

Parliament vote on Microfinance Facility: positive idea diluted by funding confusion

While today's agreement by the European Parliament on the content of the proposed "European Microfinance Facility for Employment and Social Inclusion" is a positive sign for entrepreneurs, it is undermined by the lack of agreement on how it will be funded.

Nearly three million jobs have been lost during the current recession and feedback this month from 70.000 businesses in the Chamber network does not suggest that this picture will become any brighter in 2010. Providing credit for the unemployed to start new businesses is a direct, pragmatic and potentially highly effective response to this worrying trend.

"The new facility can contribute to new businesses and thus to new jobs all across Europe at a time when financial institutions are demonstrating an increasing reluctance to provide credit to entrepreneurs," said Ben Butters, Director of European Affairs at EUROCHAMBRES.

Since European initiatives aimed at entrepreneurs often do not reach their target, EUROCHAMBRES particularly welcomes the inclusion of complementary business support measures, such as mentoring, training, coaching and capacity building, in the functioning of the microfinance facility. To reinforce this approach further, EUROCHAMBRES proposes that roundtables be organised between local authorities, banks and business organisations that already provide micro-credit schemes to decide on the practical functioning of the facility.

However, EUROCHAMBRES warns that the good intentions of this new scheme may amount to nothing if no agreement is reached on how to fund the 100 million EUR facility over the next four years.

"Crisis response must, by definition, be swift and effective. It would be regrettable were the delivery of this scheme, with its relatively small budget, compromised by inter-institutional discussions on its funding," said Mr Butters.

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