



POLICY BRIEFING 3 - December 2024

FOREWORD

As we are reaching the end of the year, we would like to thank you all for supporting our network and contributing to our work this year. This year of European (and national) elections and political transition brought us many challenges but also opened up new opportunities and new partnerships.

We, at EMN, have been always embracing challenges, to make the best out of them. Equipped with our brand-new Strategic Plan 2025-2027, we are ready to work harder with our existing and new members, institutional and funding partners, and make sure everyone in Europe understands the importance of microfinance and its unique ability to change people's lives.

However, we cannot do it on our own. Your support and assistance are for yet another time not only desirable but required. And we are certain we can count on it in these rapidly changing times,

From all of us at EMN, a happy festive season and a Healthy, Prosperous and Joyful New Year!

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NEW EUROPEAN COMMISSION – NEW FACES AND NEW UP-COMING PROGRAMME

Following its approval on November 27th, the new College of Commissioners has taken up office on December 1st and started working on their first deliverables, the first one being their detailed programme for the next 5 years.

Thanks to the President of the Commission's [political guidelines](#) published in July and the mission-letters prepared for each Commissioner, we have a broad idea of the Commission's plan for the next 5 years.

Among the actions planned which are relevant for the microfinance sector, we can mention:

- The improvement of the **EU single market in sectors such as finance** to better support businesses and investors.
- The simplification of the legislation for **small businesses**.
- The development of an “**investment Commission**” which will concretise in new **funding for the green, digital and social transition** with the implication of the European Investment Bank (EIB), the completion of the Capital Markets Union and the development of a **European Savings and Investments Union** with banks.
- A new action plan on the implementation of the **European Pillar of Social Rights (EPSR)**.
- An **EU Anti-Poverty Strategy** to ensure people get access to essential protection and services.
- A **European Affordable Housing Plan** which will involve the **European Bank of Investment (EIB)** with the development of a **pan-European investment platform for affordable and sustainable housing** to attract more private and public investment and the roll-out of the **Social Climate Fund** to help with renovations and access to affordable and energy-efficient housing.
- A **reinforced cohesion and growth policy** to address regional and social disparities to allow citizens to remain in their home region (with better public services, education, transports and digital connectivity).

Under the new structure of the [European Commission](#), our referred Commissioners will be:

- **Roxana Mînzatu (Romania) – Executive Vice-President and Commissioner for Social Rights and Skills, Quality Jobs and Preparedness.** She will be in charge of the Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL) and will lead the review and new action plan for the **European Pillar of Social Rights (EPSR)** and deliver the **EU anti-poverty strategy**. She will monitor the implementation of European Funds supporting social rights and fair transition such as **ESF+** and the **Social Climate Fund (SCF)** and will contribute to the European Affordable Housing Plan with DG ENER. She will be in charge of implementing the Social Economy Action Plan (SEAP).
- **Stéphane Séjourné (France) – Executive Vice-President and Commissioner for Prosperity and Industrial Strategy.** He will be in charge, among other things, of the

implementation of the InvestEU programme and will work to improve access to finance, simplify the regulatory environment and the promotion of innovation for SMEs.

- **Teresa Ribera Rodriguez (Spain) – Executive Vice-President and Commissioner for Clean, Just and Competition Transition.** She will deal with energy poverty across Europe as part of addressing the housing crisis and of financing a just and social transition, notably through the Social Climate Fund and Just Transition Fund.
- **Maria Luís Albuquerque (Portugal) – Commissioner for Financial Services and the Savings and Investments Union.** She will ensure better **access to finance for EU businesses** and to create better opportunities for citizens to improve their own financial security. She will be in charge of **sustainable finance, transition finance** and **climate resilience** and will focus on the regulation of non-bank financial institutions. She will oversee that EU rules offer an appropriate level of protection for consumers and retail investors through financial literacy.

Impact for the microfinance sector:

Each of these Commissioners will be in charge of a portfolio/initiatives relevant for the microfinance sector. EMN will therefore pursue its connections and create new ones with the corresponding Direction-Generales to address the priorities of the sector but also contribute to the work of the European Commission.

RENEWAL OF THE SOCIAL ECONOMY INTERGROUP AT THE EUROPEAN PARLIAMENT

On December 19th, the European Parliament [approved](#) in a plenary session the list of 28 intergroups for the new political mandate.

Intergroups can be defined as unofficial groupings of Members of the European Parliament (MEPs) who are interested in a topic that does not officially fall within the scope of the European Parliament's normal work or committees, and which can be of interest for the society. Intergroups are a good opportunity to set up a privileged place for dialogue on a specific topic between MEPs and the civil society and provides a political stage for the topics tackled.

Intergroups are not automatically renewed every 5 years as it is the case for Committees inside the Parliament. To renew an intergroup or create a new one, the intergroup must get the support of at least three political groups with a minimum number of MEPs supporting the intergroup.

Despite gathering the necessary number of MEPs signatures, the Social Economy intergroup did not get the support from the three political parties. Therefore, to get renewed, the **Social Economy intergroup** merged with the **Services of General Interest intergroup to get the necessary support from the political groups**. Today, the Social Economy and Services of General Interest intergroup was officially approved.

What can we conclude from this renewal process?

As part of the social economy ecosystem, the renewal of the intergroup is an important opportunity for the microfinance sector to **show its contribution as a social economy ecosystem component and as provider of funding for social entrepreneurs**. Despite the relieve behind this renewal, we see a weakening interest of the European political parties for the topic of social economy.

