

European Social Fund and Microfinance

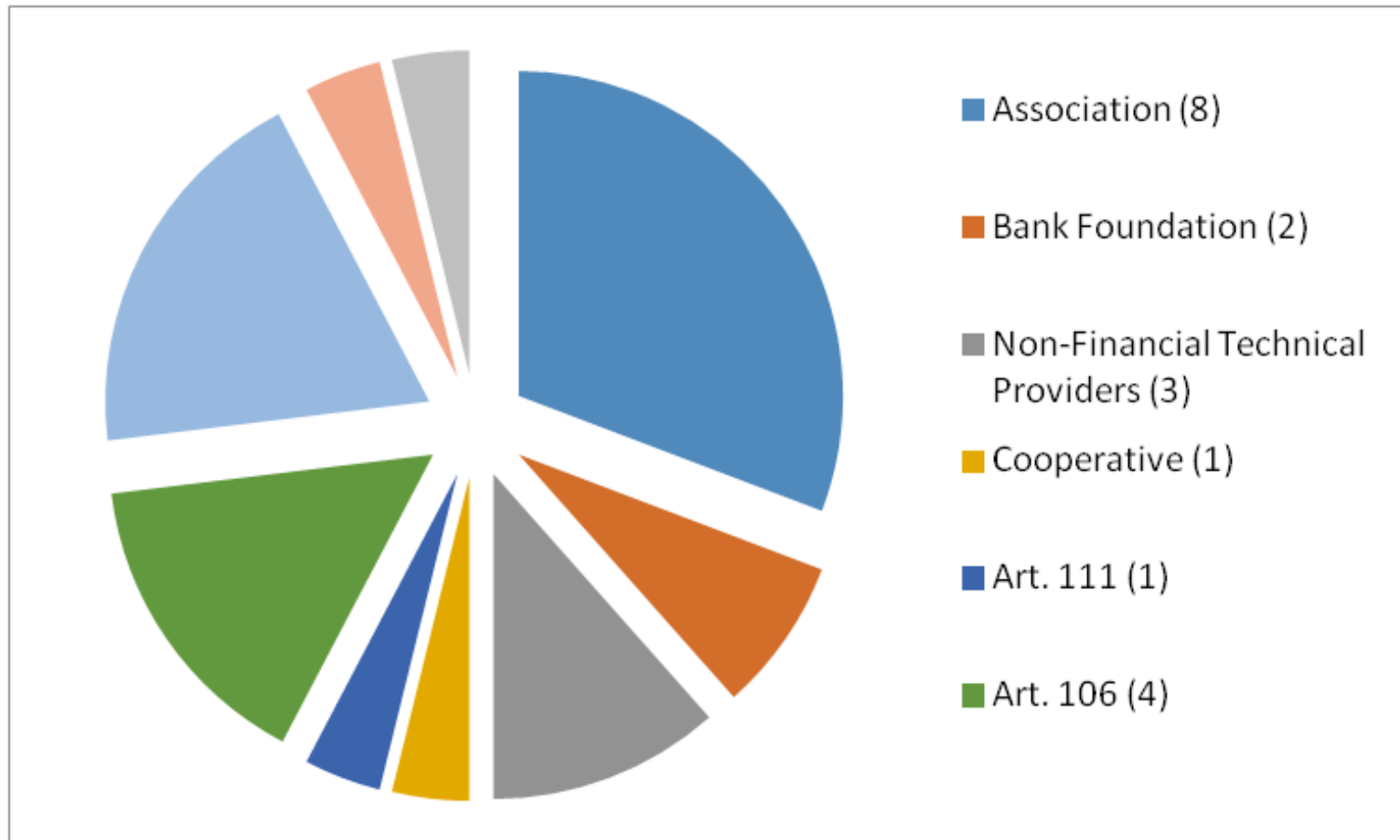
*Pave the way for stronger financial inclusion programs
at National and Regional Level*

