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The European Union “Employment and Social Innovation” (EaSI) program the Microfinance component implemented in Romania: 130 million Euro funds are mobilized for more than 10,000 beneficiaries: farmers, entrepreneurs and micro-enterprises

On Wednesday, 27.11.2019 in Bucharest, Romania was organized under EaSI (Employment and Social Innovation) Technical Assistance Program the workshop **“Benchmarking Romanian Microfinance sector 2016-2018; Financial and social performance indicators”**

Over 40 representatives of the Romanian MF sector’s key stakeholders participated to the presentations and debates organized during the workshop, aimed to communicate the performance and impact of the microfinance activity of the Romanian non-banking financial institutions and Credit Unions.

The Romanian microfinance institutions managed to access 8.3% of the EaSI Guarantee Facility’s budget, making available more than 170 million Euros for financing small businesses, sole entrepreneurs and farmers who carry out income generating activities, and this one it's just the beginning, another 5 transactions are ready for signing and implementation during the first months of 2020.

Few know that each of those institutions’ activity is quite rigorously motitored and controled, beyond the Romanian regulators, by the European Code of Good Conduct for microcredit provision without which European funds cannot be accessed, and that 34% of the European microfinance organizations certified as compliant with the Eu Code, are from Romania.

“In Romania, until October 2019, were mobilized through the European Progress Microfinance programs and EaSI, funds of over 350 million euros through 11 financial intermediaries, banking and non-banking institutions, aimed at improving the access to finance of micro-enterprises, small businesses and farmers. Over 8 years (2011-2018), over than 12.300 micro-enterprises, entrepreneurs and farmers have benefited from better access to financial sources and business development support services, which has helped to create or retain more than 31,500 jobs. ”, Says Cristina Dumitrescu, Microfinance Investment Manager at the European Investment Fund.

During the seminar were presented the summary of the benchmarking study and the evolution of the Romanian microfinance sector during the period 2016-2018.

The conclusions of the study show that in the last three years (2016-2018), the value of the microfinance portfolio and the number of micro-loans granted by the main 15 microfinance institutions in Romania have doubled exceeding Euro 280 Million and 90 thousands beneficiaries, and the Credit Unions from the West Region, with the support of the EaSI guarantee instruments, they have become financial service providers for income-generating

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activities and serve the most vulnerable segment of the microfinance market: small farmers, authorized individual entrepreneurs and start-up entrepreneurs.

The development impact on the beneficiaries: small farmers, authorized individual entrepreneurs, start-up entrepreneurs and micro-enterprises, is also positive consisting mainly in the increase of the market share, turnover and assets base of the microfinance beneficiaries.

The consequence of the liberal legislative framework that regulates the non-banking financial sector in Romania, the increased competition on the financial market and the diversity of financial institutions legal forms, the access to financial resources is no longer one of the main barriers or difficulties that Romanian entrepreneurs and SMEs are facing during the process of starting and developing the business.

"From our experience of over 10 years, we have learned that microfinance can be done in Romania only by continuously adapting your financial products and business development services to the needs of the clients we are targeting" says Flavius LEȘE, General Manager of ROCREDIT IFN SA.

The debates initiated by the participants, non-banking financial institutions with experience in the field of microfinance, identified the opportunities and challenges encountered in the Romanian microfinance sector, also the impact and results obtained during the 2016-2018 period.

The EaSI program runs from July 2018 - July 2022, in the EU member countries, but also in Albania, Iceland, North Macedonia, Montenegro and Turkey, with two components: Technical Assistance and Financial Instruments.

The EaSI Technical Assistance for microfinance services offer support to public and private financial intermediaries active in the microfinance sector in Europe. The services cover a wide range of activities aimed at improving the quality of microfinance institutions' internal processes, enhancing access to finance, and developing a sustainable European microfinance ecosystem. These services include institutional assessments, tailored trainings, investment readiness trainings, financial or social ratings (optional), workshops and study visits, a dedicated Helpdesk, and European Code of Good Conduct implementation trainings and compliance evaluations.

Under EaSI, EIF has been entrusted by the European Commission to manage the following financial instruments:

EaSI Guarantee Instrument: to increase access to finance for social enterprises, micro-enterprises and vulnerable groups

EaSI Capacity Building Investments Window: to build up the institutional capacity of micro-credit and social finance providers, and

EaSI Funded Instrument: to support senior and subordinated loans to financial intermediaries

This event was financed by the European Union Programme for Employment and Social Innovation (EaSI) 2014-2020. For further information: <http://ec.europa.eu/social/easi>