We would like to thank the members of the Advocacy Committee who contacted their MEPs and managed to get a few more signatures to support the renewal of the group. Your efforts contributed to the renewal of the intergroup. Thank you!

INVESTEU FUND: LATEST NEWS

Midway through the implementation of the InvestEU programme, the European Commission published a few weeks ago the InvestEU interim [report](#) (and its [summary](#)) which evaluates (1) the use and allocation of the guarantee, (2) the role of the EIB group and of other implementing partners in the implementation of the fund and (3) the implementation of the InvestEU Advisory Hub.

Achievements

Halfway through the implementation of the programme, InvestEU has allowed to unlock EUR 218 billion in additional investment: 90% of the available guarantee (28.79 billion) has been allocated to the 16 implementing partners (IPs), 80% of the allocated guarantee has been approved and 30% has been signed for operations by the IPs.

When it comes to supporting the EU social goals, 2.7 billion of financing have been directed to social investments through the activities of the implementing partners.

The report stresses **the high additionality of the InvestEU fund**: the InvestEU has allowed implementing partners to address market gaps and the risks of social investment. The report points out that 95% of the project promoters indicated that they would not have proceeded as planned without the InvestEU financing (without the guarantee, the intermediaries would have been unable to undertake 80% to 90% of their portfolio volume).

Lessons learned

When it comes to the lessons learned, the report points out that the budget will need to **be reinforced in order to reach the end of the programme timeline**, to achieve the policy objectives and to answer to the market demand. The report warns that **without this budgetary reinforcement, applications and approvals for some financial products in high-risk areas will cease post 2026**.

When it comes to the potential solutions to address this budget shortage, the European Commission is exploring different ways such as blending operations (Member States resources and combining

the remaining EFSI portfolio with the InvestEU portfolios and developing further Members States compartments).

What is next?

In the current state, based on the demand from the beginning of the programme, the *InvestEU Microfinance & Social Entrepreneurship Guarantee* will need to be replenished in order to reach the end of the programming period in 2027.

As mentioned in the report and as discussed during the European Microfinance Day (EMD) event in December, the European Commission is currently working on potential solutions to ensure the availability of the portfolio guarantee until 2027. Aside from this medium-term objective, actions will also focus on the next Multi-annual Financial Framework (MFF). One of the lessons learned from the report is that in the longer term, the **EU needs a bigger and bolder InvestEU programme with a combination of unfunded guarantees and a funded component.**

WHAT'S UP IN THE ADVOCACY COMMITTEE?

The Advocacy Committee met in November and December 2024 and addressed the following topics:

1. **The renewal of the Social Economy Intergroup:** the members of the committee were updated on the work undertaken by Social Economy Europe (SEE) and were invited to reach out to MEPs from their country to get further support to renew the intergroup. It was also a great opportunity to get in touch with MEPs and start building connections.
2. **The composition of the new College of Commissioners, the portfolios and the high-level programme for the next 5 years:** the Committee discussed the priorities of the new Commission to better understand how the initiatives will be relevant for the microfinance sector and how we could contribute to it (i.e. Affordable housing, Anti-poverty action plan, Review of the European Pillar of Social Rights...)
3. **The continuity of the InvestEU portfolio guarantee until the end of 2027 and the successor of the InvestEU programme under the next Multi-annual Financial Framework:** The Secretariat informed the members of the discussions with the European Commission (DG EMPL and DG ECFIN) and EIF and we discussed the next steps and actions that will be undertaken with other organisations.
4. The **draft proposal for the “Best Practices and recommendations on the national legislative and regulatory frameworks for microfinance”:** in cooperation with MFC, EMN is working on a set of best practices for the national frameworks to further support the development of microfinance by removing legislative and regulatory barriers. The members of the Committee have been mobilised to contribute to this document which will be presented to the European Commission and national regulators in 2025.
5. **Finally, we discussed our priority topics for 2025,** which include:

- InvestEU continuity until 2027 and the next Multi-annual Financial Framework (MFF)
- The regulatory and legislative framework for microfinance at the national level
- The implementation ESF+ with Managing authorities and the Social Climate Fund (SCF)
- The question of cost and pricing of microfinance
- Women entrepreneurship
- Migrant entrepreneurship
- Support to (self) entrepreneurship
- The action plan for Affordable housing
- The revision of the European Pillar of Social Rights and its new action plan
- The EU anti-poverty strategy
- Social finance and microfinance in the Western Balkans
- Transition pathway and green microfinance
- The mid-term evaluation of the Social Economy Action Plan
- The European Semester
- Macroprudential requirement for NBFIs

TO READ

- The Council of Europe Development Bank (CEB) published its [Research Paper](#) “Microfinance as a tool to support Europe’s missing entrepreneurs” where they detail the entrepreneurship pyramid approach.
- Fi-compass published a handbook on “[ESF+ Financial instruments](#)” which gives a details and comprehensive overview to set up and implement ESF+ financial instruments to support employment, education and social inclusion.
- Fi-compass published a [factsheet document](#) on “Combining ESF+ financial instruments with grants”

For all questions, suggestions and feedback related to the above points, please don't hesitate to get in touch with Georgios Papadakis, EMN Managing Director at g.papadakis@european-microfinance.org and Marie Vial, Advocacy Director at m.vial@european-microfinance.org .

Kind regards,

The EMN team