

Press Release

## EC's 2017 pilot project to finance MFIs to be able to provide non-financial services to refugees

*“Creating opportunities beyond Microcredit” is the tagline of the 2<sup>nd</sup> European Microfinance Day campaign which ended on 27<sup>th</sup> October in Brussels with a clear message: the importance of the non-financial services offered by the European microfinance sector as a key instrument to support the integration and financial inclusion of refugee populations in Europe.*

**Brussels, 31<sup>st</sup> October** – The **European Microfinance Day**, officially held on 20<sup>th</sup> October, is an initiative which was launched in 2015 by the European Microfinance Network (EMN) and the Microfinance Centre (MFC) and which aims to **raise awareness of microfinance as a tool to fight social exclusion and unemployment in Europe**.

The Brussels-based event which took place on 27<sup>th</sup> October saw an expert panel explore a case study on the relevance of non-financial services in the medium-term to help support the management of the refugee crisis in Europe. During this case study, it was announced that in 2017 the European Commission (EC) would launch a pilot business development support scheme to provide lump-sum grants to microfinance institutions to help cover some of the additional costs incurred when supporting refugee and migrant populations.

This announcement brought the event to a close, in turn, concluding the campaign that saw more than 30 events, in the form of **workshops, debates, training courses, conferences, etc.**, organised in collaboration with the members of both microfinance networks on and around the 20<sup>th</sup> October 2016 in the EU-28 on the subject of non-financial services. This year the campaign also ventured outside of Europe with members from Georgia, Kazakhstan and Mongolia marking the day and reinforcing the message from the sector: in order to promote social inclusion and self-entrepreneurship in Europe, a more comprehensive package of financial and non-financial services must be offered by the Microfinance sector and this must to be recognised by policy makers and financed by the institutions supporting the sector's efforts.

### Microfinance: a range of services that go far beyond providing financing

The case study explored what additional support could be offered to the microfinance sector so that it can be effective and instrumental in the management of the refugee crisis, given that **microfinance comprises a range of services that go far beyond providing financing to those who are underserved by the mainstream financial sector**.

While microfinance cannot be considered a tool to help **refugees** in a first instance, it can become an important tool for creating opportunities once they are established and their situation has stabilised. Microfinance providers play a crucial role when it comes to financial education, business development support and also offering financing options at the right moment.

In this respect, **the EC's announcement of a pilot business development support scheme to provide lump-sum grants to microfinance institutions to help cover some of the additional costs incurred when supporting refugee and migrant populations**, reinforces EMN and MFC's position. According to **Patrick Sapy, EMN President**, “the next steps will have to take into consideration not only the provision of financial instruments for the microfinance sector but also, and most importantly, specific support for the delivery of tailor-made non-financial services (training, mentoring, financial education, etc.). In most cases, refugees have a much greater need for the latter”.

**Cristian Jurma, MFC President** added that “**the notable provision of non-financial products and services points to the efforts of MFIs to overcome access constraints and the effects of the crisis for the most disadvantaged and underserved group of clients**”, making reference to the upcoming 2014-2015 report *Microfinance in Europe: A Study of EMN-MFC Members*<sup>1</sup>.

<sup>1</sup> Overview of the evolution of European microfinance in 2014-2015 based on data collected from members of the European Microfinance Network (EMN) and the Microfinance Centre (MFC) and affiliated to National Networks members of EMN.

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## About

The [European Microfinance Network's \(EMN\)](#) mission is to build up universal and open access to appropriate financial and complementary support services suited to society's needs at affordable prices allowing people to deploy their talents in order to create wealth and value while having a positive social impact. EMN is empowering its members to become acknowledged actors and partners in the financial sector that reach out to a large number of enterprising people who, in turn, create jobs and contribute to sustainable growth. EMN primarily focusses its activities in European Union and EFTA/EEA member states.

The [Microfinance Centre's \(MFC\)](#) mission is to contribute to poverty reduction and the development of human potential by promoting a socially-oriented and sustainable microfinance sector that provides adequate financial and non-financial services to a large numbers of poor families and micro-entrepreneurs. MFC primarily focusses its activities in Central and Eastern Europe and in the Commonwealth of Independent States.

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