



Access to finance in the area of integration of TCNs – Panel discussion

Doede Ackers, Head of Unit, DG HOME, European Commission

Agnese Papadia, Deputy Head of Unit, DG EMPL, European Commission

Frank Lee, Head of Financial Intermediary Advisory Division, European Investment Bank

Dr. Friederike von Andrian-Werburg, Head of AMIF Managing Authority, Federal Office for Migration and Refugees, Germany

Martina Grigorova, Council Member, Microfinance Centre, Poland

Florian Ott, Social Banking Development, Erste Group Bank AG, Austria

 #ficompass





The role of microfinance in serving TCNs in Europe

Martina Grigorova, Council member, Microfinance Centre

 #ficompass

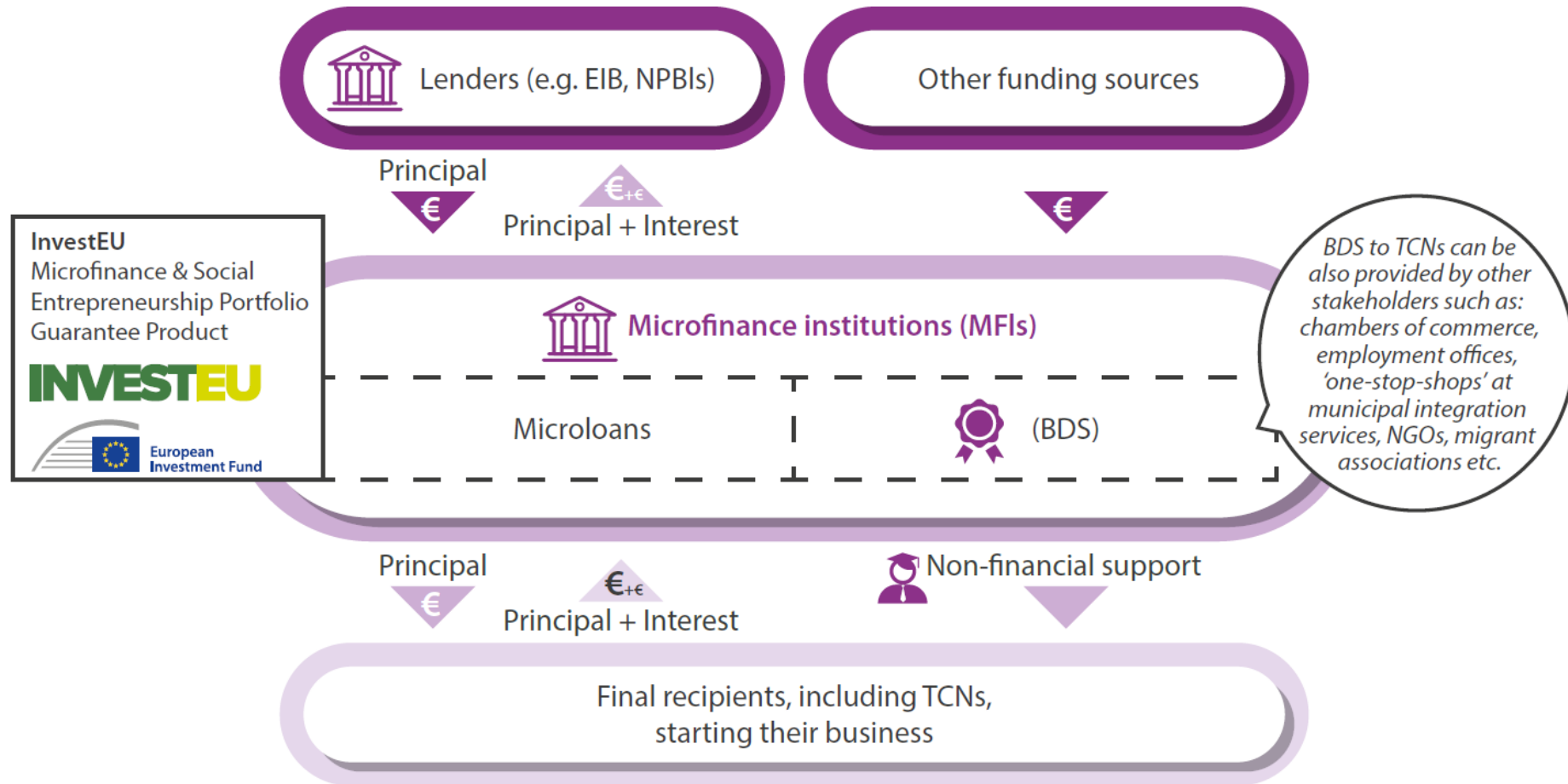


The role of microfinance in serving TCNs in Europe

Microfinance institution's role in providing loans and BDS to TCNs



- The EMN-MFC Microfinance survey 2022 Edition identified over 20 microfinance institutions in the EU which target TCNs, offering them financial and non-financial services



The role of microfinance in serving TCNs in Europe

Main challenges for MFIs in serving TCNs



- Legal barriers (official documents- IDs; registering a company; opening a bank account)
- Heterogeneous market- Western (Governments/Municipalities support) vs. Eastern model of microfinance institutions
- Diverse client segments of the target group that require different approaches
- Higher funding costs (Euribor increase) vs. need for affordable pricing on loans to the target group
- Lack of language and entrepreneurial skills of the target group
- High cost for MFIs of non-financial services provided to clients free-of-charge
- Higher risk- lack of collateral/ guarantors and/or labor contracts by TCNs



The role of microfinance in serving TCNs in Europe

Addressing the challenges

- Policies adaption at national level
- Grant support for the non-financial services and building of partnerships between NGOs, MFIs and State structures (e.g. PAFMI)
- Appropriate financial instruments that allow low interest loans, long grace period, long repayment period and shared risk

Features of the Risk-sharing microfinance facility addressing vulnerable groups in Bulgaria:

- ✓ Up to 85% of the funding (loan by loan basis) provided at 0% interest rate under national operational programs and ESF+
- ✓ Up to 85% of the risk of non-payment is covered by the FI (loan by loan basis, no portfolio cap)
- ✓ Fees on the loan are covered by the program- MFIs receive annual management fee
- ✓ Up to 24 months of grace period
- ✓ Up to 10 years repayment schedule



Thank you!





