



Mag2 Finance

The Institution

Mission and Values:

Mag2's mission is to sustain, through its financial activity of fundraising and the use of private capital, the development of companies, mainly registered as Co-operatives or Associations, that operate in sectors of high ethical value, such as the social, solidarity, ecological, cultural and environmental fields and that are excluded from the traditional credit system.

Established:

19 November 1980

Type of Organisation:

Microfinance cooperative registered as a Mutual Self Managing Society.

Geographical Area of Operation:

Mag2 operates mainly in the Italian region of Lombardy, and its headquarter is in Milan.

Products and Services:

Mag2 finances cooperative and associative projects little known or barely sustained by the traditional financial sector. Since the year 2000, Mag2 has also started to grant individual social microcredits. Further activities implemented are training and tutoring in enterprise management and in non-profit accountancy and law; organisation of workshops with local solidarity networks relating to the value of money in the current International context.

Funding Sources:

Mag2, through the activity of collecting private savings from its members, who are more than 1300, has a capital of €2,600,000.

www.mag2.it



Tomasoni organic dairy farm: Mr Tomasoni and his brother preparing Grana Padano Cheese

The Project Presented

“Solidarity alliance for small business loans in Italy. From social capital to venture capital: the relations assets as leverage for enterprise development. The case study of Tomasoni’s microfinance mechanism”.

Mag2 Staff



Mag2 presents the business loan disbursed to Tomasoni’s organic dairy farm which highlights the solidarity alliance that can be created among savers and borrowers for small business loans in Italy. In fact Tomasoni’s clients (GAS-Solidarity Purchasing Groups) were involved in the process of fundraising. Mag2 played a central role in catalysing private personal savings from the GAS and from its own members and in coordinating the resource management. At present, Tomasoni’s dairy farm has experienced an increase in orders, even from new GAS, has increased its income, has reduced its stocks and has repaid its bank loan. At the end of 2011, all the GAS loans had been repaid. In September 2012, according to loan planning, Tomasoni will finish paying back the Mag2 loans without delay.

Launching of the product

February 2009

Average loan disbursed

The funding was granted through three different channels that were “organized” by Mag2:

- I. by 65 GAS directly to Tomasoni as advance payments on purchases;
- II. by 23 GAS to the capital of Mag2 with the specific precondition that the money be used to finance Tomasoni;
- III. by Mag 2 directly to Tomasoni.

From February to March 2009 Mag2 disbursed three loans to Tomasoni, each amounting to €20,210.33.

Annual interest rate

The interest rate was different depending on the channel used:

- I. The capital provided by the GAS was interest-free;
- II. The Mag2 capital subscribed by the GAS was given at an annual preferential fixed rate of 6%;
- III. The portion coming directly from Mag2 had an annual fixed rate of 8%.

Loan duration

The loan granted by the GAS had a duration of 18 months. The loans granted by Mag2 had a duration of 36 months, in addition to a six-month pre-amortization period.

Client

The beneficiary of the loan is Tomasoni’s dairy farm, located in a small village near Brescia, in Lombardy. Founded in 1815 as a family enterprise, the “Biocaseificio F.lli Tomasoni snc” is the only producer of organic Grana Padano cheese in the world. In 2002, it entered in contact with GAS and decided to work only with these entities instead of the export market. In 2008, the fragile organic farmer was hit by the crisis: milk prices rose, banks restricted loan conditions and at the same time he had a cash deficit of €150,000. The same year, Tomasoni communicated to its customers in the newsletter the possibility that it could be forced to shut down the business.

Staff involved

A Monitoring Committee was instituted with the voluntary participation of GAS and Mag2 members: it followed the trend of the dairy business for the next three years and the return on the loan. It also had the task of identifying, with the collaboration of GAS, other small companies, operating in the organic sector, that needed financial support.