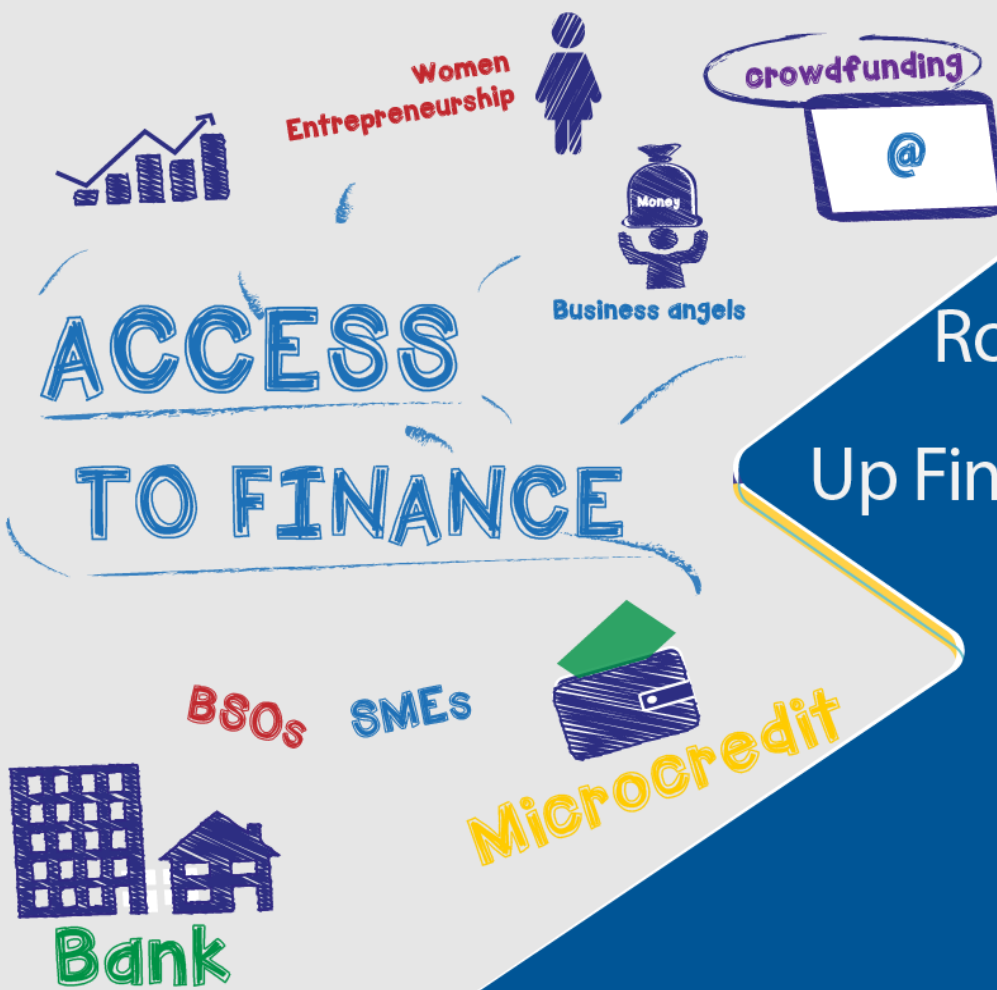




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EBSOMED
ENHANCING BUSINESS SUPPORT ORGANISATIONS

MAIN RECOMMENDATIONS



EU Med
Roadshow - Scaling
Up Finance for Inclusive
Development
in the Southern
Neighbourhood



Project funded by the EUROPEAN UNION

The EBSOMED project is led by BUSINESSMED within a consortium of six partners.

BUSINESSMED
Union of Mediterranean Confederations of Enterprises



Deutsch-Arabische
Industrie- und Handelskammer
German-Arab
Chamber of Industry and Commerce
الغرفة الألمانية العربية للصناعة والتجارة

THE EVENT - SCALING UP FINANCE FOR INCLUSIVE DEVELOPMENT IN THE SOUTHERN NEIGHBOURHOOD

In the framework of the EBSOMED project, CAWTAR organized its first EU Med Roadshow "Scaling Up Finance for Inclusive Development in the Southern Neighbourhood". The event took place on June 18th and 19th, 2019 in Tunis.

During these two days, speakers, moderators, and participants discussed issues of access to finance, especially for SMEs and innovative micro-enterprises mostly ones launched by young entrepreneurs and women but also new sources of finances such as crowdfunding or micro-credit.

The objective of the event was to highlight the main gaps (gender/sector/size etc.), challenges and obstacles such as lack of liquidity, working capital, adapted financial products, access to credit financial intermediary, without forgetting the low level of education and financial illiteracy.

CAWTAR Executive Director, Soukeina Bouraoui, opened the day by welcoming the presents and announcing the participation of about 600 economic enterprises from 9 countries in this conference which, at the end of the two days, will be crowned with important recommendations in the field of access to finance.

Besides, the Tunisian Minister of Trade, Omar El Béhi, pointed out that small businesses employing less than 5 people face great difficulties in obtaining credit and are unable to continue their activity, calling for the need to find solutions to solve the problems of these companies.

For her part, the Tunisian Minister of Women, Family, Children and Seniors, Naziha Laabidi, stressed the importance of the EBSOMED project, which should encourage young people to launch new projects and review the Ministry's programs to encourage women to set up their businesses.

In her intervention during the event Jihen Boutiba, BUSINESSMED General Secretary, said: "I am convinced that the recommendations elaborated during these two days of work will enrich the discussions and the debate around inclusive finance that can also guarantee better access to financing for marginalized women and young entrepreneurs. EBSOMED is already building the foundations for a new model of triangular economic cooperation, through the establishment of new partnerships with Sub-Saharan African Countries, based on the European External Investment Plan."

