

*Letter dated:*  
9 December 2009

*From:*  
The President of the Italian Chamber of Deputies

*To:*  
José Manuel Barroso (President of the European Commission)

Ref.: 2009/0033340/GEN/TN

I wish to inform you that on 3 December 2009 the Italian Chamber of Deputies' Committee on Employment adopted a document (which I enclose, together with the opinion of the Committee on EU Policies) concerning the proposal for a European Parliament and Council Decision establishing a European Microfinance Facility for Employment and Social Inclusion (*Progress* Microfinance Facility) (COM(2009)333 final).

Encl.

## **CHAMBER OF DEPUTIES**

### **STANDING COMMITTEE ON PUBLIC AND PRIVATE EMPLOYMENT**

#### **FINAL DOCUMENT (PURSUANT TO ARTICLE 127 OF THE RULES OF PROCEDURE) ON:**

COM(2009)333 final: Proposal for a European Parliament and Council Decision  
establishing a European Microfinance Facility for Employment and Social Inclusion  
(*Progress Microfinance Facility*)

*Adopted on 3 December 2009*

The Standing Committee on Public and Private Employment,

having examined – pursuant to Article 127 of the Rules of Procedure – the Proposal for a European Parliament and Council Decision establishing a European Microfinance Facility for Employment and Social Inclusion (*Progress Microfinance Facility*) (COM(2009)333 final), which was presented by the Commission on 2 July 2009;

having considered whether or not to accept the comments set out in the Opinion adopted on 25 November 2009 by the Committee on EU Policies pursuant to Article 127(1) of the Rules of Procedure;

noting that exclusion from access to credit and to other financial services is increasingly recognised as one of the main obstacles to development and social inclusion;

welcoming the European Commission's initiative, which represents an immediate practical response intended to alleviate the social and employment problems which have arisen during the current economic downturn and at the same time constitutes an employment-support measure which may, if appropriate, become permanent;

noting the employment-strategy priorities identified by the EU institutions (which appear fully acceptable) and, in particular, the need for improved access to employment which was most recently emphasised in the Commission Communication of 3 June 2009 entitled 'A Shared Commitment for Employment' (COM(2009) 257), which contains amongst other things a proposal for enhanced cooperation between the European Union and its Member States and between the social partners in pursuit of a shared commitment to the priorities established;

agreeing with the priority objectives set out in the 18 June 2009 European Council conclusions on flexicurity: to support jobs by improving the business environment through welfare schemes which provide work incentives and through a lighter administrative burden on businesses, to maintain incentives which encourage people to take up and return to work, and to focus on support for the most vulnerable groups;

taking into account the priorities identified by the European Council as regards recovery packages ((i) maintaining employment levels, creating new jobs and encouraging mobility; (ii) improving skills and responding to the demands of the employment market; (iii) improving access to employment) and the requirement for all available Community facilities to be used;

taking into account the guidelines which the European Council has encouraged the Member States to consider: the impact of taxation and welfare schemes on work incentives; elimination of the employment gender gap; active policies designed to prevent long periods of unemployment; enhancement of job-seekers' skills profiles and the social partners' role in foreseeing and specifying the skills required and in providing training programmes and facilitating young people's transition to employment; improving the quality of work;

noting the opinions of the EU's Committee of the Regions and Economic and Social Committee concerning the proposal under consideration;

whereas in the specific case of Italy, SMEs constitute an entity in respect of which tasks must be coordinated and any initiatives undertaken must be linked within a clearly defined European framework, which represents an opportunity for the Italian

Government to lay down specific rules favourable to the development of the microfinance and microcredit sector;

pointing out that, with regard to consolidation of the microfinance facility, fiscal leverage may prove useful, hence the Member States' initiatives (including legislative ones) may be taken into account – in particular, assistance for workers who, taking advantage of post-redundancy income support, intend to set up their own business;

whereas this document (together with the opinion of the Committee on EU Policies) must be conveyed to the European Commission as a contribution to the policy debate, and also to the European Parliament,

*expresses the following views, calling upon the Government to do all it can within the appropriate Community decision-making bodies in order to ensure:*

that sufficient funding is made available for the new microfinance facility, given that the figure of 100 million euros seems inadequate for the purpose of mobilising resources capable of producing the desired 'lever effect' which – according to forecasts – would enable 500 million euros to be mobilised (sufficient for approximately 45 000 loans);

that consideration is given in this connection to the merits of establishing (through the inclusion of a special item in the EU's 2010 annual budget) an accounting entry separate from the *Progress* Microfinance Facility, in order – amongst other reasons – to ensure greater transparency in the allocation and management of resources, and that additional resources are secured through cooperation with the EIB for purposes including funding stability;

that the timetable for the proposed action is adhered to, so that the needs of the unemployed and the vulnerable groups targeted by the initiative are met effectively and promptly; to that end, takes the view that the number of beneficiaries to be offered straightforward, advantageous support measures should be clearly and more accurately determined, with the more vulnerable groups to include older workers who are still active (taking into account the changes in the make-up of unemployment which stem from the recession);

