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ES Fund TISE

Loan Fund for Social Economy

22 March 2016



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The social economy in the ESF programme Human Capital 2007-2013

- Central level / Integrated system for social economy support (systemic project, 13,5 mln Eur)
- Coordination system for support, education and monitoring of SE
- Infrastructure for ES support- accreditation system for regional social economy support centres,
- Central level / Social economy Working Group for Systemic Solutions (high level group appointed by the PM in 2008) working out: strategic, legal, educational, financial solutions



ES Fund - loans for social economy entities

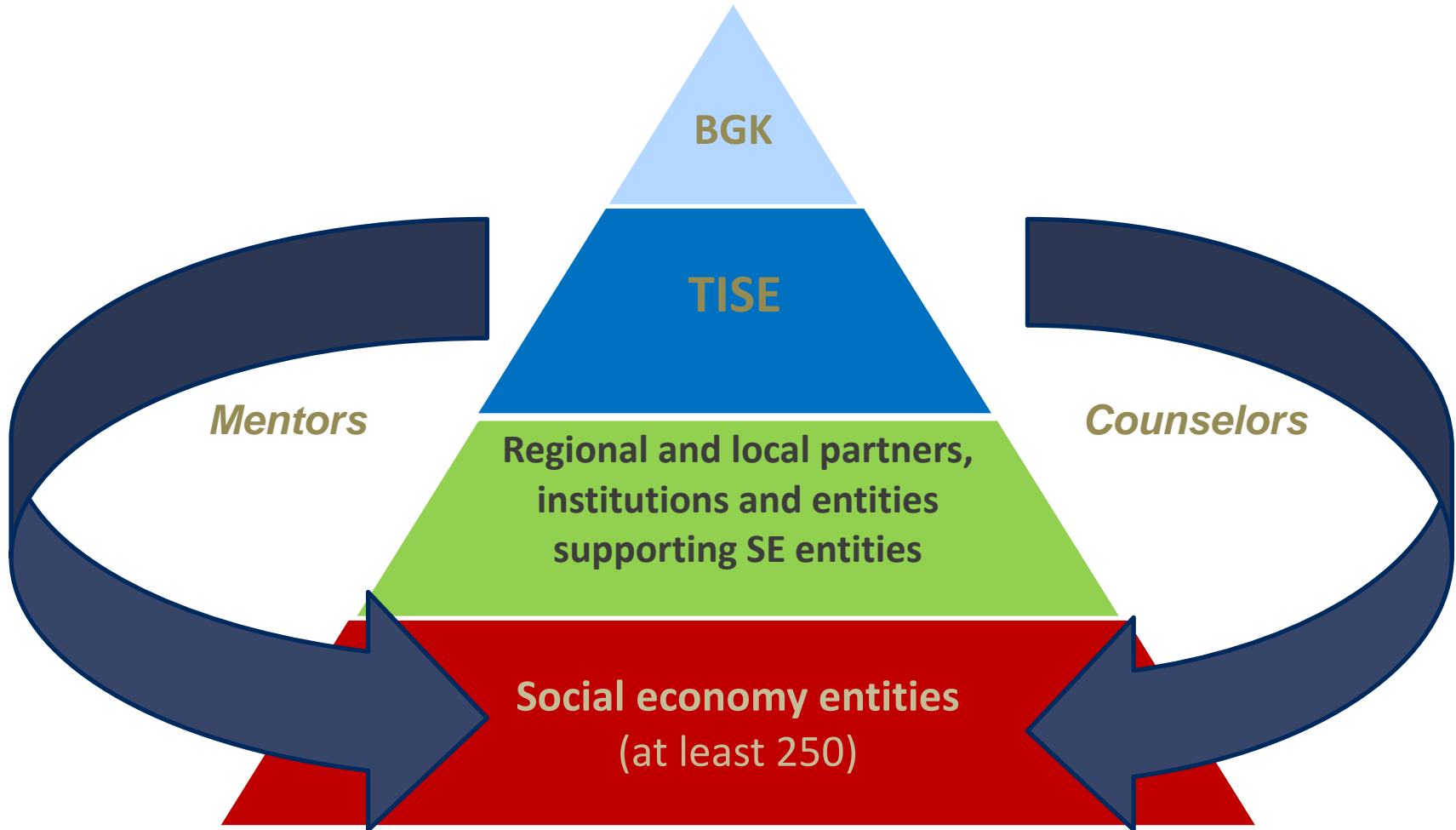
- It is a part of central support system for social economy
- Aimed at providing access to capital indispensable for further development (after 12 months from starting business)
- It is a pilot project testing the financial revolving instrument before scaling up in the new programme 2014-2020 (the policy tending to minimize grants and extend revolving financial instruments)



SE entities in Poland

- **social cooperatives** (~1400)
- **non-governmental institutions** (over 76,000 entities, including 7 667 public benefit organizations)
- **cooperatives of the disabled and the blind** (~ 300)
- **cooperatives of employees** (~ 600)
- **ZAZ** (Vocational Training Center, 68),
- **WTZ** (Occupational Therapy Workshop, 684)
- **other institutions** such as:
 - ✓ associations of local governments,
 - ✓ limited liability and joint stock companies

Pilot project - parties





Phases of the project

- The investment period lasting from 2013 to 2015
- The repayment and monitoring phase will end in 2020