MAIN OUTCOMES

The following outcomes have been identified following the presentations and discussions during the roundtables of the Roadshow:

ROUNDTABLE 1 - PROMOTE ACCESS TO TRADITIONAL FINANCIAL TOOLS

- **Improve bank & MFI capacity and incentives** to lend to MSMEs with affordable and diverse credit products, including among others through credit guarantees, trade receivables, securitization and credit insurance and by reinforcing bank resilience (adequate provision for loan losses and better capital positions). Consider enabling MSMEs to use a broader set of assets beyond fixed collateral, such as movable assets.
- **Enhance the information infrastructure for credit risk assessment**, including through providing the conditions for the development of credit bureaus, credit rating agencies and data warehouses with loan-level granularity, the standardization of credit risk information and its broader accessibility and support the development of specific MSME credit-risk management skills.
- **Promote a level-playing field for debt and non-debt financing instruments**, by addressing legal, regulatory and taxation biases that may place alternative instruments at a disadvantage with respect to traditional debt.
- **Promote Microfinance sectors.**
- **Foster standardization of regulation and documentation** as well as diffusion of best practices in order to promote the development of new markets and instruments (e.g. private placements).
- **Support financing of start-up and innovative MSMEs** (that lack both the credit history and the collateral needed to mitigate a typically high-risk profile), including, where appropriate, through regulatory approaches and fiscal incentives to retail and institutional investors.
- **Develop MSME loan products to meet current sector-specific needs** for sectors in which women and youth are operating growing business (particularly in services and durable and non-durable manufacturing)
- **Raise awareness and improve knowledge by diverse financial providers** about investment opportunities in MSMEs, by raising the profile of the public debate about MSME finance market development and investors' advantages from diversification in the SME asset class, by improving visibility of successful transactions and platforms for alternative instruments and by facilitating information sharing between investors and MSMEs
- **Improve understanding of the diverse financing needs of SMEs and statistical information on MSME financing**, through collection of statistical data (e.g. gender-disaggregated data) on SME access to bank and non-bank finance, micro data and micro-level analysis, SME surveys and regular consultations with stakeholders (both financial and non-financial).
- **Increase women's ability to own and leverage assets** as collateral, addressing issues such as property, housing deeds, bank accounts and inheritance.

- **Foster public-private dialogue** by including **businesswomen's organizations** in decisions on economic and regulatory policy and funding for economic development.
- **Support economic advocacy campaigns** to promote women's financial inclusion, increased property rights and equal access to services

ROUNDTABLE 2: PROMOTE ACCESS TO ALTERNATIVE FINANCIAL TOOLS

- **Set up a regulatory framework to govern the crowdfunding industry** to reduce the risk of each party (e.g. Financial Conduct authority in England). Establish a dialogue with all stakeholders for more realistic laws.
- **Facilitate laws for foreign currency.**
- **Support multiple and competing sources of finance for MSMEs, including asset-based finance** (e.g. factoring, leasing, asset-based lending), alternative forms of debt (e.g. corporate bonds, private placements, debt funds), crowdfunding, hybrid tools (e.g. subordinated loans, mezzanine finance) and equity instruments with special consideration for venture capital and private equity financing, including business angels.
- **Allowing accredited investors** to invest on equity crowdfunding platforms.
- **Improve MSME linkages with the investor community** by encouraging formal and informal networks that link entrepreneurs with investors and larger companies, and by supporting matchmaking services, involving public authorities as appropriate, including supervisors, with the intent to get a better understanding and awareness of the financing needs of MSMEs and objectives of investors investing in such firms.
- **Promote digitalization and MSMEs' awareness** regarding digital financial services
- **Promote a regulatory and supervisory approach** that facilitates access to public equity for SMEs, without compromising financial stability and investor protection. Facilitate the participation in SME equity markets by retail and institutional investors, including by enhancing the development of risk mitigation instruments and by promoting the development of asset management vehicles or funds.
- **Increase financial literacy** to understand the differences between the alternatives and identify the best solution for their business.
- **Understanding how different instruments can serve their different financing needs** at specific stages of the life cycle, the different advantages and risks implied. School & University involvement with a special focus to women.
- **Increase the awareness about the alternative sources of finance** other than banks. Awareness will improve the developments of these markets.
- **Encourage successful women business owners** (with higher risk tolerance) to become angel investors to growing SMES.

MAIN OUTCOMES

ROUNDTABLE 3: PROMOTE ACCESS TO NON-FINANCIAL SERVICES (NFS)

- **Incentivize banks to innovate by providing training to staff**, support the development of new non-financial products, and develop new risk assessment and sharing techniques.
- **Support business women's associations** to meet the needs of women-owned SMEs throughout the region.
- **Offer MSME growth mentoring to support women and youth to grow their businesses**, especially through increased access to non-financial services.
- **Use public programs** to promote Financial Education and entrepreneurship.
- **Sponsor practical business skills training** and follow on services for women business owners and startups in the areas of business planning, business management skills, accounting and financial management, utilizing a broad range of financial products and services, human resource management, and managing growth.
- **Enhance the financial skills of MSME management**, by raising awareness and understanding about the risks and opportunities offered by different financing instruments, legislation and programs for MSMEs, and by developing advisory services to improve accounting and financial management.
- **Non-financial Services use should complement the financial offers.** They are not a marketing effort, not part of CSR and not one-size-fits-all; they require a business strategy in order to ensure sustainability.
- **Promote Strategic partnerships** that allow for less cost to deliver services, allow the financial and non-financial service providers to reach more people, and also allow access to more knowledge and expertise.
- **Promote the development and the use of digital channels** to deliver NFS (E-learning platforms, Social media campaign...).