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►B DECISION No 283/2010/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 March 2010 establishing a European Progress Microfinance Facility for employment and social inclusion

(OJ L 87, 7.4.2010, p. 1)

Amended by:

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DECISION No 283/2010/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 25 March 2010

establishing a European Progress Microfinance Facility for employment and social inclusion

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 175(3) thereof,

Having regard to the proposal from the European Commission,

Having regard to the opinion of the European Economic and Social Committee ([1]),

Having regard to the opinion of the Committee of the Regions ([2]),

Acting in accordance with the ordinary legislative procedure ([3]),

Whereas:

(1) On 7 April 2000 the Commission adopted a communication entitled 'Acting locally for employment — a local dimension for the European employment strategy'.

(2) The Commission communication of 13 November 2007 entitled 'A European initiative for the development of microcredit in support of growth and employment' identified four priority areas for action: improving the legal and institutional environment in the Member States, changing the climate in favour of employment and entrepreneurship, promoting best practices and providing additional financial capital for microfinance institutions. As a first step in implementing this agenda, the Commission and the European Investment Bank (EIB) created Jasmine (Joint action to support microfinance institutions in Europe) in 2008 which provides mentoring for non-bank microcredit finance institutions and a financing window for a global amount of EUR 20 million offered by the EIB.

(3) The Commission communication of 24 May 2006 entitled 'Promoting decent work for all — the EU contribution to the implementation of the decent work agenda in the world' set out the importance of decent work for all as did the European Parliament resolution of 23 May 2007 on promoting decent work for all ([4]).

([1]) OJ C 318, 23.12.2009, p. 80.
([2]) Opinion delivered on 7 October 2009 (not yet published in the Official Journal).
([3]) Position of the European Parliament of 15 December 2009 (not yet published in the Official Journal) and decision of the Council of 8 March 2010.
([4]) OJ C 102 E, 24.4.2008, p. 321.

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(4) The leaders' statement following the G-20 Summit in Pittsburgh on 24 and 25 September 2009 contained a commitment to improving access to financial services for the poor, for example through microfinance. The leaders also committed themselves to launching an international financial inclusion expert group which will identify lessons learned on innovative approaches to providing financial services to the poor, promote successful regulatory and policy approaches and elaborate standards on access to financing, financial literacy, and consumer protection.

(5) The European Parliament in its resolution of 24 March 2009 with recommendations to the Commission on a European initiative for the development of microcredits in support of growth and employment requested that the Commission strengthen its efforts to develop microcredits in support of growth and employment. Furthermore, the European Parliament approved an additional EUR 4 million of support for a pilot action to be implemented in the context of the Jasmine framework. The European Parliament also called on the Commission to co-finance projects for microcredits in particular for disadvantaged target groups.

(6) The ongoing efforts of the Union and of the Member States need to be strengthened to increase the access to, and availability of, microfinance to a sufficient scale and within a reasonable time-frame so as to address the high demand of those who need it most in this period of crisis — that is, those who have lost their job, those at risk of losing their job or who have difficulties entering or re-entering the labour market, as well as those who are facing the threat of social exclusion or vulnerable people who are in a disadvantaged position with regard to access to the conventional credit market and who want to start or further develop their own micro-enterprise, including self-employment — whilst actively promoting equal opportunities for women and men.

(7) The Commission communication of 3 June 2009 entitled 'A shared commitment for employment' underlined the need to offer a new chance to unemployed persons and open the road to entrepreneurship for some of Europe's most disadvantaged groups who have difficulty in accessing the conventional credit market. In addition to existing instruments, specific action is needed to further strengthen economic and social cohesion by reinforcing activities undertaken by the EIB and the European Investment Fund (EIF) and other international financial institutions without prejudice to the activities of the Member States. The Commission therefore announced a proposal for a new EU-wide microfinance facility (hereinafter the Facility) to extend the outreach of microfinance to particular at-risk groups and to further support the development of entrepreneurship, the social economy and micro-enterprises. In order for the Facility to be effective, to have a long-lasting impact, to reach the potential beneficiaries and to serve as a proactive element for both

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economic and local development policies, Member States can establish a national contact point to promote, coordinate, assess and monitor all the actions taken under the Facility in their respective territories.

(8) An increasing amount of microfinance to vulnerable people who are in a disadvantaged position with regard to access to the conventional credit market in the European Union is provided by non-commercial microfinance institutions, credit unions and banks implementing corporate social responsibility. The Facility should help these providers, which supplement the commercial banking market, by increasing the availability of microfinance to meet the current levels of demand.

(9) In many cases the providers of microfinance in the European Union are commercial banks and should become important partners in the Facility, with a view to re-establishing trust in the credit market and with a focus mainly on customers with no credit standing.

