Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

establishing a European Microfinance Facility for Employment and Social Inclusion
(Progress Microfinance Facility)
EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

The main impact of the recession is on people: the top challenge for the EU today must be to prevent high levels of unemployment, to boost job creation and pave the way for economic renewal, sustainable recovery and growth. The EU reacted rapidly to the crisis through the European Economic Recovery Plan which highlighted the need to counter the effects of the crisis on jobs. The initial impact of the Plan is already promising, and social safety nets play their stabilising role. However, with labour markets continuing to deteriorate as they react to the economic downturn, additional action is needed.

Europe must not just tackle the recession but turn it into an opportunity to create a more productive, more innovative, better skilled and low carbon economy; one with open and inclusive labour markets, offering a more cohesive and equal society and jobs that respond to age, gender equality and work/life balance concerns and one which recognises and supports entrepreneurship. The measures needed to combat the social and employment impact of the current crisis go hand-in-hand with the necessary structural reforms needed to address the long-term challenges of globalisation and demographic and climate change.

Europe's labour markets will be changed enormously by the crisis. Workers and companies must be given the necessary means to adjust to these changing realities: to retain sound jobs, enhance skills at all levels, get people back to work and create the conditions for new jobs.

The Commission Communication "Driving European recovery" outlined a number of points to help Member States design and implement appropriate and effective employment policies. Working on this basis, the Spring European Council and the three employment workshops held in Madrid, Stockholm and Prague in April 2009 defined three key priorities: maintaining employment, creating jobs and promoting mobility; upgrading skills and matching labour market needs; increasing access to employment. Finally, the Employment Summit of 7 May 2009 featured an exchange of views on these priorities, and found common ground on 10 actions.

Building on this common effort, the Commission adopted a Communication on 3 June on "A shared commitment for employment", the aim being to step up cooperation between the European Union and the Member States as well as between EU social partners, on these three key priorities, focussing on concrete initiatives and supported by all available Community instruments, in particular the European Social Fund (ESF) and the European Globalisation Adjustment Fund (EGF).

In order to alleviate the social impact of the crisis, it is essential to retain and bring more people into the labour market, especially women, older workers and other groups facing discrimination, and to prevent long-term unemployment and inactivity. The best way out of exclusion is employment: social Europe starts with jobs – yet even before the crisis, far too

3 See: http://ec.europa.eu/social/main.jsp?catId=103&langId=en&eventsId=173&furtherEvents=yes
many EU citizens who were willing and able to join the labour market did not have access to a job.

2. CONTENT

In the Communication of 3 June, the Commission proposed a new EU microfinance facility for employment\(^5\) (Progress Microfinance Facility) in order to give the unemployed the chance of a new start and to open the way to entrepreneurship for some of Europe’s most disadvantaged groups, including the young. This new Facility will extend the range of targeted financial support to new entrepreneurs in the current context of a reduced credit supply. Individual entrepreneurs and founders of microenterprises will also be assisted by way of mentoring, training, coaching and capacity building, in addition to interest-rate support from the ESF.

The Progress Microfinance Facility will add to other Community programmes by providing risk sharing instruments, debt and equity financing. It will capitalise on the experience of international financial institutions for example the EIB Group (European Investment Bank and European Investment Fund). Based on a joint management arrangement, the international financial institutions will provide further leverage by supporting banking and non banking providers of microfinance throughout the European Union.

3. SUBSIDIARITY AND PROPORTIONALITY

Given the currently reduced level of lending and the dramatic fall in outstanding loans (as demonstrated in the ex-ante evaluation accompanying the present proposal), ongoing Community and national efforts need to be strengthened to increase the supply of micro-credits to a sufficient scale and within a reasonable time-frame so as to address the high demand of those who need it most in this period of crisis i.e. unemployed or vulnerable people who want to start or develop micro-enterprises, including self-employment but do not have access to 'commercial' bank credits.

Using Community resources is appropriate and responds to the Resolution of the European Parliament of 24 March 2009\(^6\). Further, a single facility will concentrate leverage from international financial institutions. Finally, a pan-EU facility will avoid a dispersed approach thus increasing micro-finance supply in all Member States.

