



Mikrokreditfonds Deutschland Microcredit Fund in the framework of ESF – Implementation experience and lessons learnt

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Gap Analysis 2009

- 15% of micro enterprises lacking financial access (approx. 500.000)
- market failure for credits up to 20.000 €
- Microcredit not attractive as a business case for banks (high costs low return)
- Aid schemes focus on business start-ups
- Two types of needs:
 - One-off need when starting a business
 - regular need when running a business

Aim: Establishing a nationwide offer for micro credits and developing a micro credit sector in Germany



The co-operative model 2010-2014

- 100 mln EUR provided as guarantee for micro credits
- Financial support for building a micro credit sector
- Management council determines the regulation
- Financial Fund management assigned to NBank (public bank)
- Implementation assigned to GLS Bank (public procurement)
 - credit process (web-based-platform)
 - admission of Microcredit Institutions (MFI)
 - supervision of and payment to MFI
- MFI support micro enterprises and recommend credits



Lessons learned

- Micro credit decision is more focused on persons
- On-going monitoring of performance
 - control the risk of the loan portfolio
 - monitoring of clients – which credits are at risk
- Payment of Bank and MFI (credit providers) by performance
- Interest rate should be linked to the risk and the market
- Lower process cost by using advanced computer system
- Ex-ante risk assessment of clients might be helpful

Cost-efficiency is a dominant factor to establish a micro-credit-sector – public subsidies can hinder a proper development



The co-operative model 2015 – open end

- Reorganisation of tasks – actors should do what they do best
- Reimbursement is better linked to performance
 - Micro credit Fund assumes the risks for the bank and controls the quality
 - GRENKE Bank gives the credit and provides a web-based platform for MFI and Fund
 - MFI recommends the credit to the bank and is responsible for support service to enterprises
- Improved computer system to handle the loan process with individual data
- Fully automated screening of clients
- Central debt collection agency



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financial instruments
 revolving capacity building
 added value **ERDF** funding agreement **ESF** EU guidance
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