



The Role of Volunteers: the Microlux case

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Introduction



- Worldwide Luxembourg is a microfinance (MF) giant: 60% of MF funds in the world are registered in LUX because of favourable eco-system
- However... no MF institution active in LUX until 2016
- Exclusion also exists in the richest EU country
- Microlux: promoted by ADA (LUX channel of MF support outside of the EU) with 3 partners so far:
 - BGL/BNP Paribas (EUR 1m);
 - ADIE International (Know-how transfer);
 - EIF (EaSI Guarantee)



Objectives & Business Plan



- Finance micro-entrepreneurs who do not have access to banking sector
- (Re)insertion of unemployed
- 9% interest rate/year + commitment fee
- Business Plan: 30 projects in Year 1; 300 projects between 2017-2020
- Essential role to be devoted to volunteers



Set Up a Volunteers Network (End 2016)



- Looking for a model? ADIE, Microstart, Qredits, Permico
- Start a recruitment campaign (BGL BNP, EIB Group, Le Foyer, Retirees associations etc...)
- Questionnaire (skills), Charter, legal issues (liability)
- 4 H training (coaching techniques, Social Security constraints, taxation issues in micro-enterprises etc...)
- Volunteers mobilised in support of projects or of Microlux



Volunteers in the Project Cycle



- Ex Ante:

(If after a first meeting the « front office » decides to finalise the project with the support of a volunteer)

Formalise the project with the promotor / Profitability Break-even / Legal issues/ Marketing

- Ex Post (following approval)

Advise and coach the promotor, special focus on accounting and administration, visit and listen



Support to the microlux structure



- Investment Committee
- Risk Committee
- Financial Supervision
- Marketing, IT , payment system, assistance...
- Legal Advise
- Loan recovery
- Impact measurement ...etc



160 microlux « Friends »



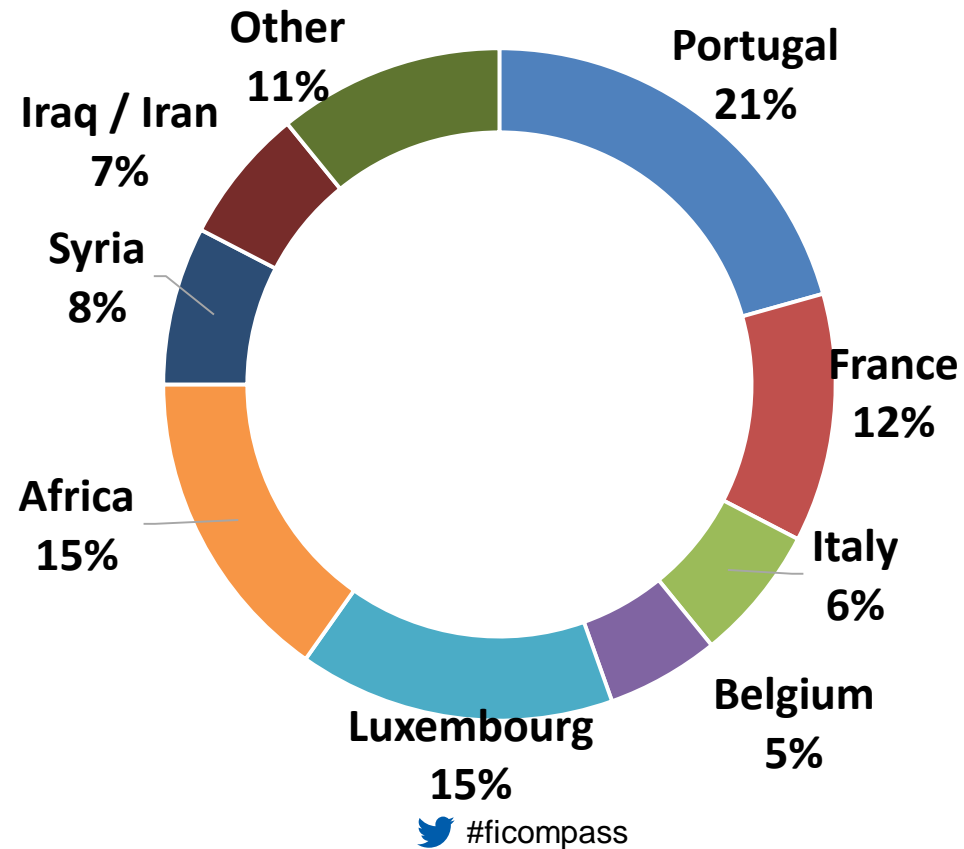
- **42** ready to support entrepreneurs in the project definition
- **8** support Microlux (marketing, legal, IT)
- **14** Board / Investment Committee / Risk Committee, Financial supervision
- **96** are sympathisers / supporters/ lobbyists



Microlux results (Sep 2017):



120 prospects: distribution by nationalities



Microlux results (Sep 2017)



- 32 volunteers mobilised in project definition
- 23 projects approved (mainly shops, bars and restaurants, smartphone repair, etc.) and disbursed (EUR 285,000)
- 60% in the South of Luxembourg
- 15 nationalities
- 50% of the beneficiaries were unemployed



Microlux results (Sep 2017): example



A Syrian restaurant
set-up in 2016
has already 8 employees



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Lessons learnt from the volunteers' activity



- Support promoters can be **extremely demanding** in terms of time and energy...(sometimes 10 meetings were needed before the presentation of the project to the investment committee)
- Requires to cover all aspects of a company and... psychological skills
- Volunteers need to understand different cultures and speak different languages
- Open the eyes of the prospects...be able to say «no» or help the promoters' growth (the Syrian restaurant case)



Lessons learnt from the volunteers' activity



- The repetition of missions creates a real expertise
- Volunteers need to exchange (a volunteers' blog is under preparation) and training of the coaches needs to be organised (changes in the regulation)

Without coaching / mentoring ...
...there is no microfinance!



Next Steps (2018)



- Start measuring the impact of Microlux (employment, budget savings etc)
- Towards an association of volunteers?
- Clearly split operational and non-operational activity and expenditures (fund-raising, marketing, lobbying, networking)
- Legal structure does not allow Microlux to benefit from grants (Charities etc)
- Evolve as a partner of the Luxembourg authorities in charge of employment policy





financial instruments
 revolving capacity building
 added value **ERDF** funding agreement
 governance **ESF** EU guidance
 technical support seminars leverage financial intermediaries microfinance
 co-financing **ESIF** case studies
 investments **fi-compass** final recipients
 business plan **Thank you** thematic objectives
 advisory services guarantees banks loans **EaSI** equity
 private investors life cycle combination of support
EAFRD conferences factsheets
 fund of funds **EMFF** investment strategy **CF**
 managing authorities manuals