



Financial Instruments under ESF in Marche Region – Loan of Honour

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Marche Region

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Marche Region



- One of the most industrialised region in Italy
- Regional model of development based on micro, small and medium-sized enterprises (SMEs) located in industrial districts
- 1.500.000 inhabitants
- 160.000 SMEs
- 8.7 % unemployment rate
- 63.1% employment rate, but 70.4 men and 55.9 women



DESCRIPTION OF THE INITIATIVE

- Loan of Honour (microcredit) backed by a guarantee scheme to promote entrepreneurship, offering jobless individuals the resources and training needed to set up a business
- ESF, Regional Axis Employability
- The project has been developed over the course of three cycles (2006-2008, 2010-2012 and 2013-2015) in two programming period (2000-2006 and 2007-2013)
- Sectors of interventions: production of goods/manufacturing, trade and services

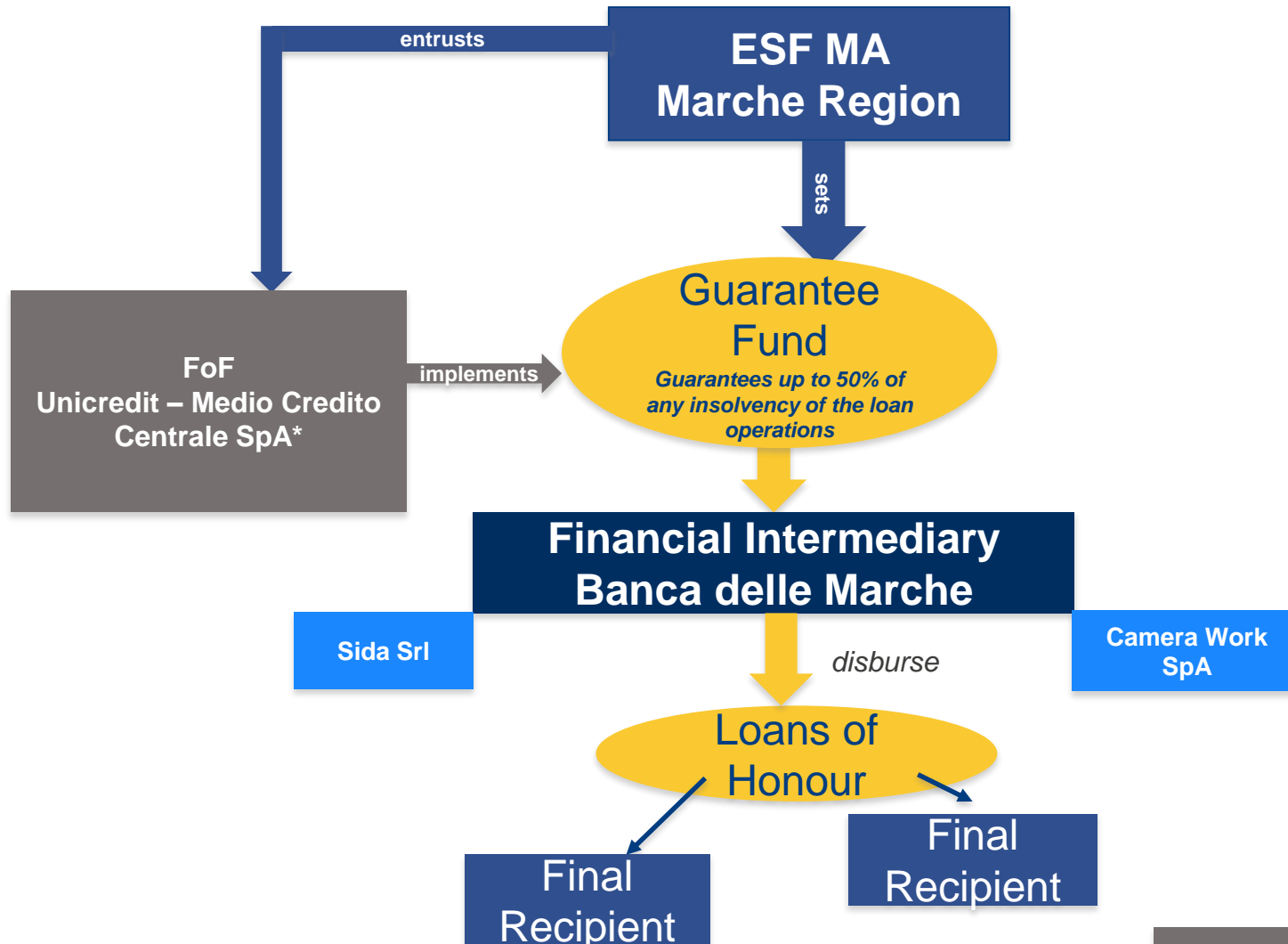


OBJECTIVES

- To facilitate the access to credit for those who have difficulties in obtaining financing through the traditional banking channels (especially young people).
- To provide training tools and specialist support to good ideas.
- Helping to start up new businesses in the medium-term, excluding the use of borrower collaterals of any kind.



Governance Structure

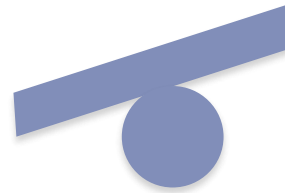


* FoF designed by the Investment Committee



Leverage effect

The leverage effect of the guarantee scheme was
€ 16.393.765,10 of Loans
€ 3.800.000 of guarantees (1.500.560 ESF)



Leverage x 4.31 (total programme contribution)
Leverage x 10,89 (ESF contribution)



RESULTS

- 1 355 new firms financed over the course of 3 cycles (2006-2008, 2010-2012 and 2013-2015) of which 867 benefited from the guarantee – created 3 387 new jobs.
- Reduction of information asymmetry as the regional Government partially financed the guarantee.
- The partial guarantee is a disincentive for the financial intermediaries to behave opportunistically and to carry out an appropriate screening of the potential borrower as it provides its resources and risk part of the capital.
- These kind of initiatives are further less costly than direct financing and co-financing in terms of public funds.



Thank you

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