



Concept note

UfM Conference

MSME finance during and after COVID-19

“Resilience and Innovation in the wake of COVID-19”

Online, 23 June 2021

MSMEs are the backbone of most economies worldwide. Globally, they account for 9 out of 10 business enterprises, half of the GDP and two-thirds of all jobs. Access to finance is frequently identified as a critical barrier to growth for MSMEs; according to research the MSME finance gap in emerging economies is estimated at approximately \$5 trillion - 1.3 times the current level of MSME lending.

MSMEs have been hit hard by the COVID-19 crisis. Before the pandemic outbreak, less than 15 percent of MSMEs in emerging economies had access to the resources they needed to grow and create wealth. The unfulfilled financing needs of SMEs in developing countries is estimated at \$5.2 trillion every year. However, during the pandemic, access to finance from traditional banks has dried up even more, which has contributed to slackening economic growth.

In the UfM Co-Presidency Statement emanating from the **Fifth Regional Forum of the Union for the Mediterranean**, the UfM Ministers of Foreign Affairs stressed on the need *“to show solidarity and mobilize resources and capacities towards a sustainable post-pandemic recovery paving the way for the creation of more resilient societies and economies in the region.”*

The New Agenda for the Mediterranean of the European Commission has also called upon the support of private sector and namely SMEs, in addition to boosting innovative digital transformation in the Mediterranean region.

This conference aims at showcasing pathways for supporting MSMEs in surviving the current pandemic and in smoothly entering a sustainable economic recovery phase, a transition towards a greener and digital economy in the Mediterranean region. The influence of such a recovery on boosting employment in the aftermath of the pandemic would form part-and-parcel of a sustainable socio-economic recovery.

The conference will gather policy makers (from ministries, central banks, regulators), as well as academics working on this subject, MSME finance advocates, and diverse market participants covering the whole eco-system (banks, microfinance institutions, investment funds, incubators, accelerators, fin-techs, leasing companies, credit guarantee companies, business angels, crowdfunding platforms, development cooperation frameworks) and international financial institutions active in the region. The geographical focus would be on the Southern and Eastern shores of the Mediterranean, alongside relevant experiences from other emerging countries and from more advanced economies.

The objective of this conference, beyond presenting the participants with an updated snapshot of the specific challenges the region is facing, would be to explore and build awareness on the innovative and diverse solutions that are available and are actually functioning for MSME support and subsequent job creation within the framework of a rapidly-changing environment.

Ultimately, the goal is to encourage countries to develop a more conducive environment to broaden, across the region, the range of available options and actors to better support the needs of MSMEs and, ultimately, of the countries themselves.