Financing housing projects for vulnerable people, including migrants

Florian Ott, Erste Group – Social Banking

 #ficompass



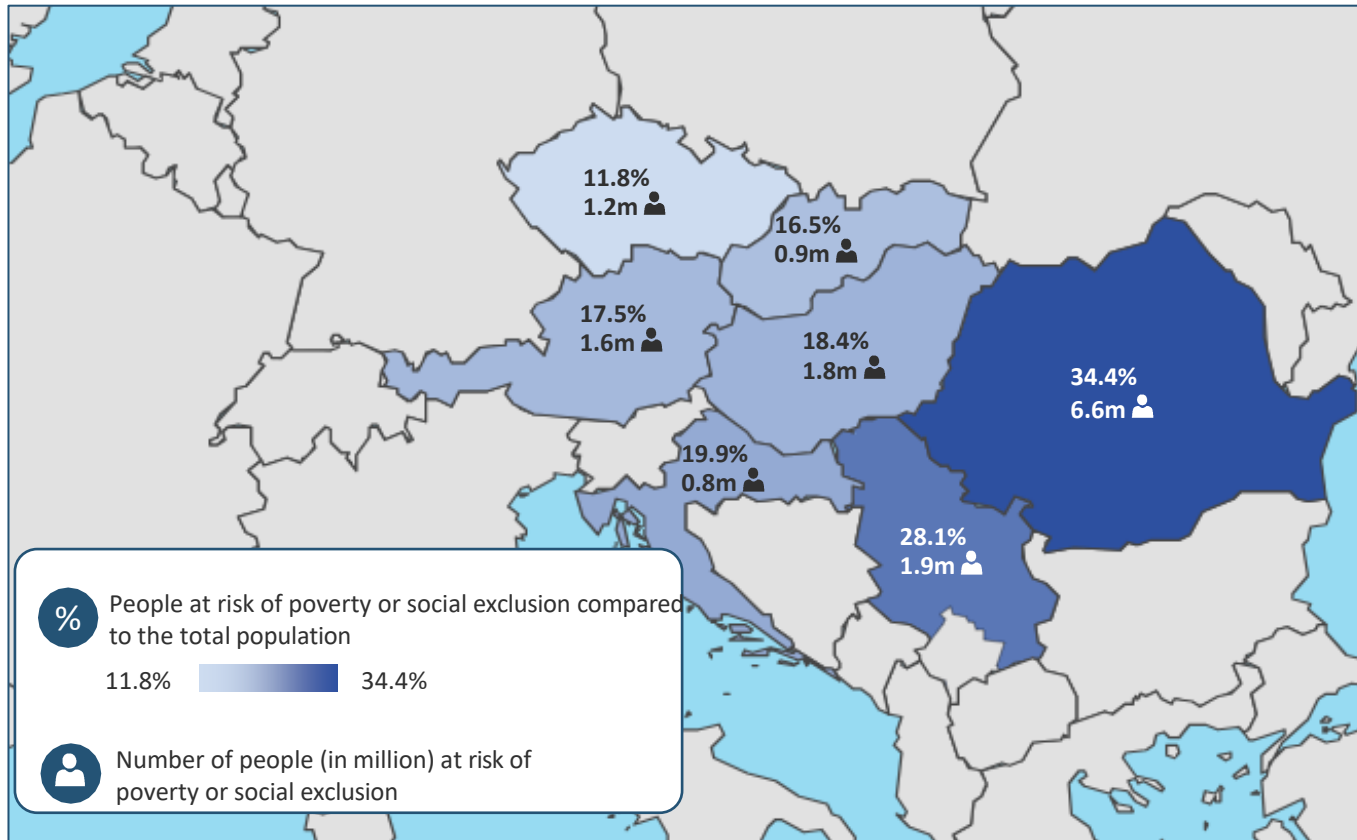
Erste Group – Social Banking

Helping where it matters

The target market consists of Central and Eastern Europe (incl. Austria), where substantial capital investments via new funding solutions are required to address local social challenges.



Geographical target market



Rational and target group

People at risk of poverty or social inclusion correspond to persons who are either at risk of poverty, or severely materially and socially deprived or living in a household with a very low work intensity. In the **Central and Eastern European (CEE)** region, despite economic growth, income inequality remains high, leaving many struggling to make ends meet and **access basic needs such as housing, healthcare, and education.**

Our objective is to **build inclusive societies** that promote social and economic mobility, thus offering a positive impact on communities in need while **reducing poverty and advancing social cohesion.**

ERSTE | Social Banking
Group



Source: EUROSTAT (2022)



A photograph of a Roma settlement in east Slovakia. The foreground is dominated by a large, messy pile of garbage, including plastic bags, sticks, and other debris. In the background, several wooden houses with corrugated metal roofs are visible. A few people, including children, are standing in the middle ground. The overall scene depicts a state of poverty and environmental neglect.

**If people do not do well,
other topics become a second priority...**

Roma settlement east Slovakia

Social and affordable housing solutions

Financial instrument solutions from the private sector



Rental Microloan

Reducing access barrier to affordable rental housing



Access barriers to rental housing

Even if the ongoing rental costs can be met, there are barriers to entry for moving into a rental apartment:



~3 months rent deposit



Moving into and furnishing the apartment (especially kitchen and furniture)

Financial solution

The rental deposit loan by Zweite Sparkasse makes it easier to access rental options

Die Zweite
SPARKASSE

Conditions



- Social partner referral
- Repayment capacity check
- Check of purpose, legal situation, family structure...

