

Contact

- Further information on the product, application requirements, and selection procedure can be found on EIF's website:
www.eif.org/progress
- For more information on becoming an intermediary under EPMF please contact:

Microfinance Investment Team

Per-Erik Eriksson
Tel. +352 426 688 316
p.eriksson@eif.org

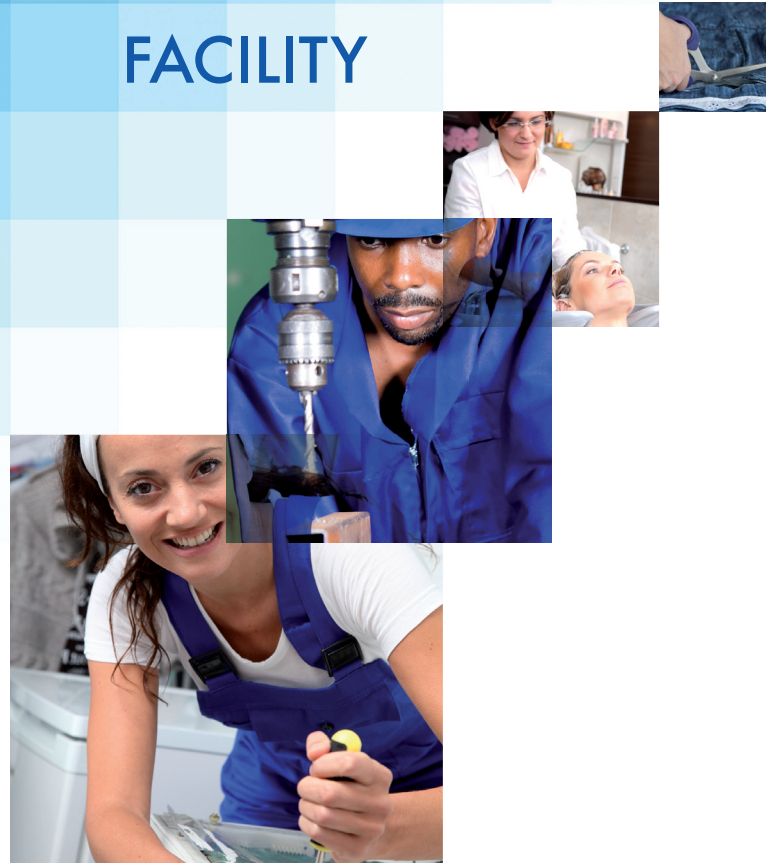
Microfinance Guarantees Team

Christa Karis
Tel. +352 426 688 350
c.karis@eif.org

Contact details for general enquiries:

European Investment Fund
96, boulevard Konrad Adenauer
L-2968 Luxembourg
progress@eif.org

EUROPEAN PROGRESS MICROFINANCE FACILITY



What is the European Progress Microfinance Facility ?

The European Progress Microfinance Facility (EPMF) is a microfinance initiative established with EUR 200 million of funding from the European Commission and the European Investment Bank.

EPMF aims to increase access to finance for micro-entrepreneurs, including the self-employed. It has a particular focus on, but is not restricted to, groups with limited access to the conventional credit market. Examples include female entrepreneurs, young entrepreneurs, entrepreneurs belonging to a minority group, entrepreneurs with a disability, sole traders etc.

How does EPMF work ?

EIF is managing the EPMF. Financial products are made available through eligible intermediaries participating in the facility. EIF does not provide direct financing to micro-entrepreneurs or individuals.

What products are available ?

EPMF offers two product lines to eligible intermediaries:

- micro-credit guarantees (direct or counter-guarantees)
- funded instruments (different forms of loans and equity investments)

With the support from EPMF, intermediaries can enhance their capacity to provide micro-credits and guarantees on micro-credits.

What intermediaries are eligible ?

Eligible intermediaries are any public and private institutions that provide microfinance loans and/or guarantees to individuals or micro-enterprises established in the EU Member States.

How can interested institutions become an intermediary ?

If you are interested in the micro-credit guarantees under EPMF, please send an application in the line with the procedure publicised on the EIF website: www.eif.org/progress. The website contains detailed information on the specific application requirements and procedures. You may also contact the EIF Guarantees Team directly for further guidance.

If you are interested in the funded instruments under EPMF, please contact the EIF Microfinance Investment Team directly (contact details see reverse).



How will intermediaries be selected?

EIF will select intermediaries after carrying out a detailed due diligence based on established selection criteria including financial standing, financing capacity, operational capabilities, and expected impact (e.g. volumes and geographical reach). Following approval by the EIF, contractual arrangements will be set up with the selected intermediaries.



→
Loans
and equity,
direct guarantees
or counter-
guarantees

What are the benefits of becoming an intermediary under EPMF?

Depending on the nature and strategy of each institution, there are various benefits of becoming an intermediary under EPMF:

- Increase loan volumes and possibility to gain new customers
- Attract new investors from the private sector and reinforce shareholding structure in order to reach sustainability
- Develop pilots and build economies of scale
- Adopt sustainable measures to promote employment



→
micro-credit
(below
EUR 25,000)



Funded instruments

EPMF offers four funded instruments to intermediaries:

- Senior Loans
 - Long-term financing is generally in the range of 5-7 years, depending on the intermediaries' debt servicing capacity
- Subordinated Loans
 - Financing subordinated to senior creditors, typically enhancing the intermediaries' capital structure
- Risk-sharing Loans
 - Senior Loans combined with risk participation in the micro-credits provided by the intermediaries
- Equity Participations
 - Investments through ordinary or preferred shares, typically with an investment horizon of 6-8 years

Pricing of funded instruments will reflect the individual transaction risks as well as local market conditions. Interest rates, as applicable, can be set on a floating or fixed-rate basis.

Funded instruments can be denominated in Euro or local EU currencies. The financing to micro-borrowers must comprise new micro-loans and micro-lease receivables below EUR 25,000.

Guarantees

EPMF guarantees cover portfolios of newly originated micro-credits or guarantees on micro-credits:

Micro-credit features:

- Micro-credits to finance costs related to the set-up or development of a micro-enterprise (investment and working capital), including loans to self-employed
- Minimum loan maturity of three months
- Maximum loan amount below EUR 25,000
- Loan/guarantee portfolio to be built up over a period of typically two years

The EPMF guarantees have the following characteristics:

- Guarantee rate up to 75% of each underlying micro-credit/guarantee
- Guarantee term up to three years for each underlying micro-credit/guarantee (guaranteed from the moment of signature of the underlying micro-credit/guarantee)
- Cap rate up to 20% based on expected cumulative losses for the entire portfolio of micro-credits/guarantees
- Other than a potential commitment fee, no guarantee fee is charged