EURO-MEDITERRANEAN GUARANTEE NETWORK (EMGN)

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Member of Advisory Board of EMEA

Project promoted by EMEA and IEMed

4th International MENA Guarantee Forum – 03-04 April, 2019
Le Bristol Hotel, 3-4 April 2019

EMGN Past Achievements

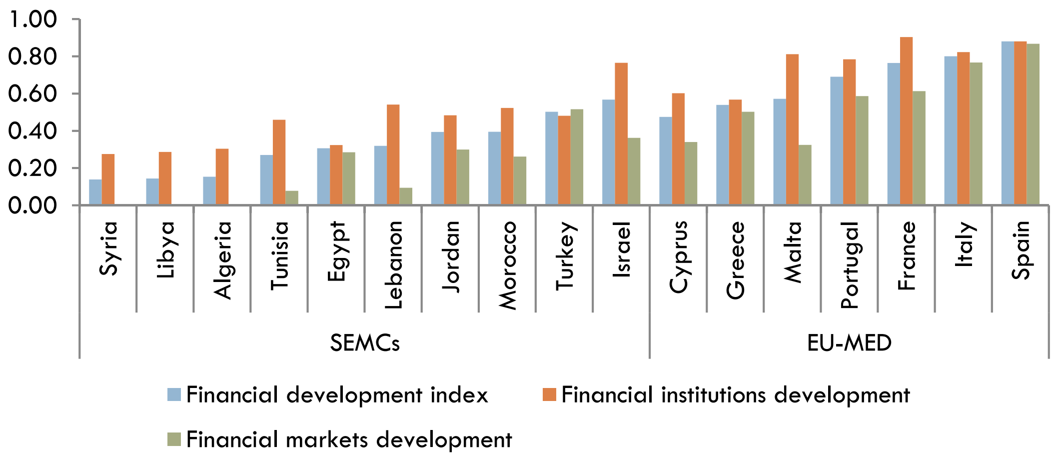
- EMGN MOU signed between 7 CGS from South Med, in presence of OSEO (Bpi) and AECM at the UfM Secretariat on **19 March 2012**
- EMGN Business Plan approved at the UfM Secretariat on 1**5 February 2013**

Political Framework

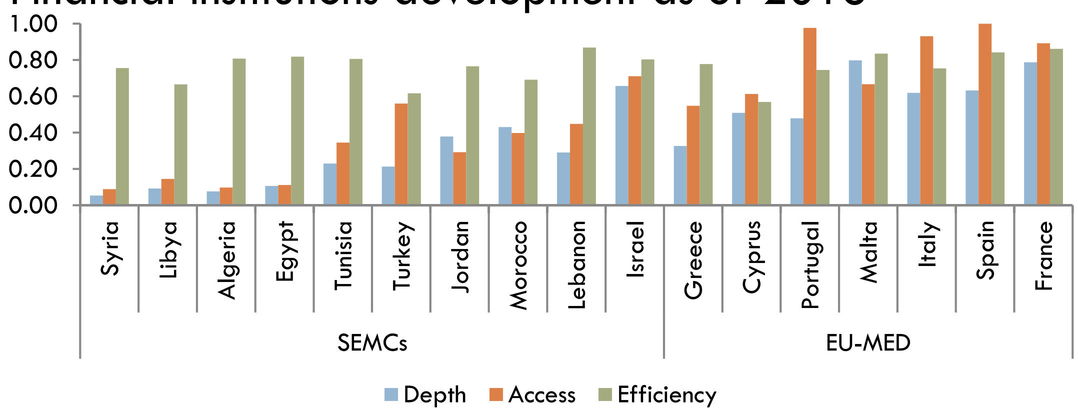
- Barcelona Process, 1995
- European Neighborhood Policy (ENP): Euro-Mediterranean Charter for Enterprise (2004). SBA for Europe (2008)
- Paris Declaration. Union for the Mediterranean (UfM): UfM Ministerial meetings on industrial cooperation (2010, 2014)
- CEPS-IEMed High Level Working Group on the future of MSMEs access to finance & 2011 Euro-Med Ministerial Conference on Trade and Industry
- Deauville Partnership (2012)
- SBA assessments in the Southern Neighbourhood (2014 and 2018)
- EU External Investment Plan (2018)

Economic Situation

Financial development as of 2016



Financial institutions development as of 2016



Source: EMNES elaboration based on Svirydzenka (2016).

