

ATM for SMEs

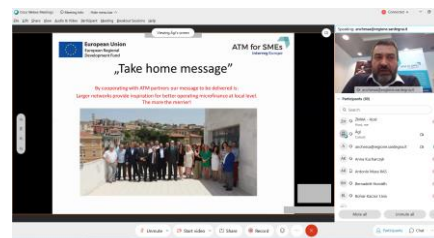
Interreg Europe

NEWSLETTER

no. 9-10

Microfinance can offer real help to the smallest - even in the COVID crisis

Strengthening microfinance institutions and their services to SMEs is becoming more and more important – this was the main message of the **“ATM for SMEs” project dissemination conference**, organized virtually on 8 Nov 2020. In the current economic downturn, subsidized microfinance is a powerful tool to help microfinances survive the crisis and each entrepreneur should have access.



The “ATM for SMEs” project aimed at improving the access to microfinance in 8 European regions. During the 5 years of the project, the partners shared good practices how to make it easier for local micro enterprises to access microfinance and other business development services. Based on the lessons learnt, 8 local policies were updated and several local actions launched.

Péter Vonnák, project manager from FEA underlined: the project can not only benefit regional policies and instruments, but the lessons learnt can show the path non-profit microfinance should follow in order to leverage the potentials of microfinance and achieve the utmost social benefit.

“Non-profit microfinance should prioritize people’s wellbeing rather than financial return: the performance of microfinance programmes should be measured from the aspect of social sustainability and quality of life” – said Péter Vonnák.

Easy access to microfinance is especially important in critical times like the current downturn caused by the COVID pandemic. It can offer real help for survival to micro enterprises, and the project partners reported important local initiatives to mitigate the impact of the crisis. These measures varied in target group, subsidies, loan amount, but a common element was the cheap, easily accessible microloan which is available even for the smallest enterprises.

Main conclusions by the Lead Partner

“If we allocate public money for addressing a social problem to which microcredit is assigned as a tool, we must definitely start from the logic of using public money. In other words, we need to focus on the problem to be solved and not on the tool itself. The socially desirable result is to ensure social justice and prosperity for the social groups who are excluded from financial services.

Obviously, this logic is not in line with the profit-oriented logic of financial investors. Therefore the conclusion is that communities, whether they are local communities or the European Union itself, make the mistake of acting as financial investors in the money market and not focusing on the social problem to be addressed.

Public money allocated for microcredit should not be used to enrich certain banks, the central fund managers or for-profit private financial enterprises. The return on program funding should be assessed at the level of society as a whole, not at the level of the financial sustainability of funds financed from public money. This can be reflected, among other things, in the ability of the target social group to pay taxes, to be self-employed or to create jobs, and in their financial prosperity.”
– said Tibor Szekfű, the Managing Director of Fejér Enterprise Agency, the President of the Hungarian Microfinance Network

Upcoming: final conference of the ATM for SMEs project

The final conference of the ATM for SMEs project will be held on **8 December 2020, from 9.30 – 14.15.**

Link to the event: <https://us02web.zoom.us/meeting/register/tZcud-CvqD0rHdHHCTsgU76adkoNsFBDKkdr>

The agenda includes:

- Guest speakers from the Hungarian Ministry of Finance and the Interreg Europe Joint Secretariat
- Presentations, videos from the Lead Partner and project partners which summarize the 5 years of project implementation and the recent developments in the COVID crisis
- Project film „Dare to dream, dare to live – The film about Microentrepreneurs and Microfinance”

“Dare to dream, dare to live”: film on microfinance

The documentary film produced by the ATM for SMEs project team received good appraisal from the microfinance sector. It was displayed at many professional events, for example at the University of Cadiz, on 21 October 2019.

The scope of the film is to demonstrate the importance of microfinance through a personal approach. A typical client situation – difficulties in setting up the enterprise and financial exclusion – is portrayed in the film and the solution is non-profit microfinance. Besides the personal insight, the film explains the importance of microfinance and why it should be treated differently than commercial loan products.

