



Dr. Werner Hoyer
President
European Investment Bank
4th European Microfinance Award Ceremony
Welcome Speech
Luxembourg, Nov. 15, 2012

“MICROFINANCE FOR FOOD SECURITY AWARD”

Your Royal Highness,
Excellencies,
Distinguished Guests,
Members of High Jury,
Ladies and Gentlemen,

It is a great pleasure for me to welcome you to the 4th European Microfinance Award Ceremony hosted by the EIB.

This year we will highlight initiatives that represent breakthroughs in promoting **food security**.

Fighting hunger remains one of mankind's biggest challenges. Even though globally there's enough food on the planet for everyone, 870 million people are still estimated to live in hunger. Yes, that's right: **every day, one in eight people goes to sleep hungry.**

While the situation in Asia and Latin America has improved, the number of malnourished people is on the rise in sub-Saharan Africa. And local conflicts and natural disasters have worsened food shortage in a number of countries worldwide.

Some 3 million people now require food and livelihood assistance in Syria; flooding in Pakistan has affected 4.5 million people; nearly one half of Yemeni population suffers from food shortage; malnutrition is a serious issue in Lesotho, Malawi, Zimbabwe, the Sahel countries, Haiti; and I could continue.

Cutting the proportion of hungry people by half in three years' time compared to 2000 levels is the No. 1 Millennium Development Goal. To meet this goal, countries and the international community must step up their efforts; more needs to be invested in safety nets for the poor, but also in growth and jobs so that the hungry get empowered to feed themselves.

The provision of small-scale financial services to micro-entrepreneurs who would otherwise be unable to secure a traditional bank loan is an important vehicle to promote economic development and help people out of poverty.

Microfinance means inclusive finance. It means investing in individuals. It helps create jobs and address local needs and gaps in the supply of financial services.

The EIB Group has a long-standing track record in microfinance – both within and outside the European Union. We have various mandates for investment outside the EU, and microfinance is an important part of most of them.

Sub-Saharan Africa represents the EIB's most significant microfinance involvement, while in North Africa and the Middle East, the EIB is one of the largest microfinance lenders, supporting some 800,000 micro-borrowers.

Let me dwell on the importance of micro-finance for the Southern Mediterranean, where only a third of the adult population has a formal bank account.

In recent days I've attended a number of events dedicated to the development of this strategically important region.

The EU-Egypt Task Force meetings in Cairo on Tuesday and Wednesday, in which I participated alongside EU High Representative Ashton and Commission Vice-President Tajani, identified support to SMEs and micro-

enterprises as a key tool to fight unemployment and poverty.

As the young and increasingly well-educated labour force is looking for opportunities, the private sector will have to play a bigger role in job creation. Neither the government nor the large state-owned enterprises are likely to create enough sustainable employment.

Sadly, despite their crucial importance for the economy, SMEs and micro-entrepreneurs are facing significant constraints when it comes to access to finance as they are perceived by banks as riskier and entail higher transaction costs.

And this is where the EIB tries to intervene.

Allow me to mention the latest in our string of microfinance initiatives designed to boost growth and job in this rapidly changing region. Together with Luxembourg's Directorate for Development and Cooperation we have launched a 4-million-euro **MicroMED** programme supporting the development of inclusive lending in Tunisia.

As the long-term financing institution of the EU, the EIB works closely with its partners in implementing the Union's strategic development initiatives. Again, together with the government of our host country, we were one of the founding members of the European Microfinance Platform. This platform is playing an important role in coordinating actions of NGOs, donors, financial institutions and academics in promoting responsible microfinance. In brief, **it tries to make financial inclusion for the poor a reality.**

We are also learning from others. For example, Professor Yunus, who will speak here later tonight, was instrumental in developing a number of social enterprises in Bangladesh and other countries. The concept of social entrepreneurship is now part of EU policies, including the Social Business Initiative, which is aimed at re-launching the Single Market for sustainable, smart and inclusive growth.

Ladies and gentlemen,

All finalists for the 4th Microfinance Award, selected by the Luxembourg Roundtable on Microfinance, have

demonstrated remarkable results in promoting microfinance to alleviate food shortages.

I hope that the winner of this year's Award, to be announced later this evening by the President of the Jury, will seize this opportunity to use microfinance as an effective tool to foster financial inclusion and contribute to sustainable economic development.

Thank you for your attention