



# Access to Finance for MSMEs in the Southern Mediterranean: Workshops with Finance Actors

Organised by the Euro-Mediterranean Economists Association

Published November 2023



**INVESTMED (InNoVativE Sustainable sTart-ups for the MEDiterranean)**

To support the development of sustainable entrepreneurship and business initiatives, by creating a backing environment and facilitating access to new markets with the final goal of generating increased economic opportunities and jobs for young people and women in Egypt, Tunisia, and Lebanon.

# INTRODUCTION

On the one hand, Mediterranean MSMEs face important challenges in terms of competitiveness, sustainability, internationalization and capacity to innovate which call for new solutions to ensure their growth and continued existence. On the other hand, greening the economy and enhancing natural assets can provide both economic and environmental benefits in the Mediterranean region. On this basis, the INVESTMED project aims at addressing both economic and environmental challenges, supporting new, sustainable business opportunities for young people and women in three countries: Egypt, Lebanon and Tunisia.

However, it is well known that MSMEs face myriad barriers when it comes to accessing finance. To bridge the knowledge gap and put MSMEs in direct contact with financial actors, the Euro-Mediterranean Economists Association (EMEA) launched a series of Access to Finance workshops focusing on 4 themes:

- 1** Crowdfunding as a Source of Finance
- 2** Sustainable Finance and Strategies for Sustainable Entrepreneurship
- 3** Credit Guarantees for MSMEs
- 4** Engaging with Business Angels and Venture Capitalists

In this report, an overview of each workshop is provided as well the key points of the experts' presentations. All workshops can be found on the INVESTMED YouTube channel to which links are provided.

# Workshop 1: Crowdfunding as a Source of Finance

10th May 2023

[Link to YouTube](#)

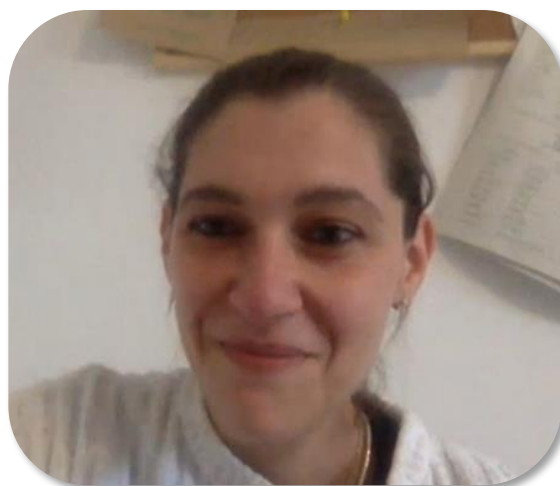
On the 10th May 2023, the INVESTMED project held the first workshop in its series on access to finance for MSMEs and entrepreneurs in Egypt, Lebanon, and Tunisia. This first workshop introduced Crowdfunding as a Source of Finance.

Crowdfunding is increasingly recognised as a source of finance for MSMEs and startups and can be successful regardless of location. MSMEs in the Southern Mediterranean are able to take advantage of this flexibility and raise funds from mass sources. This session demonstrated the basic idea of crowdfunding and dove deeper into the best practices for MSMEs in the CCI, blue, and green economic sectors. The session invited four experts from these sectors who will give practical guidance to launching a successful crowdfunding campaign, using their platforms as examples:

- Francesca Passeri, Deputy Director, [EuroCrowd](#)
- Jonàs Sala, Partner, [Verkami](#),
- Rita Oliviera, Chief Marketing Officer at [GoParity](#)
- Douja Gharbi, CEO, [RedStart Tunisie](#)

The session was moderated by Kirsty Fairhurst, Communication and Research Officer at EMEA.

Francesca Passeri, Deputy Director, at [EuroCrowd](#) an independent, professional business network promoting adequate transparency, regulation and governance in digital finance, kicked off the session. She explained that crowdfunding pushes the democratisation of finance, allowing it to be accessed by anyone from anywhere.



She explained that crowdfunding has the potential to enlarge a company's audience and raise awareness making it an instrument of market validation. This makes it an excellent tool for community building and for creating partnerships.

Following the overview of the potential of crowdfunding, Jonàs Sala, CEO and Co-founder of [Verkami](#), a crowdfunding platform in Spain for solely cultural and creative businesses, gave a comprehensive guide on how to launch a crowdfunding campaign. He explained the keys to success, including how to set financial goals that meet the needs to realise the project, provide interesting and feasible rewards for investors, and how set up a campaign page and engage with the community.



Next, Rita Oliveira, Chief Marketing Officer at [GoParity](#) gave a presentation on green and blue crowdfunding campaigns. She explained that they have a variety of projects on their platform such as renewable energy projects, the green use of land, and water scarcity and that their projects have a social impact.



Finally, Douja Gharbi, CEO and Co-founder at [RedStart Tunisia](#) discussed crowdfunding in Egypt, Lebanon, and Tunisia specifically. She identified crowdfunding platforms in Tunisia and Lebanon and explained that crowdfunding has huge potential in the MENA region, as it has grown by 60% annually. However, she highlighted that there are significant barriers facing entrepreneurs that the beneficiaries should consider. For example, the lack of trust in fintech startups, lack of awareness, and lack of trust in digitising currency.

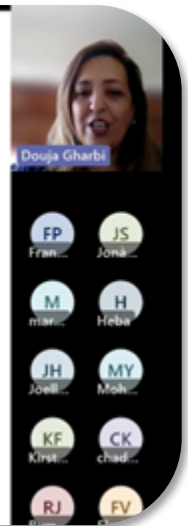
### BARRIES TO CROWDFUNDING

#### CULTURAL:

- Lack of trust in fintech startups
- Lack of awareness and understanding about available digital services
- Security concerns drive customers to prefer dealing with cash
- Fear of online scammers

#### REGULATIONS!

Examples: Tunisia & Morocco



Following the presentations, the entrepreneurs broke out into rooms where they could pitch their business idea to the experts in CCI and blue and green economies and receive personal feedback on improving their presentation for a crowdfunding campaign.

In this workshop, there were 30 participants. 60% were women, and 63% were under 35.





## Workshop 2: Sustainable Finance and Strategies for Sustainable Entrepreneurship

[Link to YouTube](#)

15th June 2023

The workshop, "Sustainable Finance and Strategies for Sustainable Entrepreneurship" was held on 15<sup>th</sup> June 2023 and explored explored strategies for sustainable finance for start-ups, such as the importance of environmental, social and governance factors, and the value of joining a network of entrepreneurs and being aware of international support programmes, as well as the role of incubators in channeling entrepreneurs towards finance. The panellists were 4 experts from across the Mediterranean region:

- Gian-Luca Gasparini, Capacity Building Manager & Project Manager at [FEBEA](#), the European Federation of Ethical and Alternative Banks and Financier Members
- Giorgio Mosangini, Team Leader - Green Entrepreneurship & Civil Society, [MedWaves](#)
- Dr. Mohamed Abbas, Associate Director and Head of Business Incubators Program a [Nile Preneurs](#), , a Central Bank of Egypt Initiative based at Nile University
- Johanna von Toggenburg, Lebanon Country Manager at [cewas Middle East](#)

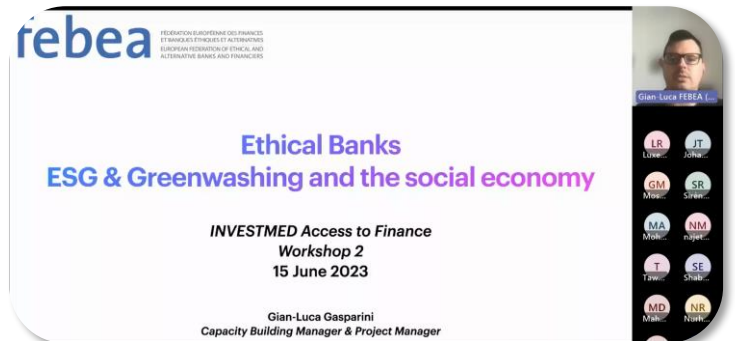
The session was moderated by Kirsty Fairhurst, Communication and Research Officer at EMEA.