4. CHOICE OF LEGAL INSTRUMENT

The Commission proposal is to establish the Progress Microfinance Facility by a Decision which defines the roles and responsibility of the Commission only and does not create rights or obligations for Member States or individuals. A Decision is therefore the instrument best adapted to achieve the desired objective.

5. BUDGETARY IMPLICATIONS

In line with the Inter-institutional Agreement of 17 May 2006\(^7\) between the European Parliament, the Council and the Commission on budgetary discipline and sound financial

\(^6\) P6_TA-PROV(2009)0166
\(^7\) (2006/C 139/01)
management, the Facility is to be established by a reallocation of the existing budget. Under the terms of the 2006 Inter-institutional agreement, the EP added an additional EUR 114 million\(^8\) to the budget for the Progress programme thus increasing the budget from EUR 628 800 000 in the Commission's initial proposal to EUR 743 250 000. This additional financing was to have been applied progressively in the later years of the programme i.e. from 2009. After examining all possible options, the funding would come from a reallocation of EUR 100 million (over 4 years) from the Progress Programme\(^9\) to the new European Microfinance Facility for Employment and Social Inclusion (the Progress Microfinance Facility). This EUR 100 million from the existing budget could leverage more than EUR 500 million, in a joint initiative with international financial institutions, in particular the EIB Group.

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\(^8\) € 100 million in 2004 prices.
Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

establishing a European Microfinance Facility for Employment and Social Inclusion
(Progress Microfinance Facility)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 159(3) thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Economic and Social Committee,

Having regard to the opinion of the Committee of the Regions,

Acting in accordance with the procedure laid down in Article 251 of the Treaty,

Whereas:

(1) The Commission Communication "A European initiative for the development of micro-credit in support of growth and employment" identified four priority areas for action: improving the legal and institutional environment in the Member States, changing the climate in favour of employment and entrepreneurship, promotion of best practices and providing additional financial capital for microfinance institutions. As a first step in implementing this agenda, the Commission and the European Investment Bank (EIB) created JASMINE in 2008 which provides mentoring for non-bank microcredit finance institutions and a financing window for a global amount of EUR 20 million offered by the EIB.

(2) The European Parliament in its resolution of 24 March 2009 requested that the Commission reinforces its efforts to develop microcredits in support of growth and employment and offered an additional EUR 4 million of support for a pilot action to be implemented in the context of the JASMINE framework. The European Parliament also called on the Commission to cofinance projects for microcredits in particular for disadvantaged target groups.

(3) The ongoing Community and national efforts need to be strengthened to increase the supply of micro-credits to a sufficient scale and within a reasonable time-frame so as to address the high demand of those who need it most in this period of crisis i.e.

unemployed or vulnerable people, including the young who want to start or develop a micro enterprise including self-employment but do not have access to credit.

(4) The Commission Communication "A Shared Commitment for Employment"\textsuperscript{11} underlined the need to offer a new chance to the unemployed and open the road to entrepreneurship for some of Europe’s most disadvantaged groups, including the young. In addition to existing instruments, specific action is needed to further strengthen economic and social cohesion by reinforcing activities undertaken by the European Investment Bank and the European Investment Fund and other international financial institutions without prejudice to the activities of the Member States. The Commission therefore announced a proposal for a new EU microfinance facility to deepen the outreach of microfinance to particular at-risk groups and to further support the development of entrepreneurship, the social economy and micro-enterprises.

(5) Using Community resources is appropriate and responds to the Resolution of the European Parliament of March 2009. Further, a single pan-EU facility would concentrate leverage from international financial institutions and avoid a dispersed approach thus increasing micro-finance supply in all Member States. In order to capitalise on the experience of international financial institutions and in particular the European Investment Bank and the European Investment Fund the Progress Microfinance Facility would be established on the basis of joint management.

(6) The actions financed by the Facility should be coherent and compatible with the other Community policies and comply with the provisions of the Treaty and of acts adopted under it. The activities of the Facility should be complementary to other Community interventions, in particular the CIP financial instruments, JASMINE and the European Social Fund.

