



EUROPEAN COMMISSION
DG Employment, Social Affairs and Inclusion
Directorate Skills
Unit Job Creation

CALL FOR EXPRESSION OF INTEREST

**to select beneficiaries under the microfinance strand of the Employment and Social
Innovation Programme Technical Assistance**

1. BACKGROUND INFORMATION

Boosting Jobs, Growth and Investment and building a fairer Union are policy priorities for the European Union (EU). Over 90% of European enterprises are micro-enterprises, employing fewer than 10 people and having an annual turnover or annual balance sheet total of EUR 2 million or less. Thus, micro-enterprises play a crucial role for growth and jobs in the EU. However, lack of access to finance remains a key obstacle to business creation and growth, especially among people furthest from the labour market, thereby limiting their entrepreneurial potential and their pathways out of social exclusion.

Microfinance is an important means to spur business creation and income-generating activities at the grass-roots level, supporting inclusive entrepreneurship and job creation. In particular, the European Commission aims to promote employment and social inclusion of vulnerable people who wish to start up or develop a business, including on a self-employed basis, by increasing access to and the availability of microfinance. Microfinance institutions (MFIs) play an important role in channelling the EU support to the microfinance sector. However, bottlenecks at the level of microfinance institutions may make it difficult for micro-entrepreneurs to effectively access funding and benefit from EU support, thus inducing unmet market demand. Vulnerable groups with difficulties accessing the conventional credit market, start-ups as well as existing micro-enterprises are particularly affected.

In response, the European Commission is deploying a range of complementary instruments under the EU Programme for Employment and Social Innovation (EaSI) 2014-2020 in order to improve access to and the availability of microfinance and build up the institutional capacity of microfinance institutions. These include financial instruments (i.e. repayable forms of finance such as guarantees, debt and equity investments), grants and technical assistance.

The EaSI technical assistance aims at building the European microfinance market and at facilitating access to EaSI financial instruments. It includes targeted capacity building services, dissemination of good practices in the European microcredit sector as well as rating, assessment and evaluation services for European microfinance institutions.

The European Commission also plays a key role in putting in place and promoting the Code of Good Conduct for Microcredit Provision ('Code'). The Code aims to uphold high ethical lending practices and standards in the microfinance sector in Europe. The European Commission requires microfinance institutions to sign up to or endorse the Code¹ as a pre-condition for benefitting from the financial instruments under the EaSI programme.

2. OBJECTIVE OF THE CALL

Under this call, the European Commission (Directorate-General for Employment, Social Affairs and Inclusion) seeks expressions of interest from microfinance institutions wishing to improve their operations, performance and governance with a view to boosting their institutional capacity.

The aim is to select, as EaSI Technical Assistance beneficiaries, organisations that are in most need of this support, while ensuring a balanced geographical representation.

¹ Banks have to endorse the principles of the Code.

3. DESCRIPTION OF TECHNICAL ASSISTANCE SERVICES

The European Commission offers to selected organisations the opportunity to receive technical assistance services free of charge. The technical assistance support services will be offered in two areas:

1. Targeted capacity building services to microfinance institutions and dissemination of best practices in the European microfinance sector: The European Commission offers these services through a consortium of service providers consisting of the Frankfurt School of Finance & Management GmbH, the European Microfinance Network and the Microfinance Centre.
2. Rating, assessment and evaluation services: The European Commission offers these services through a specialised service provider, Microfinanza Rating Srl.

Four strands of support services will be offered:

- a) Provision of targeted capacity building services to microfinance institutions through trainings (area 1);
- b) Provision of targeted capacity building services to microfinance institutions on the European Code of Good Conduct for Microcredit Provision (area 1);
- c) Exchange and dissemination of best practices in the European microfinance sector (area 1);
- d) Provision of rating, assessment and evaluation services for European microfinance institutions (area 2).

3.1 Provision of targeted capacity building services through trainings

a. Tailored trainings

Tailored trainings aim at providing knowledge / skills to the staff of microfinance institutions selected under this call for expression of interest.