Link to the film: https://youtu.be/TBmD_El0rdc



Microfinance in the news

A new course was launched at the University for Public Service (Hungary) about non-profit microfinance. The curriculum was elaborated by Tibor Szekfü, director of Fejér Enterprise Agency and it includes the main findings and experiences from the ATM for SMEs project.

The students will learn about the basics and theory of microfinance and practical knowledge as well about the management of microfinance funds.

New educational programme of Master on Microfinance, Human rights and Development at the University of Cádiz (Spain) - the education is fully online, and the degree can be obtained in 1 year.

The module on Microfinance – developed by FEA – can also be completed separately, during a 3-months course. Tibor Szekfü and Peter Vonnak, acknowledged Hungarian experts of Microfinance, are the lecturers in the on-line learning videos.

„Microfinance – from theory to practice” – a new book is to be published for university students to learn better the functioning and purpose of microfinance funds.

The study was elaborated by FEA leaders together with experts from Microfinanza. It contains case studies and impact analysis of non-profit microfinance programmes.



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Microfinancecommunity.com launched

www.microfinancecommunity.com - a new portal to gather experts and practitioners of microfinance in order to facilitate exchange of experience.

The new portal builds on the partnership and achievements of the ATM for SMEs project. It is meant to be an interesting and understandable source of information and exchange platform. Important feature is the client videos on success stories where micro entrepreneurs talk about the life changing effects of microcredit and business support.

Call for good practices of microfinance

In order to maintain the active conversation and knowledge sharing among the actors in microfinance, a call for sharing good practices was launched by the www.microfinancecommunity.com website.

The spirit of cooperation among European partners, MFIs and managing authorities should be maintained even after the closure of the ATM for SMEs project, hence a new call was launched by FEA – owner of the new www.microfinancecommunity.com website.

The good practices can be submitted by any organization, in the following areas:

- Technological innovation (digitalization)
- Financial innovation
- Social outreach



The good practices will be evaluated by a committee from the ATM for SMEs project partners. Details are to be published soon on the www.microfinancecommunity.com website.

MICROFINANCE GOOD PRACTICES AND CUSTOMER SUCCESS STORIES

Customer success storie –
Anja Winter – Germany
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Customer success storie –
Javier González Castro – Spain

Customer success storie –
Emanuela Manuza – Italy
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Public money in microfinance: recent publication by ERENET

The involvement of public resources in microfinance is more than desirable – this is the summary of the studies published in a recent English-language paper, which aims to clarify all misunderstandings regarding the essence of microfinance. The publication of the ERENET scientific research group is available at <http://www.erenet.org/publications/profile52.pdf>

The Entrepreneurship Research and Education Network of Central European Universities (ERENET) group dedicated a publication to microfinance – importance and recent studies from Europe.

A lot of microfinance institutions operate around the world with different methods and results. Due to its expected positive social impact, more and more public money is allocated for microcredit activities by the individual member states and the European Union itself. The authors – acknowledged European experts of microfinance – would like to bring this activity and the underlying “professional secrets” closer to the readers. – state the abstract of “Utilization of public money in microfinance” article written by Tibor Szekfü, the President of the Hungarian Microfinance Network

A remarkable study, by the expert team of Microfinanza, is analysing the impact assessment and management of microfinance programmes. Microfinanza proposes a simple methodology and data collection for impact assessment method which can be used by microfinance providers in their daily work. Impact measurement, its analysis and management, will become a key component in reporting comparable and reliable non-financial information – underline the experts.

Hungary: credit fund proposal based on SME demands

Based on the findings of a survey among SMEs, the Hungarian Microfinance Network proposed the establishment of a new national microcredit fund to the Government.

The consequences of the COVID crisis are “drastic” for more than 70% of the clients of the Hungarian Microfinance Network, and they would welcome more microcredit programmes, possibly combined with non-refundable subsidies – shows a recent survey among the SME clients.

45% of the businesses needed to downsize and 65% can only finance operation for 1-2 months, if the situation is not improving. Their primary goal is to survive the months of the crisis and the majority would welcome a new microcredit programme with subsidized interest. The average preferred loan size is 25k EUR.