(7) For the purposes of this decision, “microfinance” refers to micro-credit and risk-sharing coverage. The Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises\textsuperscript{12} defines “micro-credit” as loans under EUR 25 000 and “micro-enterprise” as an enterprise employing less than 10 people, including self employment, and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million which are appropriate definitions for the purpose of this Decision;

HAVE DECIDED AS follows:

\textit{Article 1}

\textbf{Establishment}

1. A European Microfinance Facility for Employment and Social Inclusion, called the Progress Microfinance Facility (hereinafter “the Facility”), is hereby established.

\textsuperscript{12} OJ L 124, 20.5.2003, p. 36.
Article 2
Objective

1. The Facility shall provide Community resources to increase access to micro-credits for:

(a) persons who have lost or are at risk of losing their job and want to start their own micro-enterprise, including self-employment;

(b) disadvantaged persons, including the young, who want to start or further develop their own micro-enterprise, including self-employment;

(c) micro-enterprises in the social economy which employ persons who have lost their job or which employ disadvantaged persons, including the young.

Article 3
Budget

1. The financial contribution from the Community budget for the Facility for the period from 1 January 2010 to 31 December 2013 shall be EUR 100 million.

2. The annual appropriations shall be authorised by the budgetary authority within the limits of the financial framework.

3. The total budget for support measures referred to in Article 4 (1) (d) shall not exceed 1% of the budget of the Facility as set out in paragraph 1.

4. The financial contribution shall cover the full cost of the Facility, including management fees for international financial institutions referred to in Article 5(2) managing the Community contribution as well as any other eligible costs.

Article 4
Eligible actions and beneficiaries

1. The Facility shall be implemented by using the following types of actions, as appropriate:

(a) guarantees and risk-sharing instruments;

(b) equity instruments;

(c) debt instruments;

(d) support measures, such as communication activities, monitoring, control, audit and evaluation which are directly necessary for the effective and efficient implementation of this Decision and for the achievement of its objectives.

2. The Facility shall be open to public and private bodies established in the Member States which provide microfinance to persons and micro-enterprises in the Member States.
Article 5

Management


2. To implement the actions referred to in Article 4(1), except for the support measures referred to in point (d) of Article 4(1), the Commission shall conclude agreements with international financial institutions, in particular with the European Investment Bank (EIB) and the European Investment Fund (EIF), in accordance with Article 53d of Council Regulation (EC, Euratom) No 1605/2002 and Article 43 of Commission Regulation (EC, Euratom) No 2342/2002. These agreements shall contain detailed provisions for the implementation of the tasks entrusted to them, including the necessity to ensure additionality with national schemes.

3. Proceeds, including dividends and reimbursements, received by the international financial institutions referred to in paragraph 2 may be re-invested by them into actions referred to under Article 4(1) (a), (b) and (c) for a period of 6 years after the starting date of the Facility. Upon closure of the Facility, the remaining balance due to the European Communities shall be repaid to the general budget of the European Communities.

4. The international financial institutions referred to in paragraph 2 of this Article shall conclude written agreements with the public and private providers of microfinance referred to in Article 4 (2) laying down their obligations to use the resources made available from the Facility in accordance with the objectives set out in Article 2 and to provide information for the establishment of the annual reports referred to in Article 8 (1).

5. The budget for support measures referred to in Article 4 (1) (d) shall be managed by the Commission.

Article 6

Compliance

Actions financed by the Facility shall comply with the provisions of the Treaty and of acts adopted under it.

Article 7

Protection of the Communities' financial interests

1. The Commission shall ensure that, when actions financed under this Decision are implemented, the financial interests of the Community are protected by the application of measures to prevent fraud, corruption and any other illegal activities, by effective checks and by the recovery of amounts unduly paid and, if irregularities are detected, by effective, proportional and dissuasive penalties, in accordance with Council Regulation (EC, Euratom) No 2988/95\textsuperscript{13}, Council Regulation (Euratom, EC)...