The tailored trainings may take the form of interactive classroom trainings, hands-on formats such as coaching, or a blended learning approach combining elements of both. They consist of one or several modules targeted at the topic(s) of improvement/key issues² identified for the specific organisation through a needs-based analysis.

The tailored trainings take place, in principle, at the premises of the microfinance institutions. They can also be provided (fully or partially) in the form of webinars.

² Potential topics could be related to risk management, good governance, loan collection skills, social performance, credit scoring.

The trainings are provided in English, or, upon request by the beneficiary and following the approval of the European Commission, in the national language of the beneficiary.

b. Investment readiness trainings

Investment readiness trainings aim at preparing microfinance institutions for taking on investments, loans, grants, or guarantees. The trainings aim at explaining in detail the mechanisms of (specific) financial instruments and their legal implications regarding rights and obligation, liability and indemnity.

Two types of investment readiness trainings have been identified:

- trainings preparing microfinance institutions for negotiations with the European Investment Fund (EIF) with the aim of facilitating their access to the EaSI financial instruments³, which are implemented by the EIF on the Commission's behalf
- trainings preparing microfinance institutions for negotiations with other investors, lenders or funders.

Investment readiness trainings may take the form of interactive class room trainings (for one or several microfinance institutions), hands-on formats such as coaching, or a blended learning approach combining elements of both.

The logistics (room, catering) are to be organised in principle by the microfinance institutions that receive the training.

The trainings are provided in English, or, upon request by the beneficiary and following the approval of the Commission, in the national language of the beneficiary.

3.2 Provision of targeted capacity building services on the European Code of Good Conduct for Microcredit Provision (“Code”)

a. Trainings on the Code

Trainings on the Code aim at assisting non-bank microfinance institutions that have signed up to the Code in working towards compliance with the Code.

The training on the Code will mostly be in a hands-on format such as coaching, even though class-room training or a combination of both formats are not excluded.

Trainings on the Code take place in principle at the premises of the microfinance institutions. They can also be provided (fully or partially) in the form of webinars.

The trainings are provided in English, or, upon request by the beneficiary and following the approval of the European Commission, in the national language of the beneficiary.

b. Post-evaluation consultancy on the Code

³ In addition to organisations selected through this call, the investment readiness trainings will be also open to other financial institutions that are in the process of applying for these instruments with the EIF.

The post-evaluation consultancy aims at assisting microfinance institutions that have failed to obtain a certification for compliance with the Code in planning and undertaking the steps required in order to improve their level of compliance. Post-evaluation consultancy may be also provided to those microfinance institutions that have been certified with the Code compliance but nonetheless wish to work towards a higher global marking.

The post-evaluation consultancy on the Code shall, in principle, be delivered in a hands-on format, e.g. coaching.

The trainings are provided in English, or, upon request by the beneficiary and following the approval of the European Commission, in the national language of the beneficiary.

3.3 Exchange and dissemination of best practices in the European microfinance sector

a. Peer-to-peer trainings

Peer-to-peer trainings aim at providing an opportunity for selected organisations under this call for expression of interest to learn from experiences and practices of other microfinance institutions, thus avoiding following blind alleys or reinventing the wheel. However, many actors lack financial resources to pay for training or coaching from experienced microfinance institutions.

In a peer-to-peer training, experienced practitioners from one or more organisation(s) provide training, tools and guidance to the staff and partners of the requesting organisations on specific issues identified following a needs-based analysis. They will be assisted by expert(s) of the service provider for the preparation (structure of the course, content preparation, training material, teaching methods) and during the delivery (expert as facilitator, putting the learnings into context).

Peer-to-peer trainings usually take the form of interactive class room trainings. Exceptionally, they may also be provided (fully or partially) in the form of webinars.

