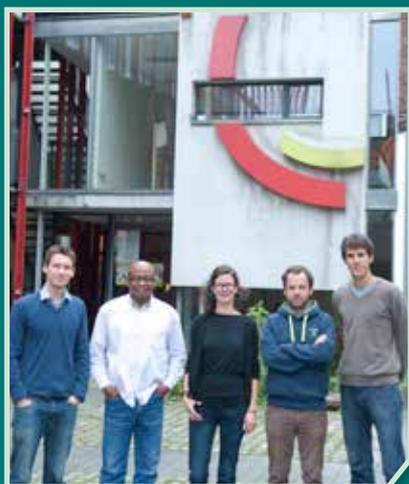


BRUSSELS
BELGIUM



IN BRUSSELS CAPITAL REGION, MICRO-GRANTS HAVE BEEN USED TO SUPPORT THE GROWTH OF GREEN BUSINESSES IN DISADVANTAGED AREAS AND SUPPORT NEW AND ASPIRING ENTREPRENEURS. THE INITIATIVE HAS CREATED NEW JOBS WHERE THEY ARE MOST NEEDED AND HELPED IMPROVE THE ENVIRONMENT IN THE CITY'S DEPRIVED NEIGHBOURHOODS.



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GRANTS TO CREATE JOBS AND IMPROVE THE LOCAL ENVIRONMENT

CONTEXT

Despite being considered one of the most economically dynamic cities in Europe, more than a third of the inhabitants of Brussels Capital Region live below the poverty threshold. The city also has a higher unemployment rate compared to other areas in the country. Deprivation is concentrated in certain neighbourhoods, which have higher rates of unemployment, lower incomes and are more polluted. This is also where the highest proportion of non EU and low skilled immigrants live.

Fostering small and medium sized enterprises active in sustainable development is an important way of reducing unemployment and tackling environmental issues.

SOLUTION

Brussels Capital Region partnered with the municipality of Saint Gilles¹¹ and two non-profit organisations to set up Village Finance, a non-profit local fund designed to support the development of green and social enterprises in the city's poorest areas and create new, sustainable jobs. The grants are provided mainly to entrepreneurs starting out who lack financial resources and would not qualify for loans in a commercial bank, are currently unemployed, have low educational attainment or have struggled to enter the labour market.

Proposals for new enterprises and business development projects are assessed by environmental, social and economic experts. To get a grant the entrepreneur has to include environmental benefits in their business plan. The programme invests in projects that will have a positive impact on the local environment and the potential to create long term employment.

Village Finance funds a range of business initiatives, including:

- **Sustainable food projects:** such as organic food markets, raw food restaurants, bio/organic canning factories and short food supply chains i.e. food production with fewer stages between the producer and consumer.
- **Enterprises in the eco-construction sector:** for instance a consultancy in renewable energy, an enterprise selling energy efficient prefabricated timber houses or cooperatives that combine sustainable construction practices with hiring and training non-qualified staff.
- **Function oriented business models:** businesses that focus on sustainability by selling a function or service rather than a product. For example a car sharing collective or a company that rents clothes for children up to 3 years of age.

¹¹ Administratively Brussels, officially Brussels Capital Region, is a regional level entity comprising 19 municipalities, including the municipality of Saint Gilles.

CHALLENGES

There is a certain level of risk involved in launching new businesses with less qualified entrepreneurs. Since 54% of the beneficiaries have no formal qualifications the local advice services 'Guichet d'économie locale', works in partnership with Village Finance to help prospective entrepreneurs deal with the administration related to setting up their business and drawing up their business plan. Collaborating with 'Guichet d'économie locale' is a condition of the grant. The beneficiaries also receive support writing reports one year into the project on its results.



In addition they are encouraged to make use of free training courses provided by other local advice services who work in partnership with Village Finance. The courses offered include business plan writing, financial and profitability analysis, basic management principles, and market analysis and strategy. A range of expert organisations collaborate with Village Finance to provide free advice and support to new entrepreneurs on specific topics related to their business.

For example, entrepreneurs can contact an agency for social economy to get advice on the legal framework for social businesses, or from an organisation that can help them to understand Belgian legislation on bio-standards and where to find suppliers for a bio restaurant.

IMPACT

Since the beginning of the programme in 2005, 67 out of 89 grants have been allocated to entrepreneurs who faced financial difficulties and labour market exclusion. Some used the Village Finance micro-grants to increase their chances of getting a bank loan. The social economy or green enterprises developed through the grants led to the creation of 181 new jobs: 122 entrepreneurs and 59 employees.

These enterprises also provide residents in disadvantaged areas with the option of buying environmentally friendly products and services and raise awareness of environmental and social issues. Village Finance informs the local population about the new businesses and it encourages the grant beneficiaries to hire people from the target neighbourhoods.



FUNDING

Grants are co-funded by the European Regional Development Fund (ERDF). In the period from 2009-2014 Village Finance received €739,000. Its staff and operational costs are funded 23% by the Ministry of Environment and 67% by the Ministry of Economy and Labour of the Brussels Capital Region.

FUTURE PLANS

A new version of the project is under assessment for the ERDF funding period 2014-2020. The geographical reach of the project will probably be widened to more neighbourhoods, giving more entrepreneurs the opportunity to apply for the grant.