The first speaker, Gian-Luca Gasparini of FEBEA, discussed the role of ethical and alternative banks when looking for funding for entrepreneurial projects. He emphasized the importance of Environmental, Social and Governance (ESG) factors in applying for a loan and how to ensure reporting stands out against cases of greenwashing.

Following Gian-Luca Gasparini and the role of ethical banks, we heard from Giorgio Monsangini, of MedWaves, who presented the SwitchMed Programme. SwitchMed aims to achieve a circular economy in the southern Mediterranean by changing the way goods and services are produced and consumed. On their platform and toolbox, there is a range of "access to finance" tools for entrepreneurs. He highlighted many gaps in access to entrepreneurs, but SwitchMed aims to bridge this gap and ensure that early-stage startups have the funding they need to grow further.

The next speaker, Dr. Mohamed Abbas of Nile Preneurs, discussed the role an incubator plays in connecting entrepreneurs with financial actors such as credit guarantees and banks. He paid particular attention to the Egyptian ecosystem and how entrepreneurs can access these tools and services using incubators as the connecting entity.



Johanna von Toggenburg then followed, representing cewas Middle East - an incubator working in the blue and green economies supporting ideation - incubation - acceleration and scale-up in Lebanon. They build enabling ecosystems, and offer technical assistance, and finance support. She highlighted that the most important thing for entrepreneurs to ensure when they apply for a loan from a bank is a solid revenue stream. She explained that grants are helpful in the beginning, but entrepreneurs must move on to other sources of finance and be "investment ready".



The session closed with an extended Question and Answer session from the INVESTMED beneficiaries. One participant from Egypt raised the point that the funding sought generally does not cover salaries. Our experts confirmed that this is often the case given that many startups are high risk for investors. In order to gain a salary from the investors, this needs to be stated from the very beginning. However, it was highlighted that when in the ideation stage, the more effective methods of finance are grants or through approaches such as crowdfunding.

Another participant from Lebanon asked how she could know which source of finance is suitable for her startup. This is a common issue for entrepreneurs, however, tools such as SwitchMed and incubation services are available to entrepreneurs as they channel them to the right sources of finance.

Finally, when asked if entrepreneurs should look internationally or nationally for funding, the response was that as a general rule, entrepreneurs should look for national sources of finance as there are often more opportunities and the investors are more confident navigating the local context and landscape. However, in some cases, international sources may be of interest, such as grants or impact investors.

This workshop hosted 26 participants. 50% were female and 54% were under 35.



# Workshop 3: Credit Guarantee Schemes for MSMEs

21st September 2023

[Link to YouTube](#)

Credit guarantee schemes have emerged as a key tool utilised by governments and development institutions to overcome challenges faced by MSMEs in accessing credit including; high cost, limited supply, and collateral requirements. Thus, making MSME financing more available and affordable. Little is known about their existence among MSMEs in the region. The workshop introduced credit guarantee schemes to the INVESTMED beneficiaries and brought together 4 experts from the region:

- Dr. Mais Sha'ban, Assistant Professor of Banking and Finance at Al-Zaytoonah at the University of Jordan, and Research Fellow at the [Euro-Mediterranean Economists Association](#)
- Tahar Ben Hatira, Managing Director, [Sotugar](#), the credit guarantee company in Tunisia
- Nagla Bahr, Managing Director, [Credit Guarantee Company Egypt](#) and Chairwoman of the [Euro-Mediterranean Guarantee Network](#)
- Yolla Serieddine, Deputy General Manager at [Kafalat S.A.I](#)

This workshop was moderated by Jost Wagner, a qualified moderator and facilitator and CEO of the Change Initiative. He was supported by Kirsty Fairhurst and Christine de Visser at EMEA.



To kick off the session, Dr. Mais Sha'ban, Assistant Professor of Banking and Finance at Al-Zaytoonah at the University of Jordan, and Research Fellow at the Euro-Mediterranean Economists Association, introduced the topic by explaining that Credit guarantee schemes reduce the credit risk of MSMEs making their financing more available and affordable. They serve a number of sectors: industrial, agricultural, and commercial sectors and are present in Egypt, Lebanon, and Tunisia. Highlighting the views of MSMEs on this area of finance, she explained that, according to a survey carried out with the INVESTMED subgrantees, 73% believe that access to finance is a high impact barrier for development and just 29% feel they receive good support from banks and financial intermediaries. These insights make this workshop and access to finance all the more crucial for MSMEs.

