



**CDFA Newcastle 11/06/2009**



**JASMINE**



# Content

The microcredit landscape in the EU

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Demand sustained by 4 factors

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Official Communication of the EC (2007)

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The operational outcome: JASMINE

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The RCM Microcredit pilot project

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## The microcredit landscape in the EU

- Microcredit: any credit below EUR 25,000
- Microenterprises: any enterprises with less than 10 employees and with an annual turnover of less than EUR 2m and with a balance sheet total amounting to not more than EUR 2m.
- Rapid development in Central and Eastern countries since 1992, more recent development in Western Europe (except United Kingdom and France end 1980's)  
High **heterogeneity** of the European market
- Annual average expansion rate of **67%**
- Remaining regulatory obstacles (i.e. capped interest rate)
- From **subsidised activity** → transformation towards “bankable”/**sustainable activity**

## Demand sustained by 4 factors:

- Most SMEs in the EU are “microenterprises”:92% of overall European enterprises
- Unemployment and social exclusion
- Important informal sector
- Strong potential demand evaluated at 700,000 microcredits for around 200 MFIs active in the EU

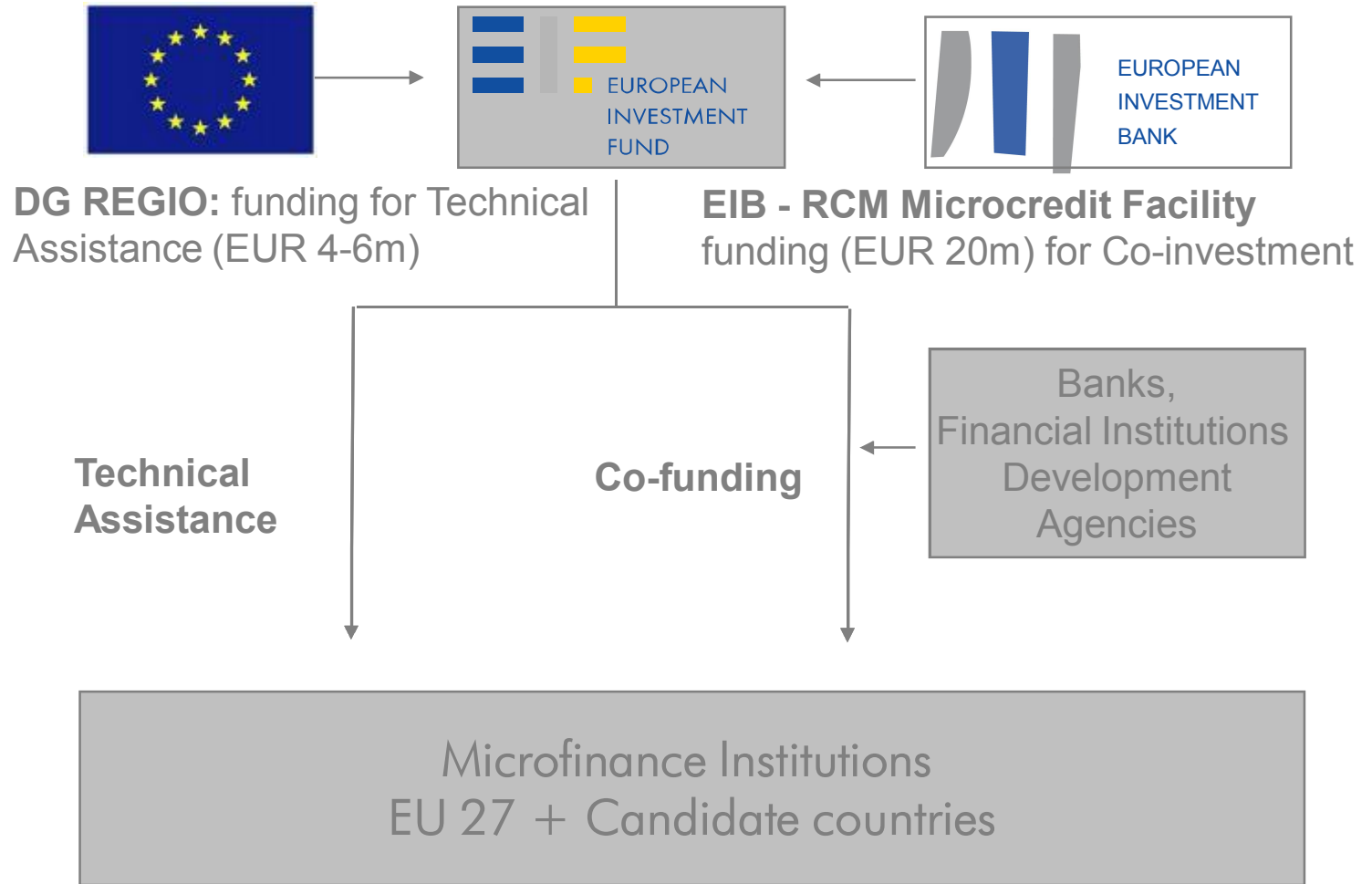
## Official Communication of the EC (2007)

- Promoted by the European Commission in November 2007:  
Official Communication 2007.708
  
- Synergies between various **European Institutions** (European Commission, EIB Group, European Parliament), **Banks** (Eurofi network participates in the set up phase) and **NGOs** (European Microfinance Network)
  
- The four measures of the Initiative:
  - Improving legal and institutional environment in EU Member States;
  - Further changing the climate in favour of Entrepreneurship;
  - ***Promoting the spread of best market practices (Technical Assistance);***
  - ***Providing funding through co-financing facility***

## The operational outcome: JASMINE

- **Funding**: a co-financing facility designed to provide funding sources to European microcredit providers and to pave the way towards enhanced banks' intervention in the microfinance industry
  - **EIB resources**: EUR 20m to be matched with equivalent contributions of financial intermediaries (eg: Banks, FIs, Development agencies)
  
- **Technical Assistance** to European microcredit providers in the form of evaluation services to spread best practices among practitioners
  - **European Commission (DG REGIO) resources**: EUR 4-6m
  
- **Seed Capital** for greenfield/small microcredit providers in development phase (**Still under discussion!**)
  - **Possible European Parliament resources**: EUR 4m
  
- An overall amount of **EUR 50m**, as a result of synergies between various European stakeholders committed to support microfinance.

# How JASMINE Works



## RCM Microcredit Facility

- Available funds (EIB Funding from RCM Mandate): EUR 20m
- Co-invest in non-bank MFIs/Microcredit providers to help them meeting increasing demand
- Financial support of up to 50% of the amount committed by a co-financer (Bank, Financial Institutions, etc)
- Investment Amount: EUR 500k to EUR 5m
- Investments are subject to EIF BoD approval
- Up to 20% of the Co-investment facility may be allocated to greenfield investments
- Pilot Period: 2009-2011
- Target beneficiaries: Micro-enterprises (EU definition)

# Technical Assistance

- EIF's role: TA Coordinator
- Available Funds (DG REGIO): EUR 4-6m
- Beneficiaries: MFIs operating in the EU
- Selection: via public tenders
- Content of T.A. **still under discussion**

## EIF proposal:

- **A) assessment/diagnosis for selected beneficiaries, to be carried out by microfinance specialists;**
- **B) rating process OR**
- **C) training on selected areas of interest**