



## EIB MED Conference: Improving Lives and Creating New Opportunities

The EU Bank's Economic Resilience Initiative

### Conference Report

#### Opening Session

Economic resilience is key for the region and in particular for a country like Jordan. The EIB is stepping up seriously its activity in terms of volume, but also in terms of impact to be generated, taking a higher level of risk and mobilizing as much as possible the private sector.

The opening speakers welcomed and appreciated the EIB's efforts in the region, especially its investment role in the context of the refugee crisis and its key role in financing the water sector.

The Red Sea Dead Sea Project was mentioned several times as a model for regional cooperation, as well as the Gaza Desalination Plant, an important project for several countries in the region. A further project was the Euromed University of Fes, which is the long-term vision of what is needed in the region. It will provide high quality education & investing in today's youth will be a great assistance in the region tomorrow.

#### Session I – High-impact Investments for Economic Resilience

Panel speakers highlighted the need for inclusive growth, better access to finance for MSMEs, more opportunities for women (refugees and local) and stressed the need for better education and vocational training and the impact potential of innovation. Such higher impact for both local population and refugees is reachable through more partnerships among stakeholders and development partners.

Mr Fariz, Governor of the Central Bank of Jordan (CBJ), stressed that Jordan's current economic predicament is the result of adverse shocks. Jordan hosts more than 650,000 Syrian refugees, but many more live outside the camps, straining public finances and infrastructure. As a result, public debt increased from about 60% of GDP in 2012 to 95% now. Governor Fariz reiterated Jordan's commitment to the adjustment programme agreed with the IMF. In addition to pursuing monetary and financial stability objectives, CBJ assumes an active role in promoting financial inclusion. The central bank's initiatives include promotion of SME finance, regulation of the microfinance sector, and a programme to spread financial literacy.

Sima Kanaan from UNHCR stated that currently there are 68 million displaced people worldwide, of which 25mn are refugees and 40mn internally displaced. While she emphasized that Jordan had responded innovatively to the current situation by, for instance, introducing biometric identification of individuals, she notes that child marriage and child labour remain prevalent among refugees in Jordan and Lebanon.

Glada Lahn from Chatham House observed that Jordan was traditionally successful in attracting foreign aid, but emphasized that the country needed to prepare for a world of lower aid flows. In her view, providing affordable housing for an ever-growing population constitutes a particular challenge.

## Session II – Water Sector – Success Stories and Social Impact

Mentioning a number of water & sanitation projects in Jordan, Lebanon and Egypt and the comprehensive nature of water needs (agriculture, drinking water, health, economic opportunities, women etc). Sanitation is totally underdeveloped in Egypt, while water resources are currently over-exploited in Jordan which constitutes an environmental risk for future generations. The Bank's Economic Resilience Initiative (ERI) represents an important answer to tackle these issues. For EIB, every water project is unique and tailor-made. The panel underlined the importance of the appropriate project preparation to maximise projects impacts and sustainability. The ERI Technical Assistance envelope is an extremely important new tool supporting this. The complexity of such projects requires the coordination and collaboration among partners and a robust monitoring of outcomes and long-term impacts.

### Keynote address by Mr Koehler

Mr Koehler stressed the European awareness of the key challenges of the regions. They have become relevant for the EU and have an impact on the EU internally - hence the willingness to do more. The EU needs to step up efforts and accelerate action, do more and differently to generate impact within the next 2 years. He asks for EIB and others for a common effort to push structural reforms in the region. The EIP (External Investment Plan) is a success, but there is a need for more diverse proposals from IFIs (on digitalization and agriculture for example). The one stop shop has to work, fine-tuning may still be necessary.

## Session III – Inclusive growth for sustainable employment

Inclusiveness requires a comprehensive approach including access to finance, but also non-financial support in the form of mentorship and training. Impact finance: going beyond in terms of risk taking in our financial products, but also measuring the actual social and economic impact. The EIB has been building up a portfolio over many years and financed/invested EUR 50m in Microfinance in the region with substantial job creation.

Opportunities for young women: 70% of graduated are women, often end up in unemployment. Importance to push women to develop their ideas like Reseau Entrepreneurs is doing in Tunisia. This proactive approach helped to double the share of women from 15 to 30%.

"We decided to give microloans to refugees in the spirit of inclusion. We could not neglect such an important community. They were financially excluded and we wanted to take this risk and really understanding their needs" said Microfund for Women in Jordan B. Al-Hyari. She emphasized that in fact the rates of repayment for the refugee loans are lower than their average. Asked what she needs from IFIs and the EIB, she said help to evaluate their work to show the microfinance model working with its SME and insurance platforms and lending to refugees as well.

Small projects like Catalyst invest in renewable energy/energy efficiency need scaling up (energy savings, but also employment, boosting entrepreneurship. Such projects are at the heart of the ERI. ERI is not about charity, it is about boosting impact through investment.

EIB has changed its business model: historically it used only third party funds, but as we know, these projects can become financially sustainable on a portfolio basis. Now, the Bank invests own funds with a certain risk protection (from European Commission or Member States funds) in this area.