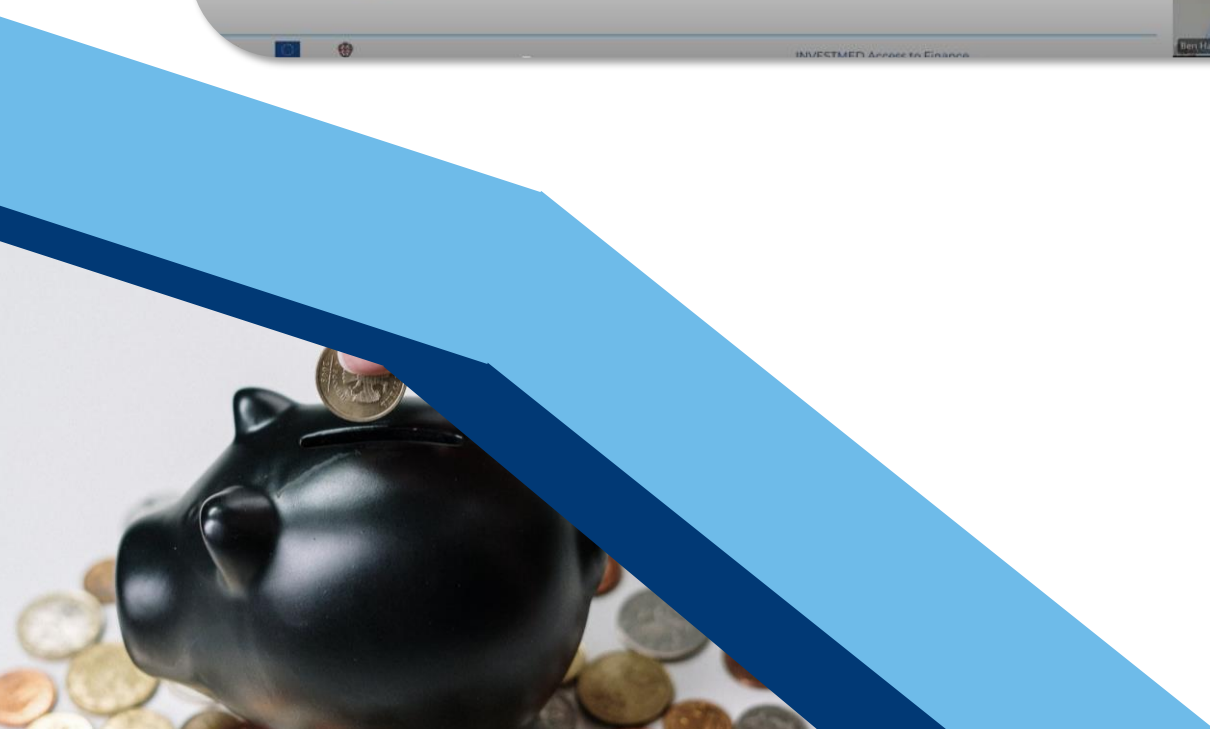


### CGSs in the MENA region

- In the MENA region, there is one main guarantee scheme operating in each country usually supported by the country's central bank
  - The Credit Guarantee Company (CGC) in Egypt
  - SOTUGAR in Tunis
  - Kafalat in Lebanon

Logos: CGC ضمان, sotugar Société Tunisienne de Garantie الشركة التونسية للضمان, KAFALAT S.A.L.

Video thumbnails: Ben Hattira Tahar, Mais shaban, Naglaa Bahy, Exchangeinitiative










The first speaker was Tahar Ben Hatira, Managing Director, Sotugar, the credit guarantee company in Tunisia. He explained that their services are targeted at enterprises and MSMEs with less than 15 million of investment funds (Tunisian Dinars). The percentage guaranteed depends on the company, however, Sotugar guarantees a wide range of sectors. He then methodically explained how an MSME may make use of their services.