For the Community actions financed under this Decision, OLAF has the power to carry out investigations on the basis of Regulation (EC, Euratom) No 2988/95 and Regulation (Euratom, EC) No 2185/96, which shall apply to any infringement of a provision of Community law, including infringements of a contractual obligation stipulated on the basis of the facility, resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the European Union or budgets managed by it, by an unjustified item of expenditure.

All implementing measures resulting from this Decision shall provide a reference to the above mentioned paragraphs and provide, in particular, for supervision and financial control by the Commission or any representative authorised by it, and by audits by the European Court of Auditors, if necessary on-the-spot audits.

Article 8
Annual report

1. The Commission shall receive annual implementation reports from the international financial institutions referred to in Article 5(2) setting out the supported activities in terms of financial implementation, distribution of funding with regard to sectors and type of beneficiaries, applications submitted, contracts concluded, actions funded, results and, where possible, impact.

2. For the first time in 2011 and before 31 December 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 annual report shall be based on the implementation reports referred to in paragraph 1 and focus mainly on the results achieved and shall in particular contain information relating to applications submitted, contracts concluded, actions funded including their complementarity with other Community interventions, notably the ESF.

3. The annual report will be transmitted, for information, to the European Economic and Social Committee and the Committee of the Regions.

Article 9
Evaluation

1. The Commission shall carry out interim and final evaluations at its own initiative and in close cooperation with the international financial institutions referred to in Article 5(2). The interim evaluation shall be completed four years after the start of the Facility and the final evaluation at the latest one year after the end of the mandate(s) given to the international financial institutions referred to in Article 5(2). The final

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evaluation shall, in particular, examine the extent to which the Facility as a whole has achieved its objectives.

2. The results of the evaluations will be transmitted, for information, to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions.

Article 10
Entry into force

This Decision shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

Done at Brussels,

For the European Parliament For the Council
The President The President
LEGISLATIVE FINANCIAL STATEMENT

1. NAME OF THE PROPOSAL

Progress Microfinance Facility

2. ABM / ABB FRAMEWORK

Policy Area(s) concerned and associated Activity/Activities:

EMPLOYMENT, SOCIAL AFFAIRS and EQUAL OPPORTUNITIES

ABB 04 04 Employment, Social solidarity and Gender Equality

3. BUDGET LINES

3.1. Budget lines:

New Budget Lines

04 04 13 Progress Microfinance Facility

04 01 04 11 Progress Microfinance Facility – administrative expenditure

3.2. Duration of the action and of the financial impact:

01/01/2010 – 31/12/2013

3.3. Budgetary characteristics (add rows if necessary):

<table>
<thead>
<tr>
<th>Budget line</th>
<th>Type of expenditure</th>
<th>New</th>
<th>EFTA contribution</th>
<th>Contributions from applicant countries</th>
<th>Heading in financial perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>04 04 13</td>
<td>Non-comp</td>
<td>Diff</td>
<td>YES</td>
<td>NO</td>
<td>NO 1a</td>
</tr>
<tr>
<td>04 01 04 11</td>
<td>Non-comp</td>
<td>Non Diff</td>
<td>YES</td>
<td>NO</td>
<td>NO 1a</td>
</tr>
</tbody>
</table>
### 4. SUMMARY OF RESOURCES

