

**Concept Note on the Regional Seminar:
“MSME Access to Finance for Inclusive and Sustainable Growth - Stimulating
MSME Growth in the MED Region”
Brussels – 24 February 2016**

1. Background

During its second year of operation, the “Enhancement of the Business Environment in the Southern Mediterranean” Project¹ (named the EBESM project) launched the Access to Finance for MSME Activity. The overall objectives of this Activity is to raise awareness and to share information and good practices among policy makers, practitioners, representatives of the private sector in the MED countries about existing public policies, mechanisms and instruments supporting MSME financial needs for development (e.g. bank loans, guarantees, risk capital, microfinance, etc.) in their country.

Its goal is to contribute to unlock Access to Finance for MSME in the MED region as current studies clearly indicate that access to finance remains insufficient compared to overall MSME needs (in most MED countries, less than 20% of credit financing goes to MSME).

Implementing such policies will expand the private sector through the development of more robust, inclusive and sustainable growth, by raising MSME capacity, creating employment and improving competitiveness.

A working group on Access to Finance (WGA2F)² has been established and will work in close collaboration with the SBA Coordinators, who are the main Project interlocutors at country level. This working group, composed of one representative per MED country with specific competence in MSME financing nominated by their respective SBA Coordinators, is taking an active role on Access to Finance issues within the Euro-MED Industrial cooperation dialogue process.

The main mandate of the working group is to contribute to develop and implement policies and reforms in the area of finance for MSME in their respective country, in line with International and EU best practices, on key topics such as :

- (i) Developing guarantee instruments for local banks to expand MSMEs financing portfolios;
- (ii) Supporting incentives to risk capital and start-up financing;
- (iii) Promoting micro-finance and financial inclusion in unserved area; and
- (iv) Promoting other newer financial instruments for financial inclusion, such as seed funding, crowdfunding, etc.

The Working Group supervised a mapping study that was conducted by resident experts mobilised by the EBESM project from November 2015-February 2016. This mapping study identified existing public programmes, operational financing mechanisms and instruments supporting the development of MSME at country level, as well as assessed public policies, identified best practices at country level and provided policy recommendations of these existing financial mechanisms and instruments.

¹ Website: <http://ebesm.eu>

² List of the Members of Working Group on Access to Finance (WGA2F) is available here.

The first working meeting on Access to Finance for MSMEs was held on 24 November 2015 in Brussels. It was hosted by the European Commission – DG NEAR – and attended by the SBA coordinators and members of the working group of six MED countries. Its purpose was to introduce the members of the WGA2F and to discuss the preliminary findings of the mapping exercise.³

The final results and the key findings of the study will be presented at this regional seminar; policy options and reforms needed at country level to sustainably unlock financing opportunities for MSME in the MED region will be also discussed.

2. Regional Seminar Objectives

Against this backdrop, the regional seminar on Access to Finance is organised in close coordination with the European Commission and is linked to the “EU Initiative for Financial Inclusion in the Mediterranean” aiming to mobilize more than €1.6 billion in support to micro and SMEs development.

This regional seminar will bring together policy-makers, practitioners, private sector representatives, businesses and others to discuss a forward-looking agenda of the type of reforms needed to enhance financial inclusion for MSME in the region.

The aim of this regional seminar is threefold as follows:

- To raise awareness, share information and good practices about existing public policies, mechanisms and instruments supporting MSMEs financial needs for development in the Mediterranean region (MED);
- To discuss reforms needed at country level to unlock Access to Finance for MSMEs; and
- To discuss the type of support available from the European Finance Institutions to help MED countries implement reforms in favour of MSME financial inclusion.

Building on an analytical examination of identified financial public policies, mechanisms and instruments for MSMEs at country level, the seminar aims at drawing conclusions and recommendations about the reforms needed in this area. Specifically, it is expected that the resulting discourse will deepen the understanding of the main challenges faced by MSME to access finance, what are the policies and the measures needed to overcome these challenges and help them grow, be more competitive and create jobs.

3. Programme and Organisation

A one-day seminar that is organised and structured to encourage policy discussion and to come to conclusions and reforms needed at country level to unlock Access to Finance for MSMEs as organised below:

The seminar will be opened by high-level officials from the European Commission – DG NEAR and DG GROW. Meanwhile, subsequent speakers (15 to 20) will include entrepreneurs, professionals, as well as experts in the domain of finance for MSMEs.

³ For more information on the working meeting could be found via the following link: <http://www.ebesm.eu/posts/msme-access-to-finance-for-inclusive-and-sustainable-growth>

Panel 1: MSME experience in accessing to finance

This panel features five (5) selected MED entrepreneurs who will speak on their needs and challenges or success stories with respect to access to finance.

Panel 2: Advancing financial inclusions for MSME in the MED region

This panel composed of four (4) practitioners from the banking industry looks at the challenges/success stories as expressed in the first panel and discuss about responses, measures and solutions developed in their respective country. In particular, bankers will speak on the strategy and the approach of their respective banks with respect to Access to Finance for SMEs.

Panel 3: Key findings of the assessment of MED countries' policies to facilitate access to finance for MSME

This session will present key findings of the mapping exercise and the assessment of MED countries' policies to facilitate Access to Finance for MSMEs at national and regional levels.

This session will be followed by a one-hour open debate on key findings of the study as well as on the issues/challenges raised in the above two panels.

Panel 4: The EU initiative for financial inclusion in MED countries

This panel composed of representatives from the European Commission and European Financial Institutions such as EIB, EBRD, KfW, AFD, AECID, CDP, SIMEST, etc. will formulate recommendations on how to enhance the accessibility of finance for MSMEs, and will share with the audience their experience in collaborating with MED banks and other financial institutions.

Panel 5: Moving towards a collaborative framework – Key Issues and policy recommendations

During this session, the Working Group on Access to Finance will be invited to draw conclusions, to look at the future of financial inclusion and to discuss major reforms needed at country level and how and when to implement them.

Concluding Session: EU-MED Cooperation on Access to Finance

The working group on Access to finance, officials from the European Commission and the EBESM Project will outline plans for the future of this activity and its work programme for the coming year. A discussion on these activities will follow and conclusions of the seminar and its main findings will be established.

See also the seminar programme (Annex 1).

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