The second speaker was Nagla Bahr, Managing Director, Credit Guarantee Company Egypt and Chairwoman of the Euro-Mediterranean Guarantee Network. She explained that guarantee schemes are a global industry and thrive in crises. They are proved to be a key tool for leveraging resources, however, their prevalence depends on government appetite. In Egypt, she elaborated, they are trying to diversify. They have equity guarantee, export guarantee, direct investment guarantee and are working to include all areas of Egypt and all sectors. The focus of their business model is not only to create jobs but also to directly support MSMEs in their journey of growth.



**CGC Strategic Plan - MAIN FOUNDATIONS**

 Purpose	<b>SUPPORT &amp; ENABLE</b> growth and prosperity of the small business of Egypt
 Mission	To support the growth of the Egyptian Economy by being the reliable hub for the country small businesses to prosper, serving their financial and non-financial needs, and enabling them to create new jobs while maintaining the stability of the economy.
 Vision	<b>Enable and Empower the MSMEs of Egypt</b>
 Values	<b>Integrity, Customer, People, Partnerships, Unity of Purpose, Go Green</b>
 Strategic Objectives (1-4 years)	<b>1) Increase Access to finance to the small business of Egypt, 2) Enable Small business of Egypt to grow and prosper, 3) Build robust &amp; sustainable Guarantee Business model</b>
 Enablers	<b>People - Digital Transformation</b>
 Stakeholders (Continuous)	<b>Small businesses, Financial institutions (local &amp; International), Regulators, Shareholders, Employees, Gatee Peers, IFIs &amp; DFIs</b>

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CGC ضمان  
شبكة ضمان المتوسط  
CREDIT GUARANTEE COMPANY

Finally, Yolla Serieddine, Deputy General Manager at Kafalat S.A.L, based in Beirut, gave some context on the situation in Lebanon and expectations for the future. Given the ongoing financial crisis, she explained there is difficulty in accessing this source of finance. However, microfinancing still remains a valid option.

The workshop closed with an open discussion between the credit guarantee managers and the INVESTMED subgrantees. Useful insights were drawn from this discussion such as that the credit guarantee company can act as a direct support between the company asking for a loan and the bank. There was also a comment that more needed to be done on the bank's side as they need to be more willing and flexible to provide loans to MSMEs rather than big corporates.

There were 30 participants in total with the representation of women being 50% and young people at 36%.

## Workshop 4: Engaging with Business Angels and Venture Capitalists

26th October 2023

[Link to YouTube](#)

The final workshop took place in October 2023 and focused on business angels and venture capitalists, inviting speakers from firms across the region and members of various business angel networks. The primary objective of this workshop was to facilitate knowledge-sharing and networking opportunities between start-ups, entrepreneurs, and potential investors, focusing on business angels and venture capitalists. By doing so, the workshop bridged the funding and knowledge gap and provide the necessary tools for entrepreneurs in the green, blue, and cultural and creative industries to access finance and scale their businesses.

The speakers were:

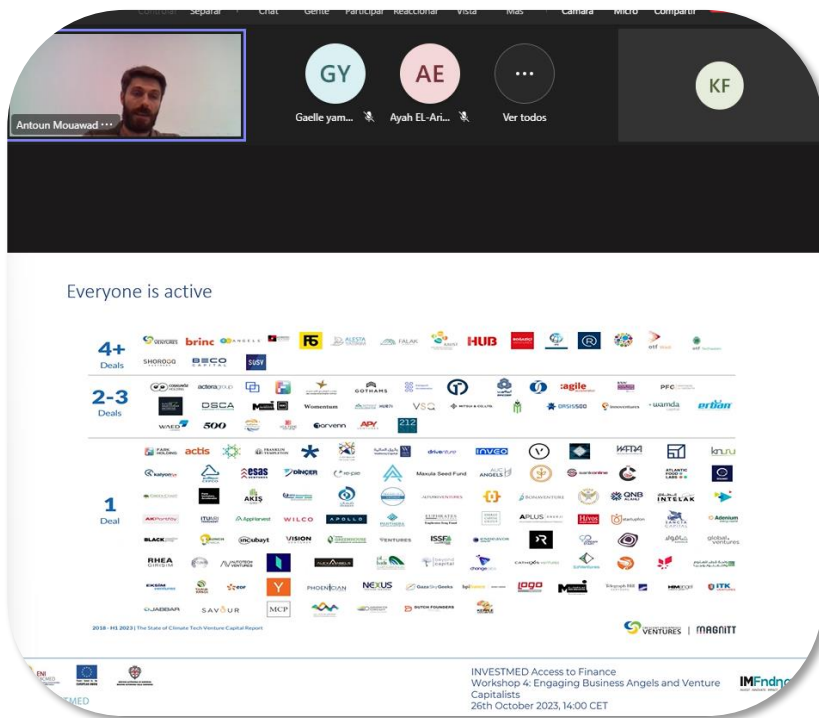
- Antoun Mouawad, VP Investment at [IM Fndng](#)
- Dr. Ayah El-Arief, Founder & CEO Ward, [MENA Women's Business Club](#) Managing Director
- Gaelle Yammine, Associate Director, [Middle East Venture Partners](#)
- Awatef Adalet, Senior Business Analyst, Energy Sector and member of [Damyia Women Business Angel Network Tunisia](#)