Giampietro Pizzo

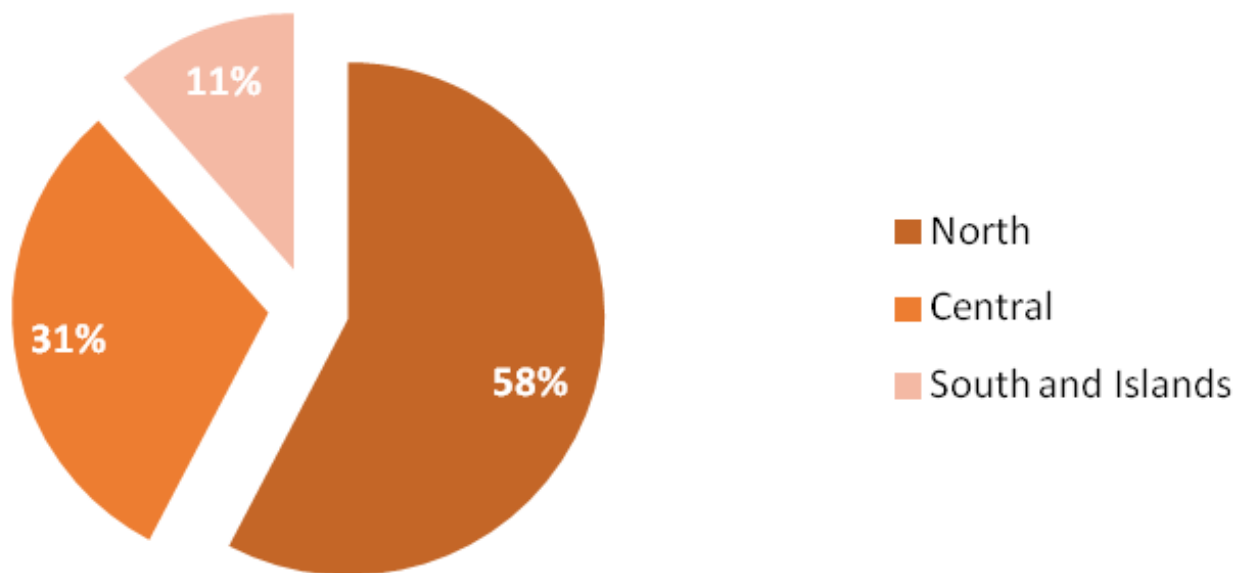
RITMI President

- . RITMI is the Italian Microfinance Network representing the **main actors of microfinance sector** in Italy
- . Current members: **26**

RITMI Members per typology



RITMI Members by area



The role of Microfinance in Europe

- . Past **European Programming 2007-2013** showed:
 - Potential of microfinance's tools - ***innovative mechanisms*** fostering social cohesion and financial inclusion
 - European programs supply - ***Jasmine, Jeremie*** and ***Progress***
- . The **ESIF 2014 - 2020** : a new chance for systematic and wide impact by using microfinance and financial inclusion tools (*follows....*)

The role of Microfinance in Europe (2)

- Centralized programs containing microfinance components, e.g. **EaSI (Employment and Social Innovation)**, are entering in the ***operational phase***;
- Centralized programs will ***support funding for financial intermediaries*** providing microcredit services.

Microfinance in Italy: a valuable tool

In Italy, the alarming level of indicators such as ***unemployment***, ***poverty*** and ***financial exclusion***, with dramatic peaks affecting specific regions and population categories (young people, women, migrant and over 50s), require a:

promptly wider and effective response

in terms of ***scale*** and ***target***

Italy

Unemployment rate:

11,7 %

Unemployment rate (2015)			
By sex		By age	
Male	11,3%	< 25 years	40,3%
Female	12,7%	25-74 yrs	10,0%

(Settembre 2016) http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Unemployment_rates_seasonally_adjusted_September_2016.png

