

***Mediterranean Business  
Development Initiative  
(Med Initiative)***

*Barcelona Euromed Forum*

*November 5th 2009*

*Carmen Castano and Pietro Masci*

# MEDITERRANEAN BUSINESS DEVELOPMENT INITIATIVE (MED INITIATIVE)

## Background

- Ibiza Summit, February 2007: Mandate by Italian and Spanish Prime Ministers
- Presentation in ECOFIN-Euromed, September 2007. Support by ECOFIN May and October 2008

**Priority Project within Union for the  
Mediterranean, July 2008**

## MEDITERRANEAN BUSINESS DEVELOPMENT INITIATIVE (MED INITIATIVE)

### Objective

- Fostering MSMEs (micro, small and medium sized enterprises) activity in the Mediterranean region: promoting job creation and welfare
- Micro and SMEs: 99% of Med firms and 2/3 of total employment
  - the region is facing the challenge of creating from 30 to 40 million employments before 2020 to maintain unemployment rates at present levels

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### **SMEs: difficult access to financing**

- Prior to the current crises, excess of liquidity in most Med markets together with a **difficult access to financing for MSMEs** → 75% are internal funds
- Banking finance remains the main source of external finance for MSMEs (12%)
- The current situation worsens it:
  - Decrease in capital inflows
  - Declining in investment
  - Reduction in remittances

# **MEDITERRANEAN BUSINESS DEVELOPMENT INITIATIVE (MED INITIATIVE)**

## **Activities developed**

### **Means**

- MED REGIONAL OFFICES CONSULTED
- JOINT MEETINGS
- TECHNICAL MISSIONS

### **Objectives**

- DETECTING MARKET NICHES
- DEFINING FINANCING INSTRUMENTS

***WORKING DOCUMENT PRESENTED IN ECOFIN/EUROMED 2008***

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**Guiding Principles**

- Ownership (political and operational)
- Market oriented and market driven
- Additionality/Value added

## **MEDITERRANEAN BUSINESS DEVELOPMENT INITIATIVE (MED INITIATIVE)**

### **Inclusiveness: Union for the Mediterranean**

#### **Member States**

- Spain
- Italy
- Others: France, Portugal...

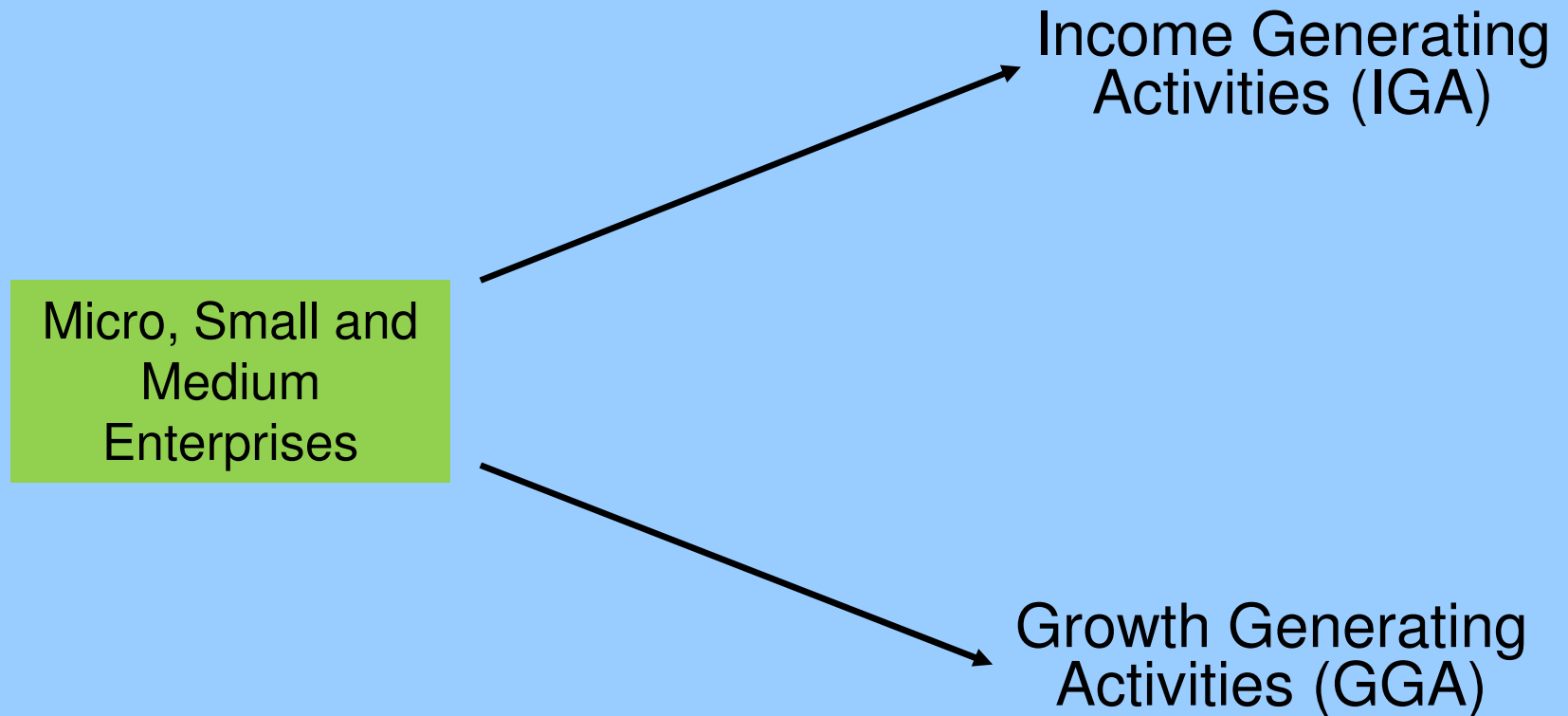
#### **EU Institutions**

- EIB (FEMIP)
- European Commission

#### **Countries of Operations**

- Morocco
- Tunisia
- Algeria
- Egypt
- Other Countries and Institutions

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### Market niches

- Generate collaterals and guarantee schemes to facilitate the access of SMEs to banking financing
- Develop alternative financing sources:
  - ➔ Leasing and factoring
  - ➔ Equity through venture capital
- Support microfinance institutions (MFI) in accessing private capital

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**Financial Instruments**

- Targeted technical assistance
- Credit guarantee schemes
- Funds to venture capital (private initiative)
- Refinancing MFIs (with market criteria)

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### Next steps

➤ **Feasibility study**, financed by the EIB through the FEMIP Trust Fund:

- Validate the diagnostic and needs identified as well as the specific instruments chosen
- Elaborate the business plan
- Define the operational structure: financial and human resources including the local structure, if necessary

Outcome expected by end **November 2009**

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**THANK YOU**