks to develop “light” banking licenses approaches for MFIs
Programmes, policies, and regulations for incentivizing and / or obligating MFIs to finance women	<ul style="list-style-type: none"> • Identify ways of reducing the gender gap • Link with leading gender programmes such as EU EaSI and EBRD Women in Business • Increase the use of guarantees to support MFIs, especially when lending to vulnerable groups including women and start-ups 	<ul style="list-style-type: none"> • Assess the gender gap from a policy perspective • Regional associations of MFIs, with the support of the MED MSMEs Programme, could become knowledge centers gender issues • The MED MSMEs Programme intervention on assessment of the relevance and features of a Regional Risk Sharing Mechanisms (RRSM) could study feasibility of increasing coverage of guarantees to women

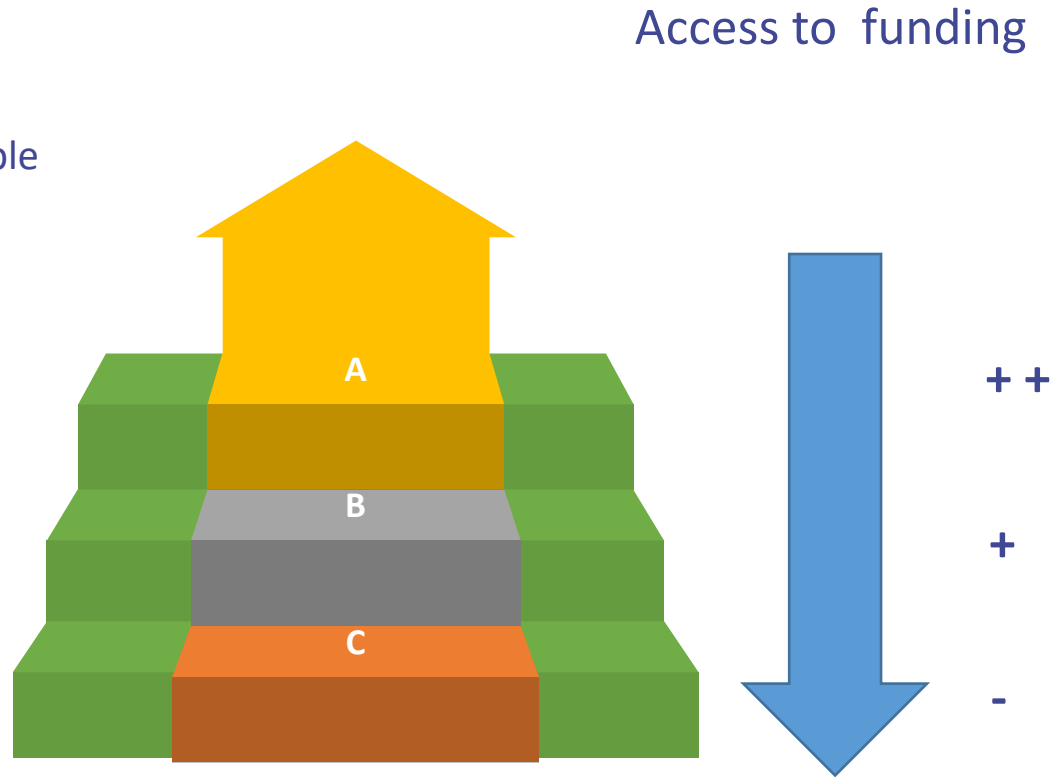
Types of MFIs operating in the region

Who are our target NBFIs?

- Tier A**
A  Well structured MFIs, regulated and sustainable with profitability.

- Tier B**
B  Less structured, sustainable, low leveraged,

- Tier C**
C  NGO and not for profit MFIs, Regulated, unsustainable



MED MSMEs Activities Under Phase 2&3

The MED MSMEs Programme launched the implementation of the MF Impact Upscaling phase 2 & 3 in April 2022.

