



# **EU approach to Private Sector Development and Access to Finance in the Neighbourhood South**

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# European Neighbourhood Policy (ENP) - review

The review (Nov 2015) proposed several joint priorities for cooperation, inter alia:

- ❑ **Economic Development for Stabilisation and Modernisation**
- Enhancing economic governance by supporting structural reforms for improved **competitiveness; inclusive and sustainable growth as well as social development; strengthen partnership with private sector**
- Using **innovative approaches** (e.g. blending) to create better conditions for jobs and growth (e.g. access to finance and promotion of entrepreneurship)

# Private sector development approach in ENP South

**At policy level:  
Economic regional  
integration**

Economic  
regional  
integration  
(e.g. Trade)

Policy reforms  
& Business  
climate

**At macro level:  
Enabling  
Environment**

**Inclusive  
and  
sustainable  
growth**

Institutional  
capacity &  
Business  
intermediaries

**At meso level:  
Capacity building  
and networking**

Micro & SMEs  
development

**At micro level:  
Access to  
finance**

# Access to finance and financial inclusion

## Key challenge

How can the EU help **improve access to finance for MSMEs** with a particular **emphasis on financial inclusion?** How to mobilise additional finance through the private sector?

## Approach pursued

- Through blending (the **Neighbourhood Investment Facility, NIF**), in cooperation with financial institutions
- Mainly in form of regional facilities, rather than bilateral projects:
- Besides blending, work also on the enabling environment

# EU initiative for Financial Inclusion (1)

- ❑ Prepared by the **EU in partnership with key financial institutions** (EIB, EBRD, KfW, AFD) in 2015 to expand financing to MSMEs (including support to innovative start-ups).
- ❑ Five complementary regional facilities financed through the **Neighbourhood Investment Facility (NIF)**, with different Lead Financial Institutions, representing a comprehensive support package launched in 2016.

## EU initiative for Financial Inclusion (2)

Address different aspects of MSME finance with different instruments:

- **Risk capital/venture capital** to support business start-ups and microfinance – EIB
- **Guarantee funds** to cover losses of local banks lending new funds to SMEs – AfD
- **Advisory services** to SME through grants – EBRD
- **SME credit lines** and **capacity building** to local financial institutions – EBRD
- **Microfinance** through local financial institutions and **capacity building** – KfW

## EU initiative for Financial Inclusion (3)

- ❑ Total EU contribution: **EUR 150 million**
- ❑ Pooling resources between the EC and Financial Institutions may leverage **more than EUR 1.2 billion** in new financing for MSMEs in the region
- ❑ Potential to reach up to **200 000 MSMEs** in the region, targeting **less served populations**
- ❑ **EU coordination** for complementarity and joint communication and visibility

# European External Investment Plan

- ❑ Inspired by the “Juncker-plan” for the EU
- ❑ To be launched in 2017
- ❑ The objective is to mobilise investment for economic development in order to address some of the root causes of migration
- ❑ Total EU contribution: ca. EUR 4.1 billion



# European External Investment Plan

- Consists of 3 pillars:
  - Create the **European Fund for Sustainable Development** including a new guarantee to finance investments in socio-economic sectors and finance for micro and SMEs;
  - Provide **Technical Assistance** to help local authorities and companies develop sustainable projects and attract investors;
  - Improve a more **dynamic investment climate** and **conditions for the enabling environment**



**THANK YOU FOR YOUR ATTENTION.  
MERCI DE VOTRE ATTENTION.**