



« EU Initiative for Financial Inclusion »»

Access to finance

- **Key pillar of EU strategy** for private sector development in the region;
- 6 million micro, small and medium-sized enterprises in the region (MSMEs) with large potential for economic expansion and for job creation;
- Access to finance for MSMEs by local banks, limited for different reasons, e.g. in Palestine 6% of total lending, in Egypt 7-8 %, in Jordan 11%, in Tunisia 15%, in Lebanon 16% and 25% in Morocco;
- Supply and demand side measures needed to facilitate access to finance, focus on financial inclusion

“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 approach: key principles

- **Pooling efforts:** EUR 177 million grants from the Commission with funds from EFIs expected to mobilize more than EUR 1.3 billion funding, potential to reach more than 200.000 MSMEs;
- **Principles:** impact, scale and coordination;
- **Focus on inclusion** (women, young entrepreneurs, territorial balance), micro and small enterprises (medium in EU definition = large locally) **and market development** (e.g. new institutions, new products)

“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

“EU Initiative for Financial Inclusion” – indicative financial figures

Financial Inclusion facilities with NIF support	Lead Financier	EU/NIP Grants € million	EFIs Funds +Third party funds € million	Total financing € million
SANAD Fund in support to micro-finance institutions for on-lending	KfW	53	235	288
Risk Capital Facility (investment equity funds, microfinance for on-lending)	EIB	50	400	450
Small Business Advisory services (SBS)	EBRD	25.5	6.7	32.2
Support to MSME Financial Inclusion (credit lines to banks and MFIs)	EBRD	25	160	185
MENA SME Guarantee Fund	AFD	24	336	360
Total (indicative)		177.5	1137.7	1315.2



European
Commission

https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/eu-initiative-financial-inclusion_en

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