



# Supporting social entrepreneurship with ESF in Poland

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# ESF for social entrepreneurship



EQUAL Community Initiative

ESF 2007-2013

ESF 2014-2020

## Support for social economy development in Poland:

- Support for legislative changes in social entrepreneurship
- Creation of new social enterprises, especially cooperatives
- Financing extension of activities in existing social enterprises
- Support for the environment of social economy
- Practical mechanisms in the area of social economy





## National Programme for Social Economy Development (NSPED) - 2014

**Creating environment for SE creation and growth**  
including soft support by country-wide Social  
Economy Support Units

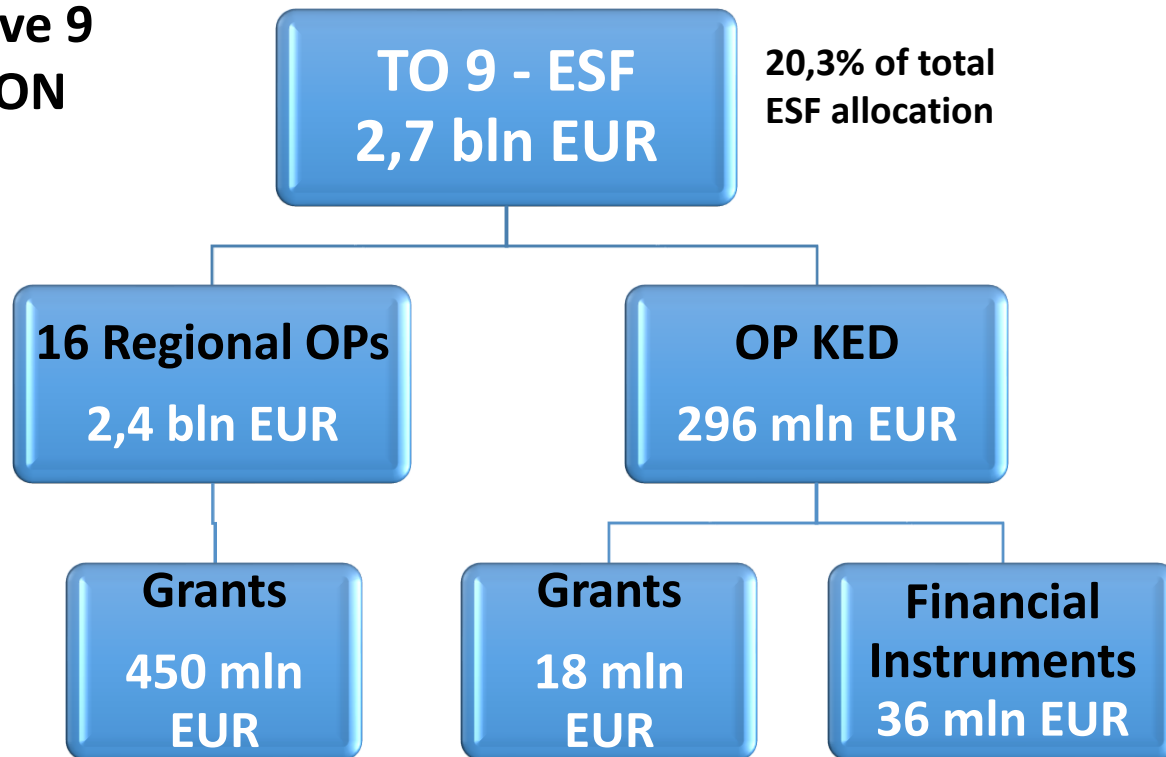
**Providing finance to SEE** through EU and state  
budget resources

# ESF for TO9



## Thematic Objective 9 SOCIAL INCLUSION

## Priority Investment 9v SOCIAL ECONOMY



Coordination and demarcation between 16 RPOs and OP KED is provided by „Guidelines for the implementation of projects in the area of social inclusion and combating poverty using the resources of the European Social Fund and the European Regional Development Fund 2014-2020”.



# Creating environment for SE creation and growth



## Set-up of Social Economy Support Units:

- ✓ a country-wide network of entities, mostly operated by NGOs, financed by the ESF within Regional OPs
- ✓ based in sub-regions (at the level of c.a. NUTS3)
- ✓ subjected to the process of accreditation
- ✓ offering a framework of business advisory services to SE (also related to applying to the FI)



# Providing finance



NPSED			
ROPs 2014-2020	OP KED 2014-2020	Other sources	
Grants for social enterprises creation	Financial instruments for existing social enterprises	FI based on OP Human Capital 2007-2013 legacy funds	= <b>NFSE</b>
		State budget instruments	

