

## SME Access to Finance Initiative: European Union to boost support for small and mid-sized businesses in neighbouring countries



- The programme will enhance access to finance for small and mid-sized businesses (SMEs), especially in underserved sectors of the economy
- Financial intermediaries will be able to take more risk and grant financing on favourable terms
- The project will support around 1,000 SMEs and sustain some 18,000 jobs across target countries

The European Investment Bank (EIB), the EU bank, and the European Commission have joined forces in the **SME Access to Finance Initiative** developed under the European Fund for Sustainable Development (EFSD) in order to support economic growth, innovation and employment in EU neighbouring countries.

This initiative will facilitate access to finance for local SMEs through partial portfolio guarantees. Those guarantees will allow intermediary banks to take on more risk and extend financing on favourable terms, such as lower

interest rates and/or reduced collateral requirements.

Furthermore, the initiative will contribute to greater financial inclusion: it will target underserved sectors, like start-ups or businesses run by women or people from disadvantaged communities. The programme is expected to unlock additional financing of some EUR 200 million for small and medium-sized businesses and ultimately to sustain some 18,000 jobs across the target countries.

*"The EU bank is committed to supporting SMEs, as they are the cornerstone of any economy, especially in the EU Neighbourhood," said **EIB Vice-President Lilyana Pavlova**, and continued: "Moreover, promoting the underserved sectors' inclusion in business and unleashing their potential is vital in order to realise the full economic potential of any country. Today they need better access to affordable and long-term finance in order to continue to grow, export to the European market and create new jobs across the region. We are proud and pleased to launch this programme jointly with the European Commission in the framework of the External Investment Plan in order to contribute to the creation of high-performing and inclusive business environments in the EU Neighbouring Countries."*

**European Commissioner for the EU Neighbourhood and Enlargement Policy Olivér Várhelyi**, added: *"We want to ensure an investment boost that will drive forward growth and provide concrete benefits and opportunities to the people, for example when it comes to big infrastructure projects or support for young entrepreneurs. Direct support for investment is a key element, but so are good governance and a conducive business environment that helps to attract investment, both domestic and foreign. This is why the External Investment Plan also supports our partner countries in developing more effective legal frameworks, policies and institutions that promote economic stability, sustainable investment and inclusive growth."*

## **Background information:**

### **About the EFSD:**

**The European Fund for Sustainable Development (EFSD)** is one of the EU financial instruments that promote a proactive development aid policy supporting investments in the EU Neighbourhood and Africa. It is part of the EU External Investment Plan, which by 2020 is expected to generate EUR 44 billion in investments (based on an initial EU contribution of EUR 4.5 billion), helping to create jobs and economic opportunities, addressing the socio-economic causes of migration, and contributing to the achievement of the UN sustainable development goals.