Pilot project – effectiveness parameters

- Capital use – at least 125% by 2017
- Overdue loans ratio -18%
- Number of loans granted - 251
- Number of supported social economy entities - 400
- Number of jobs created/sustained - 50/1000



Pilot project – main objectives

- Assessing the financial situation of the social enterprises based on the group of financed and rejected clients;
- Determining the financial needs of the social economy entities;





Pilot project – special features

- Preferential conditions (interest rate 25% or 50% of the rediscount rate, no charges, no commission, no extra fees);
- For social economy entities running business activity;
- Free advisory services after loan granting.
- Regional distribution (five macro-regions corresponding to the areas of operation of five Social Economy Centres);



Pilot project - fixed parameters

- **Maximum amount:** 100.000 PLN
- **Interest rate:** 25% or 50% of rediscount rate (de minimis aid)
- **Maturity :** Up to 60 months
- **Maximum grace period:** Up to 6 months
- **Maximum financing:** Up to 100% of an investment
- **Charges and fees:** None
- **Advisory services** Free of charge (de minimis aid)
- **Maximum number of hours** 30 per borrower

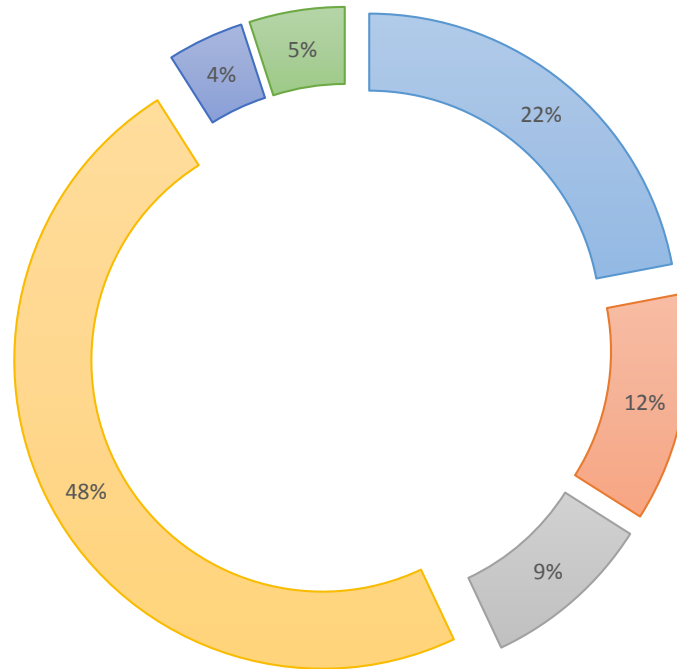


What are the results today?

- Capital use –154%
- Overdue loans ratio -4%
- Number of loans granted - 403
- Number of supported social economy entities - 400
- Number of jobs created/sustained - 436/1400



Structure of the portfolio of our clients



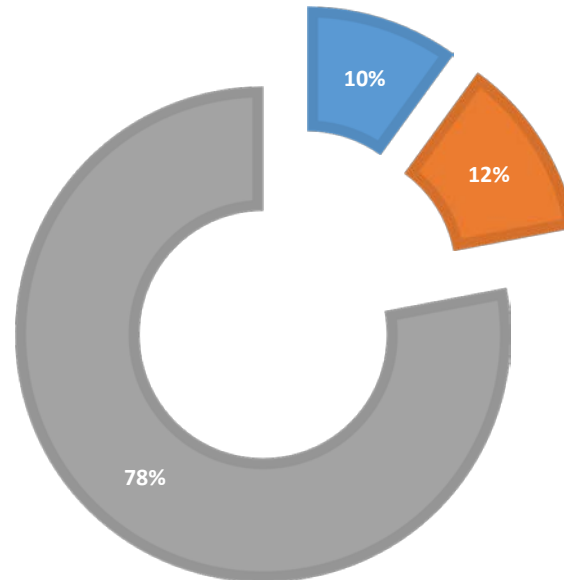
■ foundations ■ associations ■ cooperatives of employees ■ social cooperatives ■ non profit LLC ■ other





Type of activity

■ trade ■ production ■ service industries





Our Clients





Fundacja  Dominikański Ośrodek Liturgiczny




WITAMY
W
NASZYM
DOMKU




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Observations after three years

- Low maximum loan amount ;
- Fixed maximum maturity;
- Only investment and job creation purpose can be financed - no possibility to use a loan for working capital ;
- Unavailability for SE entities employing more than 50 employees - exclusion of many workers' cooperatives and cooperatives of the disabled and blind;
- Unavailability for start-ups



Financing needs

- Wider range of financial products:
 - ✓ working capital and liquidity loans;
 - ✓ Investment and development financing;
 - ✓ Quasi capital – social VC, subordinate loans, mezzanine;
- Bigger amounts
- Longer financing period
- Available also for: start-ups, enterprises employing more than 50 employees,
- Financial participation of the financial intermediaries



financial instruments
 revolving capacity building
 added value **ERDF** funding agreement
 governance **ESF** EU guidance
 technical support seminars leverage financial intermediaries ex-ante assessment
 co-financing **ESIF** microfinance 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
 conferences factsheets
EAFRD **EMFF** investment strategy **CF**
 fund of funds managing authorities manuals

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