



## JASMINE

### A pilot action to promote microcredit in the European Union

#### What is JASMINE?

JASMINE stands for “Joint Action to support microfinance institutions in Europe” and is a pilot initiative which has been developed by the European Commission (EC), the European Investment Bank (EIB) and the European Investment Fund (EIF).

JASMINE is the operational outcome of the official communication released by the EC in November 2007 on the “European initiative for the development of microcredit in support of growth and employment” (the “Initiative”).

To provide effective support for the promotion of microcredit in the European Union, the EC has highlighted four main objectives within the “Initiative”:

- 1/ Improve the legal and institutional environment in the Member States
- 2/ Further change the climate in favour of entrepreneurship
- 3/ Promote the spread of best practices
- 4/ Provide additional financial capital for new and non-bank MFIs (Microfinance Institutions)

With a total budget of EUR 50m, JASMINE is financed by the EIB and potential partner banks, with the additional financial support from the European Commission. JASMINE is managed by the EIF who will provide MFIs with sources of funding such as loans or equity, as well as technical assistance.

#### When does it come into force?

The launching of JASMINE was officially announced by the European Commissioner, Danuta Hübner, and the President of the EIB, Philippe Maystadt, in September 2008 during the Nice Ecofin Council.

JASMINE is a pilot initiative and it is foreseen that the first transactions will start early 2009, after ongoing roundtables with banks and MFIs.

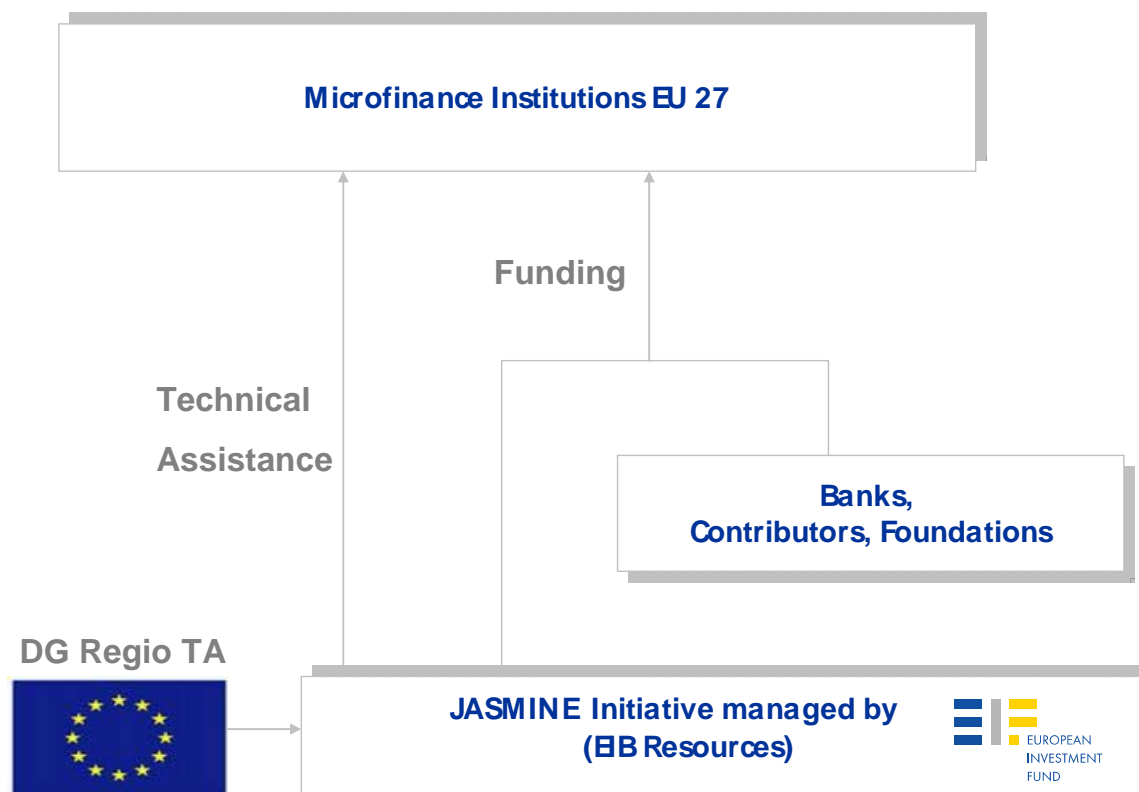
#### How does JASMINE work?

An EIF dedicated team will work on the implementation of JASMINE. It will develop the most operational features of the initiative: provision of technical assistance, spread of best practices and funding for MFIs.

The funding of MFIs will be done through a co-financing facility which will allow investing in MFIs along with other banks and financial institutions. The EIB contribution will have to be matched by a 50% contribution from other banks. The investments will take the form of medium to long term loans and/or quasi-equity. Structuring the products and defining the investment strategy will be made in close collaboration with partner banks.

The technical assistance services will consist of the training of staff, the recruitment of loan officers, the improvement of internal processes and the compilation of best market practices which will be published in the mid run.

JASMINE will neither provide grant funding nor finance micro-enterprises directly.



## Who is eligible?

The JASMINE pilot initiative will primarily target EU-based non-bank microfinance institutions in development phase, sustainable or close to sustainability.

Due to the extensive heterogeneity of the European microfinance market, JASMINE may broaden the scope of its interventions. It could for instance be extended to greenfield MFIs willing to act in underserved areas or expanding MFIs. In addition it could also be widened to MFIs which are in the process of transforming into banks and which need equity participation and help well established MFIs willing to open new branches to develop innovative products.

## About EIF

EIF's central mission is to support Europe's small and medium-sized businesses (SMEs) by helping them to access finance. EIF designs and develops venture capital and guarantees instruments which specifically target this market segment. In this role, EIF fosters EU objectives in support of innovation, research and development, entrepreneurship, growth, and employment.

The EIF total commitment to Private Equity funds amounted to over EUR 4.5bn at end August 2008. With investments in over 290 funds, the EIF is a leading player in European venture due to the scale and the scope of its investments, especially in high-tech and early-stage segments.

The EIF commitment in guarantees totalled over EUR 11.6bn in some 190 operations at end August 2008, positioning it as a major European SME guarantees and securitisation actor and a leading microfinance guarantor.

Since its activities began, the EIF has indirectly supported some 810,000 SMEs and has thus tremendously contributed to economic growth and development in Europe.

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