

Draft MoU between the EIB Group (EIB, EIF and EIB Institute) and EMN & MFC

Whereas the EIB Group has a longstanding record and strong interest in developing its support to the microfinance sector and in implementing EU programmes such as EaSI in favour of Microfinance Institutions (MFIs)... (to be completed by EIB Group)

Whereas EMN and MFC are the only international microfinance networks active in the EU and beyond, with the joint membership of almost 200 microfinance institutions, investors, support organizations and research groups.

Whereas EMN's mission is to provide advocacy and facilitate capacity building at European level by promoting transparency, best practice, good governance and research among social purpose organizations delivering or facilitating financial services to the underserved. With its network of 87 MFIs members across the EU, the European Microfinance Network (EMN), is well placed to help the EIB Group reach and get feedback from EU based Microfinance Institutions (MFIs), which are often small or very small and ill-equipped to interface directly with the EIB Group.

Whereas MFC is a network active in promoting financial inclusion through research, capacity building and policy work, and comprising of 105 organizations (including 77 MFIs) serving almost 1 million low-income people and entrepreneurs. MFC's 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 low-income people and entrepreneurs.

Whereas the European Commission is promoting the tools to promote the microfinance sector in the European Union.

Purpose:

The microfinance sector is in rapid development within the EU at a time when micro-entrepreneurship is becoming a growing option next to salary employment or unemployment benefits. The growing migration flows also bring to the EU a new population of often qualified refugees capable to develop their own enterprise but without the necessary initial access to finance. In this framework, all efforts should be developed at EU level to support the microfinance sector in terms of policies, regulation, finance and technical assistance. This MoU is to develop a privileged, non-exclusive, partnership between the EIB Group and EMN & MFC to help support the microfinance sector.

The networks consider that there is a cumbersome sharing in the competences on the programmes for supporting the microfinance sector between the EC/EIB/EIF and there is a risk of lacking a global view between this split of tools and organizations. The networks are the best actors to have this global view of the sector and be able carry out an increasing facilitator/intermediation role between the EU institutions and the microfinance sector in Europe.

In particular, the parties want to join their forces through the following activities:

- Regular exchange of information,
- Joint studies and research,
- The design of microfinance support programmes
- The implementation of EU programmes to support the microfinance sector, including the delivery of finance, guarantees, institution building and technical assistance to MFIs.

Activities:

In a more specific way, this collaboration will be set-up through the following activities:

1. EMN & MFC to become preferential actors in the provision of information and feedback on the EU programs implemented by the EIB group for the European microfinance sector. This will include from the side of both networks:
 - a. To provide periodical feedback on the implementation of the programs in order to facilitate the relationship between the EIB group and the MFIs beneficiaries of the programs.
 - b. To provide their input during the negotiations between the Commission and the EIB. This feedback should be taken into consideration during the design process of the programs. When designing new programmes, products and services in favour of the microfinance sector, together with the EU Commission or on their own, the EIB and EIF will systematically consult both networks so as to collect the views of the sector in view to ensure the most effective and adapted programmes, products and services.
 - c. To have a preferential role in the periodical evaluations of these programs.

For the implementation of such programmes, products and services, EIB and EIF will always consider and discuss with both networks if and how the latter participation can be useful and how to ensure its maximum effectiveness. This will include informing the EMN & MFC about the microfinance support programs' design process as well as the programs' implementation, more specifically about applications, approvals/rejections, workplans, etc.

This facilitation relationship should be further developed and the three parts should consider a potential formalization.

2. Collaborate in the organization of events relevant for the sector. This collaboration can be arranged in the form of:
 - a. Co-organization
 - b. Sponsorship

As in previous occasions, EIB has supported the events organized by EMN & MFC through the sponsorship and co-organization of the respective Annual Conferences, the European Microfinance Day, etc.

3. The networks should gradually become central actors to facilitate the relationship between the EIB group and the MFIs beneficiaries of the EU programmes. EMN & MFC want to place themselves increasingly as facilitators in this relationship. In the medium term, the parties should consider the possibility of the networks to be more active in the delivery of finance, guarantees, institution building and technical assistance for MFIs, including the implementation and further development of the European Code of Good Conduct, on the basis of a long-term institutional partnership rather than on the basis of ad hoc competitive tendering procedures.

4. Common studies on the Microfinance sector in Europe

The parties will regularly collaborate in the elaboration of joint researches and studies and will share its results, as well as of any proposed policy or other relevant recommendation to improve the development of the sector. They will endeavour to develop a constructive dialogue on such studies, research and proposals and they will invite each other to participate in events, workshops etc. organised around the above researches, studies and proposals as well as on any relevant consultation or training of MFIs.

Monitoring:

In order to implement this privileged partnership, regular meetings will take place at least twice a year between the EIB, EIF and EMN to review the state of play and potential for joint action in the areas mentioned above. Each party will designate a central contact point who will be responsible to coordinate the interactions with his/her institution and to ensure a proper implementation of this MoU.

Scope:

The scope of this partnership is on the microfinance sector within the European Union, EFTA, candidate countries and pre-candidate countries to the EU.

Duration:

The duration of this MoU is set-up for 3 years renewable.