

In Tunis, FEMIP undertakes to promote microfinance in the Mediterranean region

The Facility for Euro-Mediterranean Investment and Partnership (FEMIP) and Sanabel, the network of microfinance institutions in the Arab countries, held a conference today in Tunis on the subject "Microfinance in the Mediterranean: what impact?", which brought together nearly 400 participants to engage in debate with some thirty speakers from microcredit institutions, the banking sector, finance institutions, academia and civil society. The conference saw the unveiling of a study on the economic and social impact of microfinance in the Mediterranean designed to foster a better understanding of the outlook for microfinance in the region.

Some of the study's conclusions

In the Mediterranean region, although microfinance has a potential market of 40 million beneficiaries, only nine million are currently receiving support from the different operators in the sector. The study points to numerous indicators of the benefits of microfinance for its customers, especially in terms of the improvement of household incomes and the profits of micro-enterprises. It also highlights major untapped potential: for instance, microcredit remains the main product on offer, but customers should also be able to access other services such as micro-saving, insurance products or fund transfers. In this connection, and unlike in other parts of the world, the legal and regulatory framework in the Mediterranean still constitutes an obstacle to the sector's growth and to the development of microfinance institutions that would be prepared to take deposits or consider converting to banks.

FEMIP's microfinance business in the Mediterranean

In its five years of activity in support of microfinance institutions in the Mediterranean, FEMIP has established itself as one of the region's three main finance providers for this type of operation, having allocated a little over EUR 23 million since 2003. FEMIP's goal is to assist the growth of microfinance institutions by helping them to develop appropriate governance structures and integrate into local financial markets so that they can raise funds independently. It gives priority to small-scale ventures with very high value added. Its operations, which are financed by resources made available from the EU budget, take the form of local currency loans or equity injections and can be backed up by technical assistance, making for a comprehensive and highly appreciated package.

In December 2007, for example, a EUR 2 million loan was granted to Enda Inter-arabe, a Tunisia-based microfinance association, which should enable it to finance over 500 000 microcredits. Likewise, FEMIP signed two credit lines of EUR 10 million each in support of four Moroccan microfinance institutions (Al Amana, AMSSF/MC, Fondep and Zakoura), aimed at enabling them to place their development on a sound footing and thus build up their borrowing capacity on the local markets more quickly. Similar operations in Algeria, Egypt, Jordan and Syria are also being considered.

About FEMIP

FEMIP's remit is to promote the development of nine Mediterranean countries (Algeria, Egypt, Gaza/West Bank, Israel, Jordan, Lebanon, Morocco, Syria and Tunisia) by means of loans and equity participations. Its two priorities are supporting the private sector as the engine of sustainable growth and fostering an investment-friendly environment through the creation of efficient infrastructure and appropriate banking systems. FEMIP is now the number one development partner of the Mediterranean countries, where it has invested more than EUR 7.4 billion since 2002, including EUR 1.4 billion in 2007.

Sanabel

Sanabel, the microfinance network of the Arab countries, was founded in Tunisia in 2002 and has 58 members in 11 Arab countries. It is holding its fifth annual conference in Gammarth, Tunisia, from 6 to 8 May 2008, at which over 500 participants are expected.

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