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**FUND RISING INSTRUMENTS FOR SMALL BUSINESSES – FRISBY**

**Programme: Interreg Europe**

**Second call for proposals: April 5- May 13, 2016**

**Priority Axis 2: Competitiveness of SMEs**

**Specific Objective 2.1. Improve the implementation of regional development policies and programmes, in particular programmes for investment for Growth and Jobs and, where relevant, European Territorial Cooperation programmes, supporting SMEs, in all stages of their life cycle to develop, achieve growth and engage in innovation**

The project aims at creation of financial support schemes for entrepreneurs and micro and small enterprises (E/MSEs).

**Main issues to be addressed:**

At the moment the existing sources for funding are available to E/MSEs at a very high cost. In many cases E/MSEs do not qualify for funding due to lack of guarantees, lack of business history, or because they operate in new industries where finance providers do not feel comfortable providing funding.

Costs of financial transactions, bank account maintenance, bank certificates, and other services provided by the financial institutions, have been significantly increased in the last several years. Since these costs are applied to a single transaction regardless of its amount, the highest weight goes to the E/SMEs whose transactions are for small amounts and the fees and taxes to a single transaction sometimes reach 2-5% of its amount.

E/SMEs usually are unaware about existing seed-capital facilities, alternative to the traditional commercial bank products. The reason for this is that most of the information about these facilities is in English and is mainly available through specialized Internet portals. Therefore, for those entrepreneurs who do not know English or do not use Internet as a source for financial information, these facilities remain undiscovered.

**Project Activities**

The partners will analyze the costs of the funding provided to entrepreneurs and MSEs in each member state, will make a research on the success and failure rate amongst those E/MSEs that used financing from existing schemes, exchange best practices on the set-up and management of seed-capital facilities in support of E/MSEs.

An extensive research will be made on the new practices for funding business ideas, including crowdfunding, use of digital currencies, other ICT solutions. The reports should point out the benefits for E/SMEs regarding time and cost efficiency in obtaining these kind of funding, but also the drawbacks like the level of risk, ownership of the capitals, and other issues that might be discovered.

Another project activity will involve a review of the current legislation related to the financing of E/MSEs. The reports from each country will unveil information about the transactions that are covered by the regulatory framework and the needs for improvements of these frameworks in order to improve the access to E/SMEs financing.

The project will suggest innovative financial schemes for seed-capital for E/MSEs, which are based on the efficiency of the new funding practices and that can utilize existing partner’s programmes for Investment for Growth and Jobs or other regional business support programmes. Another area to explore is an alternative payment systems using digital currencies, EU credit card system for E/MSEs, any other instruments that can be discovered.

Finally, the project will come up with suggestions: for changes of the national or regional policies that will lead to improved access for E/MSEs to financing (less time involved, less transaction costs, simplicity of use); for national information campaigns that reach effectively E/MSEs; for EU financing facilities using the newest ICT solutions.

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