

Erste Group launches equity booster to support social organisations' growth

Erste Social Finance Holding, a joint venture of Erste Group and ERSTE Foundation, recently launched “Quasi-equity”, an innovative social finance instrument. This new funding opportunity, which has received financial support from the European Union, helps social organisations grow and scale up their impact by strengthening their equity. Provided in the form of a so-called “qualified subordinated loan”, Quasi-equity is available to social enterprises, non-profit and non-governmental organisations in Austria, the Czech Republic, Slovakia, Serbia, and Croatia.

“The Covid-19 crisis has unveiled multiple deficiencies in the health, education and social system in our region. That’s why we believe it is essential to foster the resilience and development of social organisations tackling these challenges. By boosting their equity, Quasi-equity strengthens the organisations’ financial health, enabling them to pursue their growth plans and to realize new projects or scale up existing ones. This allows social organisations to increase their impact by making their products and services accessible to more beneficiaries,” says Peter Surek, CEO of Erste Social Finance Holding.

HELPING SOCIAL ORGANISATIONS TO SCALE THEIR IMPACT

Quasi-equity focuses on financing established social organisations with a proven business model and track record, regardless of their specific legal form. The purpose of financing can vary – from opening additional branches, launching new products or services, and digitalising operations, to recovering from the impacts of the Covid-19 crisis. Erste Group’s new social finance instrument can also be used to co-finance smaller social real estate projects, such as social housing, housing for older people, kindergartens, or care facilities.

BETTER RISK PROFILE AND UNCHANGED OWNERSHIP STRUCTURE

The stronger equity that Quasi-equity provides puts clients in a position to receive additional loans from Erste Group’s local banks to finance even larger investments. Thanks to Quasi-equity’s flexible repayment schedule, clients can start the principal repayments after a few years, giving them enough time to develop and scale their projects and generate the required revenue. The key benefit is that Quasi-equity investments do not change the ownership structure or dilute the stake of the existing shareholders. This also means that the social organisations can remain independent, without any interference in their operational management.

COOPERATION WITH THE EUROPEAN UNION AND IMPACT HUB

As part of an open call under the European Union Programme for Employment and Social Innovation (EaSI), Quasi-equity has been awarded a grant that supports the development of new social finance instruments, and benefits from an [EaSI guarantee](#). The European Union grant will also provide social organisations with free non-financial support, such as individual consulting, mentoring, capacity building or technical assistance. These services will be provided by the social innovation incubator Impact Hub Vienna and its partner organisations. As part of this cooperation, Quasi-equity was presented to the participants during a panel discussion at the Impact Days 2021 held in Vienna on September 9.

“Social finance serves to create inclusive jobs, support social innovation and boost citizens’ participation in their local communities. With the social economy, we have a powerful tool to lead the just, green and digital transitions from the bottom up. Erste’s new Quasi-equity financing instrument comes at the right time to help social enterprises launch new products and services, digitalise operations and recover from the Covid-19 crisis,” says Nicolas Schmit, Commissioner for Jobs and Social Rights.

ABOUT ERSTE SOCIAL FINANCE HOLDING

Established in 2008, Erste Social Finance Holding aims for positive social impact, in line with Erste Group’s stated purpose of disseminating prosperity and providing access to financial services to everyone. It acts as a social finance investor and intermediary in the CEE region, investing into social business models and launching innovative social finance instruments. More information about Erste’s social finance activities can be found [here](#).

ABOUT THE EU PROGRAMME FOR EMPLOYMENT AND SOCIAL INNOVATION (EaSI)

The European Union Programme for Employment and Social Innovation (EaSI, 2014-2020), aims at supporting the EU's objective of high-level employment, adequate social protection, fighting against social exclusion and poverty as well as improving working conditions. The [Microfinance and Social Entrepreneurship axis of the EaSI programme](#) provides support to financial intermediaries that offer microloans to entrepreneurs and micro-enterprises or finance to social enterprises, which the objective to increase access to finance for micro and social enterprises. For the period 2021 to 2027, the EaSI programme will become a strand under the [European Social Fund Plus \(ESF+\)](#).

- [Quasi-equity brochure](#)
- [Quasi-equity website](#)

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