



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

- *Human development, good governance & the 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**



# European Fund For Sustainable Development EFSD+

- ***Overarching Priorities:*** *Global Gateway, Green Deal and Jobs and Growth*
- ***Focus on Team Europe Initiatives and delivering the Economic Investment Plans (including Flagships)***
- ***Guarantee allocations are indicative, actual allocations will depend from:***
  - 1. Alignment of proposals to EU policy priorities**
  - 2. Quality of the proposal**
  - 3. Level of maturity of pipeline**



# **European Fund For Sustainable Development EFSD+ Priorities for Support to MSMEs**

# MSME FINANCING FOR INCLUSIVE AND GREEN GROWTH AND JOB CREATION



## Objectives

To ensure that MSMEs and entrepreneurs across different growth stages have access to affordable and relevant financial products



## Main Sectors

- Financial inclusion
- Start-up and innovation Circular economy
- Trade finance
- Supply chain development
- Local currency



## Possible Operations

Guarantees to de-risk debt transactions or equity investment for MSMEs, backing export and cross border trade support schemes



## Examples of TEIs and EIPs flagships

- TEI Invest in Young Businesses in Africa
- Moldova Flagship : Sustainable, innovative, green and competitive economy — direct support for 50 000 SMEs

**Indicative Guarantee allocation of EUR 1,120 million, of which: EUR 620 million for INTPA and EUR 500 million for NEAR**

## **Main objectives**

- **Focus on job creation and inclusiveness based on a number of essential criteria;**
- **Facilitate access to finance for MSMEs and ensure a stronger impact on local private sector development; respond to capacity building gaps**
- **Should be in line with bilateral EU Private Sector/MSME policy dialogue or reform work programmes**

## Essential criteria

- **Focus on less served and/or “vulnerable” target groups (women, youth, refugees, MSMEs in remote/rural areas; Covid affected companies)**
- **Green investments that contribute to sustainable development and climate resilience**
- **Digital transition (e.g. Fintechs);**
- **Social entrepreneurship**
- **Value Chain development**
- **Local currency financing**





# Types of investments

**Through:**

- **Micro Finance Institutions/Leasing companies/Commercial banks**
- **Venture Capital funds/Equity funds**
- **Layered funds (e.g. SANAD, GGF)**
- **Impact funds**



## **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** 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 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*
- *Explore tools for alternative finance:*
- *eg sustainable finance and impact investment.*