- According to **EMNES Study** (2018) on financial development and inclusion in the SEMCs)
  - Low level of financial development in the SEMCs as compared to EU-MED countries
  - Financial institutions development depth (the size of financial institutions and markets) and access (degree to which individuals can and use financial services) are low
  - MSMEs in the SEMCs suffer high costs of lending
  - **EMNES Policy Paper** (2019) forthcoming) reiterates the need to further develop guarantees schemes at a national and regional levels to promote financial development depth and access – in particular to address credit risks concerns and the lack of collateral by MSMEs

EMGN Founding Members

- Caisse Centrale de Garantie des Crédits d'Investissement (CGCI, Algeria), represented by Ammar Daoudi, Director General;
- Credit Guarantee Corporation (CGC, Egypt), represented by Nagla Bahr, Advisor to the President;
- Jordan Loan Guarantee Corporation (JLGC, Jordan), represented by Mohammed El Jaafari, Director General;
- Kafalat (Lebanon) represented by Kather Abi Habib, President;
- Caisse Centrale des Garanties (CCG, Morocco) represented by Hichem Serghini, Director General;
- Euro-Palestinian Credit Guarantee Fund (EPCGF, Palestine); represented by John Khoury, Director General and,
- Société Tunisienne de Garanties (SOTUGAR, Tunisia), represented by Hakim Hamdi, Director General
- Euro-Mediterranean Economists Association (established in Barcelona), represented by Dr. Rym Ayadi, Founder and President and EMGN Promoter
- AECM (established in Brussels), represented by Marcel Roy, Secretary General

EMGN Founding Members

- Northern partners subscribed to the initiative
  - Toscany Promozioni, represented by Stefano Giovannelli
- Northern Guarantee Schemes expected to confirm their membership:
  - Oséo (France), represented by Jean Louis Leloir, Director;
  - Sociedade de Investimento (Portugal), represented by José Figueiredo, President;
  - Confederacion Espanola de Sociedades de Garantia Reciproca (CESGAR, Spain),
  - Assoconfidi (Italy)
- Eastern Mediterranean CGS from Turkey, Kredit Garanti Fonu (KGF) and Teskomb will also be invited to join
- Membership will be extended to others schemes to join

EMGN Mission, Objectives and Activities

- EMGN Mission: alleviate constraints for MSMEs access to finance
- EMGN Objectives:
  1. Bridging knowledge gap in MSMEs access to finance (data collection and research and development)
  2. CGS expansion and advancement of Euro-Mediterranean cooperation in the area of credit (and equity) guarantees
  3. Increase EU-MED cooperation in MSME development and access to finance
  4. Support development of product range in the MSME segment within South MED CGS
  5. Provide evidence on the impact of credit guarantees and the feasibility of other guarantee instruments (counter guarantees funds, equity guarantees, etc.)
  6. Disseminate knowledge on guarantee schemes
  7. Enhance South MED CGS operating environment
- EMGN activities:
  - Trainings (benefiting from digital e-learning platforms)
  - Research and Development
  - Advocacy
  - Dissemination

Trainings: Objectives

- Enhance the capacity of EMGN Members on key topics
- Reinforce links between members and provide a systematic networking opportunity at different levels of the organizations
- Capitalize on best practices between EMGN members

- EMGN will coordinate Executive Training on key area of guarantees development
  - Training topics decided by EMGN Members in cooperation with the Academic Council
  - Example of training topics
    - Risk management
      - MSMEs risk management
    - Pricing policy
    - Design of guarantee products

Research & Development: Objectives

- Research and development activities (RD) have **3 objectives**:

1. Broaden the level of knowledge on credit guarantee schemes with a particular attention on the SEMCs;
2. Provide tailored expertise on the desirability and feasibility of new guarantee instruments for MSMEs in the SEMCs such as equity guarantees and counter guarantee funds;
3. Propose evidence based policy options to enhance CGS performance, outreach and operating environment taking into account Euro-Mediterranean cooperation frameworks, in particular new financing tools such as the EFSD (European Fund for Sustainable Development) guarantee.