#### 4.1. Financial Resources

#### 4.1.1. Summary of commitment appropriations (CA) and payment appropriations (PA)

**EUR million (to 2 decimal places)**

<table>
<thead>
<tr>
<th>Expenditure type</th>
<th>Section no.</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>&gt; 2013</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operational expenditure</strong>&lt;sup&gt;16&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitment Appropriations (CA)</td>
<td>8.1</td>
<td>a</td>
<td>24.75</td>
<td>24.75</td>
<td>24.75</td>
<td>24.75</td>
<td>99.00</td>
</tr>
<tr>
<td>Payment Appropriations (PA)</td>
<td></td>
<td>b</td>
<td>9.00</td>
<td>16.00</td>
<td>20.00</td>
<td>20.00</td>
<td>34.00</td>
</tr>
<tr>
<td><strong>Administrative expenditure within reference amount</strong>&lt;sup&gt;17&lt;/sup&gt;</td>
<td></td>
<td>c</td>
<td>0.25</td>
<td>0.25</td>
<td>0.25</td>
<td>0.25</td>
<td>1.00</td>
</tr>
<tr>
<td><strong>TOTAL REFERENCE AMOUNT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitment Appropriations</td>
<td>a+c</td>
<td>25.00</td>
<td>25.00</td>
<td>25.00</td>
<td>25.00</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Payment Appropriations</td>
<td>b+c</td>
<td>9.25</td>
<td>16.25</td>
<td>20.25</td>
<td>20.25</td>
<td>34.00</td>
<td>100.00</td>
</tr>
<tr>
<td><strong>Administrative expenditure not included in reference amount</strong>&lt;sup&gt;18&lt;/sup&gt;</td>
<td></td>
<td>d</td>
<td>0.25</td>
<td>0.25</td>
<td>0.25</td>
<td>0.25</td>
<td>1.00</td>
</tr>
<tr>
<td>Human resources and associated expenditure (NDA)</td>
<td>8.2.5</td>
<td>d</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative costs, other than human resources and associated costs, not included in reference amount (NDA)</td>
<td>8.2.6</td>
<td>e</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total indicative financial cost of intervention</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL CA including cost of Human Resources</td>
<td>a+c+d</td>
<td>25.25</td>
<td>25.25</td>
<td>25.25</td>
<td>25.25</td>
<td>101.00</td>
<td>101.00</td>
</tr>
</tbody>
</table>

<sup>16</sup> Expenditure that does not fall under Chapter xx 01 of the Title xx concerned.

<sup>17</sup> Expenditure within article xx 01 04 of Title xx.

<sup>18</sup> Expenditure within chapter xx 01 other than articles xx 01 04 or xx 01 05.
Co-financing details

If the proposal involves co-financing by Member States, or other bodies (please specify which), an estimate of the level of this co-financing should be indicated in the table below (additional lines may be added if different bodies are foreseen for the provision of the co-financing):

<table>
<thead>
<tr>
<th>Co-financing body</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>....................</td>
<td>f</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL CA including co-financing</td>
<td>a+c+d+e+f</td>
<td>25.25</td>
<td>25.25</td>
<td>25.25</td>
<td>25.25</td>
</tr>
</tbody>
</table>

4.1.2. Compatibility with Financial Programming

X Proposal is compatible with existing financial programming.

The proposal is linked with the proposal of a revision of the financial amount of the programme Progress, reduced by €100 million to be allocated to the Microfinance Facility.

☐ Proposal will entail reprogramming of the relevant heading in the financial perspective.

☐ Proposal may require application of the provisions of the Interinstitutional Agreement\textsuperscript{19} (i.e. flexibility instrument or revision of the financial perspective).

4.1.3. Financial impact on Revenue

X Proposal has no financial implications on revenue

☐ Proposal has financial impact – the effect on revenue is as follows:

\textit{NB: All details and observations relating to the method of calculating the effect on revenue should be shown in a separate annex.}

\textsuperscript{19} See points 19 and 24 of the Interinstitutional agreement.
EUR million (to one decimal place)

<table>
<thead>
<tr>
<th>Budget line</th>
<th>Revenue</th>
<th>Prior to action</th>
<th>Situation following action</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>[Year n-1]</td>
<td>[Year n] [n+1] [n+2] [n+3] [n+4] [n+5]</td>
</tr>
<tr>
<td>a) Revenue in absolute terms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Change in revenue</td>
<td>∆</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Please specify each revenue budget line involved, adding the appropriate number of rows to the table if there is an effect on more than one budget line.)

4.2. Human Resources FTE (including officials, temporary and external staff) – see detail under point 8.2.1.

<table>
<thead>
<tr>
<th>Annual requirements</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of human resources</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

5. CHARACTERISTICS AND OBJECTIVES

Details of the context of the proposal are required in the Explanatory Memorandum. This section of the Legislative Financial Statement should include the following specific complementary information:

5.1. Need to be met in the short or long term

In the context of the economic crisis, the Progress Microfinance Facility is designed to offer a new chance to the unemployed and give opportunity to entrepreneurship for some of Europe's most disadvantaged groups.

