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President
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5th MoU between the Government of the Grand Duchy of Luxembourg and the EIB

Cooperation on funding technical assistance programs related to the promotion of microfinance activities in ACP countries

Minister Gramegna,

Minister Schneider,

Ladies and gentlemen,

It gives me great pleasure to welcome you to the European Investment Bank on the occasion of the signature of the 5th Memorandum of Understanding (MoU) between the EIB, Ministry of Finance and Ministry for Foreign Affairs of Luxembourg. Under this MoU a total of EUR 3.6 million in technical assistance grants will be made available for microfinance projects in Africa, Caribbean and Pacific (ACP) countries.

This signature marks a **Symbolic 10 Year Anniversary** of cooperation between the EIB and Luxembourg in the area of microfinance. As some of you might recall, the first MoU was signed (by Minister for the Treasury and Budget, Luc Frieden, and the President of the European Investment Bank, Philippe Maystadt) on 6 September 2006 with an objective to combat poverty in developing countries.

In the course of 10 years, a total of **EUR 11.7 million** was mobilized by the Government of Luxembourg benefitting close to **50 microfinance projects across ACP region**, including in some of the poorest and least developed countries, especially in Africa. On a case by case basis, microfinance projects with significant developmental impact were also approved outside of the ACP region, notably in Afghanistan, Pakistan, Tunisia and Palestine.

In all cases, the Government's grant funding was linked to projects supported either directly by the EIB or by our partners, notably specialized microfinance funds, such as Regional Microfinance Fund for sub-Saharan Africa (REGMIFA), Rural Impulse Fund, PAMIGA, or Advans Group, of which EIB is a lead shareholder.

By working hand in hand with the EIB's partners, Luxembourg contributed to a significant leverage effect, facilitating the mobilization of EUR 470 million of EIB funding for ACP microfinance projects alone. Since the EIB finances only 50% of the project cost, and in some cases even less, **the MoUs between the EIB and the Government of Luxembourg helped to mobilize more than EUR 1 billion of funding in target countries.**

Let me give you two examples of projects supported under the previous MoUs. As you might remember, one of the objectives of the 4th MoU was to assist microfinance institutions and their clients in dealing with the Ebola crisis, which severely impacted the economies of several West African countries in 2014. Access Bank Liberia, one of microfinance institutions supported by the EIB, has pleaded for urgent assistance. At the time of the Ebola's outbreak, the Access Bank was employing 450 staff, who were serving more than 150,000 depositors and 18,000 borrowers, 60% of whom women. By rapidly mobilizing almost EUR 580 thousand (over the period of 2015 and 2016), the Government of Luxembourg directly contributed in ensuring that the Access Bank was able to continue its operations even in the most adverse circumstances. As the latest update, the Access Bank is again profitable, which means that the staff and clients can continue enjoying financial services without the need of additional grants or other direct assistance.

Another example, which I wanted to share with you, is Advans Tunisie. The promoter of the project, Advans SA incorporated in Luxembourg and supported by the EIB and other international financial institutions, has requested grant funding for the expansion of its greenfield microfinance institution in Tunisia. By allocating EUR 100 thousand for capacity building purposes in 2016, the Government of Luxembourg ensured that Advans Tunisie could increase its outreach by opening new branches and by employing additional staff. As a result of this support, Advans Tunisia is now serving more than 2500 clients in a country that remains a beacon of hope in a very volatile and fragile region.

Building on promising results of the previous MoUs, and as a new development, **the 5th MoU will place significant emphasis on supporting young people and young entrepreneurs' access to education**, a topic of the last European Microfinance Award, hosted by the EIB last November, and attended by HRH Grand Duchess, high-level participants from Luxembourg, EU and international organisations.

The proposed MoU will also seek to assist small businesses and microfinance institutions in countries affected by migration. This is highly complementary to the stated objectives of the **Economic Resilience Initiative**, which is one of the latest measures that the EIB is putting in place in close collaboration with our Member States to address economic development challenges facing the EU Neighbouring Countries.

This is good news for the entrepreneurs and small business in Africa, and other regions covered by the MoU!

I hope that this excellent collaboration between the EIB and the Government of Luxembourg will serve as a model for future joint actions delivering concrete and lasting economic development benefits.

Thank you very much for your attention!