

MICROCREDITS

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1. SUMMARY OF GOOD PRACTICE

Overview

Operated by Opportunity Microcredit, a non-banking financial institution set up to support micro and small size enterprises in Transylvania, Microcredits are flexible loans granted to creditworthy micro businesses unable to access bank finance. Supported by a simple written application and loan approval process, grants can be used by micro enterprises to pay off their debts, refinance their enterprise and/or fund capital or working capital expenditure.

Key Aims

The scheme provides companies with the financial resources needed to enable them to widen their business opportunities, helping them to grow and achieve more efficient sustainable development. Opportunity Microcredit takes the view that enabling clients to develop a business will lead to long term employment and economic growth.

Resources

▪ **Key Partners**

- Set up in 1995 by the Opportunity International Network expert in operating microfinance programs. **Opportunity Microcredit** is one of the leading financial institutions in Romania with a social purpose. It is a non-banking financial institution founded with the purpose of supporting micro and small size enterprises in Transylvania.
- **Opportunity International Network (OIN)** is a globally recognised leader in the microfinance Sector providing services to 5 million people worldwide. The **key funder for the Microcredits programme** OIN provides technical assistance and links to the financial systems and processes needed to implement the programme in addition to funds for the loans.
- (Although not the financial body or implementing organisation for the scheme, having identified the good practice the **Regional Development Agency** do promote the scheme through their networks).

▪ **Target Client Group/Eligibility Criteria**

The scheme is aimed at four key sectors; Manufacturing, Services, Trade and Agriculture. Companies eligible for support include:

- **Micro-enterprises** up to 9 employees and annual net turnover or total assets of up to 8 mil RON (~€2 mil)

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- **Small enterprises** 10-49 employees with an annual net turnover or assets of up to 40mil RON (~€10 mil)
 - **Agricultural Companies** owning or renting a minimum of 50-60 Ha and a min of 30 cattle or 400-500 sheep
 - **Agro Licensed Individuals** with agricultural companies owning/renting < 50/60 Ha with a maximum of 30 cattle or 400-500 sheep.
- **Terms & Conditions**
- Grants range from €250 for new clients to €15,000 to €30,000 for existing clients. Payback periods range from 3 months to 60 months
 - Clients are charged a fixed interest rate in the first 12 months which is then subject to 3 monthly reviews linked to the current ROBOR rate.

2. IMPLEMENTATION/WHAT HAPPENED?

As far as the Regional Development Agency is aware the project has been delivered as intended following a good implementation plan.

Key Stats: Results from the programme to date

KEY MEASURE	OUTCOME
Assessment of Applications	7 days
Applications Approved	15,000 +
Total Funding Granted To Date	€47,362,637
Enterprises Supported	13,000
Jobs Sustained	18,500

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3. KEY LEARNING POINTS & OPPORTUNITIES

Backed by a highly experienced international organisation, Opportunity Microcredit is an ongoing and proven financial instrument able to adapt to the changing market and global economic evolution. With its international dimension and mission to provide opportunities and support for small entrepreneurs in order to improve their living, Romanian stakeholders consider the scheme represents a good return.

Operating for > 15 years, Opportunity Microcredit has succeeded in establishing long term relationships with its customers and has a positive image on the market with satisfied clients endorsing the programme. Key success factors include a high quality service with access to international best practice, specific knowledge and experience of microcredits and focus on the microcredits sector.

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Whilst the results to date from the programme are good, the inability of customers to pay back microcredits in the recession, the competitive environment, withdrawal of creditors and political instability are factors which may impact on the project.

FURTHER INFORMATION

Opportunity International Network - <http://www.opportunity.net/>

You Tube - <http://www.youtube.com/watch?v=KWaNZPOWcjw&feature=plcp>

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