The session was moderated by Joanna Grodska, Project Manager at EMEA with the support of Kirsty Fairhurst, Communications and Research Officer and Elena Stotts-Lee, Researcher at EMEA.





The first speaker was Antoun Mouawad, VP at IM Fndgn, an entity that groups IM Ventures, a \$38M program funded under USAID Lebanon Investment Initiative (LII), and IM Capital, a \$20M program funded under USAID MENA Investment Initiative (MENA-II), discussed the investment landscape in the MENA region explaining that there is a real urgency to develop climate technologies. He explained that IM Fndng has launched a **SoLR& Renewable Energy Fund** worth \$20M to finance up to 25 growth-stage businesses in Lebanon with sustainable business models and look to invest in efficient and renewable energies. He highlighted that VCs in the region are generally active in climate tech, and specialised business accelerators such as PepsiCo Greenhouse exist.



Following the regional presentation focusing on climate tech, we turned to Dr Ayah El Arief, Managing Director of the MENA Women's Business Club, who gave her perspective on investing in the cultural and creative industries. As a start-up founder and CEO, she provided the INVESTMED entrepreneurs with solid and practical advice on investing. She gave a very positive view of the landscape in the MENA region. She explained that 94% of businesses are SMEs in the region, demonstrating its creativity and potential for growth. She also said that exports from the region were growing meaning there is an appetite for this creativity internationally, and competition is rising. In this landscape, the most important action MSMEs can take is networking to find the right investor for their company. Not all investors can be positive for your business, she said, so it's crucial to match with someone who will support you grow in your business.



Dr. Arief also explained the landscape relating to Egypt specifically and highlighted that Egypt is very attractive for investors and has been growing as a market in recent years. This is partly due to increased governmental support which has led to the creation of hubs for innovation, co-working, and funding for attending events abroad. She also provided many examples of active investors in Egypt for participants to look to.

## Why MENA?

SMEs represent up to 94% of all businesses in the GCC.

- 94% of all companies in the UAE are SMEs who contribute to 30% of the GDP and employ 72% of the working population.
- 90% of all companies in Kuwait, Oman and KSA are SMEs.
- 75% of businesses in Qatar are SMEs.

SMEs employ 60% of the workforce in KSA, 49% in Oman; 57% in Bahrain; 23% in Kuwait and 20% in Qatar.

SMEs employ **17 million people** in the GCC

Research by Entrepreneur Middle East states that SME activity accounts for 30% of the UAE's GDP, 28% of Bahrain's, 22% of KSA, 20% of Kuwait's and 17% of Oman's GDP.

There are **350,000 SMEs in the UAE**, 670,000 in KSA, 30,881 in Qatar, 27,000 in Kuwait, 29,000 in Bahrain and 13,741 in Oman.

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Workshop 4: Engaging Business Angels and Venture Capitalists  
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Turning to country perspectives, we were joined by Gaele Yammine, Associate Director of Middle East Venture Partners (MEVP) who discussed the Lebanese market in depth and the work done at MEVP. They invest in technology startups in the GCC, and MENA and have had \$1.6 billion in co-investments. They've been in the market for 13 years and invested in over 60 companies.

