JEREMIE FSE LOMBARDIA

Paolo Zaggia – Finlombarda SpA

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A PIONEERING INITIATIVE IN EUROPE

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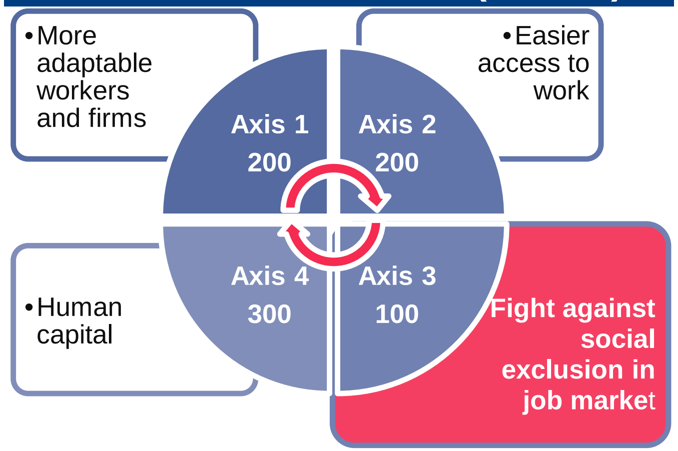
When the Fund was created (July 2008), JEREMIE FSE LOMBARDIA epitomized a pioneering initiative in Europe to implement interventions of financial engineering with the contribution of ESF.

LOMBARDY REGION 2007-2013
ESF OP EMPLOYMENT (800 M€)



Political Priority

*Reinforcing the social inclusion of **disadvantaged people** aiming at their **sustainable** integration in the job market*

Social Context

In Lombardy Region Social Cooperatives play a key role in providing social services and the integration of unemployed and disadvantaged people into the job market.

Opportunity

*Supporting Cooperatives in a new modality to fight against unemployment and social exclusion in a **sustainable and subsidiary way***

JEREMIE FSE LOMBARDIA
(Cooperatives)

«TYPE A» Co-operatives

- Provide health, social or educational services

«TYPE B» Co-operatives

- Provide services to integrate disadvantaged people into the job market

«WORKER» Co-operatives

- At least 30% of the members must be from disadvantaged target groups

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A MULTI POLICY INSTRUMENT

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Supporting access to credit of **Cooperatives** and their **Members** operating in the social sector

ACCESS TO FINANCE

Providing micro-loans to the Cooperative members

GROWTH

Increasing the capital of Cooperatives

POLICY instrument

SOCIAL INCLUSION

Supporting disadvantaged members

Physically disabled; Psychic and sensory disabled; Former patients of psychiatric institutions; Under psychiatric treatment; Drug-addicteds; Alcoholics; Minors of working age in difficult family situations; convicts admitted to alternative measures to detention…(Law n.381/91)

EMPLOYMENT

Making members more responsible vis-a-vis their social challenges

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THE HOLDING FUND MANAGER

Financial intermediary entitled by the Managing Authority to run the fund of fund set up to invest in several typologies of funds providing loans, guarantees or combined instruments

FINLOMBARDA SpA

About Finlombarda

- Established in 1971, Finlombarda is a Financial Institution fully owned by Lombardy Region
- Financial Intermediary supervised by Bank of Italy
- Headquartered in Milan (no branches)
- Employees: 173
- Share capital: 211 M€
- Total Managed Funds: 1,493 M€

Main Activities

- Loans, guarantees and counter-guarantees
- **Management of dedicated Regional/EU Funds**
- Planning and support of publicly-sponsored development projects through PPP
- Advisory to the regional government

Holding Fund Manager of all the European FEIs implemented in Lombardy (2000-2006; 2007-2013; 2014-2020 programming period)

- Infrastructure Ob.2 Fund, SMEs Loans
- **Jeremie ESF/ERDF**; FRIM ERDF; Made in Lombardy
- InnovaLombardia (5 FIs); FREE FUND

The Network

- EAPB (European Association of Public Banks);
- FIN-EN (FEIs for SMEs);
- EEN (Research&Innovation);
- EUSALP (New funding for the Alps territories);
- ANFIR (Italian Network of regional publicly-owned Financial Institutions)