The economic crisis requires immediate action to assist those who lost their jobs or are facing social exclusion and want to start or further develop their own business. The combination of the general credit squeeze with the status of newly unemployed, means that many people who would either become self-employed or start a micro enterprise cannot do so. Further, the target group of ‘ESF type of beneficiaries\(^{21}\)’ has insufficient...

\(^{20}\) Additional columns should be added if necessary i.e. if the duration of the action exceeds 6 years
\(^{21}\) In particular those considered as being ‘non-bankable’, i.e. not having access to normal credit systems; young people, or those who live in circumstance of financial uncertainty (single mothers, disabled, migrants, redundant workers).
access to micro-credit as mainstream banks in particular consider this group as too risky and cost intensive (the latter due to the relatively small amounts of loans).

5.2. Value-added of Community involvement and coherence of the proposal with other financial instruments and possible synergy

The Commission has recognised the important role micro-credit can play in its 2007 Communication. The Communication explains that the take-up of micro-credits has been well below the potential demand due to the relatively high risk profile, the transaction costs and the lack of intermediaries in some Member States.

The main Community wide instrument currently available for financing establishment and growth of small businesses is the Competitiveness and Innovation Framework Programme (CIP). The programme’s SME guarantee facility for micro-loans provides loan guarantees which makes it possible for banks and non-bank microfinance institutions such as for example the Spanish MicroBank and the French ADIE organisation to make more debt finance available to micro-enterprises by reducing the their exposure to risk. The facility includes co-, counter- and direct guarantees to financial intermediaries for loans of up to €25,000 to micro-enterprises with up to nine employees, particularly entrepreneurs starting a new business.

ESF and EGF both foresee the possibility for Member States to use the Funds for micro-credit, but this has not been taken up by the Member States. In light of the urgency to react to the current crisis, awareness raising initiatives to increase the take-up would be too slow.

JASMINE is a joint initiative of the Commission and the EIB Group for developing the sector of micro-credit providers. It contains a technical assistance facility for capacity building financed by the Commission and a co-financing facility supported by the EIB (€20 million). The JASMINE facility is managed by the EIF.

To foster the development of micro-credit in Europe, the European Parliament has adopted a preparatory action with a budget of €4 million for 2009, in particular to develop a seed fund for non-banking institutions. This action is currently implemented within the JASMINE framework.

The Progress Microfinance Facility will inject money (€100 million over 4 years) into the microfinance structures through international financial institutions, thus improving access to micro-credits for those that are not normally considered bankable.

5.3. Objectives, expected results and related indicators of the proposal in the context of the ABM framework

An additional specific objective is added to the ABB activity 04 04 – Employment, Social Solidarity and Gender Equality:
Provide assistance to unemployed people and disadvantaged people, including the young, who want to start or further develop their own business.

Two indicators will help to measure the outputs:

- Volume of credit
- Number of beneficiaries of a loan.

5.4. **Method of Implementation (indicative)**

Show below the method(s)\(^{22}\) chosen for the implementation of the action.

- *Centralised Management*
- Directly by the Commission
- Indirectly by delegation to:
  - Executive Agencies
  - Bodies set up by the Communities as referred to in art. 185 of the Financial Regulation
- National public-sector bodies/bodies with public-service mission

- *Shared or decentralised management*
- With Member states
- With Third countries

- **Joint management with international organisations (please specify)**

Mandates to be signed by the Commission with international financial institutions such as EIB/EIF.

6. **MONITORING AND EVALUATION**

6.1. **Monitoring system**

For the first time in 2011 and before 31 December of each year, the Commission shall present to the European Parliament and to the Council a quantitative and qualitative annual report on the activities in the previous year. The annual reports shall be based on

\(^{22}\) If more than one method is indicated please provide additional details in the "Relevant comments" section of this point.
the implementation reports received from the international financial institutions examining the supported activities in terms of financial implementation, applications submitted, contracts concluded, actions funded, results and, where possible, impact.