The trainings are provided in English, or, upon request by the beneficiary and following the approval of the European Commission, in the national language of the beneficiary.

b. Study visits

A study visit aims at sharing the experience of an experienced microfinance institution that hosts the study visit with (groups) of selected organisations under this call. It is a field visit during which an experienced and/or innovative host usually shares its strategy and operations, introducing its collaboration with partners and backers, show-casing interesting cases of support, and presenting successes and lessons learnt.

3.4 Provision of assessment, rating and evaluation services for European microfinance institutions

a. Institutional Assessments

An institutional assessment is a detailed analysis of a microfinance institution's internal policies and procedures and comparison with internationally recognised best practices in microfinance. The focus is less on financial performance and risk management, and more on organisational and operational aspects. The specific aim is to assess the level of development of the microfinance institution and identify the main internal weaknesses and external threats jointly with the existing opportunities for

the institution. The output of this analysis serves as an operational tool which is intended to help the executive management and the governance bodies of the microfinance institution in order to strengthen its operational capacity and improve its policies and procedures. For microfinance institutions that have been evaluated on the Code compliance, simplified assessments may be offered subject to an approval by the European Commission.

An assessment particularly targets younger and emerging microfinance institutions that wish to identify their strengths and weaknesses in order to improve their institutional strength, attract donor funding and strengthen their social impact. The conclusions of each assessment exercise will be summarised in an Assessment Report that will be delivered by the service provider to the microfinance institution as well as to the European Commission that will review and approve the activity.

b. Ratings

A rating exercise is a detailed and complete assessment of the financial and operational performance and the most relevant risk areas of the beneficiary, according to recognised international standards. A final rating grade and an appraisal of a microfinance institution's ability to absorb new funds will be evidenced through a rating report. A microfinance rating is an effective tool for any microfinance institution wishing to access new sources of funds and to improve its operational and risk management performances.

Ratings are tailored for mature microfinance institutions that wish to obtain new financing, receive a comprehensive assessment of their risk profile and social impact, and enhance their international visibility. The conclusions of each rating exercise will be summarised in a Rating Report that will be delivered by the service provider to the beneficiary as well as to the European Commission that will review and approve the activity.

For microfinance institutions that have recently undergone an evaluation on the Code compliance (see below) or been assessed as per Institutional assessments above, simplified ratings may be offered, subject to an approval by the European Commission.

c. Evaluation of the implementation of the “European Code of Good Conduct for Microcredit Provision”

The Code evaluation serves to certify that a given microfinance institution complies with the European Code of Good Conduct for Microcredit Provision. The Code certification, awarded by a Code Steering Group, which consists of experts from the European Commission and other relevant actors, is valid only for 3 years. For this reason, renewals of previous certifications are also foreseen.

4. SUBMITTING THE APPLICATION

Organisations interested in applying to this Call for Expression of Interest shall submit an Expression of Interest, prepared in accordance with the instructions specified in this call, as scanned copy by email to easi.ta@int.fs.de, stating in the subject of the email, as appropriate: “EaSI Technical Assistance Microfinance - Expression of Interest: [name of the Applicant]”.

The Application must include all mandatory documents as set out in Section 'Application format and details'.

After the submission of the application, an acknowledgement of receipt will be sent out to applicants via e-mail which shall state the confirmation that the Expression of Interest was duly received. The acknowledgement of receipt is not to be considered confirmation of completeness of the Expression of Interest and the documents submitted therewith, nor any kind of evaluation to this effect.

Applicants may send questions regarding the Call or the nature of the EaSI Technical Assistance.

Such requests must indicate the subject "EaSI TA question" and the name of the Applicant and shall be submitted in English, French or German by e-mail to: to easi.ta@int.fs.de. Answers to all questions will be provided to the Applicant no later than 10 calendar days after their submission, on the Applicant's email address used to submit the questions. An analysis of such incoming questions will be carried out and the resulting answers may be published from time to time in the form of FAQ (Frequently Asked Questions) document posted on the webpage of this call. The European Commission reserves the right to update the FAQ document from time to time as and when it regards appropriate.