Research & Development: Activities

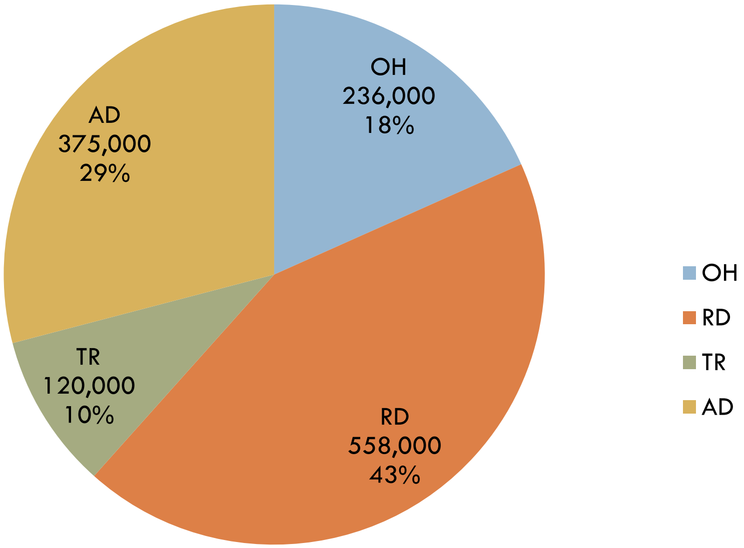
- Data collection
  - Overcome the shortage of quantitative and qualitative data on guarantee schemes
  - Provide the inputs for the empirical analyses to be conducted in other groups
  - Deliverable: Statistical package, best practice database…
- Working groups
  - Additionality
  - Risk management and counter guarantee
  - Equity guarantee
- Research groups
- MSME Observatory
  - Create a knowledge base on MSMEs access to finance in the region
  - Quantify small companies' credit rationing
  - Identify policies and initiatives put in place by governments, international institutions and other actors conducive to better conditions in access to finance
  - Provide evidence-based recommendations to ease small companies credit rationing

Advocacy and Dissemination

- Objectives:
  - Create, adopt, implement and monitor an Euro-Mediterranean Code of Conduct for Credit Guarantees based on international standards and best practice of loan guarantors
  - Enhance CGS advocacy capacities vis-à-vis relevant stakeholders in the region’s process of financial development: national governments, central banks, MSME support organizations, business associations, EU institutions international donors, etc.
  - Foster CGS’ implication in their respective countries’ economic and financial reform agenda
- Outputs:
  - Code of Conduct of CGS
  - Stakeholders contacts’ database
  - Training sessions on advocacy on Members’ request
  - Briefings on legislative developments and in-depth studies on Members’ request
  - Flyer and webpage
  - Midterm and yearly conferences
  - Book on MSMEs access to finance and CGS

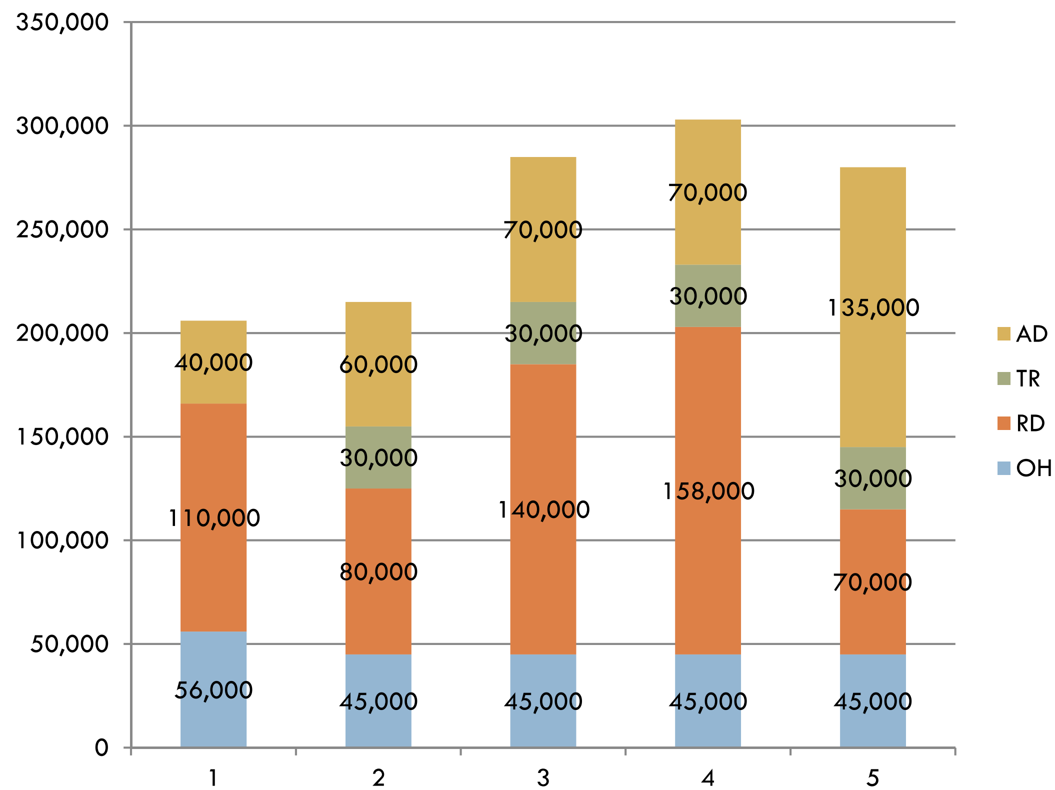
Indicative Budget – by activity

- EMGN budget for 5 years of activity: 1,289,000€
- Budget composed of :
  - Overheads (OH) include all fixed costs and staff costs unrelated to RD activities: offices and equipment, and salaries of the Coordinating Team
  - Research and Development (RD) costs comprise all salaries paid to researchers based in EMGN headquarters, costs for the elaboration of RD outputs (databases, technical reports, feasibility studies, recommendations) as well as working group meetings
  - Advocacy and Dissemination (AD) expenses include all costs of elaborating the code of conduct, the stakeholders' contacts database, briefings, advocacy trainings, as well as EMGN's midterm and annual conferences
  - Trainings (TR) costs are composed of costs related to the organization and management of training courses for members.



Indicative Budget – by year

- OH stabilize at 2nd year
- Yearly TR budget constant from 2nd year onwards
- Gradual phase out of RD activities in favor of AD



Funding

- 2 sources of funding: Members' contributions, calls for proposals from EU institutions and international donors and other partners once EMGN gains credibility during the 5 years of operations
- EMGN Members' contributions: 15%- 20% in kind or cash contributions or both
- EU grants for Euro-med cooperation and others: 85% - 80%
- Same financing model as the Euro-Mediterranean Network for Economic Studies - EMNES (www.emnes.org) operation since March 2015

Indicative Budget First Year

Cost Type	Description	Yearly total (€)
OH	Coordinating team (CT) (to produce execution plan (EP) and liaise with EMGN members)	70,000
RD	Orientation working group (by the CT and experts from EMGN members)	25,000
	Data Collection working group (by the CT and experts from EMGN)	35,000
	Additionnality working group (by the CT and experts from EMGN members) (optional for Y1)	35,000
	MSME Observatory – Questionnaire (by the CT and experts from EMGN members) (optional for Y1)	35,000
AD	Website, flyer	10,000
	Public conference (optional for Y1)	50,000

Next Steps

- EMEA to co-fund EMGN
- IEMED joined EMGN
- UfM reiterated support for EMGN
- GIZ potential co- funder
- Organize a launch meeting in Barcelona

- This is a call for the founding members to revive the network!

THANK YOU FOR YOUR ATTENTION !

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