

PROGRESS MICROFINANCE FACILITY

Q&A for Intermediaries

What is the European 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)

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 this website. 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.

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.

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

What is the cost for intermediaries?

For the guarantee component, no fees other than a potential commitment fee apply. As for funded instruments, pricing to intermediaries reflect market conditions and take into account applicable reference rates, country and counterparty risk premium, competition, and expense coverage.

How does EPMF relate to other EIF microfinance programmes?

This Facility complements existing EU microfinance initiatives through a diverse product range which includes new funded instruments such as senior loan facilities, funded risk-sharing products, and equity participations. Additionally, the Facility seeks to have a different angle of impact through its particular focus on boosting employment while promoting social inclusion, especially in light of the adverse effects of the current financial environment. With the launch of EPMF, EU-based microfinance intermediaries will now benefit from a wider scope of EIF-managed initiatives targeting different market segments and stages of maturity. Under further EIF-managed microfinance programmes, intermediaries can benefit from support for self-employment and micro-entrepreneurship as well as technical assistance, seed funding, funding for expansion, and risk protection.