6.2. Evaluation

6.2.1. Ex-ante evaluation

An ex-ante evaluation is attached to the proposal for a Progress Microfinance Facility. It has been carried out by the Commission and contains information about the needs to be met, the objectives to be achieved, the risks linked with the proposal and the alternative scenarios.

6.2.2. Measures taken following an intermediate/ex-post evaluation (lessons learned from similar experiences in the past)

The ex-ante evaluation reviews the existing Community initiatives on micro-credit, such as Jasmine, CIP programme.

The proposal for a Progress Microfinance Facility is in synergy with the existing actions and substantially enhances both effectiveness and likely success of these actions.

6.2.3. Terms and frequency of future evaluation

The Progress Microfinance Facility shall be subject to interim and final evaluations. Such evaluations shall examine issues such as relevance, coherence and synergies, effectiveness, efficiency, sustainability, utility and, where possible and appropriate, distribution of funding with regard to sectors and type of beneficiaries. The final evaluation shall, in addition, examine the extent to which the Progress Microfinance Facility as a whole has achieved its objectives.

The interim evaluation of the Facility shall be completed 4 years after the start of the Facility and the final evaluation at the latest one year after the end of the mandate(s) given to the international financial institutions.

7. ANTI-FRAUD MEASURES

The Commission must ensure that, when actions financed under the present Decision are implemented, the financial interests of the Community are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and by the recovery of amounts unduly paid and, if irregularities are detected, by effective, proportional and dissuasive penalties, in accordance with Council Regulations (EC, Euratom) No 2988/95 and (Euratom, EC) No 2185/96 and with Regulation (EC) No 1073/1999 of the European Parliament and of the Council.

For the Community actions financed under this Decision, an irregularity as referred to in Article 1(2) of Regulation (EC, Euratom) No 2988/95 means any infringement of a
provision of Community law or any breach of a contractual obligation resulting from an act or omission by an economic operator which has, or would have, the effect of prejudicing the general budget of the Communities, or budgets managed by them, by an unjustifiable item of expenditure.
8. DETAILS OF RESOURCES

8.1. Objectives of the proposal in terms of their financial cost

Commitment appropriations in EUR million (to 1 decimal place)

<table>
<thead>
<tr>
<th>(Headings of Objectives, actions and outputs should be provided)</th>
<th>Type of output</th>
<th>Av. cost</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>&gt; 2013</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<td>outputs</td>
<td>outputs</td>
<td>outputs</td>
<td>outputs</td>
<td>outputs</td>
<td>outputs</td>
</tr>
<tr>
<td>OPERATIONAL OBJECTIVE No.1</td>
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<td></td>
<td></td>
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<tr>
<td>Provide assistance to unemployed people and disadvantaged</td>
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<tr>
<td>groups, including the young, who want to start or further</td>
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<tr>
<td>develop their own business.</td>
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<tr>
<td>Action 1.............</td>
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<tr>
<td>Implement the facility through mandates to international</td>
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<td></td>
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<tr>
<td>financial institutions</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- output 1</td>
<td></td>
<td></td>
<td>60.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>140.0</td>
<td>500.0</td>
</tr>
<tr>
<td>Volume of credit (in M€)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- output 2</td>
<td></td>
<td></td>
<td>5450</td>
<td>9090</td>
<td>9090</td>
<td>9090</td>
<td>12730</td>
<td>45450</td>
</tr>
<tr>
<td>number of beneficiaries</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL COST</td>
<td></td>
<td></td>
<td>25.0</td>
<td>25.0</td>
<td>25.0</td>
<td>25.0</td>
<td>25.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The prudent estimation of the leverage impact of the facility is that the volume of credit should be about € 500 M over the 4 years.

