

## **Peer to Peer & Exchange Visit Report**

### Fondi BESA sh.a. visited FEA - Fejer Enterprise Agency 17<sup>th</sup> to 19<sup>th</sup> April 2014

#### **Background of the meeting and the visiting delegation:**

On 17<sup>th</sup> & 18<sup>th</sup> April 2014, a delegation of Fondi BESA paid a Peer to Peer Visit to FEA-Fejer Enterprise Agency-Regional Foundation for Enterprise Promotion in the town of Szekesfehervar-Hungary.

Fondi BESA delegation was compounded by Prof.Ass.Dr. Altin MUCA-Director of Marketing & Development & Training Department; Dr. Robert LUKAJ-Director of Risk Management Department; Mr. Bujar Xhafa-Director of Legal Department.

Our visit was organized based on a request addressed to EMN (European Microfinance Network) to know the best and reliable experiences of EMN network regarding the relationship and support of MFIs from government and other state agencies that support micro and small businesses.

The other specific requests were focused on the issues of Taxation of MFIs as Joint Stock Companies, assistance/involvement of MFI-s in specific projects financed by government that aim the self-employments and poverty reduction.

A specific issue was the way how the government could provide or facilitate issuing guaranties (for example sovereign guaranty) in cases of agreement with different donors.

Another issues that we were interested in to know was how can microfinance institutions be involved in the implementation of development projects through government grants fully or partially subsidized with loan interests; establishment of guarantee funds from government agencies to support lending for micro and start-up businesses etc.

Furthermore, this exchange visit was a very good occasion to share useful experiences related to different issues about MFIs management.

## Lessons learnt during the visit:

The first important issue that makes a difference with the Albanian microfinance reality was that in Hungary there is no unified microcredit sector.

Based on this reality, in Hungary there is no general legal framework regarding the microcredit sector. As we were informed, there were some special rules in force, which regulate the operation of institutions that deal with microcredit.

The microcredit mainly was based on the special programs within the LEA-s Local Enterprise Agency, which were present all over the country (in each region of Hungary).

For fulfilling the demand for microcredit the most adequate and most efficient method were the microcredit programmes operated by non-profit organisations and fulfilling social objectives.

During the discussion we got some interesting points that we can summarize as follows:

First, this Foundation gets funds from the Central Bank of Hungary, granted specifically to support micro and small businesses. The Central Bank of Hungary has specific budgets for special programs to support micro and small businesses through programs implemented by the LEAs.

Another good experience that we saw was that all the start up business, even the micro and small business (existing ones), got special training for different topics of management. These training programs were well organised and provided by well trained specialists.

Another issue of interest was the MIS "Credinfo". It was a very useful and appropriate system that guarantees a good management of loan approval. "Credinfo" makes possible realising correct and reliable financial analyses of client's financial data.

We saw that clients could present their business data on-line (mainly financial statements) and the loan approval process (not in all cases) could be made on-line.

A very interesting point that we were told was that Foundations were involved in some development programmes, financed by government and local authorities.

**The visiting organisation's plans to adapt some key lessons to its own organisation:**

In Albanian there are two types of MFIs. Microfinance institutions, operating as NBF (Non Bank Financial Institution) and SCA (Saving and Credit Union).

The main players of microfinance Institutions in Albania operate under the legal status of Joint Stock Companies. The SCA (Saving and Credit Union) operates under the law for Savings and Credit Unions.

Based on the legal status of our institution and the regulation of Bank of Albania, we think that these two experiences can be considered to implement.

Firstly, there is not any special regulation or law that the Bank of Albania (Central Bank) can locate and provide funds, as grants, for Microfinance Institutions.

We really believe that we can address this issue to policy makers and discuss with them about these experiences. We believe that microfinance reality in Albania has valuable social economic impacts and such institutions deserve financial support.

Second, we saw that "Credinfo" was well designed and we found out many interesting parts of it that can be applied in our MIS.

We have already referred "Credinfo" to our IT Department and they are considering how to find some features of it that would be analyzed and fit in our MIS. We will be in touch with FEA for any suggestion or recommendation during the process.