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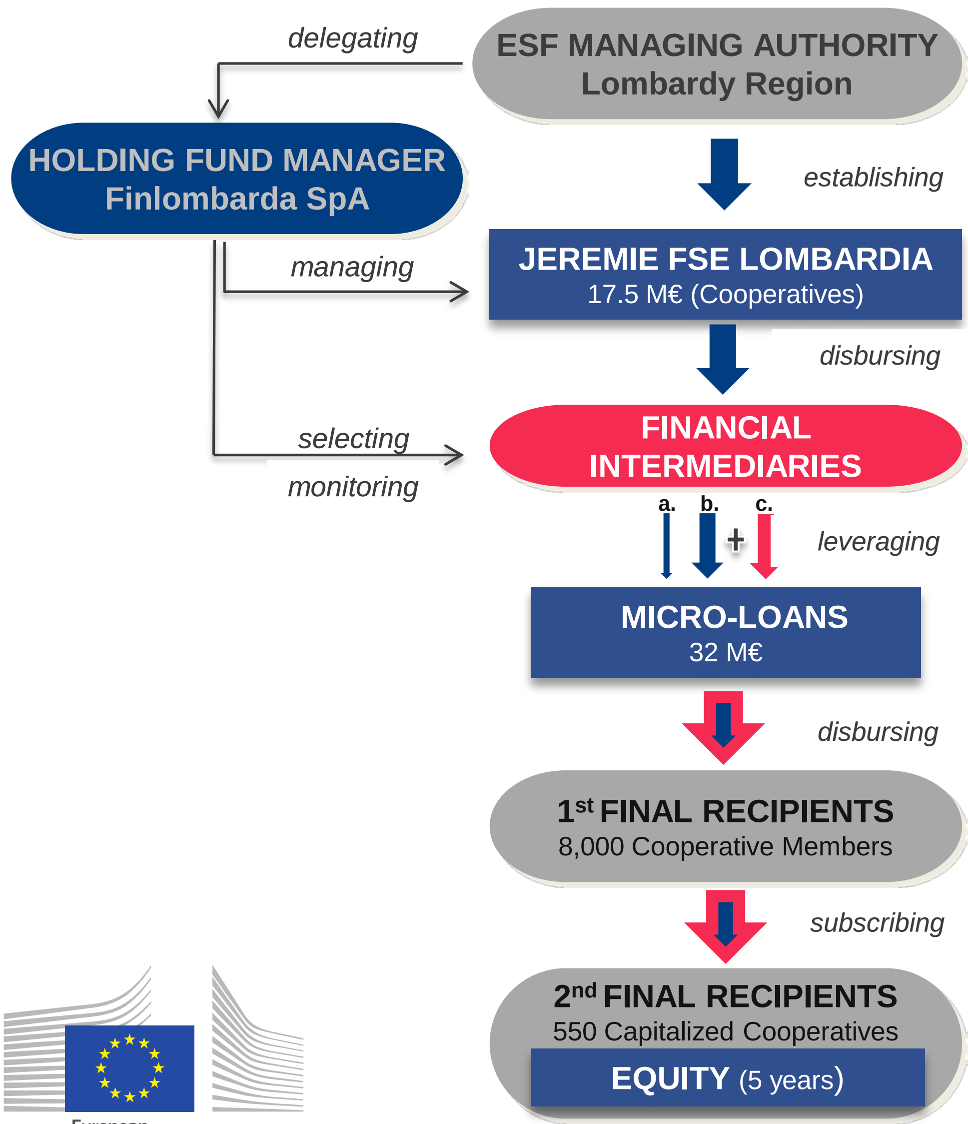
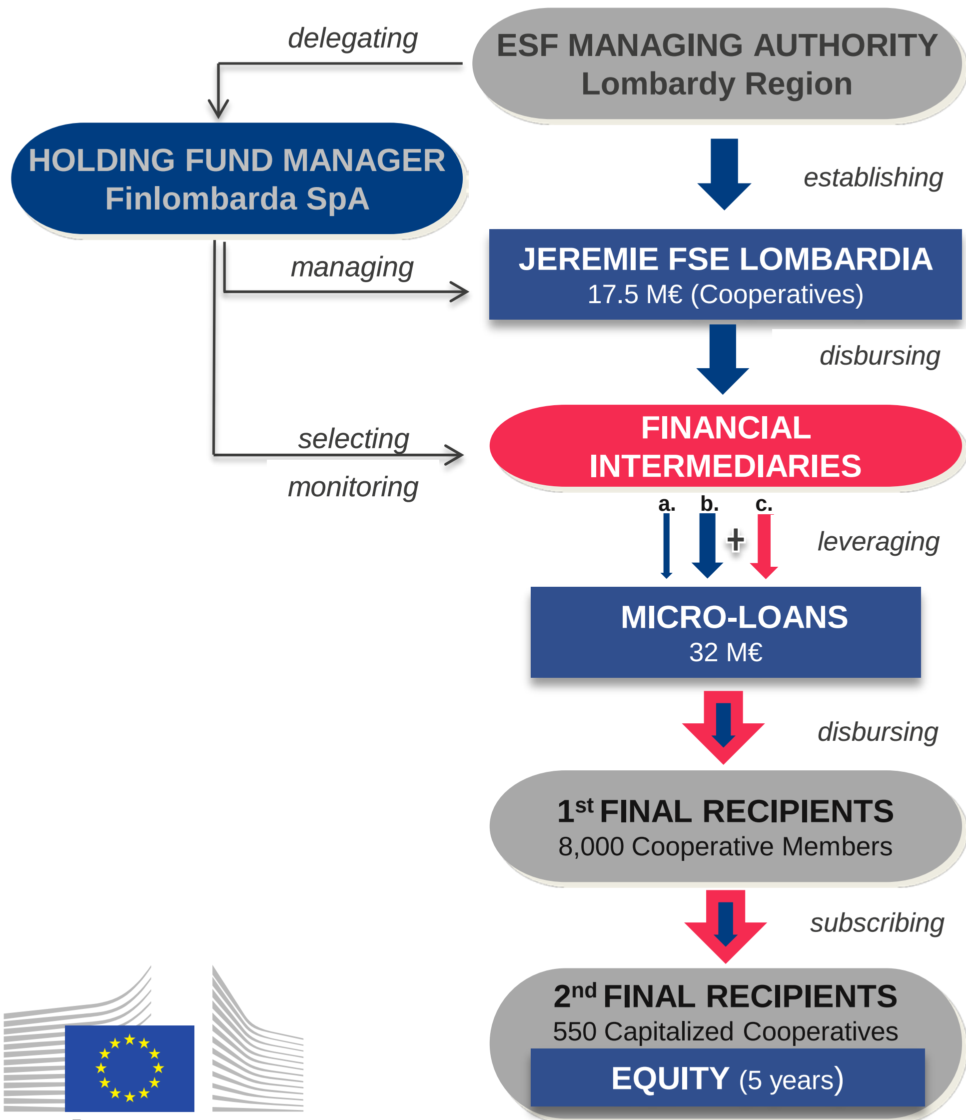
2. **DESCRIPTION OF THE INITIATIVE**
3. RESULTS
4. CONCLUSIONS