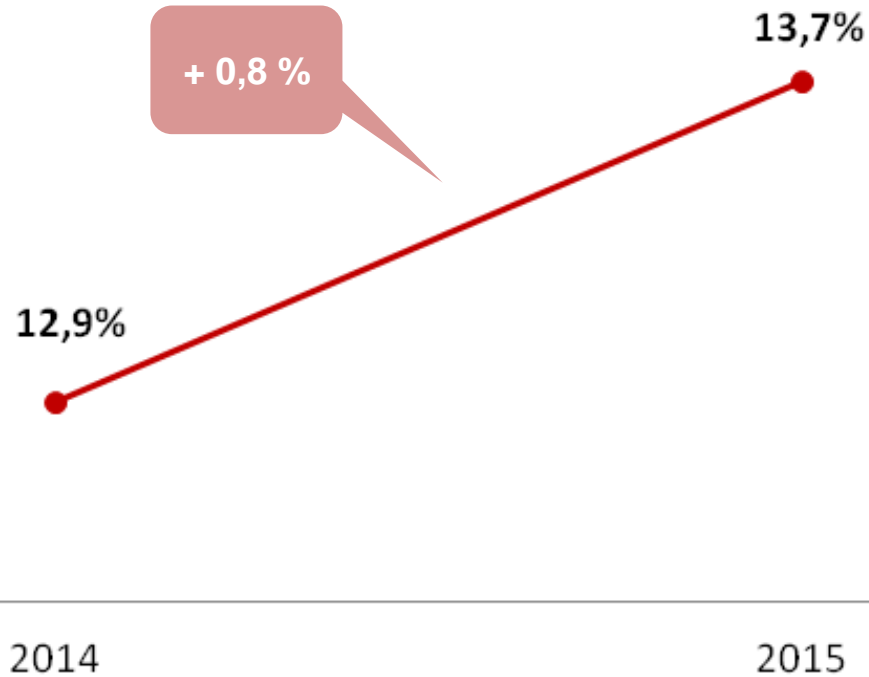
Italy

Families under relative
poverty threshold:

2,68 mln*

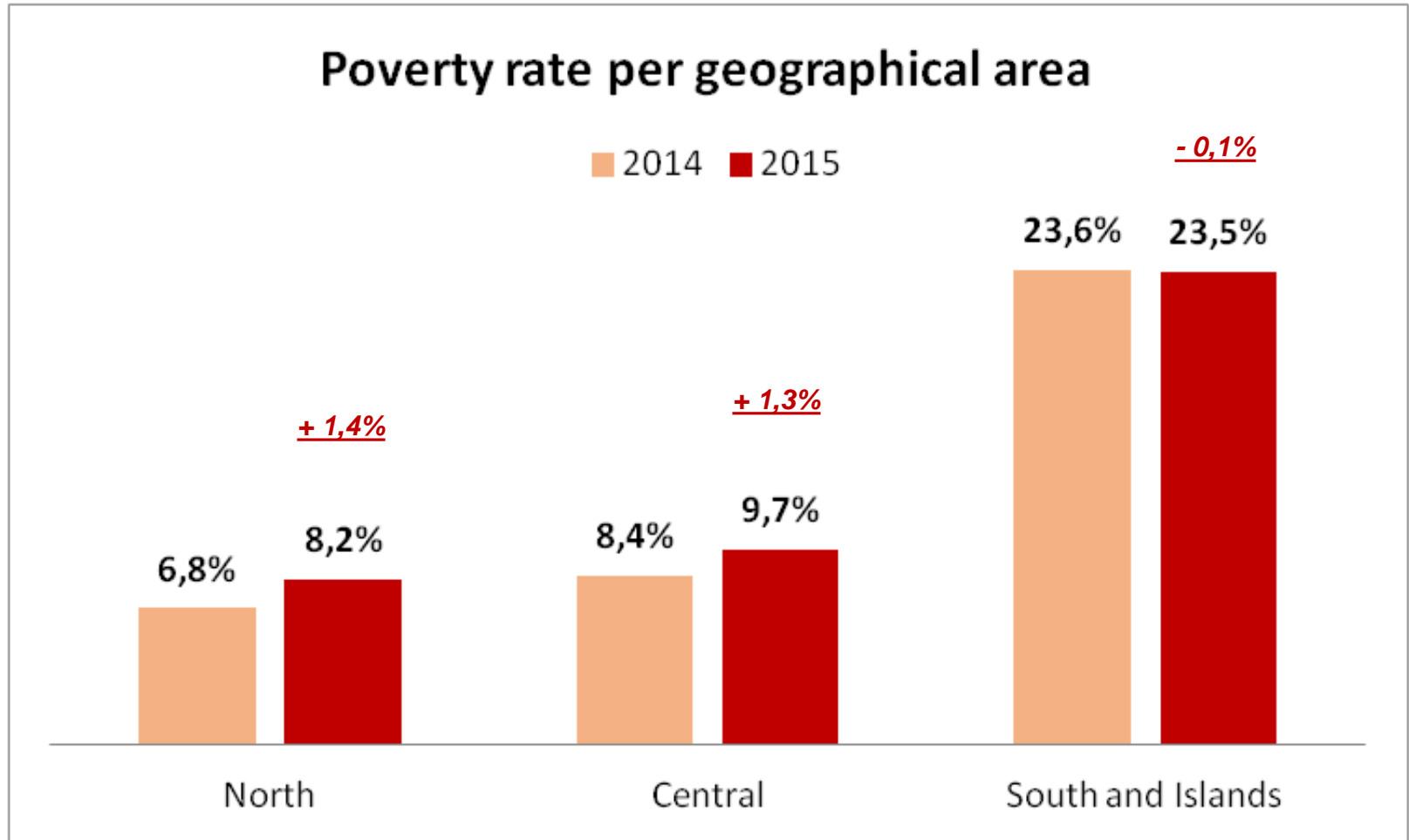
Italy

Increment of poverty incidence in Italy



La povertà in Italia - 2015" Report Istat <http://www.istat.it/it/archivio/189188>