Based on the findings of the survey, Tibor Szekfü, president of HMN, proposed a new social microfinance programme to the attention of the Minister of Finance.

The “Enterprise Microcredit Programme” would be financed by the Hungarian government (estimated amount: 25 million EUR) and disbursed by the members of the HMN. This way, the social aspect can be guaranteed - as studies show, non-profit MFIs have a great social outreach in Hungary. The proposal suggests that if we consider also the social and broader economic benefits, the new programme would be an efficient tool for economic recovery.

The proposal has been sent to the Ministry of Finance, and the Hungarian Microfinance Network is confident that soon, a dialogue will start between the Ministry and microcredit providers.

András Nagy – The possibility of improving access to microcredit resources in Hungary

20/11/2020 0 19



The non-profit microcredit funds are indispensable and have a completely different logic than commercial loans – outlined András Nagy, director of Zala County Foundation for Enterprise Promotion at a professional event held on 22 November 2018 in Budapest, at the University for Public Service. Link to András Nagy’s presentation: <https://www.youtube.com/watch?v=jfEd-7ysrjE>

András Nagy talked about the Hungarian microfinance schemes and their effectiveness. He also compared non-profit local microfinance programmes and the loan products offered by the commercial banks. He urged the renewal of the legal and regulative framework for microfinance schemes, however, even with the current conditions; the non-profit microfinance is more successful in reaching the target group and generating welfare than the bank instruments.

Poland: Millions for Świętokrzyskie companies for loans

231 million PLN - such an amount from EU funds was reserved in the Świętokrzyskie Anti-Crisis Shield for SME's sector for loans that will allow them to stay on the market during the economic crisis caused by the coronavirus pandemic. Interest in this form of support, which can be reached by the end of this year, is enormous.

The Świętokrzyskie entrepreneurs whose companies suffered from the coronavirus pandemic may also apply for investment and turnover loans of up to 1 million PLN by the end of this year. 150 million PLN was reserved for this purpose. This amount has been raised by transferring EU funds from several activities to one, i.e. Financial Instruments for Small and Medium Enterprises, whose leader is National Economy Bank. The funds from the Swietokrzyskie Voivodeship Fund of Funds project will also be used, among others, from reimbursements of loans granted earlier, even before the outbreak of the epidemic. They are also granted on very favorable terms by four intermediaries operating in our region, to which applications should be submitted.

Croatia: Subsidy on investments, to maintain employment

Koprivnica Križevci County provided support by **subsidizing 50% of investments in tangible assets**, i.e. investments in the purchase / adaptation of business premises and equipment, a maximum of 50,000.00 HRK - 6,700 EUR for companies that had a standstill in their economic activities caused by the COVID-19 pandemic. Preference was given to economic entities that maintained the same level of employment.

Also, at the national level, ministries have given / grants and benefits to companies affected by the COVID-19 pandemic.

Hungary: New loan to help SMEs hit by the crisis

As the Managing Authority responsible for the Economic Development And Innovation Operational Programme (EDIOP), the Ministry for National Economy launched a **working capital product for SME's active in Hungary, in the less developed regions** due to the economic crises caused by COVID-19, in June 2020.

The programme is available in Hungary except the Central Hungarian region, and it can finance stocks and running costs. The interest rate and the amount of the expected own resources is 0%. The minimum amount of the collateral ratio should be 20% of the current outstanding capital. This loan product is financed from EDIOP, under Priority axis 8 which covers the financial instruments. As expected, it is very popular among the companies and almost half of the total allocated amount (110 billion HUF) is covered with applications have green light for contracting.

Spain: Lower interest rates to support SMEs

CEEI Burgos continues working in collaboration with SODEBUR (Provincial Governmental Agency) in the delivery of microcredit to support start-ups, unemployed people and rural development in Burgos Province.

To further support SMEs during and after the COVID situation some conditions have been improved, as for the **interest rates which have decreased from 1,5%-3% to 0%-0.75% with a maximum amount of 25.000€**. There is also a specific line for the study of companies affected by the COVID.