**Training Fiche Template**



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| **Title** | Access to Funding | |
| **Keywords (meta tag)** | Micro credits – private loans – EU structural funds – EU Next Generation – access to funding | |
| **Language** | English | |
| **Objectives / Goals / Learning outcomes** | * Learn about funding opportunities for women businesses * Learn about micro credits opportunities and private loans * Learn EU structural funds principles * Learn about EU next generation funds for COVID-19 recovery | |
| **Training area: (Select one)** | | |
| **Professional, entrepreneurial and labour competences** | | **X** |
| **Digital competences** | |  |
| **Personal, social and health empowerment** | |  |
| **Description** | **This module analyses access to funding for women’s businesses, including:**   * **micro credits** * **private loans** * **EU structural funds principles** * **EU Next Generation funds for COVID-19 recovery** | |
| **Contents arranged in 3 levels** | 1. **Access to funding**   Despite the rapid growth of women-owned businesses, they tend to start their businesses with less working capital.  Compared to their male counterparts, female entrepreneurs have less access to financing; it is estimated that women-owned enterprises globally have unmet financial needs of between $260 billion and $320 billion annually.   * 1. **Microcredits and private loans**   1.1.1 Microcredits  Microcredit is a common type of microfinance in which a very small loan is offered to a person in order to assist them in starting their own small business or becoming self-employed.  These borrowers typically have modest incomes, especially those from less developed nations (LDCs). Microlending or microloans are other terms for microcredit.  The premise behind microcredit is that skilled individuals in developing nations who don't have access to standard banking or monetary systems may enter an economy with the help of a small loan.  People to whom such microcredit is extended may use barter systems to exchange goods and services rather than actual money.  Most people credit Muhammad Yunus, an economist, with creating the Grameen Bank concept, which is credited with modern microcredit.  In order to fund their respective small companies, a group of women in Bangladesh launched this scheme in 1976 by borrowing $27. The women were able to maintain the company and repay the debt.  The Bangladeshi women who got microcredit lacked the funds to buy the supplies they needed to construct the bamboo stools they would later sell, and each individual borrower would be too risky to fund on their own.  They were able to start production thanks to collective borrowing, with the understanding that the loan would be repaid over time as they made some money.  Microloans seldom surpass €2,000 and might be as little as €10 to €100.  Microcredit agreements sometimes have different structures than regular banking, where collateral may be needed or other conditions may be set up to assure repayment. It's possible that there isn't even a written agreement.  In certain cases, the microcredit was backed by an agreement with the borrower's community members, who were tasked with forcing the borrower to strive toward debt repayment. Borrowers who successfully repay their microcredits may be qualified for loans with increasing loan amounts.  1.1.2 Private loans  Loans provided to a person or business by a private institution or even a wealthy individual are referred to as private money loans, or simply private money. The group or person is referred to as a private money lender.  Borrowers are typically given access to private capital without having to meet the conventional eligibility requirements of a bank or other lending institution. The main problem is that private money loans can occasionally carry a high level of risk for both the lender and the borrower. The borrower has more leeway to use the loan for less-than-optimal objectives when there is less restriction.  The majority of private money loans adhere to the current market rate of interest. They could cost substantially more, though. If the prospective business is considered to be high risk, the lender may impose a higher interest rate after it is known what the loan will be used for.  For a private lender, risk reduction is crucial since making money is the main objective. Before making a loan offer to a borrower, a private lender considers a variety of different aspects. Some of the most crucial are:   * **The borrower's credit**: the credit score of a borrower reflects how timely and regularly the borrower has previously repaid his bills. * **Pricing strategy**: How can the lender make sure that the cost of the loan (to the borrower) is competitive with other lenders? * **Exit strategy**: The borrower's plan for when and how they will pay off the debt.   However, it's always a good idea for the lender to exercise **due diligence** and confirm any information the borrower submitted in order to obtain the loan.   1. **EU structural funds and EU Next Generation Funds**   2.1 **EU structural funds principles**  More than half of EU financing was distributed through the five European structural and investment funds under the long-term EU budget (ESIF).  