



FIN-URB-ACT

Integrated urban actions
for fostering and financing
innovative economies and SMEs

Micro financing in Leipzig

Wennemar de Weldige
Edinburgh, 2010-02-09/10



Connecting cities
Building successes





Leipzig Action Plan (1) Creation of demanding financing instruments

Support: Employ the **existing partnership** (city, savings bank, chambers) connected to Leipzig's **start-up agency "ugb"**
Make use of the **"Microfinanzfonds Deutschland"**

Targeting: **200,000 Euro per year**
provision of between **50 – 100 micro loans p.a.**
for **start-up companies**

Finance: pool local and national capital,
20% to be raised by the **local actors** (city, savings bank, others) directly
80% by micro finance fund **Germany** (Fed. Ministry of labour/ ESF)

Administration: Leipzig **savings bank**.



Leipzig Action Plan (2) Expansion of the consultation offers

Expand the established **consultation and support** offers in the start-up agency “ugb”; meet the demand for **specialized consultation** that has been identified in the on-going support activities of the ugb.

Improve in particular, currently insufficient **consultation offers for the innovative sector** such as the high tech sector.

check the **availability of regional support programs (ERDF)**

improve and extend – step-by-step – the existing **network of advisers integrate** external advisors on specific topics into the ugb programme.



Leipzig Action Plan (3)

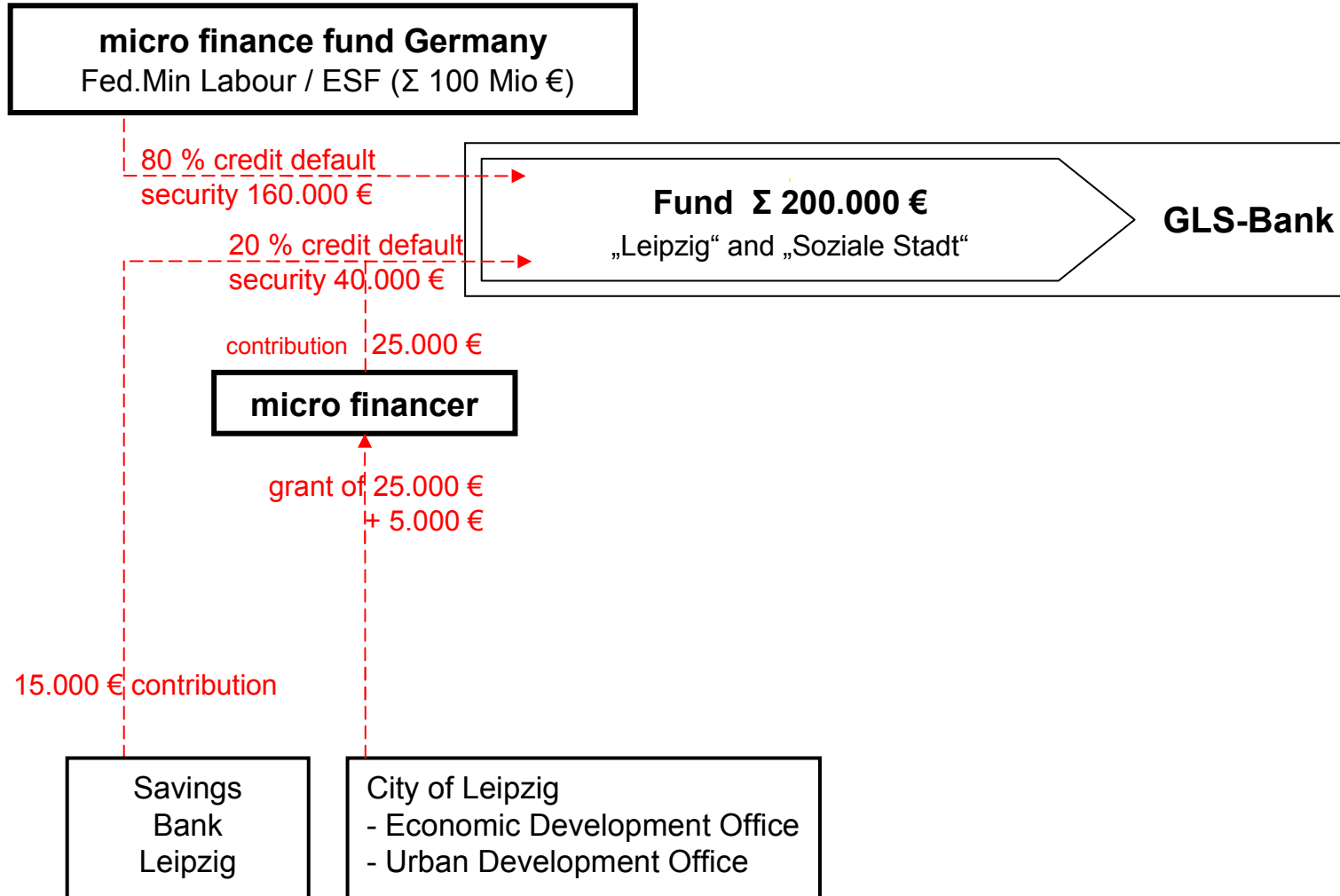
Local partners of FIN-URB-ACT

- City of Leipzig Leipzig
- Start-up agency – ugb
- Chamber of Industry and Commerce
- Chamber of Handcrafts and Trade
- Business Innovation Centre BIC Leipzig GmbH
- Biology net

Regional partners of FIN-URB-ACT

- Saxon Ministry of Economics and Labour (SMWA)
- Development Bank of Saxony SAB

n.n. Partner micro-finance





micro finance fund Germany
Fed.Min Labour / ESF (Σ 100 Mio €)

80 % credit default
security 160.000 €

20 % credit default
security 40.000 €

Fund Σ 200.000 €
„Leipzig“ and „Soziale Stadt“

GLS-Bank

micro financer

contribution 25.000 €

grant of 25.000 €
+ 5.000 €

micro loan
Ø 3 – 5 TEUR

return
Ø 9 – 12 Mon.

SME

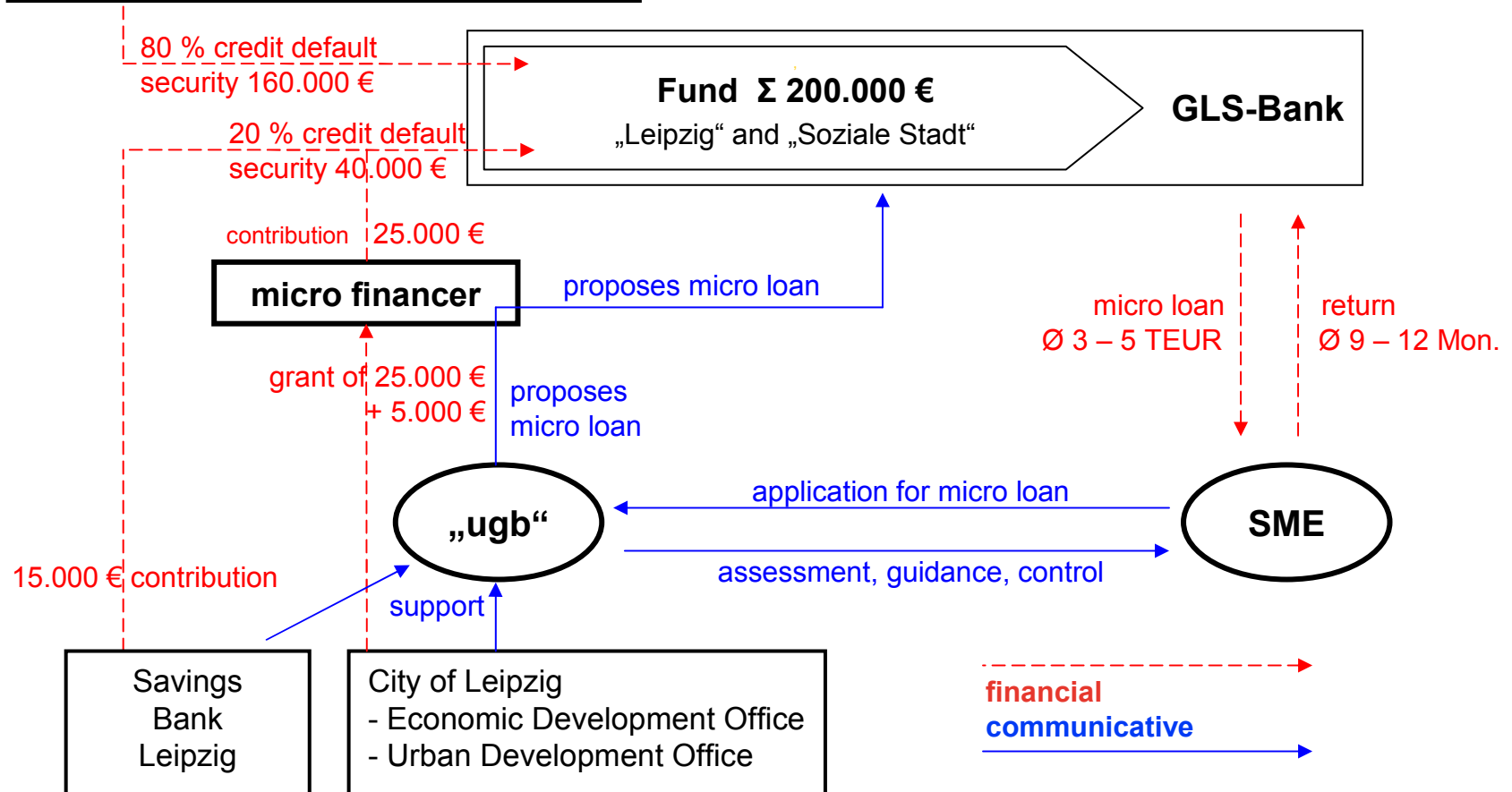
15.000 € contribution

Savings
Bank
Leipzig

City of Leipzig
- Economic Development Office
- Urban Development Office



micro finance fund Germany
Fed.Min Labour / ESF (Σ 100 Mio €)





How can cities create a favourable environment that local banks are more active?

Preliminary findings from Leipzig: □

- limited relevance of the local environment for the scope of activities of local banks
- Limited local influence on the banking sector's approach to financing SME
- local small banking (corporate/non-corporate) ≠ micro-finance
- Micro lending means financing entrepreneurs not enterprises
- Cities can and should develop a favourable environment specifically for micro-finance not merely for local banks but open to any financier who engages in new approaches to financing entrepreneurship



AN URBACT II PROJECT

Grazie Thanks
Danke **Merci** Gracias
Ευχαριστώ multumesc
Takk dziękuję dakujem hvala
Obrigado dziękować
tänan kiitos köszönöm aciu
Tack děkuji paldies
nizžik ħajr dank u wel



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