The assignment will incorporate:

1. Developing a self-assessment tool kit to measure MFIs' readiness for acquiring funding from EU DFIs or investment vehicles through a participatory approach with funders.
2. Mobilize EU DFIs to adopt the tool kit and to participate in the planned national workshops



1. The Self assessment toolkit will serve NBFIs in the purposes of:

- Increase the readiness of NBFIs for accessing international funding
- Better understanding of the DFIs eligibility criteria
- Provide NBFIs with an overview of due diligence requirements (documentation & process)
- NBFIs can launch internal assessment / scoring of their ability to receive funding



2. Organizing national workshops to:

- Facilitate match making between EU DFIs and MFIs.
- Present and train participants on the tool-kit and guidelines
- Raise awareness on the EU IFI latest services and achievements

The MED MSMEs Programme foresees organization of national workshops as follows:

National Microfinance Workshops / Match Making Events	September	October	November	December
Lebanon	06-09-22			
Tunisia	20-09-22			
Morocco		04-10-22		
Jordan and Palestine		18-10-22		
Egypt			08-11-22	
Israel			22-11-22	



MED MSMEs Programme Planned Activities for **2022/2023**

A. Proposed Financing of woman-entrepreneurs through MFIs: policies and regulations

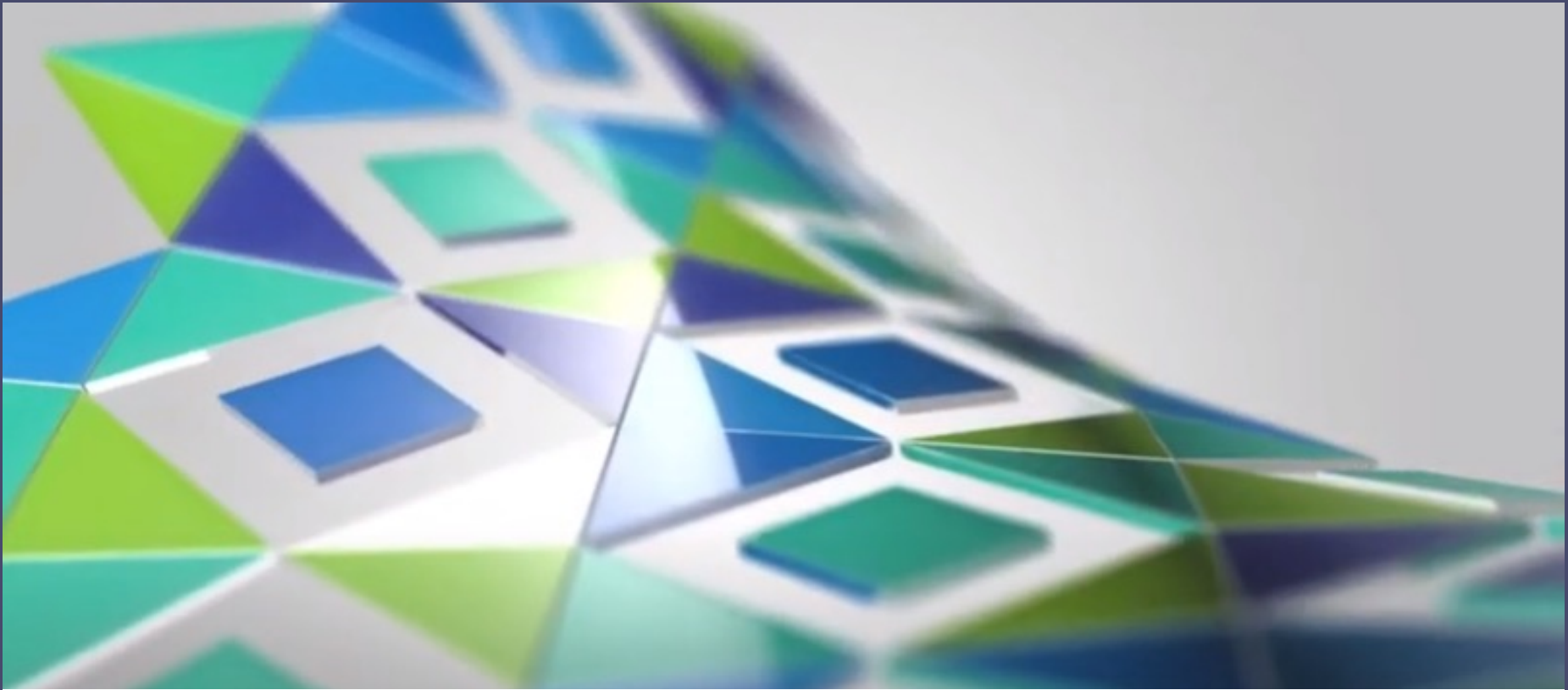
The Overall Objective:

1. Reduce the financing gap of women entrepreneurs
2. Raise awareness on fintech solution to enhance access to finance
3. Increasing public private dialogue on identifying solutions to women to access finance
4. Raise awareness on regional and international best practices notably from EU region

Specific Objective:

1. Assessing the gender financing gap from a policy perspective
2. Developing regional paper with recommendations to improve gender financing
3. Organizing a regional conference to discuss the way forward





THANK YOU