Based on information available from the European Microfinance Network (EMN), the estimated average loan is 11,000 €. For a volume of loans of € 500 million, the number of beneficiaries should be 45,450. It is also estimated that the average job creation is 1.2 per loan, so 45,450 * 1.2 = 54,540

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23 As described under Section 5.3
8.2. Administrative Expenditure

8.2.1. Number and type of human resources

<table>
<thead>
<tr>
<th>Types of post</th>
<th>Staff to be assigned to management of the action using existing and/or additional resources (number of posts/FTEs)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
</tr>
<tr>
<td>Officials or temporary staff(^24) (XX 01 01)</td>
<td>A*/AD</td>
</tr>
<tr>
<td></td>
<td>B*, C*/AST</td>
</tr>
<tr>
<td>Staff financed(^25) by art. XX 01 02</td>
<td>2</td>
</tr>
<tr>
<td>Other staff(^26) financed by art. XX 01 04/05</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>3</td>
</tr>
</tbody>
</table>

8.2.2. Description of tasks deriving from the action

The main tasks to implement the action are:

- negotiate mandates with international financial institutions
- review and approve transactions
- monitor the implementation of the programme
- produce an annual implementation report
- examine synergies within the Progress Microfinance Facility and with other complementary Community programmes and in particular the European Social Fund

8.2.3. Sources of human resources (statutory)

(When more than one source is stated, please indicate the number of posts originating from each of the sources)

☐ Posts currently allocated to the management of the programme to be replaced or extended

\(^{24}\) Cost of which is NOT covered by the reference amount.
\(^{25}\) Cost of which is NOT covered by the reference amount.
\(^{26}\) Cost of which is included within the reference amount.
The needs for human and administrative resources shall be covered within the allocation that can be granted to the managing DG in the framework of the annual allocation procedure in the light of budgetary constraints.

8.2.4. Other Administrative expenditure included in reference amount (XX 01 04/05 – Expenditure on administrative management)

<table>
<thead>
<tr>
<th>Budget line</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>04 01 04 11</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Technical and administrative assistance (including related staff costs)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive agencies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other technical and administrative assistance</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>- intra muros</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>- extra muros</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Technical and administrative assistance</td>
<td>0.250</td>
<td>0.250</td>
<td>0.250</td>
<td>0.250</td>
<td>1.000</td>
</tr>
</tbody>
</table>

8.2.5. Financial cost of human resources and associated costs not included in the reference amount

<table>
<thead>
<tr>
<th>Type of human resources</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Officials and temporary staff (XX 01 01)</td>
<td>0.122</td>
<td>0.122</td>
<td>0.122</td>
<td>0.122</td>
<td>0.488</td>
</tr>
</tbody>
</table>

Reference should be made to the specific legislative financial statement for the Executive Agency(ies) concerned.
### Staff financed by Art XX 01 02
(auxiliary, END, contract staff, etc.)

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.128</td>
<td>0.128</td>
<td>0.128</td>
<td>0.128</td>
<td></td>
<td>0.512</td>
</tr>
</tbody>
</table>

### Total cost of Human Resources and associated costs (NOT in reference amount)

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.250</td>
<td>0.250</td>
<td>0.250</td>
<td>0.250</td>
<td></td>
<td>1.000</td>
</tr>
</tbody>
</table>

**Calculation – Officials and Temporary agents**

Reference should be made to Point 8.2.1, if applicable

1 * 122,000 = 122,000 per year

**Calculation – Staff financed under art. XX 01 02**

Reference should be made to Point 8.2.1, if applicable

2 * 64,000 = 128,000 per year

#### 8.2.6. Other administrative expenditure not included in reference amount

**EUR million (to 3 decimal places)**

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>XX 01 02 11 01 – Missions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>XX 01 02 11 02 – Meetings &amp; Conferences</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>XX 01 02 11 03 – Committees²⁸</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>XX 01 02 11 04 – Studies &amp; consultations</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>XX 01 02 11 05 – Information systems</td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>2 Total Other Management Expenditure (XX 01 02 11)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>3 Other expenditure of an administrative nature</strong> (specify including reference to budget line)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Administrative expenditure, other than human resources and associated costs (NOT included in reference</strong></td>
<td></td>
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</tr>
</tbody>
</table>

²⁸ Specify the type of committee and the group to which it belongs.
Calculation - *Other administrative expenditure not included in reference amount*