

Microfinance and Start-ups

MFC Webinar Session

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Microfinance Centre (MFC)



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Research Objectives

- to assess the ecosystem for start-ups
- to understand the role of microfinance in the ecosystem for start-ups
- to identify the ways of supporting MFIs in serving start-up enterprises

Activities

- Phase I - Overview of the ecosystem for start-up enterprises (desk review)
- Phase II - Country visit (a country level workshop is possible)
- Phase III – Analysis and communication with the Commission
- Phase IV – Dissemination of results in the countries, at the EU level

Phase I

Desk review of the information on the conditions for setting up a business and support programs and institutions aiming at helping entrepreneurs to establish a business and survive:

- Entrepreneurship culture
- Regulatory conditions for business
- State support
- Access to finance
- Access to non-financial services

What are publically available information on country entrepreneurship?

Phase II

Five-day visit to the country to meet with microfinance providers and institutions involved in providing business support services to discuss the following topics:

- Startups as target clients - their needs, capacities
- Scale of financial services provision to startups
- Challenging in providing financial services to this group
- Challenges in providing non-financial services to this group
- Ideas for new types of services or support programs to startups

Who would be essential to interview? Who would be essential to invite to the summary workshop?

Phase III & IV

Reports:

- Country report after each country visit
- Research paper
- Policy paper in cooperation with EMN

Dissemination

- MFC & EMN Channels
- DG Employment & DG Growth

Who type of publication/presentation of research results would be helpful for your advocacy purposes?

What other dissemination channels should we use?

Countries

- 2016 – Bulgaria, Hungary, Romania
- 2017 – Albania, Macedonia, Montenegro, Serbia and 4 Western European countries

What is the best timing to carry out the research in the countries?

How would you like to be involved?

Who can be contact person in your organization with regards to this research?

2016 Findings

Common findings:

Entrepreneurship

- 40,000-70,000 new firms created each year
- Good business idea and entrepreneurial spirit are the key drivers of success
- Lack of access to markets and business skills are the reasons for failure

Start-up support

- The scale of start-up support is limited, especially to those not in the IT or new technologies

2016 Findings

Country specific findings:

Entrepreneurship

- Differences in the level of entrepreneurial spirit, with Romania having the highest and Bulgaria the lowest

Microfinance

- Hungary - support to prospective entrepreneurs and startups through non-financial services
- Romania – some non-financial services offered together with microcredit but on a very limited scale
- Bulgaria – only financial services offered to start-ups but limited outreach as few entrepreneurs have viable business ideas

2016 Findings

Ideas for start-up support programs with MFI engagement:

- **Guarantee scheme with high coverage**
- **Combined financial product: loan + grant**
- **Stepped program from training to loan**
- **Grant financing for successful start-ups**
- **Micro-equity**

Thank You!

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