(10) Public and private bodies providing microfinance under this Decision should comply with principles of responsible lending and thereby avoid, in particular, over-indebtedness of persons and undertakings.

(11) In addition to the difficulty of gaining access to finance, social exclusion and the uncertainties of the transition from unemployment or social welfare to self-employment are among the main obstacles to setting up and developing micro-enterprises. European microfinancing instruments can help to support the structures of the social economy which assist people who are excluded with social reintegration and which help them to develop the minimum skills required in order to undertake a lasting business project.

(12) Using Union resources is appropriate and responds to the above-mentioned resolution of the European Parliament of 24 March 2009. Furthermore, a single EU-wide facility will concentrate leverage from international financial institutions and avoid a dispersed approach thus increasing microfinance supply in all Member States. In order to capitalise on the experience of international financial institutions and in particular the EIB and the EIF, the Facility should be established on the basis of joint management.

(13) The actions financed by the Facility should be coherent and compatible with other Union policies and comply with the provisions of the Treaty and of acts adopted under it. The activities of the Facility should be complementary to other Union interventions, in particular the Competitiveness and Innovation Framework Programme (CIP) financial instruments, Jasmine, European Agricultural Fund for Rural Development (EAFRD), European Regional Development Fund (ERDF), Jeremie (Joint European resources for micro to medium enterprises initiative) and the European Social Fund (ESF).

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(14) For the purposes of this Decision, 'microfinance' should include guarantees, microcredit, equity and quasi-equity extended to persons and micro-enterprises covered by this Decision, microcredit being defined as loans under EUR 25 000. The Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises [1] defines a 'micro-enterprise' as an enterprise employing less than 10 people, including self-employment, and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million, which should be an appropriate definition for the purposes of this Decision.

(15) For the purposes of this Decision and in line with national provisions, 'micro-enterprise in the social economy' should mean a micro-enterprise which produces goods and services with a clear social mission or which provides services to members of the community with a non-profit purpose.

(16) The Facility should be implemented through an appropriate range of actions that include risk-sharing, guarantees, equity and debt instruments offered by international financial institutions to providers of microfinance. In order to increase its effectiveness, the Facility should be coordinated and implemented consistently with European and national financial instruments and national financial institutions,

HAVE ADOPTED THIS DECISION:

Article 1

Establishment

A European microfinance facility for employment and social inclusion, called the European Progress Microfinance Facility (hereinafter the Facility), is hereby established.

Article 2

Objective

1. The Facility shall provide Union resources to increase access to, and availability of, microfinance for:

(a) persons who have lost or are at risk of losing their job, or who have difficulties entering or re-entering the labour market, as well as persons who are facing the threat of social exclusion or vulnerable persons who are in a disadvantaged position with regard to access to the conventional credit market and who want to start or further develop their own micro-enterprise, including self-employment;

(b) micro-enterprises, especially in the social economy, as well as micro-enterprises which employ persons referred to in point (a).

[1] OJ L 124, 20.5.2003, p. 36.

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2. The Facility shall provide Union resources for access to microfinance, and actively promote equal opportunities for women and men.

Article 3

Budget

1. The financial contribution from the Union budget for the Facility for the period from 1 January 2010 to 31 December 2013 shall be EUR 100 million.

2. The annual appropriations shall be decided during the annual budgetary procedure, including, if necessary, by application of point 37 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management [1], or by other means provided for in that Agreement.

3. The total budget for support measures referred to in point (d) of Article 4(1) shall not exceed 1 % of the budget of the Facility set out in paragraph 1 of this Article.

4. The financial contribution shall cover the full cost of the Facility, including management fees for international financial institutions referred to in Article 5(2) managing the Union contribution as well as any other eligible costs.

Article 4

Eligible actions and beneficiaries

1. The Facility shall be implemented by using the following types of actions, as appropriate:

(a) guarantees and risk-sharing instruments;

(b) equity instruments;

(c) debt instruments;

(d) support measures, such as communication activities, monitoring, control, audit and evaluation which are directly necessary for the effective and efficient implementation of this Decision and for the achievement of its objectives.

2. The Facility shall be open to public and private bodies established on national, regional and local levels in the Member States which provide microfinance to persons and micro-enterprises in the Member States.

[1] OJ C 139, 14.6.2006, p. 1.

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3. In order to reach the final beneficiaries and to create competitive and viable micro-enterprises, the public and private bodies referred to in paragraph 2 shall cooperate closely with organisations engaged in representing the interests of the final beneficiaries of microcredit and with organisations, in particular those supported by the ESF, who provide mentoring and training programmes to those final beneficiaries.

Article 5

Management

1. The Commission shall manage the Facility in accordance with Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ([1]).