JEREMIE FSE LOMBARDIA



TIMELINE OF THE FINANCIAL INSTRUMENT



SETTING UP

April 2007	MoU between Lombardy, FL and EIF
November 2007	approval of the ESF ROP 2007-2013
July 2008	**appointment of FL as Holding Fund Manager by Regional Law**
October 2008	signature of the Funding Agreement for JEREMIE FSE
February 2009	set -up of Steering Committee Board
March 2009	JEREMIE FSE Investment Strategy approval by Regional Decree

SELECTING THE FINANCIAL INTERMEDIARIES

April 2009	**1st call for the selection of the Fis on EC OJ**
October 2009	2 FI applications received 2 contracts signed with 2 Fis (resources disbursed within 24 months)
September 2010	2nd call for the selection of the Fis on EC OJ
October 2011	7 FI applications received 3 contracts signed with 3 Fis (resources disbursed within 12 months)

IMPLEMENTING

October 2009	First call for beneficiaries
December 2009	First micro-loan disbursed

DESCRIPTION OF THE INSTRUMENT

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delegating

ESF MANAGING AUTHORITY
Lombardy Region

HOLDING FUND MANAGER
Finlombarda SpA

establishing

managing

JEREMIE FSE LOMBARDIA
17.5 M€ (Cooperatives)

disbursing

selecting

monitoring

FINANCIAL INTERMEDIARIES

a. b. + c.

leveraging

MICRO-LOANS
32 M€

disbursing

1st FINAL RECIPIENTS
8,000 Cooperative Members

subscribing

2nd FINAL RECIPIENTS
550 Capitalized Cooperatives

EQUITY (5 years)

Micro-loan components

a. “Guarantee”: max 10% of the total financial endowment awarded to the FI, covering the «Amortizing» Component.

c. “Amortizing”: a 5 year loan, at fixed interest rate, repayable and amortized on monthly basis, provided by the FIs with their own resources.

b. “Bullet”: a 5 year loan at zero interest rate, repayable in a unique final solution.
Not repayable under certain conditions.

