

## Microfinance what does it mean ?

Microfinance is not only a financial instrument, but a complex tool which can contribute to a high level of sustainable employment, encourage new businesses, self-employment and stimulate economic growth on local level. Therefore, it is in the public interest that microfinance schemes should be available and easily accessible for the target groups. Many European countries dedicate public funds to finance microcredit programmes; and such schemes have already proved their efficiency and sustainability.

- Why should governments allocate public funds for microfinance programmes?
- What are the benefits of microfinance to the target groups?
- What are the differences between non-profit microfinance and bank loans?

The project “ATM for SMEs” is aiming at giving comprehensible answers to these questions and also showing the ways how decision makers can exploit the potential of non-profit microfinance schemes.



**THE FINAL STUDY  
TRIP OF THE  
PROJECT**



**MICROFINANCE  
PROGRAMMES  
AND THE  
UTILIZATION OF  
PUBLIC MONEY**



**ECONOMIC  
DEVELOPMENT  
AND  
MICROFINANCE**

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# FINAL STUDY TRIP IN THE FRAMEWORK OF THE ATM for SME's PROJECT ORGANIZED IN CROATIA



In the framework of the ATM for SME's project PORA Regional development agency of Koprivnica Križevci County organized a three-day study trip in Croatia in the period from 15th to 17th October 2018. Study trip was organized with the aim of presenting some of the Croatian good practices in the area of microfinance, as well as exchanging experience between project partners on the topic „Promotion of local microfinance funds and entrepreneurship initiatives“. Participants of the study trip were representatives of the Lead partner and project partners from Hungary, Spain, Germany, Belgium and Poland.

During these three days, a lot of activities were planned, including the meeting of project partners with stakeholders and representatives of entrepreneurial support institutions from Koprivnica Križevci County that was held in PORA. At the meeting there were presented examples of good microfinance practices in Koprivnica Križevci County implemented during the years, and also current measures for self-employment and incentives for entrepreneurship offered by the Croatian Employment Service. All of the project partners presented their good practices on the topic of the study trip as well. Site visits were organized as well, so the participants of the study trip visited two entrepreneurs who started their business based on the microfinance measures and are now successfully operating in Koprivnica.

In order to give a full insight in the entrepreneurial environment in Croatia, especially for micro, small and medium enterprises, PORA organized a visit to the Ministry of Economy, Entrepreneurship and Crafts in Zagreb, where all of the participating project partners had the opportunity to get acquainted with strategic documents related to microfinance policies in Croatia, as well as current national and EU programs, credit lines and financial instruments available to micro, small and medium enterprises for starting or development of the business. The trip continued in the city of Križevci where participants visited the Development Center and Technology Park Križevci and met three different entrepreneurs who started their business using various forms of microfinance.

This study trip was the last in the ATM for SME's project, since the duration of the first phase of the project is till March 31st 2019. All project partners have summarized good practices and experiences gained over the past 30 months, and will devotedly work to apply some of them in their own country or region. By the end of the project implementation phase, each project partner will submit an action plan that will include 8-12 microfinance measures developed based on the good practices and knowledge exchanged during the ATM for SME's project. In the second, monitoring phase of the project, implementation of the measures from the action plan will follow during the next two years. Besides all of the valuable experience gained through this project, it goes without saying the fact that project partners will stay in contact in the future, to work together on the further implementation of microfinance programs in their regions.

- Does the current legal framework provide legal certainty on microfinance?
- What kind of financing instruments are available at the different levels (EU, national, interregional, regional) that offer opportunities for the European microfinance sector?
- How are the new EU provisions applied in the Member States? Are international guidance documents/recommendations applied in practice (IPFI: 2012. Budapest; MicroFiNet: 2016. Roma)?
- What are the main issues emerging at this stage of policy implementation?

The aim of the present study is to provide a short overview of the analysis being carried out as part of the project on the access to finance for SMEs. The main focus on one hand is on the theoretical, practical and regulatory issues related to microfinance in Europe and on the other hand the experience of Member States studied as regards providing microfinance.

Correspondingly, the study explores international experiences in managing such public funded schemes, as well as a strong emphasis will be placed on presenting to what extent relevant international expert guidance and recommendations have been embedded.

Download the study:

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# Microfinance programmes and the utilization of public money



## MICROFINANCE PROGRAMMES AND THE UTILIZATION OF PUBLIC MONEY



The National University of Public Service (NUPS) hosted a conference on Economic Development and Microfinance on 22 November 2018, at which Hungarian and foreign professionals reviewed the impacts the application of microfinance instruments had on the economy and social development, as well as the challenges of the future. Györgyi Nyikos, the Vice-Rector for International Affairs of the NUPS and the host and chairperson of the conference, welcomed the guests of the event. In her speech she highlighted that microfinance was a complex economic development tool, the results of which may only be assessed correctly if examined from several aspects and over a longer period of time. Györgyi Nyikos added that the event provided an opportunity for the participants to become familiar with the various scientific and professional opinions concerning microfinance, and may motivate the launch of new researches.

Magdolna Csath gave a talk on competitiveness, during which she explained that she attached great importance to microcredit as an instrument ensuring the strengthening of competitiveness at national level and the promotion of economic dynamism.

Pal M. Vik, Director of Community Finance Solutions, University of Salford talked about the economic significance of microcredit in light of international researches.

Jorge Ramirez Puerto, General Manager of the European Microfinance Network pointed out the importance of social impacts. In his talk, he also outlined the ideas of the European Committee after 2020. He mentioned that the Committee intended to increase the promotion of microfinance in the next programming period.

Péter Vonnák, Vice-President of the Hungarian Microfinance Network, described the outcome of the research examining the social impact of the activities of Hungarian non-profit microfinance providers, whereas András Nagy, President of the Hungarian Microfinance Network summarized the outcome of a domestic research on access to microcredit sources and the recommendations formulated based on the results in his talk.

Mercedes Diaz Rodriguez, Professor of the University of Cadíz and Maria del Rosario Carmona Luque, Professor of the University of Sevilla described the training practices of their respective universities, and their experience related to the social assessment of microcredit projects in their talks.

In their panel discussion, the participants (Krisztina Júlia Szabó, Pal M. Vik, Jorge Ramirez Puerto and Györgyi Nyikos) all agreed that in order to increase the efficiency of microfinance instruments it was important to exploit their impact ensuring social inclusion, therefore they proposed that these aspects should appear more prominently in the regulation concerning the application of the instrument.

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