2. To implement the actions referred to in Article 4(1), with the exception of the support measures referred to in point (d) of Article 4(1), the Commission shall conclude agreements with international financial institutions, in particular with the EIB and the EIF, in accordance with Article 53d of Regulation (EC, Euratom) No 1605/2002 and Article 43 of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 ([2]). Those agreements shall contain detailed provisions for the implementation of the tasks entrusted to those financial institutions, including provisions specifying the need to ensure additionality and coordination with existing European and national financial instruments, and to promote a comprehensive and balanced coverage between the Member States.

3. In order to meet the objective set out in Article 2 and implement the actions set out in Article 4, the agreements referred to in paragraph 2 of this Article shall, furthermore, include an obligation on the part of the international financial institutions to re-invest the resources and proceeds, including dividends and reimbursements, in actions referred to under points (a), (b) or (c) of Article 4(1) for a period of six years after the starting date of the Facility.

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4. On the expiry of the Facility, the balance due to the Union shall be made available for microfinance and support for social enterprises in accordance with Regulation (EU) No 1296/2013 of the European Parliament and of the Council of 11 December 2013 on a European Union Programme for Employment and Social Innovation ('EaSI') ([3]).

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5. The international financial institutions referred to in paragraph 2 of this Article shall conclude written agreements with the public and private providers of microfinance referred to in Article 4(2) laying down their obligations to use the resources made available from the Facility in accordance with the objectives set out in Article 2 and to provide information for the establishment of the annual reports referred to in Article 8(1).

([1]) OJ L 248, 16.9.2002, p. 1.
([2]) OJ L 357, 31.12.2002, p. 1.
([3]) OJ L 347, 20.12.2013, p. 238

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6. The budget for support measures referred to in point (d) of Article 4(1) shall be managed by the Commission.

Article 6

Compliance

Actions financed by the Facility shall comply with the provisions of the Treaty and of acts adopted under it.

Article 7

Protection of the Union's financial interests

1. The Commission shall ensure that, when actions financed under this Decision are implemented, the financial interests of the Union are protected by the application of measures to prevent fraud, corruption and any other illegal activities, by effective checks and by the recovery of amounts unduly paid and, if irregularities are detected, by effective, proportional and dissuasive penalties, in accordance with Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests [1], Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities [2], and Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF) [3].

2. For the Union actions financed under this Decision, OLAF has the power to carry out investigations on the basis of Regulation (EC, Euratom) No 2988/95 and Regulation (Euratom, EC) No 2185/96, which shall apply to any infringement of a provision of Union law, including infringements of a contractual obligation stipulated on the basis of the Facility, resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the European Union or budgets managed by it, by an unjustified item of expenditure.

3. All implementing measures resulting from this Decision shall include a reference to paragraphs 1 and 2 of this Article and provide, in particular, for supervision and financial control by the Commission or any representative authorised by it, and by audits by the European Court of Auditors, including, if necessary, on-the-spot audits.

Article 8

Annual report

1. The international financial institutions referred to in Article 5(2) shall transmit to the Commission annual implementation reports setting out the supported activities in terms of financial implementation,

[1] OJ L 312, 23.12.1995, p. 1.
[2] OJ L 292, 15.11.1996, p. 2.
[3] OJ L 136, 31.5.1999, p. 1.

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distribution and accessibility of funding with regard to sectors and type of beneficiaries, applications accepted or rejected, contracts concluded, actions funded and results.

2. No later than 8 April 2011 and each year thereafter, the Commission shall present to the European Parliament and to the Council a quantitative and qualitative annual report on the activities undertaken under this Decision in the previous year. The annual report shall be based on the implementation reports referred to in paragraph 1. It shall, in particular, contain information relating to applications adopted or rejected, contracts concluded, actions funded, the total number and type of beneficiaries and the distribution of amounts geographically and per sector.

The annual report shall moreover contain information on the impact and sustainability of the Facility expressed by the total number of persons and micro-enterprises which are still employed or in business at the end of the period of support provided to them through the Facility. Finally the annual report will include information on complementarity with other Union interventions, notably the ESF.

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5. Based on the annual report referred to in paragraph 2 of this Article, the Commission shall make efforts to ensure that the Facility meets the objective set out in Article 2 and is accessible across the European Union to those who are at risk of social exclusion or who are finding it difficult to access the conventional credit market.

Article 9

Evaluation

1. The Commission shall carry out interim and final evaluations at its own initiative and in close cooperation with the international financial institutions referred to in Article 5(2). The interim evaluation shall be completed four years after the start of the Facility and the final evaluation at the latest one year after the end of the mandate(s) given to the international financial institutions referred to in Article 5(2). The final evaluation shall, in particular, examine the extent to which the Facility as a whole has achieved its objectives.

2. The results of the evaluations will be transmitted, for information, to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions.

Article 10

Entry into force

This Decision shall enter into force on the day following its publication in the *Official Journal of the European Union*.