



ESF and microfinance in Europe: best practices and perspectives

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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. Common strategy
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

They often involve several actors, such as a public or promotional bank, other banks, a guarantee fund as well as local organisations providing the support and advice to the final beneficiaries. Ways should be found of reducing complexity so as to speed up the loan disbursement process. Count on MFIs!! (outreach & operational procedures)



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

4. Combining loans with BDS is crucial

5. Evaluations are of greatest importance:

For microfinance operations, financial and social performance indicators exist and can be applied. Several countries have already developed joint performance reporting frameworks that are shared by all microcredit actors.



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!!!!

Two Best Practices...

EMN Exchange Visit on ESF & MF. 02/11/2016, Paris

EMN members were able to exchange and share ideas with two successful business cases of collaboration between the ESF and an MF project:

- INVEGA (Lithuania) – Entrepreneurship Promotion Fund. 14.5 mill. EUR from ESF & ERDF (Microcredit & BDS)
- ADIE (France) – 5 mill. EUR ESF grant for the provision of BDS



Thank you

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