

European Union



European Agency for Reconstruction

## WORKSHOP ON CREDIT GUARANTEE FUNDS



Government of the Republic of Montenegro

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Zasavje Regional Development Center

## *Slovenian Experience with Credit Guarantee Funds*

*Advisory Support for Transformation of the Development Fund  
An EU funded project managed by the European Agency for Reconstruction*



# ZASAVJE REGION



Area: **632 km<sup>2</sup>** (3,1% of SLO)

Population: **70.000 p.** (3,5% of SLO)



Zasavje – in the heart of Slovenia



# ZASAVJE GUARANTEE SCHEME



Is a Scheme which operates within the Regional Development Centre (RCR).

With its financial potential Guarantee scheme is able to secure guarantees for credits for the entrepreneurs - companies

## PURPOSE of the Guarantee Scheme

- Faster development of SME
- Support investments
- Create new jobs



# ZASAVJE GUARANTEE SCHEME



## ACTIVITIES

- guarantees for credits  
(partial guarantee only)
- subsidized interest rate
- promotion
- professional help
- researches / marketing



# ZASAVJE GUARANTEE SCHEME



## AREA

Hrastnik, Litija, Radeče, Šmartno pri Litiji,  
Trbovlje and Zagorje (6 municipalities)

## MEMBERS:

- Individual entrepreneurs
- Companies (SME)



## SOURCES OF ZGS



### SOURCES OF FUNDING:

MUNICIPALITIES: 143.750 €

MEMBERSHIP FEES: 72.000 €

AGENCY FOR ENTREPRENEURSHIP AND FOREIGN  
INVESTMENT: 416.000 €

Ministry of Economy and PHARE: 1.600.000 €

Total amount of financial sources: 2.379.167 €

Members: 352



# ADVANTAGES



## MEMBERS

- Easier access to credit
- Lower credit expenses (interest rate, commission, insurance)
- Counseling

## GUARANTEE SCHEME

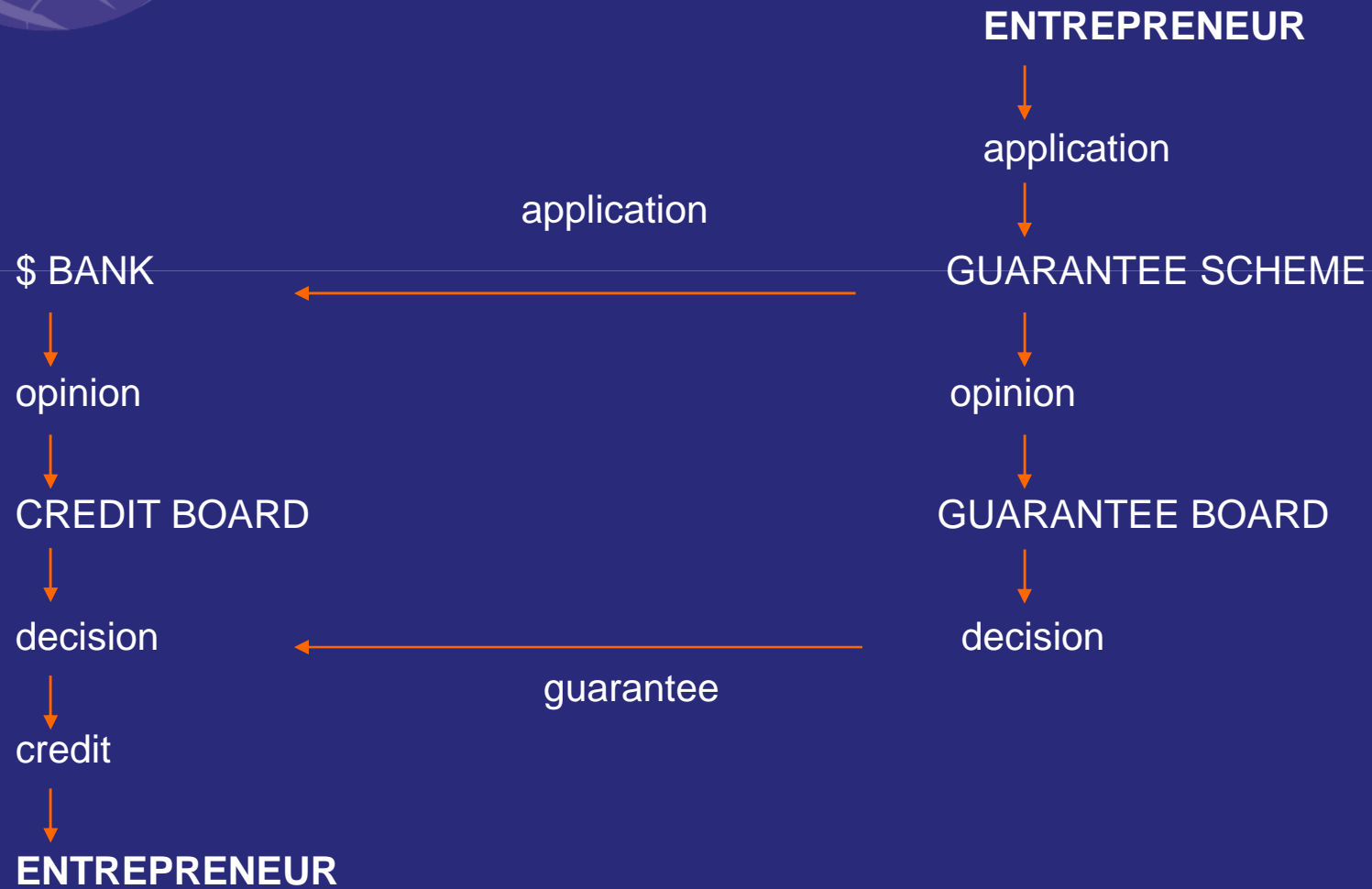
- Clear rules of operation
- Entrepreneurship development support
- Persuasion power

