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OPERATIONS EVALUATION

Stocktaking of the EIF's microfinance activities

Europe's microfinance sector is relatively new, but growth prospects are exciting, particularly in Member States whose regulatory framework allows micro-credit providers to increase their lending capacity and even convert into fully-fledged banks.

Since 2000, the European Investment Fund (EIF) has provided guarantees, equity, loans and capacity building services to microfinance intermediaries, ranging from well-established banks to small financial institutions. Past evaluations have focused on specific initiatives mandated by the European Commission and managed by the EIF. Examples include Jasmine (Joint Action to Support Microfinance Institutions), the European Progress Microfinance Facility and EaSI (the EU Programme for Employment and Social Innovation). Operations Evaluation (EV) used those studies to assess the entirety of the Fund's microfinance activities and identify areas for improvement.

Microfinance loans are generally less than EUR 25,000, and are tailored to self-employed people and the 91% of all European businesses that are deemed micro-enterprises.

The EIF's success

The stocktaking exercise found that **the EIF succeeded in offering products that meet the needs of a broad range of financial intermediaries, operating across a variety of European markets.** This is largely because the EIF:

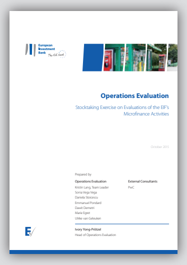
- understands sector needs;
- adjusts its products accordingly;
- provides information and advice to financial intermediaries;
- strengthened its selection process for financial intermediaries.

Where the EIF should improve

- reporting its social impact;
- maintaining synergies with the EIB's microfinance activities.

The EIF should consider

- developing an EIB Group microfinance strategy and formalised coordination of microfinance activities;
- seeking ways to reduce the operational costs of financial intermediaries;
- incentivising financial intermediaries to improve social outreach and impact;
- following up on evaluations and studies of its microfinance activities.



The full report can be accessed at: http://www.eib.org/infocentre/publications/all/stocktaking-exercise-on-evaluations-of-the-eifs-microfinance-activities.htm

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