

Enhancement of the Business Environment in the Southern Mediterranean



A project funded by the European Union



Working Meeting of MED SBA Coordinators and Access to Finance Advisors

Preliminary Findings of the Mapping Exercise Brussels – 24 November 2015



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1. Obstacles / Défis

Obstacles

- **Méconnaissance des instruments financiers et de leur mode de fonctionnement**
- **Faiblesse des fonds propres/sous-capitalisation**
- **Manque de confiance Investisseurs/Porteurs de projets en MPME**
- **Manque de qualification des conseillers financiers**
- **Problème d'identification des garanties**
- **Non professionnalisme des MPME**
- **Faible transparence financière des entreprises**

Défis

- **Développement du crowdfunding et des mesures juridiques associées**



2. Good Practices Mapping



What does the mapping bring out?

- **27 good practices identified (perception)**
- **But only 34 occurrences => exchanging good practices is valuable**
- **Good practices can be mapped out at 5 levels**
 - **Policies, regulatory reforms, incentives** **6 GPs**
 - **Knowledge, dialogue, financial infrastructure** **6 GPs**
 - **Financial and risk mitigating instruments** **6 GPs**
 - **Meso-level support** **4 GPs**
 - **Micro-level support** **4GPs**

Result of the mapping of good practices

Country synthesis (raw)

Bonnes pratiques par theme / Good practices by them	ALG	EGY	ISR	JOR	LEB	MOR	PAL	TUN	Total
Policies, regulatory reform, incentives									
Exemption of stat. res. or reg. incentives	1	1			1		1	1	5
Interest subsidy for SMEs				1	1				2
Unified definition of SMEs							1		1
Development of a financial inclusion strategy							1		1
Creation of the self-entrepreneur regime						1			1
Creation of growth poles / clusters								1	1
Knowledge / dialogue / infrastructure									
Credit bureau / centrale des risques	1					1			2
Development of a database of available financings							1		1
Developed knowledge on SMEs by sectors						1			1
Dialogue platform for SME issues							1		1
Banking mediation centre						1			1
SME stock exchange		1							1
Financial and risk mitigating instruments									
Government loan guarantee			1	1				1	3
VC ecosystem or VC incentives			1		1				2
Existence of an SME Bank								1	1
Development of leasing cics backed by banks	1								1
Grants for seed finance					1				1
Encouragement of Islamic finance						1			1
Meso-level support									
Creation de reseaux sectoriels / ou en region	1					1			2
Accompagnement jeunes promoteurs	1								1
Liaisons avec les gdes entreprises	1								1
Regional focal point for loans and gtees	1								1
Micro-level support									
Linkages between public admin. / MSME suppliers	1								1
Training of bank officers by sector reps	1								1
Encouraging SME to partake in R&D			1						1
Civil service targeted at supporting SMEs			1						1



Result of the mapping of regulatory issues

- **Cumbersome regulations for start-up is across the board**
- **Lack of definition of SMEs**
- **Insufficient capacities of the judicial**
- **And 8 other issues: can we set priorities?**

Obstacles reglementaires	ALG	EGY	ISR	JOR	LEB	MOR	PAL	TUN	Total
Cumbersome regulations for start-ups		1		1		1	1	1	5
Standard and operational definition of MSMEs	1	1		1					3
Insufficient technical capacities of the judicial					1			1	2
Lack of global SME strategy	1								1
Lack of incentives for SME equity investors	1								1
Lack of adaptative A2F strategy for SMEs	1								1
Risk sharing Mech. regulations not sophisticated	1								1
No One-Stop-Shop				1					1
Lack of regulatory reform process / Dialogue					1				1
Insufficient protection of creditors rights						1			1
Lack of competition between banks								1	1



Result of the mapping of demand side

- **Transparency, governance, too high interest rates vs. EBITDA**
- **Lack of credit history and collateral**
- **A vast array of other issues: to be prioritized...**

Demand	ALG	EGY	ISR	JOR	LEB	MOR	PAL	TUN	Total
Lack of financial literacy / bkg requirements underst.	1	1				1	1	1	5
Low transparency of SMEs, weak governance	1				1	1		1	4
Lack of managerial and technical skills, feasibility				1		1	1	1	4
High interest rates		1		1		1		1	4
Lack of credit history				1			1	1	3
Lack of real collateral (land, assets)		1		1				1	3
Insufficient equity base						1		1	2
Risk aversion	1						1		2
Lack of awareness of available instruments		1			1				2
Lack of links between academic R&D and SMEs					1		1		2
High degree of informality							1		1
A lack of partenarial culture of SMEs	1								1
Long process to get a loan decision		1							1
Weak contracts that can hardly be financed		1							1
Lack of efficient infrastructure in the regions				1					1



Result of the mapping of supply side

- **Insufficient risk-sharing mechanism**
- **Attractiveness, lack of data, 2F BDS**
- **And 12 other obstacles! Let's discuss how this could be approached**

Supply	ALG	EGY	ISR	JOR	LEB	MOR	PAL	TUN	Total
Insufficient risk-sharing mechanism notably for start-	1			1		1	1	1	5
Perception that the SME segment is not attractive		1		1		1	1		4
Lack of data concerning SMEs		1		1			1	1	4
Insufficient involvement / decentralization of BDS					1	1	1	1	4
Lack of an MSME specialized bank	1							1	2
No cash-flow based lending				1			1		2
No credit scoring system / moveable AR				1			1		2
Lack of specialized SME dpts / trained officers							1	1	2
Lack of coordination between fin. Providers					1				1
Legal constraints associated with SME lending		1							1
Lack of incentives to channel funds towards SMEs	1								1
Lack of national association for innovative finance	1								1
Difficulties to deal with semi-structured firms		1							1
VCFs not serving traditional sectors			1						1
Imperfections of the micro-finance law				1					1
Insufficient liquidities / capital markets								1	1



2. Mesures adéquates



- **Aucune exigence de réserve pour les banques qui prêtent aux MPME**
- **Centrale de risqué/ décentralisation des décisions**
- **Accompagnement des jeunes créateurs d'entreprises**
- **Approches sectorielles spécifiques**
- **Actions de communication décentralisée**
- **Médiateur du crédit**
- **Développement du leasing et financements islamiques**
- **Marchés public locaux tournés vers les MPME locales**
- **Formation des agents et conseillers financiers**
- **Business Angels et Corporates Angels**



3. Réformes prioritaires communes



- **Définition commune des MPME**
- **One stop shop service**
- **Financement du early stage**
- **Développement des bases de données risque**
- **Développement du scoring**
- **Professionnalisation du retour d'expérience**
- **Augmentation de la lisibilité et de la coordination de la chaine du financement**
- **Transparence financière des entreprises**
- **Baisse des taux de la microfinance**



Thank you for your attention
François-Louis BILLON
francoisbillon@aol.com
Christophe MALHERBE
cmalherbe@factfund.com

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giz Deutsche Gesellschaft
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