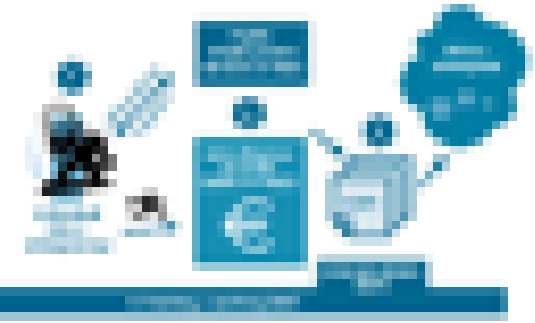

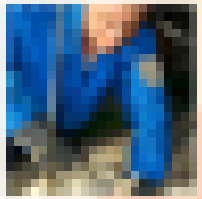

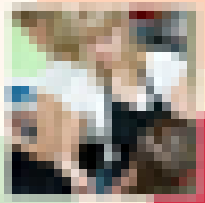

# Microfinance: a new facility for you

## The European Progress Microfinance Facility: providing more loans for people who want to start up or develop their own business

The European Progress Microfinance Facility is designed to help people who want to start up or develop their own business but find it difficult to borrow money from banks. It does this by providing loans to microfinance institutions (MFIs) and other financial intermediaries, which then lend to small businesses. The Facility was set up by the European Commission and the European Investment Fund (EIF) and is managed by the EIF.

The Facility has been in operation since 2010 and has provided over €[amount] to [number] MFIs in [number] countries. Around [number] people have received loans through the Facility, and it is estimated that [number] jobs have been created or maintained as a result.

### Who can apply and how

MFIs and other financial intermediaries established in the EU can apply for loans from the Facility. They must be able to demonstrate a track record of providing microfinance and a commitment to serving people who find it difficult to access mainstream banking.

The Facility is demand-driven, which means that MFIs can apply for loans at any time. There is no deadline for applications. The EIF assesses each application on its merits, taking into account the MFI's financial strength, its experience in microfinance and the quality of its management team.

Loans are typically between €[amount] and €[amount], with terms of up to [number] years. The interest rate is set by the EIF and is based on the cost of borrowing plus a margin to cover the EIF's costs and risk. MFIs then lend on to their clients at rates that are usually higher than the EIF rate, but still affordable for small businesses.

### Case study: [name of MFI]

[Name of MFI] is a microfinance institution based in [city], [country]. It has been operating since [year] and has [number] clients, most of whom are women running small businesses in [sector, e.g. retail, agriculture, services]. Before receiving its loan from the Facility, many of these clients had to rely on informal moneylenders, who charged very high interest rates.

[Name of MFI] received a loan of €[amount] from the Facility in [year]. The loan was used to increase the amount it could lend to its clients. [Name of MFI] has since received [number] further loans, totalling €[amount]. As a result, it has been able to reach [number] additional clients and has created [number] jobs in its own organisation.

[Name of client], who runs a [business type] in [town], received a loan of €[amount] from [Name of MFI] in [year]. She used the money to [what they used it for]. Her business has since [what has changed, e.g. grown, become more profitable, employed more people].

"Before I got the loan, I had to borrow from people who charged me [amount] per week. It was very difficult to make a profit. Now I can [what they can do now] and I have been able to [what else they have been able to do]."

[Name of client] has also been able to [e.g. send her children to school / save money / buy a motorbike for deliveries].

### Where to find out more

For more information about the Facility, including how to apply for a loan, visit [website]. You can also contact the EIF's microfinance team at [email address].

Information about other EU programmes that support microfinance and social entrepreneurship can be found at [website].

### Publication info

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