- max. 5.000 EUR
- 5 years, monthly installments
- Fix interest, no fees

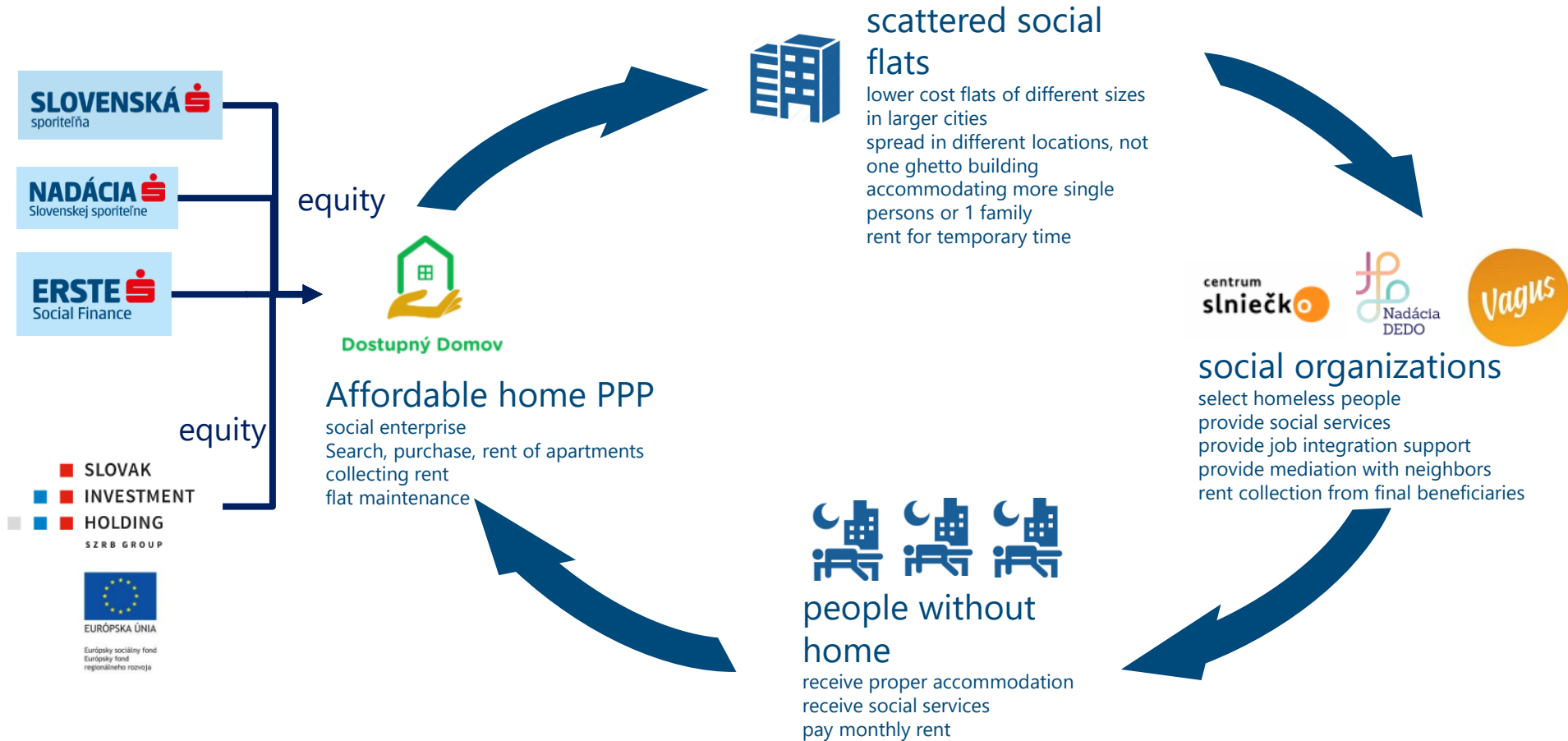
- ✓ Guarantee provided by ERSTE Foundation



