

THE PROGRAMS OF MICRO AND SMALL LOANS by HAMAG-BICRO

Offenbach, 26th October 2016

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HAMAG BICRO

- **the Croatian Agency for SMEs, Innovation and Investments established by the Government of the Republic of Croatia with the purpose of enhancing SME development and promoting investment and innovation. The Agency is an independent institution under the supervision of the Ministry of Entrepreneurship and Crafts**

THE CONTENT OF THE PRESENTATION

- **Existing programs and past experiences**
- **Ex ante assessment of financial instruments**
- **New programs for micro and small loans**

MICRO-CREDIT - THE FIRST STEP IN ENTREPRENEURSHIP

- **The program was introduced in 2013 as a fast and efficient source of financing**
- **It is intended for start-ups operating less than 2 years**
- **Encourages entrepreneurship through self-employment with crafts and trade companies**

MICRO-CREDIT - THE FIRST STEP IN ENTREPRENEURSHIP

- **The minimum loan amount was 1.333,00 EUR**
- **The maximum loan amount was 16.000,00 EUR**
- **Fixed rate 0.99% per annum (effective interest rate 1.09%)**
- **Repayment period up to 5 years including a grace period up to a maximum of six months**
- **Loan funds are intended for investment in fixed assets**
- **Up to 40% of the loan amount can be used to finance working capital**
- **The collaterals are promissory notes**

MICRO-CREDIT - THE FIRST STEP IN ENTREPRENEURSHIP

	2013.	2014.	2015.
The total number of received	220	263	189
Total loans	32	45	34
Total amount approved	247.072,50 EUR	589.512,87 EUR	493.333,33 EUR
Average loan amount	8.564,77 EUR	13.100,29 EUR	14.509,80 EUR
Gender owner of F / M	12/20	24/21	17/17
Activity Investment Manufacturing / Services / Other	9/14/9	20/23/2	11/22/1
The most represented region	Central Croatia	Central Croatia	Central Croatia

EX-ANTE EVALUATION OF FINANCIAL INSTRUMENTS

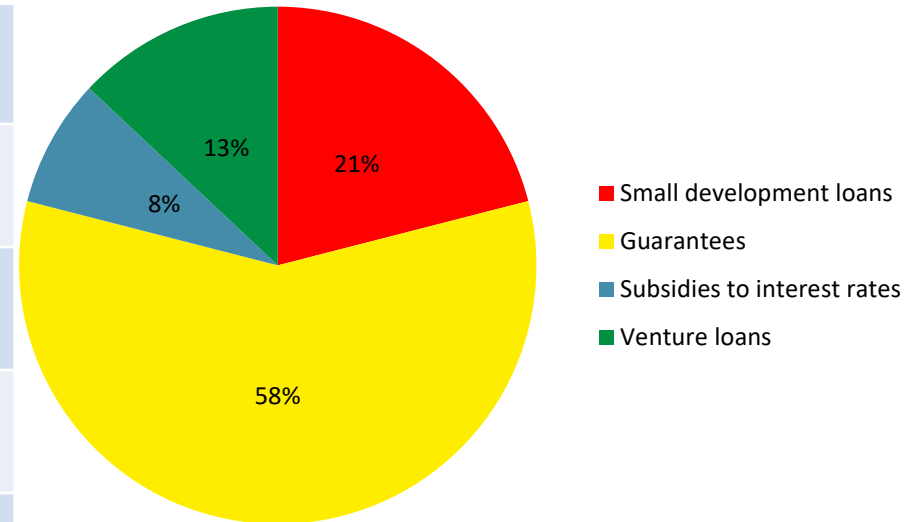
- **Availability of funding, especially for SME's is insufficient**
- **Public resources is insufficient**
- **Private sources are not available due to excessive risk**
- **Financing gap, which is the consequence of the established market failure, in Croatia ranges between 308 and 542 million EUR**

THE CAUSES OF THE UNAVAILABILITY OF SOURCES OF FUNDING

- **High levels of uncertainty in relation to the economic prospects**
- **The unfavorable financial position of the company (debt to equity unfavorable, low profitability)**
- **Insufficient security instruments**

ESIF ALLOCATION FOR FI

Instrument / Product	ESIF
Small development loans	3.333.333,33 EUR
Guarantees	9.333.333,33 EUR
Subsidies to interest rates	1.333.333,33 EUR
Venture loans	2.000.000,00 EUR
TOTAL	16.000.000,00 EUR



THE OBJECTIVES OF FINANCIAL INSTRUMENTS

- **Facilitate access to finance for SME's through:**
- **Greater availability of loans (and other forms of financing, wherever applicable)**
- **Reducing interest rates, including margin related to the risk**
- **Reducing the level of funds needed security (collateral)**

THE NEW INSTRUMENTS OF THE LOAN

- **Micro loans are loans up to 25.000,00 EUR intended for small businesses, including micro-enterprises and crafts**
- **Small loans are loans intended for SME's in between of 25.001,00 EUR and 50.000,00 EUR intended for small businesses, including micro-enterprises and crafts**

THE MICRO AND SMALL LOANS

Feature / Instrument	ESIF Micro loans	ESIF Small Loans
Target group	Micro and small entities of the economy (including newly established businesses)	Micro, small and medium entities of the economy (including newly established businesses)
Amount	From 1.000 ,00 EUR to 25.000,00 EUR	From 25.000,01 EUR to 50.000 ,00 EUR
Minimum repayment period	12 months	12 months
Maximum repayment period	5 years (In the case of working capital up to 3 years)	10 years
The purpose of micro-credit	Investments in fixed assets and working capital. Are allowed and micro loans with a 100% share of working capital.	Investments in fixed capital
Activities	Activities permitted de minimis regulation. Trading activities are excluded.	Activities permitted de minimis regulation. Trading activities are excluded.
Refinancing of existing loans	Is not allowed	Is not allowed
Interest rate	0,5 - 1,5%	0,5 - 1,5%
The interest rate for working capital	1,5 – 3,5%	Not applicable.
Charge	Not applicable.	Not applicable.
Grace period	Up to 1 year	Up to 1 year
Instrument insurance	Debentures Other collateral if the level of risk must be minimized.	Fixed assets to be purchased by credit funds, promissory notes.
State aid	De minimis	De minimis