

European Progress Microfinance Facility for employment and social inclusion

2009/0096(COD) - 05/11/2009

The Committee on Employment and Social Affairs adopted the report by Kinga GONCZ (S&D, HU) amending, under the first reading of the codecision procedure, the proposal for a decision of the European Parliament and of the Council on establishing a European Microfinance Facility for Employment and Social Inclusion (Progress Microfinance Facility).

The committee adopted an amendment which opens a **separate budget line for the European Microfinance Facility**. It states that the financial and economic crisis is now turning into an employment and social crisis. It considers that reallocating money from Progress is giving the wrong signal since Progress is targeting the most vulnerable groups. It is the common responsibility of Member States and the EU to implement the Progress Programme effectively under the present circumstances.

It should be noted that this proposal is closely linked to the proposal for a decision of the European Parliament and of the Council amending Decision No 1672/2006/EC of the European Parliament and of the Council establishing a Community Programme for Employment and Social Solidarity – Progress. The latter was rejected by the committee. (Please see [COD/2009/0091](#)).

The main amendments are as follows:

Financial contribution: the financial contribution from the Community budget for the Facility for the period from 1 January 2010 to 31 December 2013 shall be **EUR 150 million** (rather than EUR 100 as the Commission had proposed.) A separate budget line shall be created for the Facility.

The total budget for support measures such as communication activities, monitoring, control, audit and evaluation which are directly necessary for the effective and efficient implementation of the Decision and for the achievement of its objectives, as referred to in Article 4(1)(d), shall not exceed EUR 1 million (rather than 1% of the budget of the Facility.)

Name: the facility will be called the European Microfinance Facility.

Objective: the Facility shall provide Community resources to **increase access and availability to micro-credits** for: (a) persons who are at risk of losing their job or who have difficulties entering or re-entering the labour market and disadvantaged persons or persons who are at risk of social exclusion or who are finding it difficult to enter the conventional credit market and who want to start or further develop their own micro-enterprise, including self-employment; (b) micro-enterprises in the social economy and micro-enterprises which employ disadvantaged persons or persons who have lost their job, persons who are at risk of social exclusion or persons who are excluded from conventional credit markets.

Beneficiaries: the Facility shall be open to **national and local** public and private bodies established in the Member States which provide microfinance to persons and micro-enterprises in the Member States. The committee adds that those public and private bodies shall closely cooperate with organisations engaged in representing the interests of the final beneficiaries of micro-credit and those who provide **mentoring and training programmes** to those final beneficiaries in order to create competitive and viable micro-enterprises.

The committee adds that it is vital to accompany financing by means of micro-credit with an appropriate mentoring and training system so that the Facility yields the results hoped for in terms of effectiveness and social inclusion.

In addition, public and private bodies providing micro-credit under the Decision shall comply with responsible lending principles and thereby avoid, in particular, over-indebtedness of persons and undertakings. Overall, MEPs consider that legal and regulatory obstacles to the development of micro-credit should be eliminated. They consider that it is appropriate to support microfinance by providing banking products and services which are adapted to the circumstances.

Particular attention paid to women: MEPs underline that equality between women and men should be actively pursued as regards access to micro-credit facility.

Management: financial institutions shall meet the objectives and implement the actions set out in the legislation.

Maintaining the instrument beyond 2013: the Commission shall present an evaluation report to the European Parliament and to the Council in 2015, on the basis of which the Council shall decide whether to maintain or close the Facility.

Annual report: no later than 12 months after the entry into force of this Decision and before 31 May of each year, the Commission shall present to the European Parliament and to the Council a quantitative and qualitative annual report on the activities under this Decision in the previous year. The report will focus mainly on the extent of the use of the instrument by Member States and the sustainability of the results achieved and shall in particular contain information relating to applications adopted and rejected, contracts concluded, actions funded including their complementarity with other Community interventions, notably the ESF. It shall also contain information, activity by activity, on the evolution and development of micro-enterprises that are supported by the Facility.

Based on the annual, the Commission shall make efforts to ensure that the Facility meets the objective set out in the text and is accessible across the European Union to those who are at risk of social exclusion or who are finding it difficult to enter the conventional credit market.

Lastly, on the basis of the second interim evaluation, the European Parliament and the Council shall decide whether to extend the duration of the functioning of the Facility.