Equity

Max 50 members per Cooperative to be funded
Max 200,000€ per Cooperative (de minimis rules)

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GOVERNANCE AND IMPLEMENTATION

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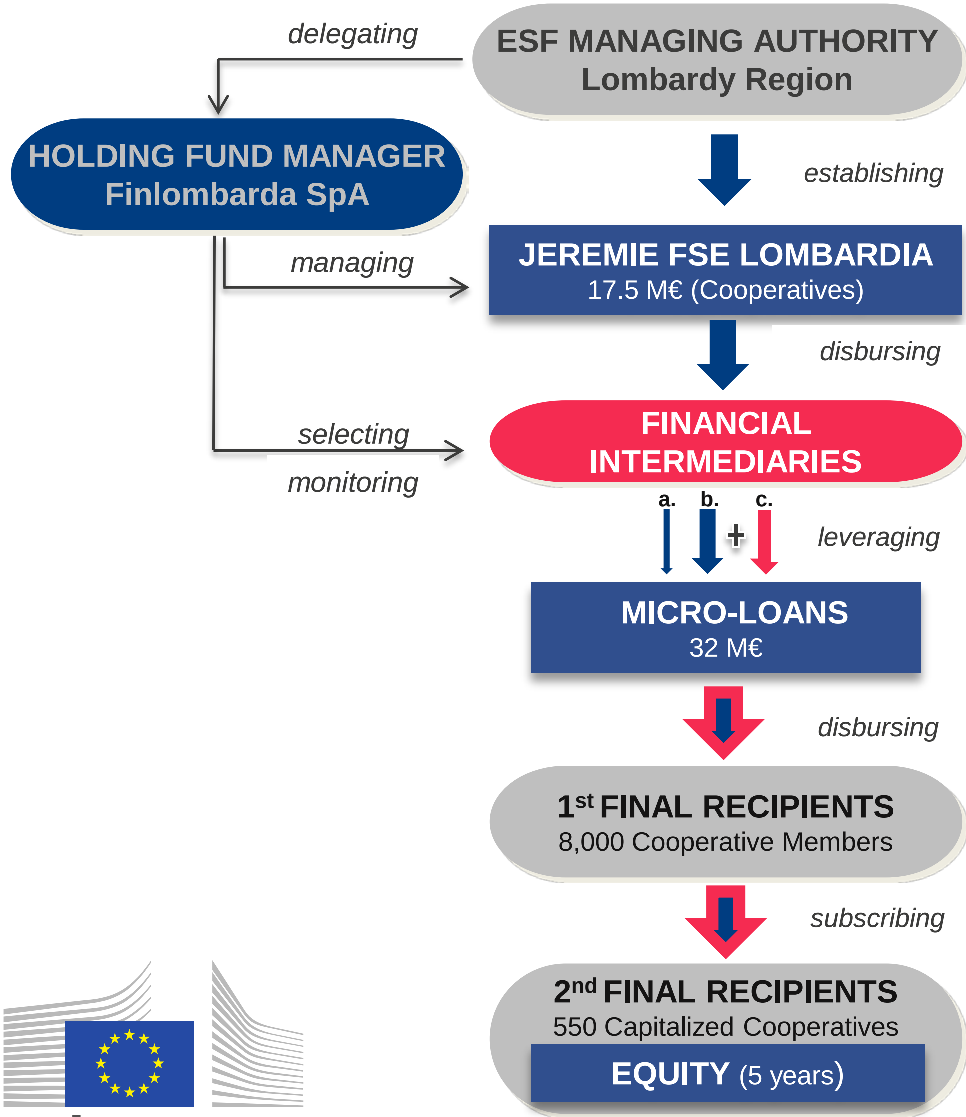

Activities & Remuneration

- **GAP ANALYSIS** of the market
- **DESIGN** of JEREMIE ESF LOMBARDIA
- **INVESTMENT STRATEGY**
- **MANAGEMENT OF THE FUND** from an administrative and accounting point of view (as a separate block of finance)
- **SELECTION OF Fis** (Publication the call on EC OJ and signature of the contracts)
- **MONITOR AND REPORT PERIODICALLY TO MA**
- **CARRY OUT COMMUNICATION activities**

- **FINLOMBARDA SpA**: **ALMOST EQUAL TO THE ACCRUED INTERESTS.** Managing Authority reimburses the sustained and certified costs by Finlombarda through the Fund.
- **FINANCIAL INTERMEDIARIES**: **«ZERO FEE»** (no remuneration from JEREMIE FSE LOMBARDIA). **Fixed interest rate** applied on the "Amortizing" component of the loan.

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MAIN FIGURES

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EU LEVERAGE

4.6x

22%	30%	48%

FINANCIAL INTERMEDIARIES

2 public calls for tender
5 FI selected

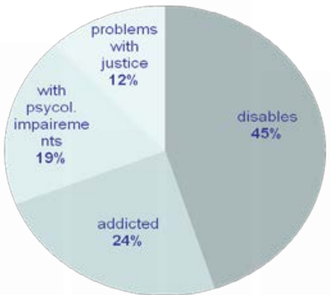
- **Federazione lombarda delle BCC**
- **Banca Popolare di Bergamo**
- **Banca Popolare di Sondrio**
- **Banca Popolare di Bergamo**
- **Banca Etica**

(9 FI applicants)

- Banca Popolare di Milano,
- Monte Paschi
- Banca Popolare Commercio e Industria
- Unicredit.

1st RECIPIENT – Members of Cooperatives

Applications Received	**9,500**
Applications Rejected	**1,500 (16%)**
Contracts And Members Funded	**8,000 (60% women)**
Disadvantaged Persons Supported	**4,400 (55%)**



2nd RECIPEINT - Cooperatives

550 Social Cooperatives

(31% of the total Social cooperatives in Lombardy)

- **53%** Cooperatives aimed at the management of social, health and education (social cooperative "TYPE A");
- **35%** Cooperatives that carry out activities aimed at providing employment for disadvantaged people (social cooperative TYPE B");
- **12%** Cooperatives of production and work

32 M€ of liquidity injection into the Social Capital

(1.5 Billion€ Total Social Cooperatives' turnover in Lombardy)

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WIN-WIN APPROACH

Financial and structural strengthening of the Cooperative system as a key player and a policy instrument to support the inclusion of less favoured people in the local labour market

Recipients

- Disadvantaged people
- Member of Cooperatives
- Cooperatives

- ➢ *More inclusion for the weak categories and more co-responsibility*
- ➢ *Creation of new job (60% women) and workplace capitalized*
- ➢ *Capitalization of the Cooperatives*
- ➢ ***Culture of social capital***

Public Authority

- Managing Authority
- European Commission
- Member State

- ➢ *Efficiency in the use of public resources*
- ➢ *A new Self-monitoring and traceability system (ecosystem)*
- ➢ *A new culture for sustainable investments*
- ➢ *Leverage of public resources*

Policy

- European Inclusion Policy
- Reward of the social role of the Cooperatives
- Subsidiarity

- ➢ *Strong impact on social system (more than 30% of Cooperatives operating in Lombardy funded by Jeremie for at least 5 years)*

Financial Intermediary

- Micro-loan guaranteed
- Equity

- ➢ *New target customers (disadvantaged people)*
- ➢ *Cooperative system more reliable for banks*
- ➢ *More interest in Public Policy and their financial implementation*

CAPACITY BUILDING

In 2012-2014 thanks to FIN-EN Network, Finlombarda and other 12 financial institutions and managing authorities shared experiences

FIN-EN Network

Sharing Methodologies on financial engineering for enterprises

FIN-EN
Sharing Methodologies on Financial Engineering for Enterprises

INTERREG IVC

A 3 year project co-funded by the EU with the aim of supporting a strong network of partners dealing **with the first FEIs generation (2007-2013)**

13 EU Partners (Finlombarda - Lead Partner of the consortium)

45 FEIs mapped (total amount of 3.5 Billion Euros)

Quantitative and qualitative analysis on ERDF/ESF instruments with recommendations on the new 2014-2020 FEIs generation

2 out of 4 FI-COMPASS best practices on social innovation are FIN-EN good practices (Hungary «Micro-credit loan and Grant Scheme, Lithuania «Entrepreneurship Promotion Fund»)

A pioneering "capacity building" experience on FEIs

European Commission

European Investment Bank
The EU bank

Thank you

www.fi-compass.eu

ANNEX I

Law n.381/91 - Social co-operatives

«TYPE A» Co-operatives	«TYPE B» Co-operatives	«WORKER» Co-operatives
• Provide health, social or educational services	• Provide services to integrate disadvantaged people into the job market	• At least 30% of the members must be from disadvantaged target groups

Art. 4: Disadvantaged people

- Physically disabled
- Psychic and sensory disabled
- Former patients of psychiatric institutions
- Under psychiatric treatment
- Drug-addicts
- Alcoholics
- Minors of working age in difficult family situations
- convicts admitted to alternative measures to detention;

In addition:

- Young people aged 16 and 25 with right-duty of Education and Training
- Women older than 40 years / Men older than 50 years
- Immigrants
- People with lower qualification to the diploma
- People looking for work for over 12 months
- Single parents (with at least one child)