The European Commission and the member states of the EU work together to manage them. Up to the end of 2023, Member States may still contribute monies under them.  These funds are set up to invest in the development of the labour market and a strong, sustainable European economy.  **2.2 European Structural and Investment Funds (ESIF)**  The ESIF focuses primarily on 5 areas:   * research and innovation * digital technologies * supporting the low-carbon economy * sustainable management of natural resources * small businesses   The European structural and investment funds are:   * [European regional development fund (ERDF)](https://ec.europa.eu/regional_policy/en/funding/erdf/) – promotes balanced development in the different regions of the EU. * [European social fund (ESF)](https://ec.europa.eu/european-social-fund-plus/en) - supports employment-related projects throughout Europe and invests in Europe’s human capital – its workers, its young people and all those seeking a job. * [Cohesion fund (CF)](https://ec.europa.eu/regional_policy/en/funding/cohesion-fund/) – funds transport and environment projects in countries where the gross national income (GNI) per inhabitant is less than 90% of the EU average. In 2014-20, these are Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia. * [European agricultural fund for rural development (EAFRD)](https://agriculture.ec.europa.eu/common-agricultural-policy/rural-development_en) – focuses on resolving the particular challenges facing EU's rural areas. * [European maritime and fisheries fund (EMFF)](https://oceans-and-fisheries.ec.europa.eu/funding/european-maritime-and-fisheries-fund-emff_en) – helps fishermen to adopt sustainable fishing practices and coastal communities to diversify their economies, improving quality of life along European coasts.   2.3 **EU Next Generation funds for COVID-19 recovery**  The EU's €800 billion Next Generation EU program is a temporary recovery tool to aid in the economy's recovery from the coronavirus epidemic and to create a greener, more technologically advanced, and more resilient future.  The European Commission is taking out loans on the financial markets to pay for Next Generation EU.  The EU has a strong credit rating, which enables the Commission to borrow money at favourable rates. The advantage is subsequently transferred by the Commission to the EU Member States directly through loans or to the Union budget through reduced interest payments on borrowings used to fund spending for the economic recovery.  The borrowing is supported by the EU budget, which is funded by own funds and contributions from all EU Member States.  The first Next Generation EU issue by the Commission happened in June 2021. The Commission's most recent policy brief, "The EU as an issuer: the Next Generation EU transformation," provides further information regarding the program's first year and its effects on global financial markets.  More than 50% of the long-term budget and Next Generation EU are supporting modernisation, for example through:   * Research and innovation, via Horizon Europe * Fair climate and digital transitions, via the Just Transition Fund and the Digital Europe Programme * Preparedness, recovery and resilience, via the Recovery and Resilience Facility, rescEU and a new health programme, EU4Health   In addition, the package pays attention to:   * Modernising traditional policies such as cohesion and the common agricultural policy, to maximise their contribution to the Union's priorities * Fighting climate change, with 30% of the EU funds, the highest share ever of the European budget * Biodiversity protection and gender equality | |
| **Self-evaluation (multiple choice queries and answers)** | 1. Microcredit’s agreements:    1. Have always the same structure than regular banking    2. Have always a written agreement    3. **Can be performed without written agreements** 2. Private loans can come:    1. Only from banks    2. Only from individuals    3. **Both from individuals and groups** 3. EU Structural funds focus on:    1. 3 areas    2. 4 areas    3. **5 areas** 4. The EU can borrow money at favourable rates thanks to:    1. **A strong credit rating**    2. A low credit rating    3. Speculation 5. More than 50% of the long-term EU budget supports:    1. Digitalisation    2. **Modernisation**    3. Inclusion | |
| **Resources (videos, reference link)** | // | |
| **Related material** | // | |
| **Related PPT** |  | |
| **Bibliography** | <https://www.smallbusinessfunding.com/funding-options-women-owned-businesses/>  <https://www.investopedia.com/terms/m/microcredit.asp>  <https://www.cipe.org/blog/2021/03/18/the-role-of-microcredit-loans-in-womens-economic-empowerment/>  <https://philanthropyconnections.org/project/microcredits-for-womens-group/>  <https://www.cubefunder.com/business-loans-for-women/>  <https://corporatefinanceinstitute.com/resources/commercial-lending/private-money-loan/>  <https://ec.europa.eu/info/funding-tenders/find-funding/funding-management-mode/2014-2020-european-structural-and-investment-funds_en>  <https://single-market-economy.ec.europa.eu/smes/supporting-entrepreneurship/women-entrepreneurs_en>  <https://ec.europa.eu/regional_policy/en/funding/>  <https://www.consilium.europa.eu/en/infographics/ngeu-covid-19-recovery-package/> | |
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