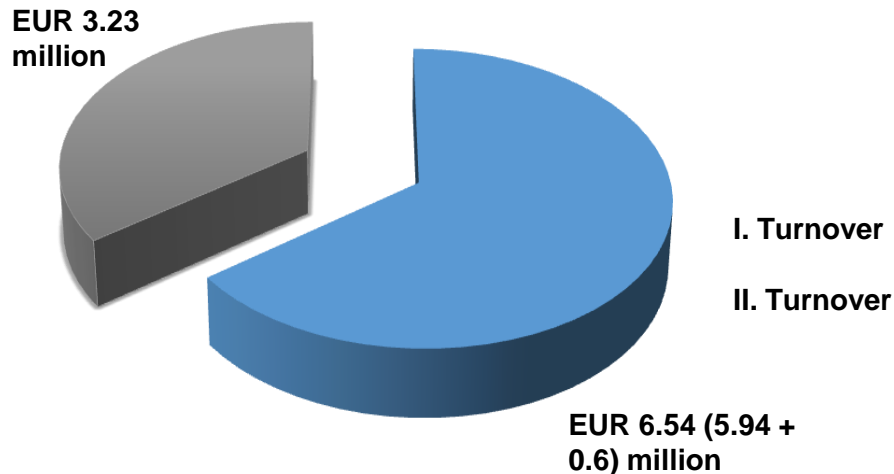


# First experience in FI for SE - 2012



**Pilot project:** *Financial engineering support for the development of the social economy, national OP Human Capital 2007-2013*

## Resources transferred by the Holding Fund to the Financial Intermediary



1 PLN = 0.2359 EUR

- 1) Preferential loans
- 2) Advisory services

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	Indicators	Achievements
Absorption	<b>100%</b>	<b>149%</b>
Employment generation	<b>50</b> new jobs	<b>507</b> new jobs
Final recipient	<b>200</b> entities	<b>404</b> entities
Loans	<b>250</b>	<b>500</b>
Advisory services	<b>200</b>	<b>268</b>

# First experience in FI for SE - 2012



**Almost 100% of SE assessed positively the offer of the pilot instrument and its parameters as adequate to their needs**

**Nine out of ten borrowers would re-use the loan under the same conditions**

**75% of SE point to a positive social effect of the activities co-financed from the loans**

**In case of 86% of SE the loans contributed to revenue growth**

**In case of 63% of SE the loans contributed to employment growth**





# Ex-ante assessment for 2014-2020



- Ex-ante assessment identified **the market failure**
- Financial gap (2013) was calculated:
  - approx. **154.5 mln EUR** – non-realized investment expenditures
  - approx. **12.1 mln EUR** – the unmet demand
- **Need for an increase in FI allocation** vs FI 2007-2013
- **Wider scope of financial products:** loans (also more diversified), guarantees, counter-guarantees, potentially Social Venture Capital
- Enlargement of **the target group**



# FI for social entrepreneurship



**OP KED  
2014-2020**

- Loans
- Counter-guarantees
- Social Venture Capital

**42,2 mln EUR**

**Legacy resources  
2007-2013**

- Guarantees

**7 mln EUR**



# Institutions involved



## Managing authority

- MA - Ministry of Economic Development
- IB - Ministry of Family, Labour and Social Policy

Social Economy Taskforce

## Fund of funds (Loans)

- BGK - Bank Gospodarstwa Krajowego

## Body implementing the FI (Counter-guarantees)

- BGK - Bank Gospodarstwa Krajowego

## Financial intermediary

- TISE - Towarzystwo Inicjatyw Społeczno-Ekonomicznych
- FRW - Fundusz Regionu Wałbrzyskiego

## Financial institutions

(to be selected)

## Final recipients

- social enterprises
- reintegration agents, providing social and occupational reintegration services for people at risk of social exclusion
- NGOs
- business entities created to achieve social goals

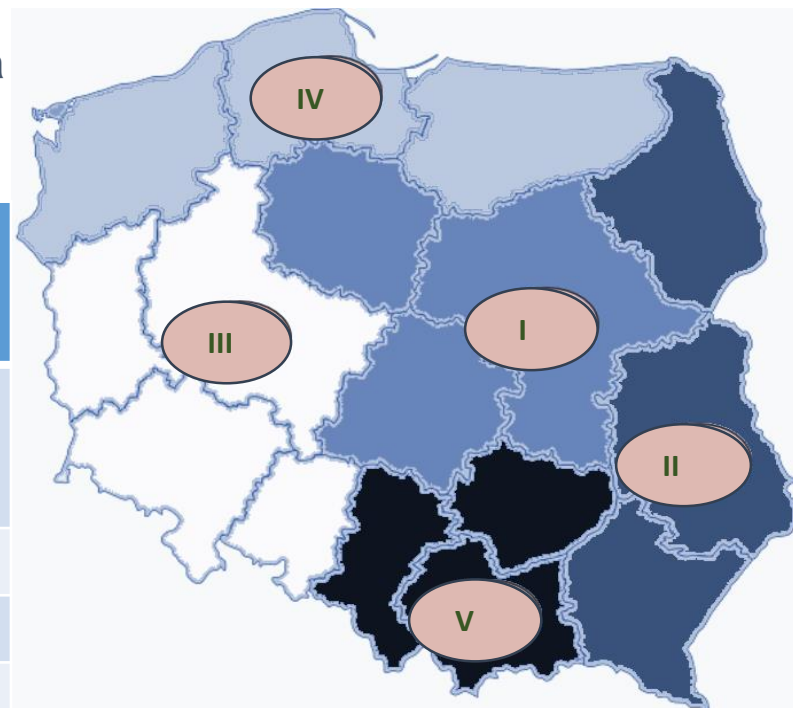
Social Economy Support Units



# Loans – target area



The **division into macroregions** is based on:  
 (1) the number of social co-operatives on a given area  
 (2) the number of NGOs active on a given area



