



ETNA microcredit finance mechanism

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Tallinn

NGO ETNA Estonia...

- ... was founded in 2003 by the entrepreneurship support persons' initiative.
- Our aim is to improve the image and vitality of rural life, and also to balance development between urban and rural areas and to promote gender equality in society.



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Muhammad Yunus has said...

People are not poor because they are stupid and lazy. They are poor because they do not have the opportunities that would help them get out of poverty. Poverty is a structural, rather than a personal problem.

I believe that every human being has the potential to be an entrepreneur, only a few get the opportunity to use their talent and some of it never can be, as we are accustomed to think that being an entrepreneur is something special and complex. The poor are accustomed to think and act towards business.

Giving loans to women, we will get it back for more. Women think of the first family, the children and the community apart, because they do not spend money just to take advantage of.

Women and Entrepreneurship?

Estonia is small. As a result of some weird genetic mutation the Estonian Entrepreneur is either large or very large. Being Little would be some kind of a shame anyway. Once a business is created, it should be large.

A.Arrak 21.08.2012

The ETNA microcredit...

... financial mechanism comprises of:

- The Preparatory phase – mentor groups;
- The Transitional phase – loan groups;
- Trainings – basics of entrepreneurship, compilation of a business plan, counting, sales, marketing;
- A Financial instrument – microcredit;

Added values – joint marketing, the skilled use of social media, activation of the community

The purpose of the Financial Mechanism

- ... was/is alleviation from the effects of economic crisis (reduced or lost income, unemployment, etc.) in rural areas through creation or development of business opportunities for women, and to offer support.
- Increasing rural residents' self-confidence and entrepreneurial thinking.
- Contribution to reducing poverty and unemployment in rural areas.
- Reducing families' migration from the countryside to cities or abroad, to promote the? densely populated rural areas.

Actions?

- Loan Groups (11) were set up in rural areas for women who wanted to create and develop their own businesses (inc women active in family businesses).
- Supported rural residing women with their business start-ups and development through mentoring and training, and providing flexible credit facilities.
- Development of effective measures to help female entrepreneurship in the rural areas.

What is being done in the Mentor Groups?

- Mentor Groups give people the chance to share their concerns, ideas, opportunities and challenges with others.
- Mentor Groups create a secure and challenging creative environment in which business ideas are generated in accordance with the work plan and then discussed.
- Helping women find the next steps to further develop entrepreneurial ideas into action.
- They encourage development of self-confidence and inner reflection.
- Participants create mindmaps, which help them to find opportunities and skills together.
- Visualization of the potential business ideas.
- Participants posing individual goals.

Mentors



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What is being done in the Loan Groups?

- ETNA financial mechanism is maintained by the Loan Resource Manager together with the two coordinators.
- Loan Groups' activities are coordinated by the Process Leader in the first year (who is not a member of the group and cannot apply for loan).
- The Process Leader has the responsibility to take part in group meetings and to make the group work together and support each other. Also, Process Leader is responsible for reporting the activities of the Loan Group.
- Each member of the group must contribute towards savings. The savings are used for training, the idea trips, etc by a joint decision of the Loan Group.

Process Leaders



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What are the conditions for obtaining a loan?

- Conditions of the loan and the accompanying documentation is approved by the Board of ETNA.
- Loan resources can be used to start or develop a business; acquisition of the current assets, bridge financing, or the like. Deposit or other guarantees won't be required.
- One group allocated loan facility is EUR 9,586 (one group member has the maximum loan amount of up to EUR 2,000).
- The repayment period is up to three years and has an interest rate of 5% per annum.

If Member has a problem with repaying the loan?

- Loan Group member is immediately required to inform the members of their group and the Loan Resource Manager about possible payment difficulties.
- Other Loan Group members can not apply for a loan until the payment difficulties are eradicated.
- In case of payment difficulties, the Loan Group is obliged to draw up a joint action plan for the eradication.

Research?

- A research was carried out by Laas&Laas OÜ.
- The aim of the research was to map the status of women, their business experience and/or as well as their cooperation experience willingness.
- The research was conducted among people who attended the information seminars.

Who participated in the research?

- 165 women aged 19-77 were interviewed. Two-fifths of the respondents were over 45 years old.
- Half of them lived in villages and the rest lived in towns or small cities.
- Nearly 90% of the respondents had children. On average, two-thirds of the respondents lived with their children.
- Two-thirds of women over 45 years lived separately from their children.

What characterized the respondents?

- Educational level was high: 80% had vocational or higher education.
- More than half had multiple professions, and there were two-fifths of the learned profession.
- 60% of the women were able to use their professional skills in business. The rest of them wanted to gain new skills.

What were the differences in the age groups?

- Younger women were more self-confident. They believed that they had family support, and they themselves would decide their business issues.
- At the same time, they felt a lack of knowledge and skills, which is why younger women need more expertise, entrepreneurial training and counseling.

What were the differences in the age groups?

- Older women had quite serious problems with self-belief. It is so, because they didn't believe in their family support.
- However, older women felt more confident in their business related expertise.

When designing the activities we took into consideration that...

- ... half of the rural women are their children's primary caretakers while also being responsible for daily chores and only half of the respondents are able to share these commitments with their partner or another family member.
- ... every eighth respondent is not supported by a partner in her doings, and every seventh respondent has a family member in need of care.

2014 in figures

- On the basis of the Loan Groups' annual reports 2014 members owned 64 legal business entities, which had annual turnover 621,871 €.
- in 2014 were established 4 new legal entities: (1 - Ltd; 1- NGO; 2 – FIE (the self-employed person)).

Activity areas?

- The so-called soft feminine activities make up the majority (consultations, organizing events, workshops, crafts, sewing, design, ceramics, various beauty treatments, etc.).
- The so-called male-specific activities are also represented (selling industrial equipment, car-repair, beekeeping, wood processing, etc).

The use of loan resources?

- signed loan agreements - 53
- used loan resources – 100 805 €.

International recognition

- OECD presented the edition - *Missing Entrepreneurs 2014*. The publication represented the ETNA microcredit financial mechanism as Estonian measures for engagement in business activities.
- ETNA micro-credit financial mechanism was awarded as a semifinalist in the EU Social Innovation Competition 2013.

For more information, please contact:
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Thank You for the attention!



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