

---

## Micro-loans: helping people out of unemployment and poverty

Microloans help people in difficult social circumstances to find their way out of unemployment and poverty. Although generally associated with South Asia and Latin America, where the first initiatives were launched four decades ago, they are also increasingly used in Europe. In 2010, the EU launched the European Progress Microfinance Facility to improve conditions for borrowers to obtain small loans. On Tuesday the EP's employment committee votes on a report concerning its implementation.

### About micro-loans

Disadvantaged groups, including the long-term unemployed, social welfare recipients, those living in deprived rural areas, migrants or ethnic minorities, often encounter difficulties in accessing conventional finance. Microfinance offers them the possibility to obtain very small loans not generally provided by banks in order to assist them to start or develop their own small businesses. In 2006 Muhammad Yunus and his Grameen Bank won the Nobel Peace Prize for offering such credit to the poorest in Bangladesh.

### How the EU helps with micro-loans in Europe

In Europe the [European Progress Microfinance Facility](#) is funded by the EU and the European Investment Bank, aiming to improve the conditions under which borrowers can get loans. It also makes financing available for those who would not otherwise be able to obtain it.

The EU does not finance the entrepreneurs themselves but enables banks and non-bank financial institutions to grant more loans thanks to guarantees totalling €200 million.

### This week's Parliament vote

This Tuesday Parliament's [employment committee](#) votes on a [report](#) on the implementation of the microfinance facility so far. Speaking this week, report author [Sven Schulze](#), a German member of the EPP group, referred to microfinance as a "sustainable social policy" and noted the importance of offering other assistance in addition to loans, including help with creating business plans or with bookkeeping.

Schulze added: "The instrument works as a whole, but unfortunately sufficient funding is not always guaranteed. The [European] Commission must therefore find a solution quickly in order to make Progress Microfinance even better in the future."

*Check the factbox to the right for more details on microloans.*

### **Micro-loans**

- Micro-loans are loans under €25,000
- Microenterprises employ fewer than 10 people with annual turnover not exceeding €2 million
- Banks and non-bank institutions in 22 member states offer micro-loans via the European Progress Microfinance Facility
- The facility's goal: to disburse €500 million in the form of 46,000 micro-loans by 2020
- The facility runs until April 2016. Microcredits will then be covered by the Programme for Employment and Social Innovation (EaSI) (2014-2020).

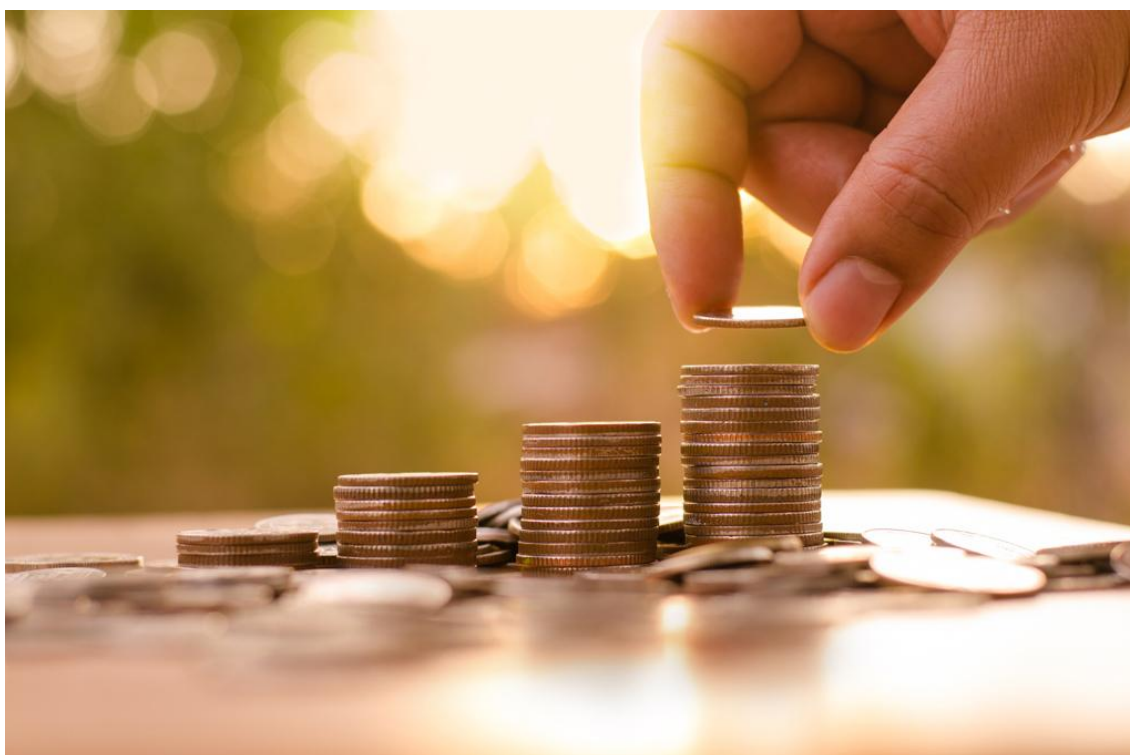
### **More information**

[Steps of the procedure](#)

[Progress Microfinance \(European Commission website\)](#)

[European Microfinance Network](#)

[Microcredit providers in the member states](#)



Employment committee votes Tuesday on the implementation of the microfinance facility ©AP Images/ European Union-EP