	Breakdown of FI allocations	Specific target indicators
Macroregion	% of total funds available	Each macroregion
I	27.1%	339 jobs, 550 loans
II	15.3%	191 jobs, 311 loans
III	23.2%	290 jobs, 471 loans
IV	14.1%	176 jobs, 286 loans
V	20.3%	254 jobs, 412 loans



# Types of loans



## Loan for starting-up

**for who:**

for SE younger than 12 months

**amount:**

up to EUR 23.6 th

**maturity:**

up to 5 years

**grace period:**

up to 6 months

**interest rate:**

preferential

## Loan for development

for SE operating over 12 months

up to EUR 117.9 th

up to 7 years

up to 6 months

market or preferential

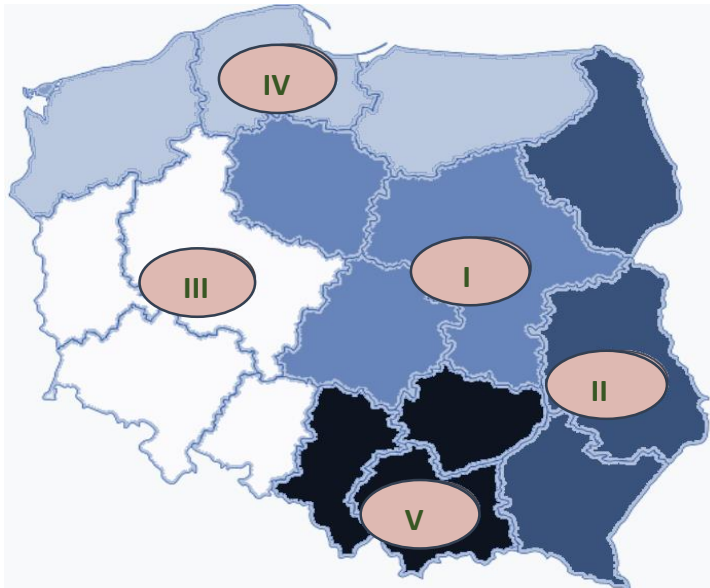


# Loans – state of play



Financial Intermediaries:

- 1) TISE sp. z o.o. – I, II, IV, V
- 2) Fundusz Regionu Wałbrzyskiego – III



## Output indicators

6,4 mln EUR invested in loans

227 loans contracted and paid

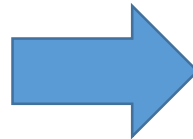
## Result indicators

321 jobs created – declaration

# Guarantees



from legacy funds  
2007-2013



wide scope of credits  
and loans (also liquidity)

## Involvement of banking sector (*cooperative banks*):

### Guarantee amount

- up to 500 th PLN (ca. 120 th EUR) and up to 80% of the credit

### Guarantee fee

- up to 0,5% of a guarantee

### Guarantee period

- up to 99 months; in case of investment credit – up to 120 months



# Counter-guarantees (pilot)



## Objective

- to reduce the risk weight and thus the cost of credit / loan leasing for SEE in other financial institutions

## Allocation

- 1,1 mln EUR

## Preliminary conditions

- up to 70% of the guarantee (guarantee amount can cover up to 80% of a loan)
- for up to 60 months
- no fees

## Implementation stage

- at the stage of finding partners – problems identified





# Social venture capital (pilot)



## Objective

- To invest in SE who need financing for development and achieving social goals
- First such instrument in Poland

## Allocation

- 3,6 mln EUR

## Preliminary assumptions

- Financial intermediary selected in public procurement (competitive dialogue)
- SVC Fund - quasi-equity or equity instrument
- Additional technical support foreseen
- Investment strategy for SVC Fund to be proposed by the Financial Intermediary
- Building an investment portfolio for 5 years – additional 5 years for liquidation of the SVC Fund





financial instruments  
 revolving capacity building  
 added value **ERDF** funding agreement  
 governance **ESF** EU guidance  
 technical support seminars leverage financial intermediaries microfinance  
 co-financing **ESIF** case studies  
 investments **fi-compass** final recipients  
 business plan **Thank you** thematic objectives  
 advisory services guarantees banks loans **EaSI** equity  
 private investors life cycle combination of support  
**EAFRD** conferences factsheets  
 fund of funds **EMFF** investment strategy **CF**  
 managing authorities manuals



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