5. ADMISSIBILITY REQUIREMENTS

Application format and details

The template of the Expression of Interest to be submitted duly filled in and signed is attached as an Annex to this Call for Expression of Interest and is composed of two appendixes. In order to be valid and assessed, the Expression of Interest must include:

1. Information about the Applicant (template available under Appendix 1 to the Expression of Interest);
2. Requested supporting documents (listed under Appendix 2 to the Expression of Interest).

Applicants are encouraged to submit their application in English, French or German in order to facilitate the treatment of the applications and speed up the selection process. It should be noted, however, that applications in all official languages of the EU will be accepted. In this case, applications should be accompanied by an executive summary in English, French or German.

This is an open-ended call for expressions of interest, with no deadline for applications. However, after having received a number of 20 applications or 2 months after the publication of the call, the European Commission will start organising the delivery of the technical assistance services. The European Commission reserves the right to close the Call for Expressions of Interest at any time. An announcement will be published on the webpage of the call 2 weeks prior to its closure.

6. ELIGIBILITY CRITERIA

Eligibility of the applicants

- a) Place of establishment

Legal entities properly established and registered in the following countries are eligible as applicants:

- EU Member States;
- Iceland in accordance with the EEA Agreement;
- Albania, the Republic of North Macedonia, Montenegro, Norway, Serbia and Turkey⁴

b) Type of entities

To be eligible, the applicants must be legal entities of any type registered at the time of the submission of the application. They must be:

- 1) Greenfield microfinance institutions with less than three years of existence wishing to improve their internal processes through an assessment of their institution and tailored training/coaching to the staff and management;
- 2) Non-bank microfinance institutions with at least three years of existence wishing to increase the quality of their operations through an institutional assessment or an optional microfinance institutional rating or optional social performance rating and tailored consulting services to the staff and the management team;
- 3) Fintechs providing microfinance with at least three years of existence wishing to increase the quality of their operations through an assessment of their institution and tailored training/coaching to the staff and management;
- 4) Licensed banks, means financial institutions having a bank license and providing microfinance, wishing to receive tailored training/coaching to increase the staff knowledge in microfinance; and optionally to receive a specialised microfinance rating; and
- 5) Guarantee granting entities: Guarantee schemes, guarantee institutions or other institutions authorised to provide microfinance guarantees or risk-sharing structures and wishing to receive an independent opinion on their microcredit operations as well as tailored training/coaching to increase the staff knowledge in microfinance.

7. EXCLUSION CRITERIA

Applicants must sign a declaration on their honour certifying that they are not in one of the situations referred to in article 136(1) and 141.1(b) and (c) of the Financial Regulation concerning exclusion and rejection from the procedure respectively, using the relevant form attached to the template for expression of interest.

8. ASSESSMENT PROCESS

Expressions of interest that meet the admissibility requirements will be checked against the eligibility criteria. Those that fulfil the eligibility criteria will be included on the list of potential beneficiaries of EaSI technical assistance services. All expressions of interest will be processed chronologically, with the date of application receipt being the principal criterion. However, the European Commission maintains the right to fast track applications that have been received on a later date, in order to ensure a wide geographical coverage and/or to maximise the reach of the EaSI programme.

Should any clarification is required or if obvious clerical errors in the application need to be corrected, the applicant will be requested to provide clarifications and/or additional information.

⁴ Other candidate and potential candidate countries may also participate in accordance with the general principles and the general terms and conditions laid down in the framework agreements concluded with them on their participation in Union programmes. However, it is not yet confirmed, therefore applicants and co-applicants from those countries should check with the secretariat of the call (easi.ta@int.fs.de) for their eligibility.

In the event that the expression of interest submitted does not fulfil the admissibility or the eligibility requirements, the applicant will be informed by email.

9. PUBLISHING OF INFORMATION

The European Commission will publish on its website each year the list of organisations supported through EaSI Technical Assistance, which will include the name and address of each beneficiary as well as an indication of the type of support services received.