## BANKS

- New customers
- Checked up credit takers
- Reputation within local community



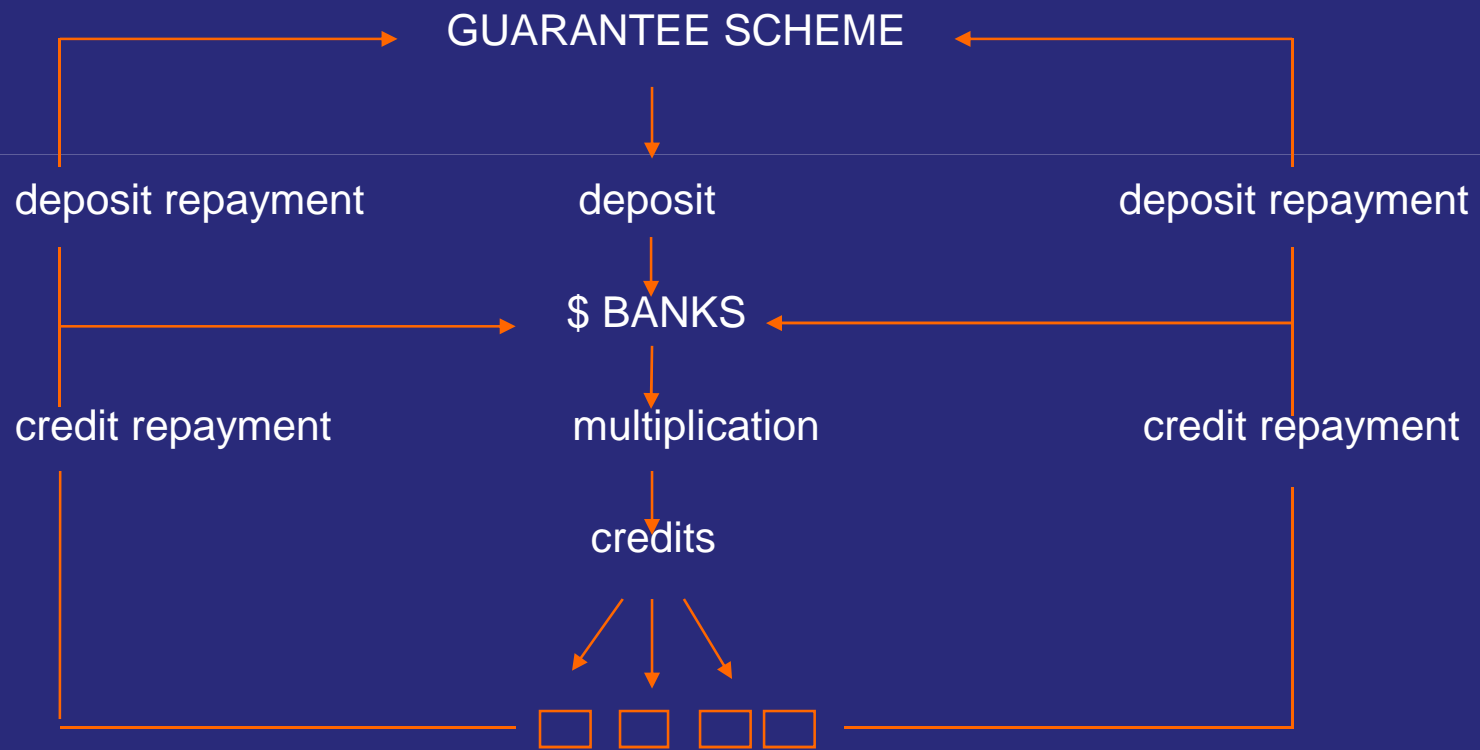
# PROCESS OF ASSIGNMENT







# PROCESS OF ZGS





# BASIC DOCUMENTS



## RELATIONS RCR – BANK:

- Co-operation agreement of credit lines
- Tender for credits and guarantees
- Deposit agreement



# BASIC DOCUMENTS



## RELATIONS RCR – members:

- Application for membership
- Document “Rules of operation”
- Application for guarantee (credit)
- Guarantee contract
- Guarantee



# BASIC DOCUMENTS



## RELATIONS RCR– member (entrepreneur):

- Application for credit (guarantee)
- Credit contract



# RELATION ZGS - BANK



## CONTRACT CONTENT - 1

- Multiplier
- Amount of credit, guaranteed by ZGS
- Amount of deposit
- Max. amount of deposit
- Min. amount of deposit
- Interest rates and their changes
- Commission



# RELATION ZGS - BANK



## CONTRACT CONTENT - 2

- Procedure for handling applications
- The use of deposit
- Communication among Guarantee Scheme and the bank
- Other conditions and procedures



# RELATION GS - MEMBERS



## RIGHTS AND OBLIGATIONS OF MEMBERS

- Membership fee 200 €
- Co-operation within Guarantee board
- Guarantee for credit
- Business plan for entrepreneur
- Project implementation
- Process of information flow among partners
- Credit repayment



# GUARANTEE SCHEME BODIES



## GUARANTEE BOARD

### structure

- Representatives of municipalities depositors
- Expert of RCR
- 5 members of GS

### tasks

- Guarantees assignment
- Membership approval
- Behindhand with payment solutions





## COST OF CREDIT



Capital:	<b>33.333 €</b>
Interest rate:	<b>4.276 €</b> (4,5 % for 6 years)
Bank commission:	350 € (0,3 % per year)
Total costs:	<b>4.626 €</b>

