

Brussels, 8 March 2010

EU to provide 45,000 micro-loans to unemployed and small entrepreneurs

EU Employment and Social Affairs Ministers today agreed on a new facility to provide loans to people who have lost their jobs and want to start or further develop their own small business. The European Microfinance Facility will have a starting budget of €100 million which could leverage more than €500 million in cooperation with international financial institutions such as the European Investment Bank (EIB) Group. The initiative is part of the EU's response to the crisis and is especially targeted at people who cannot normally obtain credit because of the economic crisis and the current lack of credit supply.

Speaking at the Ministerial meeting, László Andor, EU Commissioner for Employment and Social Affairs and Inclusion said "*The Microfinance Facility offers an alternative to those suffering from the effects of the crisis and will help create new jobs*". Welcoming the initiative, he said: "*It will increase the supply and accessibility of microloans so vulnerable groups find a way out of unemployment. It will also boost entrepreneurship and the social economy in Europe. He added "we expect the facility to provide small loans to around 45,000 budding entrepreneurs over the next eight years."*

Those helped under the initiative will also be able to benefit from mentoring, training and coaching as well as assistance in preparing a business plan, in close cooperation with the existing European Social Fund.

An initial budget of €100 million is expected to leverage €500 million of credit in cooperation with international financial institutions such as the EIB Group. This could result in around 45,000 loans over a period of up to eight years. In addition, the possibility for these same people to benefit from interest rate rebates through the European Social Fund will make it easier for them to start their new business.

Micro-credit in this Facility means loans under €25,000. It is tailored to micro-enterprises, employing fewer than 10 people (91% of all European businesses), and unemployed or inactive people who want to go into self-employment but do not have access to traditional banking services. 99% of start-ups in Europe are micro or small enterprises and one third of these are launched by people who are unemployed.

Background

By using EU funds to leverage fresh financing, this microfinance facility is a good example of new ways of financing as set out in the Europe 2020 strategy . As part of the EU's response to the crisis, the Commission proposed 'A Shared Commitment for Employment' on 3 June 2009 to step up cooperation between the EU and the Member States together with social partners to tackle the social and employment impact of the crisis (see [IP/09/859](#)). To follow up, the Commission proposed on 2 July 2009 to establish a European Microfinance Facility (see [IP/09/1070](#)). The proposal has now been agreed by EU Member States in the Council of Ministers (QMV: qualified majority voting) and by the European Parliament. The Facility will be operational from June 2010.

Further information

Proposal for European Microfinance Facility and accompanying document

<http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=547&furtherNews=yes>

The European Commission's website on the social impact of the crisis

<http://ec.europa.eu/social/main.jsp?langId=en&catId=736>

A Shared Commitment for Employment

<http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=514&furtherNews=yes>

Audiovisual material on the European Microfinance Facility

<http://www.tvlink.org/mediadetails.php?key=9a786119995bfc678684&title=EU+to+provide+45%2C000+micro-loans+to+unemployed+and+small+entrepreneurs&titleleft=Employment>