ERSTE
Stiftung

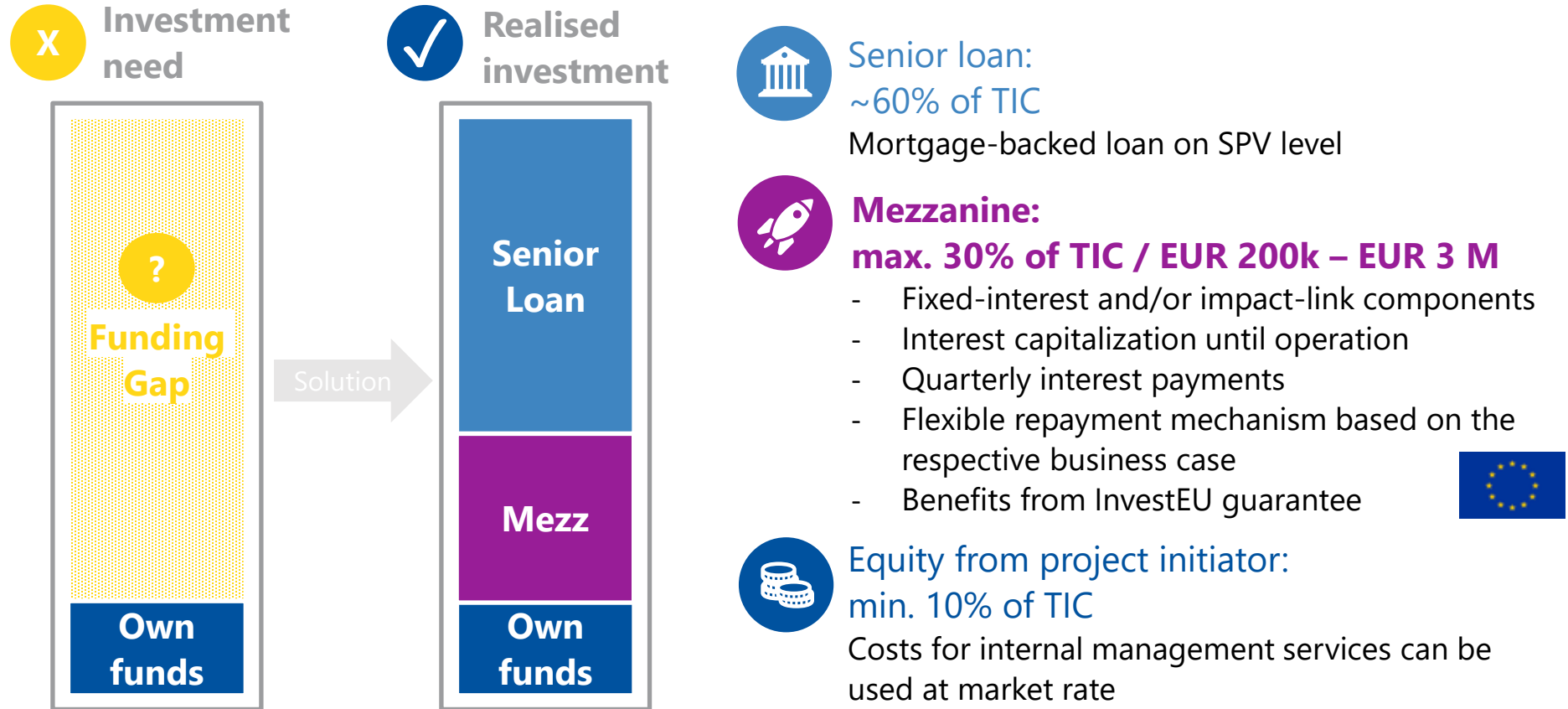
Social Housing joint-venture in Slovakia

Increase access to social and affordable rental market



Scaling social & cooperative housing development

Mezzanine to scale social impact



Barrier for social and affordable rental housing development:
Missing regulatory framework in CEE

Meet Adriana & Igor, clients of Housing Program



“ I am happy that we build our own house so that we can live better, have everything needed for life – water, electricity... ”

More about Adriana und Igor here





Thank you!

www.fi-compass.eu

Follow us:    



fi-compass is provided by the European Commission in partnership with the European Investment Bank
Copyright © European Investment Bank 2024
events@fi-compass.eu | www.fi-compass.eu