### MEVP – Leading VC firm in the MENA Region

<b>13</b> Year Old GP Pioneer and largest VC in the MENA region	<b>23</b> Team Members 11 VC professionals 2 portfolio support 7 support staff 3 venture partners	<b>7</b> Offices Dubai, Beirut, Riyadh, Bahrain, Cairo, Amman, and Abu Dhabi
<b>60+</b> Portfolio Companies in Dubai, Beirut, Cairo, Riyadh, Amman, Bahrain, Karachi, Lagos and Istanbul	<b>1st</b> VC Fund with Regulatory Licenses from Dubai Financial Authority (DFSA) and ADGM Full fund exit and SPAC listed on Nasdaq	

#### General Partners

 <b>Walid Hanna</b> Chairman and co-CEO 21+ years in entrepreneurship, new venture development, PE, M&A and growth VC 50+ investments in tech companies	 <b>Walid Mansour</b> co-CEO 15+ years in VC, Strategy Consulting/M&A and Industrial Engineering Booz Allen Hamilton, UAE Prime Ministry, Morgan Stanley, Wharton MBA	 <b>Rabih Khoury</b> Chief Exit Officer 25+ years in Private Equity, M&A and Corporate Finance globally Responsible for over \$5 billion in M&A transactions and \$2 billion in capital raising	 <b>Jad Boustani</b> Partner 11+ years in Venture Capital and M&A Truffle Capital, Lazard, ESSEC MBA	 <b>Ankit Sarwahi</b> Partner 15+ years in Venture Capital and investment advisory VC in India and MENA, Bosen Ventures, Capital18, ISB MBA	 <b>Marie-Michele Jalkh</b> General Counsel 20+ years in international law for financial institutions, and M&A Oversaw multiple international entities and cross-border transactions
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INVESTMED Access to Finance  
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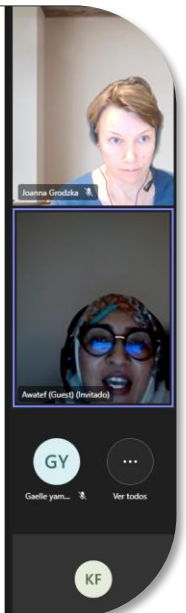
Presenting DAMYA, the Women Business Angel Network Tunisia, was Awatef Adalet, Senior Business Analyst in the energy sector. She explained that DAMYA has the aim of closing the gender gap in investing by looking at both the number of female investors and the number of female founders that close investment deals in Tunisia. They are a network of investors and connect with large firms such as Med Angels. Moving to the general landscape in Tunisia, she commented that 57% of the start-ups in Tunisia work on a B2B business model and of 129 investment operations venture capital takes the largest share with 39%, and business angels have just more than 12%.

## How to approach BA in Tunisia

- Introduction by a connection : Your Network is your Net-worth!
- Structured programmes run by SmartCapital / Startup Support Organisations : e.g Halo, Invest'i...
  - Halo: The Business Angel Activation Program by Startup Tunisia
  - Investi: The investors' matchmaking engine of Startup Tunisia
- Websites / LinkedIn / Social media / other...



Startup Tunisia Annual report 2021



The workshop ended with a question-and-answer session from the participants who were encouraged to present their own business and the barriers they face in order to gain expert insight from the speakers. This event served as excellent preparation for the INVESTMED subgrantees as they attend the final regional event in Tunisia at the end of November as they pitch to real investors.

During this workshop, we were joined by 28 MSMEs from across Egypt, Lebanon and Tunisia. 64% were women and 68% were under 35.



The INVESTMED Project (InNoVativE Sustainable sTart-ups for the MEDiterranean) is co-funded by the European Union under the ENI CBC Mediterranean Sea Basin Programme 2014-2020. INVESTMED has a duration of 30 months, ending in December 2023, with a total budget of €3.8 Million, of which €3.4 Million (90%) is funded by ENI CBC MED.

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The Euro-Mediterranean Economists Association (EMEA) is a Barcelona-based regional think-tank that serves as a leading independent and innovative policy research institution; a forum for debate on the political and socio-economic reforms in Mediterranean and Africa; and promoter of actions and initiatives that fulfil objectives of sustainability, inclusiveness, regional integration and prosperity.