



Relevance of the ESF to the EU microfinance sector

Jorge Ramirez, European Microfinance Network

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About EMN

- The [European Microfinance Network \(EMN\)](#) was launched in April 2003. Currently 87 members in 23 European countries.
- Activities:
 1. Facilitation of capacity building activities
 2. Advocacy at EU and national level
- Working with Managing Authorities on exchange of information on MF projects financed by ESF since 2010



Fact:

Despite the high importance and growing recognition of self-employment, microbusiness and microcredit at the EU level, national ESF and ERDF bodies have only very marginally taken up these issues in their National Reform Plans and the associated operational programmes.



“Designing microfinance operations in the EU”

A manual on how to build and implement microfinance support programs using the ESF

Developed by the “COPIE” Network of ESF Managing Authorities from: Lithuania, Germany, Italy, Spain, Latvia, Greece, the Czech Republic and Belgium.

Available on the EMN website:

www.european-microfinance.org/docs/microfinance_in_europe/microfinance_by_country/copie-network-manual.pdf

Main factors for a successful microfinance project supported by ESF (I):

1. Necessary collaboration between several ministries & departments
2. Regulatory frameworks adapted to suit microentrepreneurs & the self-employed to ensure there are incentives to become entrepreneurs

Main factors for a successful microfinance project supported by ESF (II):

3. Look for simplicity: Microfinance schemes can have a complex organizational set-up
4. Combining loans with BDS is crucial
5. Evaluations are of greatest importance:
Financial & Social Performance Indicators



Main challenge:

The microfinance programmes that have been set up should eventually become independent of public aid !!!



Nevertheless...

For MFIs that reach out to the most disadvantaged people, financial sustainability is an illusion - The effort needed to support them (before and after the loan disbursement) is just too substantial.

1. Public subsidies will be needed for the financial advice & loan follow-up.
2. BDS will also need to be subsidised

The ESF can be very useful in this regard!!!!



Thank you

www.fi-compass.eu