that standardised access procedures are laid down which will not overburden and deter applicants, and that reference criteria are identified which will ensure that resources are distributed in such a way as to take into account and favour projects which meet certain requirements, such as particular concern for the introduction of innovative sustainable-development facilities;

that – in view of the range and number of finance facilities identified for the purpose of tackling the recession and in order to make those facilities more effective and easier to access – said facilities are coordinated, so as to prevent the dispersal of resources and bring about a significant improvement, with particular regard to evaluation and to the transparency and automatic nature of procedures;

that the support activities, monitoring and tutoring undertaken by microfinance organisations operating at national level are consolidated by means of specific initiatives and programmes and an exchange of best practices involving organisations affiliated to the European Microfinance Network; that at the same time better information is provided concerning the size of potential demand by means of appropriate monitoring and *ex post*

evaluation and a coordination strategy involving all interested parties (including ones from civil society, *inter alia* non-profit-making associations);

that all facilities needed for easier access to microfinance and microcredit are provided and that Italy receives an appropriate percentage of the resources made available under the new European finance facility, taking into account the nature of the initiative's pilot scheme and the fact that small and medium-sized businesses constitute over 95% of Italy's business fabric.

## OPINION OF THE COMMITTEE ON EU POLICIES

The Committee on EU Policies,

having examined – pursuant to Article 127 of the Rules of Procedure – the Proposal for a European Parliament and Council Decision establishing a European Microfinance Facility for Employment and Social Inclusion (*Progress Microfinance Facility*) (COM(2009)333 final), which was presented by the Commission on 2 July 2009;

having regard to the report adopted by the European Parliament's Committee on Employment and Social Affairs when the proposal was considered at first reading on 10 November 2009;

whereas:

the European Commission's proposal as a whole is to be welcomed, in so far as it constitutes a practical, targeted measure designed to implement the EU's strategy for cushioning the social impact of the recession and – more specifically – for preventing long-term unemployment;

the initiative is of particular significance to Italy (in that it improves access to microcredit in the case of individuals who have lost – or are at risk of losing – their job, or disadvantaged people who wish to set up their own microbusiness) and to microbusinesses themselves, which account for much of Italy's manufacturing output;

of particular interest (on account of its significant potential) is the use of shared-risk products by means of which the awarding body underwrites part of the total risk taken on by the intermediary bank in order to facilitate access to market sectors which are regarded as too risky or where guarantees are deemed inadequate;

the funding proposed for the facility (100 million euros over the 2010-2013 period) does not, however, seem adequate and may not prove sufficient to mobilise (by means of a lever effect) the 500 million euros – covering approximately 45 000 loans – which the Commission mentions as an estimate in its explanatory memorandum;

whereas the proposal appears to be founded on a correct legal basis constituted by the third paragraph of Article 159 of the EC Treaty, pursuant to which specific actions which prove necessary outside the Structural Funds for the purpose of strengthening social and economic cohesion may be adopted by the European Parliament and the Council acting in accordance with the codecision procedure and after consulting the Economic and Social Committee and the Committee of the Regions;

the proposal may be deemed to be in full accordance with the subsidiarity principle, in that:

during the current recession and in view of the tightening of credit and a significant reduction in non-repaid loans, greater efforts must be made at Community and national level in order to ensure that, within a reasonable timescale, a sufficient number of

microloans are granted in response to the high demand from the categories in greatest need, such as the unemployed and the most vulnerable individuals who wish to start or develop a microbusiness but have no access to loans from commercial banks;

the existence of a single, specific Community microfinance facility will enable the stimulus provided by international financial institutions to be maximised and will prevent a fragmentary approach from being adopted, thereby leading to increased granting of microfinance in all the Member States;

whereas this opinion (together with the final document adopted by the Committee responsible) must be conveyed to the European Commission as a contribution to the policy debate, and also to the European Parliament;

expresses a

### FAVOURABLE OPINION

*subject to the following conditions:*

(1) the Committee responsible must point out in the final document that the funding allocated to the *Progress* Microfinance Facility should be suitably increased through the use (*inter alia*) of the margin between the maximum value of own resources and the maximum value of the 2010-2013 financial perspective;

(2) the Committee responsible must also point out in the final document that the Government should support the proposal put forward in the report by the European Parliament's Committee on Employment and Social Affairs concerning the establishment of a separate accounting entry for the microfinance facility, for reasons including the need for greater transparency in the allocation and management of resources;

*and subject to the following remarks:*

(a) the Committee responsible should consider whether to point out in the final document that the European Commission should promptly conclude agreements with European and international financial institutions (in particular with the European Investment Bank [EIB] and the European Investment Fund [EIF]) with a view to significantly increasing the resources which will enable a large number of beneficiaries to secure access to microcredit;

(b) the Committee responsible should consider whether to point out in the final document that the Government should seek to ensure that Italy receives an appropriate percentage of the resources made available by means of the new European finance facility, in view of the fact that microbusinesses represent a proportion of Italy's manufacturing sector which is higher than the European average.

Letter dated: