



Integrated urban actions  
for fostering and financing  
innovative economies and SMEs

**Title: Cooperation and experiences  
from the FINURB-ACT network  
between Edinburgh and Managing  
Authority (ESEP)**

**Speaker: Gordon McLaren**

**Date: 9/2/11**



Connecting cities  
Building successes



## Role of the MA/IAB

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- › **Enabling support**
- › **Policy alignment**
- › **Brokerage**
- › **Promoting strategic/collaborative responses to identified need**
- › **Knowledge and understanding of financial engineering and market failure/inefficiencies**
- › **Looking to create a dynamic investment community led by the private sector**

## East of Scotland Investment Fund



AN URBACT II PROJECT

- › a consortium of 9 local authorities in the East of Scotland
- › Replicating successful proven model developed in the West of Scotland
- › Providing much needed debt finance <€55,000 for traditional businesses
- › Professional fund management services supported by business advisers
- › Effective monitoring and reporting system in tracking investments
- › Based on need identified in Fin-Urb-Act

## Benefits to SMEs

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- › **SMEs continue to experience difficulties in securing development finance/working capital from traditional sources**
- › **Small businesses struggle to afford credit terms and overall costs of borrowing**
- › **This scarcity and increased costs of credit has made EU support crucial**

## VCLFs and State Aid

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- **Market conditions change and therefore require regular monitoring and analysis.**
- **At the point of potential overlap/duplication with private sector investments, public sector led interventions need to withdraw from the market to avoid distorting competition.**



***“Business Angels are an essential part of the financing food chain” (DG Enterprise, September 2005)***

- › High net worth individuals who often invest as managed groups or syndicates in early stage SMEs
- › Share tasks in sourcing and negotiating deals and importantly share risk
- › In Scotland the 20 Angel groups invest more funds into more companies than traditional VCs
- › Tend to have a better success rate as a result of both pooled capital and knowledge
- › Role of LINC (Local Investment Networking Company) in terms of supporting infrastructure

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**