



## The Network

The Hungarian Microfinance Network is comprised of 20 Local Enterprise Agencies (LEAs) throughout Hungary. The LEAs operate in form of non-profit foundations or public foundations initiated by local governments, banks, finance associations for the promotion directly the SMEs in the 1990s. The mission of the network is to contribute to the creation of employment and a sustainable economic development in Hungary. Its objective therefore is to prepare and serve Hungarian small and medium-sized enterprises (SMEs) with and through a variety of financial and non-financial programmes.

## Achievements

The network has implemented the Phare Small and Medium-sized Enterprise (SME) Development Programme in Hungary since its beginning in 1991. LEA programmes comprise incubator house initiatives, industrial park programmes, subcontracting and subcontracting factoring, e-business and risk capital programmes, clusters, agricultural and tourism development projects, development of the microcredit programmes and involvement of commercial banking resources into credit granting to SMEs. The LEAs have so far participated in nearly all European Union programmes in connection with SME development (Credo, Phare Cross Border Cooperation, IPP, Sectoral Operational Programmes, TACIS, Ecos-Ouverture, BSP and have thus gained unique project management experiences. The LEAs can thus act as a bridge between Hungarian SMEs and enterprises operating in all other countries of the European Union.

## A reinforced cooperation

Following the recommendations of the Delegation of the European Union back in 1999 a consortium agreement was signed by all LEAs in 2000. The form of consortium – reinforced also by international experiences – can serve SME development purposes in a more effective way. In 2003 a joint enterprise, an incorporated entity (OVK Public Service Company) was established to be able to participate in various initiatives and sign contracts and agreements on behalf of the whole network. The public service company serves also as a background institution and operates the coordination office in Budapest. Due to the changes in legislation, the network form of association changed in 2007 along with the name. That is how the Hungarian Enterprise Development Network Consortium Non-profit Ltd (MVHK) came into being, which is the backing organisation of the similarly named consortium. The main objective of MVHK is to make the activities of the members i.e. the 20 national LEAs more effective and productive. The legal backgrounds of the Hungarian Microfinance Network set up by the LEAs are also provided by MVHK Non-profit Ltd. That network successfully participates in the operation of the JEREMIE type Microcredit Program.

## Membership in professional associations

The network is a member of the European Microfinance Network. Individual LEAs are also members of Business Innovation Network (BIC) and the Enterprise European Network (EEN).

## Proposal for cooperation

From 2007 the network decided to be more active in the international field and extend cooperation with partner organisations with similar objectives outside Hungary. The kind of cooperation envisaged includes initiation, generation, elaboration and implementation of joint projects, programmes, actions, credit lines, tender proposals to EU funds with a scope on SME promotion, economic and employment development as well as other EU related topics. This cooperation should be based on a mutually beneficial relationship basis.

## The Hungarian Microfinance Network

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