Market price of the credit: 5,8% - 9,9% interest rate + commission



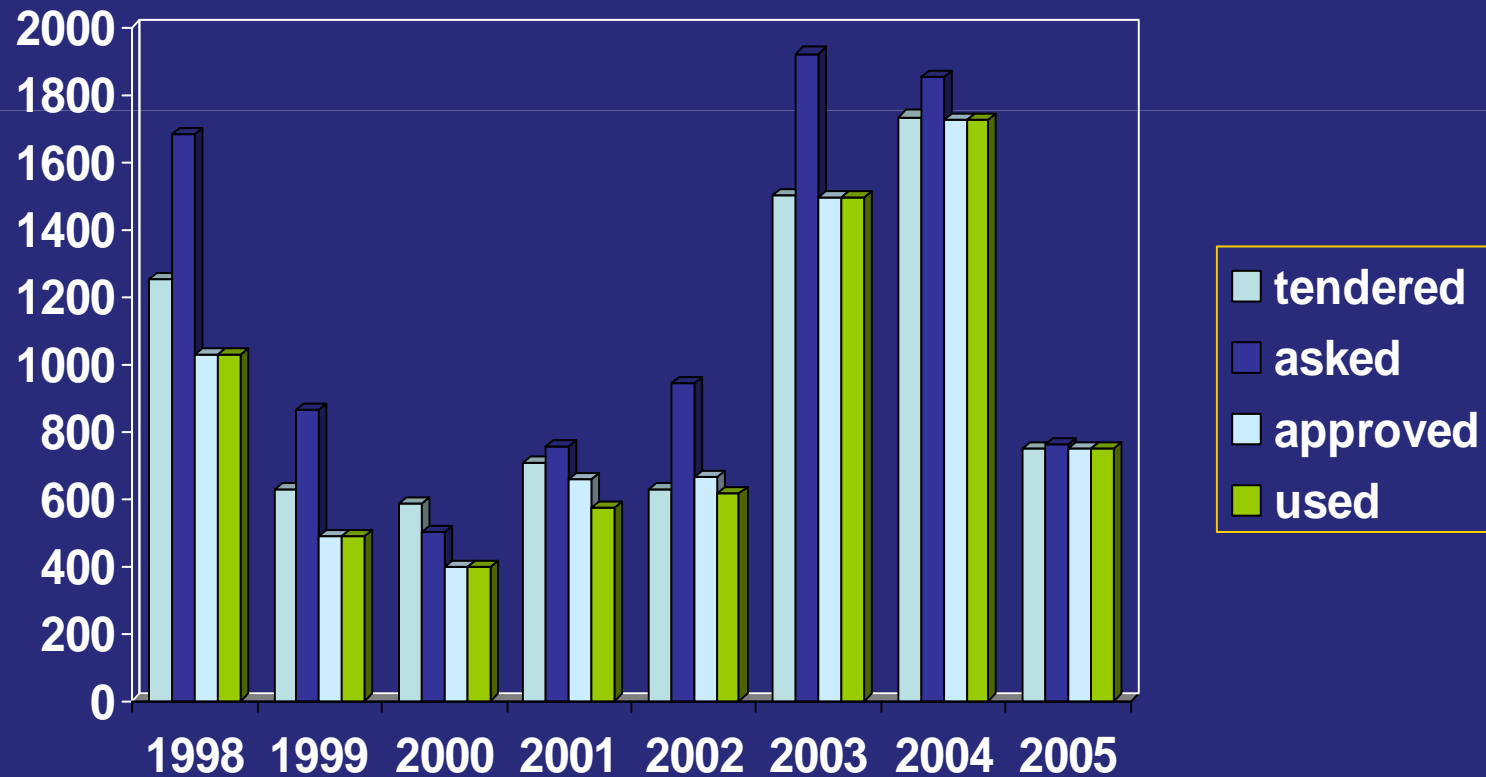
## ZASAVJE GUARANTEE SCHEME (ZGS)

- Up to 83.000 €,
- Maximum 10 years + maximum 12 months grace period
- Interest rate 4,5 %
- 50 % guarantee
- 30 % own sources

# ANALISYS OF PAST ZGS TENDERS



Credits with 50% guarantee in 1000 Euro





# RESULTS OF 2005 TENDER



	asked		approved	
	No. appli.	Amount	No. appli.	Amount
Activities:				
Production	5%	11%	5%	12%
Services	95%	89%	95%	88%
Investments:				
Equipment	47%	40%	47%	40%
Real property	53%	60%	53%	60%



## RESULTS OF 2005 TENDER



Average amount of credit: **44.583 €**

Average approved amount of credit: **44.166 €**

Average repayment period:

- 10 years for Real property
- 5 years for equipment



## TENDER 2006



Tendered:	833.000 €
- No. of new members in 2006:	6
- Already asked (until October 2006):	437.500 €



# RCR



- Podvine 36
- SI- 1410 Zagorje ob Savi
- Slovenija
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- fax: 03-56-60-510
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**THANK YOU FOR YOUR  
ATTENTION**

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