Role of the EIF

in supporting SMEs in LDCs
What is EIF?

Only Aid for Trade Programme for LDCs

Helps LDCs to overcome trade challenges and use trade for growth and poverty reduction

Investments in LDCs: USD 200 million

51 countries

8 Agencies

24 Donors
How it works?

Institutional capacity building

Trade integration

2/3

Analytical work

Identify biggest constraints to trade

31

Productive capacity building

Address priorities through projects

38
What does EIF analytical work say about MSMEs?

Cross-cutting issue for 23 out 31 EIF analytical studies

Top challenges to be taken up by donors and development partners:

- Access to finance
- Access to technology
- High trade costs
- Poor skills
- Complex business environment

Need for productive capacity building
How EIF helps MSMEs?

<table>
<thead>
<tr>
<th>Country</th>
<th>Industry</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malawi,</td>
<td>Agriculture</td>
<td>Low value addition</td>
</tr>
<tr>
<td>Cambodia,</td>
<td>Textiles</td>
<td>Increase competitiveness of the silk sector</td>
</tr>
<tr>
<td>Solomon Islands,</td>
<td>Tourism</td>
<td>Driver of economic growth to promote local value chains</td>
</tr>
</tbody>
</table>

MSMEs supported by EIF with 38 targeted investment projects
SME farmers in Malawi

Why? - to promote export and value addition of oilseeds and address challenges of small farmers to comply with good agricultural practices.

Concept: to allow small-scale farmers to benefit from the supervision and training of qualified staff.

- 3,537 farmers (58% women)
- Soya yields increased 30% and groundnuts 42%
- Increase in exports: 72.91 MT to Botswana and 23.07 MT to Zambia

Malawi, 2012 - Jose Carlos Alexandre/EIF
SME silk weavers in Cambodia

- **Why?** – low value addition, but high export and income potential
- **How?** - individual coaching, advisory support and training.
- Silk exports increased by 74%
- Weavers’ monthly income doubled.
- 160 new weavers got new contracts
- 130 new silk product designs

Cambodia, 2012 - Jose Carlos Alexandre/EIF
Tourism MSME in Solomon Islands
Why invest in MSMEs in LDCs?

- Business expansion & more opportunities for the poor:
  - Three fold increase in rice exports in Cambodia;

- Investment in broader infrastructure with benefits for MSMEs:
  - New air cargo complex in The Gambia will have refrigeration for MSMEs exporters of fish and vegetables.
Why invest in MSMEs in LDCs? – Lessons learnt

- **Tailor-made approach**: the MSME landscape in LDCs differs.
  - EIF evidence-based analysis helps to identify key priorities for MSMEs.

- **Leveraging is essential**: the challenges are many and not one programme of support is sufficient, possibilities to leverage resources from other partners and governments.
  - Cross-border trade in Rwanda – two market centers on the borders with DRC and Uganda.

- **Institution building and frameworks is key for sustainability**
  - Trade Sector working group in Lao PDR to integrate strategic discussion and consultation on trade at the ministerial level.
Thank you