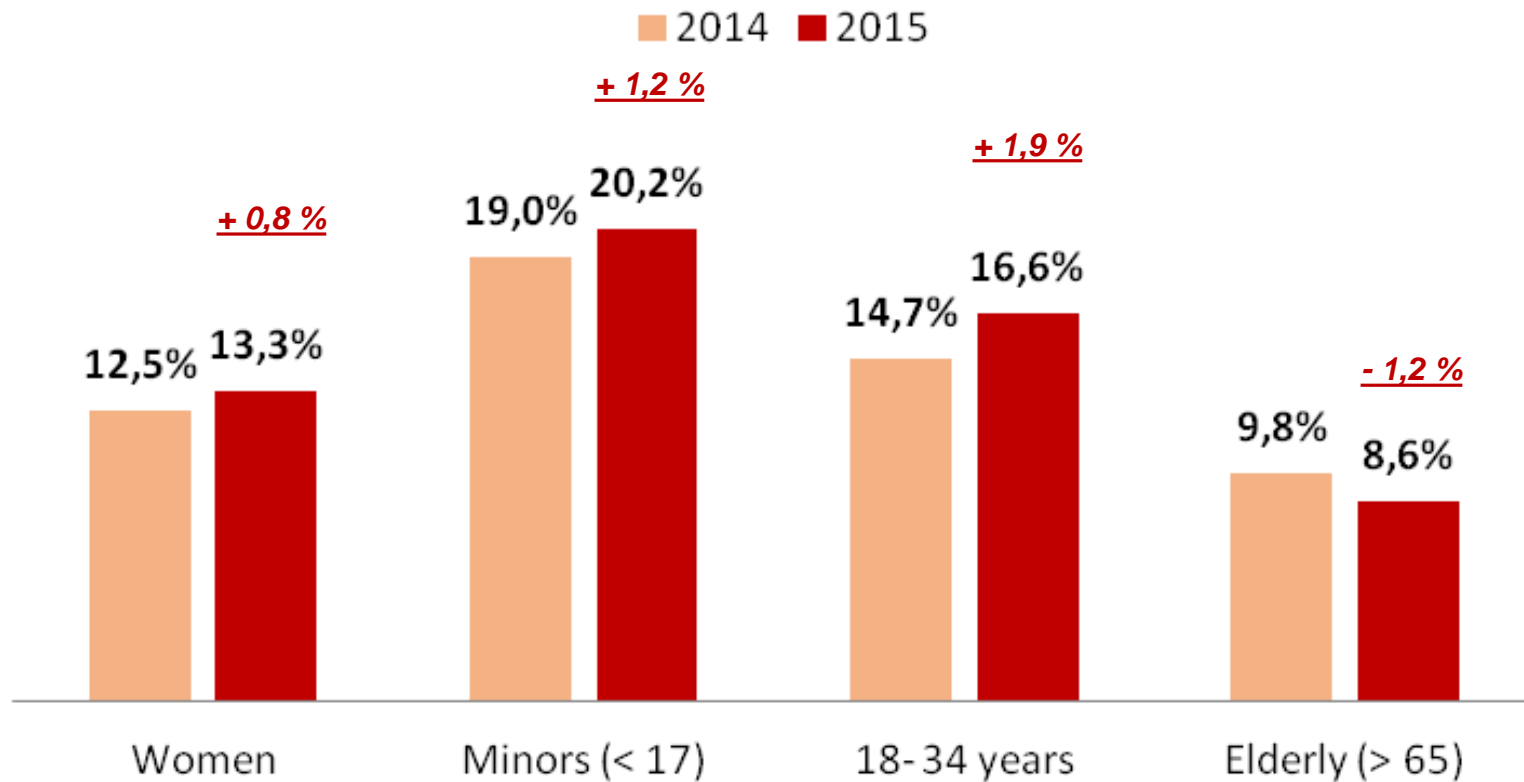
Italy



La povertà in Italia - 2015" Report Istat <http://www.istat.it/it/archivio/189188>

Italy

Poverty rate per vulnerable categories



La povertà in Italia - 2015" Report Istat <http://www.istat.it/it/archivio/189188>

Working together

We propose
strategic and operational joint action
between
microfinance supply and **structural funds**
to foster impact on *vulnerable people* in
terms of



Microfinance and ESIF

Concerning **financial and non-financial instruments**, it is essential
to define:

- . ***Specific Guidelines*** in the framework and architecture of European Social Fund in Italy as in other EU Member States;
- . ***Road Map*** (operational level) to start off with new initiatives and actions within ESF regional and national programs.

Priorities

- . Developing a ***high quality and extensive*** non-financial services (***NFS***) offer;
- . Providing ***specific mentoring and coaching services along with credit provision***, in order to serve vulnerable people, young entrepreneurs and social initiatives.

Areas of intervention

- Support **Financial Services** via Regional and/or National ESF Funds, relying on a **Public Private Partnership (PPP)** approach;
- Enhance and spread **Non-Financial Services** - managed by **Microcredit Providers** or other **specialized and certified Organizations**.

Tentative Agenda

- . ***Guidelines*** linking ESF/Microfinance;
- . ***Road Map*** to develop pilot projects at Regional and National Level;
- . ***Mid-term re-programming phase*** - possible implementation mechanism to enhance and redirect current ESF's measures and specific actions.

For the implementation

- *Due diligence* of MFIs;
- Definition of *benchmark* of expected results, *outcomes* and *impact*;
- Leverage on co-financing (*PPP*);
- *Mechanisms of disbursement* (first and following instalments and social and financial performances for disbursements);
- *Partnership* with local networks and NFS Providers;
- *Incentives* and *success-fees* related to Portfolio Quality;
- *Incentives* and *primes* based on # beneficiaries who have become bankable.

For the implementation

Non-Financial Services Providers **criteria**
to allow:

- . Grant based on *# loans disbursed*;
- . Grant based on *partnership with MFI* and % *Internal Portfolio*;
- . Grant based on *# loan applications*;
- . Grant based on *mentoring/coaching* and *follow-up activities*.

Grazie!

RITMI

Via Maria Vittoria, 38

10123 Torino

ritmi@microfinanza-italia.org