



EUROPEAN
MICROFINANCE
NETWORK

European Parliament ECON Committee WG Access to finance for SMEs

March 1st 2022 – Online

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The development of micro-enterprises in Europe

➔ European micro-enterprises - market and perspectives

- ❑ Micro-enterprises represent 93.3% of enterprises in the European Union
- ❑ Development of the labour market: from salary to self employment
- ❑ OECD and European Commission – Missing entrepreneurs Report 2021

➔ Microfinance supporting the real economy : Ms. Rasha ZEINA

Microfinance – Characteristics and impacts

- ❑ **Target clients:** socially and financial excluded people
- ❑ **Objective:** social and financial inclusion with **no profit maximisation** for the microfinance institution
- ❑ **A tailor-made delivery system** (analysis of financial capacity of the borrower) and business development services
- ❑ **Products:** business microcredits and personal microcredits
- ❑ A maximum amount equal to the per capita GDP of the country

Microfinance supports sustainable projects

➔ Social return on investment :

“1 euro invested in this MFI generates X euro(s) of return to the public budget”

➔ Examples : adie (FR) and microStart (BE)

Examples from the field: adie (FR)

Survival rate
after 2 years
87%
after 3 years
81%

Still in business or
back to employment
93%

Average number of
jobs created per
business supported
1.26

1 Euro invested in Adie's professional micro-credit yields
€2.53 to the French national community after 2 years.



Examples from the field: microStart (BE)

Survival rate after 2 years

75%

Still in business or back to
employment

84%

Average number of jobs created per
business supported

1,6

N. of jobs created or kept as from 2011

6500

SROI

1€ invested in microStart professional micro-credit yields **4€** for the community

Microfinance : next steps to support MSMEs

- ➔ 1) An EU regulatory framework for microfinance
- ➔ 2) A better cooperation between commercial banks and microfinance institutions
- ➔ 3) Support the development of Business Development Services (BDS)
- ➔ 4) Support the development of green microfinance

1) An EU regulatory framework for microfinance

- ❑ EU support for microcredit – European Commission Communication “*A European initiative for the development of micro-credit in support of growth and employment*” 2007

- JASMINE and Progress Microfinance : 2007 – 2013
- Employment and Social Innovation (EaSI) : 2014 - 2020
- InvestEU Social Window and ESF + (EaSI Strand) : 2021 – 2027

❑ No harmonised EU legal framework

- Common definition of microfinance and microcredit
- European Code of Good conduct : recognition at national level and public support
- Non-bank microfinance institutions: must be allowed to offer credits in all MS
- Ensure access of MFIs to credit information (credit bureaus)
- Maximum interest rates
- Allow cross-border distribution of microfinance services by MFIs

2) Cooperation between commercial banks and microfinance institutions

- ➔ EU Referral Scheme – Capital Market Union
 - ❑ Ex : The Netherlands
- ➔ Access to credit bureaus or similar databases
- ➔ Guarantee product for investors
- ➔ Ensure the social impact is respected when using financial and banking institutions to deploy budget based instruments

3) Business development services

- ➔ To ensure the sustainability of the business projects financed
- ➔ More support for the development of microfinance business development services (under EU programmes - InvestEU, ESF+) through National managing authorities and EU institutions

4) Development of green microfinance

➔ **Objective:** Finance and support green transition for micro-enterprises and self-employed

- ❑ Ex: Mobility
- ❑ Ex: Renovation of buildings for energy efficiency

➔ **How:** Public support to support microfinance institutions on green microfinance (under InvestEU and ESF+)



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European Microfinance Network (EMN) – Annexe 1 – Members



European Microfinance Network (EMN) – Annexe 2 – Legal framework

