



News press release

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NEW SOCIAL INVESTMENT FUND LAUNCHES TODAY IN SCOTLAND

The Catalyst Fund, a new, innovative fund designed to finance ambitious social enterprises in Scotland, has launched today (1st June). The fund, delivered by Firstport and Social Enterprise Scotland, offers loans starting at £50,000 using a revenue-based repayment model. This unique model enables social enterprises the flexibility they need in their early stages of development and fills a gap in the existing social investment framework.

The fund has been made possible by a £15 million investment from the Scottish Government and will complement the existing social enterprise support and funding infrastructure to build on the current ambition of the sector.

Revenue-based financing is growing in popularity as an alternative to more traditional mechanisms to help companies grow - debt financing and equity financing. The Catalyst Fund is the first to use this model to finance social enterprises in Scotland and is a welcome addition to the existing social investment provision.

Most social investment products on the market are like bank loans – social enterprises make fixed repayments over a specific period until they have repaid the loan amount plus interest. This model often does not work for early-stage social enterprises that, for example, might need time to develop technologies or whose revenue streams might be uneven to begin with.

The Catalyst Fund repayments are based upon a percentage of the trading income earned by the enterprise, making it more flexible. There is no specific length of term either – revenue-based repayments continue until an agreed amount is repaid. This form of repayment means the Catalyst Fund is aligned with the growth of the enterprise, meaning it can prioritise growth and impact.

Daisy Ford-Downes, Head of Group Investment Programmes at Firstport said:

“The Catalyst Fund could really transform the way we build social enterprises in Scotland. At Firstport and Social Enterprise Scotland, we have been listening to social entrepreneurs and reviewing the data, and we know that there is a gap in social investment for early-stage

social enterprises. It is a missing stepping-stone in the path, and it is preventing too many from reaching their full potential. We're so excited to launch this fund and to start helping social enterprises to build successful, sustainable organisations. We'll be looking for ambitious social entrepreneurs with viable growth plans and commitment to making a positive impact, so if that sounds like you – get in touch!"

Chris Martin, Chief Executive of Social Enterprise Scotland said:

"Scotland has an excellent track record of social investment and I am delighted to see the Catalyst Fund launch as a complementary financing option for social enterprises who can't currently access mainstream social investment. Our evidence shows us social enterprises need patient, flexible loan investment to help them grow without moving away from the impact model, particularly if they face high start-up and scaling costs. The Catalyst Fund will help support ambitious social enterprises to accelerate their ambitions and deliver social and environmental impact at scale without needing to revise their business model to access traditional investment."

Social enterprises can find out more about the Catalyst Fund (**#CatalystFundScot**) by visiting the Firstport website, attending an information webinar, and submitting a note of interest: <https://www.firstport.org.uk/social-investment/the-catalyst-fund>

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For more information, please contact Maria Ashley or Hannah Davisson on 0131 564 0331

Editor's notes:

Firstport is Scotland's development agency for start-up social enterprise. We support early-stage social enterprises and highly motivated people to test, refine and grow their ideas into viable social businesses. Our package of support includes seed funds, business advice, training, practical tools, and connections to help social entrepreneurs make their ideas a reality.

Social Enterprise Scotland is an independent, Scottish, membership-led organisation, built and controlled by social enterprises. They're the first point of contact for the media and public and promote a positive vision for social enterprise.

The Catalyst Fund is part of the Scottish Government's £30m Third Sector Growth Fund, designed to respond to a need for third sector organisations to access loans to help grow and explore new forms of social investment and finance. It also supports the sector to meet the challenge of the pandemic and to become more sustainable in the long-term.