



# Joint Communication new Agenda for the Mediterranean key themes & Economic Investment Plan

- *Human development, good governance, rule of law*
- *Peace and Security*
- ***Strengthen resilience, build prosperity & seize the digital transition***
- ***Green transition: climate resilience, energy, and environment***
- *Migration & mobility*



# Strengthen resilience, build prosperity & seize the digital transition

- *Build **inclusive, resilient, sustainable and connected economies** by restoring trust in the business climate, encouraging economic diversification and improving interconnectivity*
- *Support the leap to the **digital transition**, both for the public and the private sector*
- *Support **access to finance** for Small and Medium Enterprises*



# Green transition : climate resilience, energy and environment

- Support countries in meeting their **climate commitments** and **strengthen their ambition**
- Drive **energy transition** and ensure **energy security**
- Encourage **resource efficiency**, including water and waste, and protect terrestrial and marine **biodiversity**
- Achieve transition to **sustainable food systems**



## **Example: Ongoing cooperation**

### **“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** : 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 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



# Regional programming 2021-2027 : Strengthen resilience and prosperity

- **Objective: An "Economy that works for people" - deliver on decent job creation and tackling inequality**
  - Economic governance, **increase fairness and transparency** and support entrepreneurship, such as **innovation ecosystems**.
  - Facilitate regional integration through **trade and investment**, clusters & value chains.
  - Promote the **green and circular economy**: sustainable production
  - Focus on actors and segments of the economy that are currently **underserved**: inclusion of vulnerable groups, women and youth. Promote **inclusive business models**: social business, creative industries, and **alternative finance**.



# Future ideas on access to finance at regional level

- ***Less focus on traditional tools for SME access to finance: better at bilateral level***
- ***More targeted tools which focus on vulnerable groups: eg microfinance, women access to finance***
- ***Explore tools for alternative finance:***
- ***eg sustainable finance and impact investment.***



# Annual Action Programme 2022

- **Green Economy – Support at three levels**
  - Macro** : Enabling policy/regulatory framework
  - Meso** : Business support organisations
  - Micro** : Small and medium-sized enterprisestransition towards a **green and circular economy**
- **Women economic empowerment**  
Focus on **access to finance**





# **DG NEAR, EFSD+ and MSMEs**



## Evolution of EU financial instruments

- Since 2008, blending support
  - As of 2014, to better serve private sector and SMEs, DG NEAR started using guarantees (e.g. SANAD fund)
- ***Why a guarantee?***
- Effective protection if investors incur losses, e.g. an MSME goes bankrupt or a local bank fails to repay a credit line.
  - Advantages for all parties involved (capital relief, credit enhancement, impact).



# The European Fund for Sustainable Development (EFSD/EFSD+)

- From 2017, the European Fund for Sustainable Development (EFSD) is in place, followed by EFSD+ in 2021.
- ***Policy first:*** overarching EU policies, aligned with national and regional priorities.
- ***Beyond the hurdles of MSME finance:*** new partners (NBFIs), inclusive finance (gender), innovative solutions (fintechs).
- More strategic use of resources.
- FMO NASIRA, EIB SME Access to Finance, EBRD Financial Inclusion.