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EAFRD

Macro-regional conference on EAFRD financial instruments for agriculture and rural development in 2014-2020

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Financial Engineering Support for
Social Economy Development
Bank Gospodarstwa Krajowego, Poland

24 October 2016, Warsaw



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BGK's pilot project



The Financial Engineering support for the social economy development.

Realized under the Measure 1.4 Human Capital
Operational Programme 2007-2013

Financial means: The European Social Fund



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BGK's pilot project



✓ aims:

- Social Economy Entities' (SEEs) development and business activities extension
- testing the effectiveness of FI instead of grant system

✓ budget: ca. EUR 8.25 m. Second turn of means: ca. EUR 3.26 m.

✓ beneficiaries (SEEs), eg.:

- foundations and associations
- social co-operatives, cooperatives of disabled and blind people, labour co-operatives
- organizational units of churches and religious associations
- sport clubs

• public companies and Ltd. companies – running non for profit



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Financial Instruments (preferential loans):



- ✓ max. maturity of 60 months
- ✓ max. grace period of a capital repayment 6 months
- ✓ max. amount of the loan: ca. EUR 24,000
- ✓ annual interest rate – 0,5 of the discount rate with possibility to lower to 0,25 of the discount rate (currently 0.88% with a possibility to lower to 0.44%)
- ✓ *de minimis* aid
- ✓ standard loan security: a borrower's blank promissory note (additional security depending on the risk assessment)
- ✓ no fees and commissions
- ✓ loan covers up to 100% costs of an undertaking



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BGK's pilot project



Objectives of the Project:

- ✓ provision of at least 250 loans to SEEs running business throughout the country
- ✓ consulting services to minimum 200 borrowers
- ✓ creation of 50 new jobs

- ✓ Results incl. second turn of means (end of Sept. 2016):
- ✓ 467 granted loans (374 SEEs)
- ✓ 241 borrowers supported with consulting services (4 000 hours of a free advise)
- ✓ 507 new jobs (269 for women)



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2014-2020



BGK's project: *The Implementation of loan and re-guarantee Financial Instruments within the National Fund for Social Entrepreneurship*

**under the 2.9 Measure of the Operational Programme
Knowledge Education Development 2014-2020**



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2014-2020



BGK will act as the manager of the National Fund for Social Entrepreneurship

Aim: the increase of number of SEEs using returnable financial instruments, including loan and guarantees

Indicators:

- ✓ support at least 2030 SEEs
- ✓ create at least 1250 jobs

Budget of the project:

- ✓ over EUR 32 m. for loans
- ✓ ca. EUR 1 m. for re-guarantees

The capital for support will increase as a result of revolving nature of the support



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2014-2020



Beneficiaries of the support:

The group of entities entitled to the support is similar to the pilot project, but has been expanded to:

- ✓ start-ups,
- ✓ medium enterprises
- ✓ re-integration entities carrying out social and work reintegration services for people at risk of social exclusion
- ✓ entities not conducting economic activities

The financial Instrument has been expanded to:

- ✓ working capital
- ✓ more flexible parameters of the loan

Financial Intermediaries:

24 October 2016 – opening offers under the public procurement (tender) in order to choose financial institutions, that will act as Financial Intermediaries in five macro-regions



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Additional conditions:



- ✓ SEEs must belong to SMEs' sector
- ✓ legal personality apart from reintegration entities
- ✓ SEEs' governing body can't be a local government unit
- ✓ indication of realistic source of repayment of loans
- ✓ ensure the financial feasibility of supported investments or undertakings
- ✓ generate social impact



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Loan for start



- ✓ SEEs running no longer than 12 months
- ✓ value of a loan – ca. EUR 24 thou. and max. ca. EUR 48 thou. per one entity
- ✓ max. maturity of 60 months
- ✓ max. grace period of a capital repayment 6 months
- ✓ annual interest rate – at the rediscount rate of the National Bank of Poland (currently 1,75%) with possibility to lower to 0,5 of the discount rate (currently 0.88%), when the purpose /one of the objectives pursued the project is to create a new /new jobs
- ✓ no fees or commissions
- ✓ loan security: depend on BGK or Financial Intermediary, but preferred a borrower's blank promissory note



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Loan for development



- ✓ SEEs running longer than 12 months
- ✓ value of a loan – max. ca. EUR 120 thou. and max. ca. EUR 240 thou. per one entity
- ✓ max. maturity of 84 months
- ✓ max. grace period of a capital repayment 6 months
- ✓ annual interest rate
 - for loans up to EUR 24 thou. - at the rediscount rate of the National Bank of Poland with possibility to lower to 0,5 of the discount rate, if one of the objectives is to create a new job
 - for loans over EUR 24 thou. - at the market level, not higher than a Financial Intermediary has declared in the tender offer, with possibility to lower, if one of the objectives is to create new jobs
- ✓ no fees or commissions
- ✓ loan security: depend on BGK or Financial Intermediary, but In case of loans over EUR 24 thou. preferred a borrower's blank promissory note

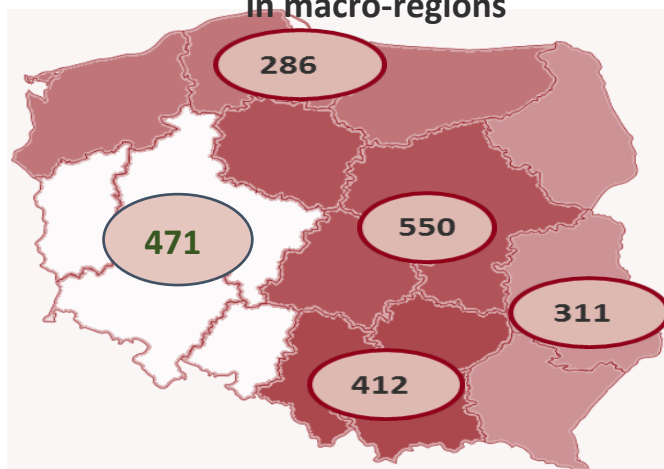


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Allocation among macro-regions

Designated number of loans/borrowers in macro-regions



Macro-region	Allocation (ca. EUR m.)	Number of loans/borrowers
Macro-region I (kujawsko-pomorskie, łódzkie, mazowieckie)	8,78	550
Macro-region II (lubelskie, podkarpackie, podlaskie)	4,95	311
Macro-region III (dolnośląskie, lubuskie, wielkopolskie, opolskie)	7,51	471
Macro-region IV (zachodniopomorskie, pomorskie, warmińsko-mazurskie)	4,57	286
Macro-region V (śląskie, świętokrzyskie, małopolskie)	6,58	412
Total	32,39	2030

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The „EMAUS” Association (by Lublin)



Land of Camomile from Hołowna in the lubelskie region



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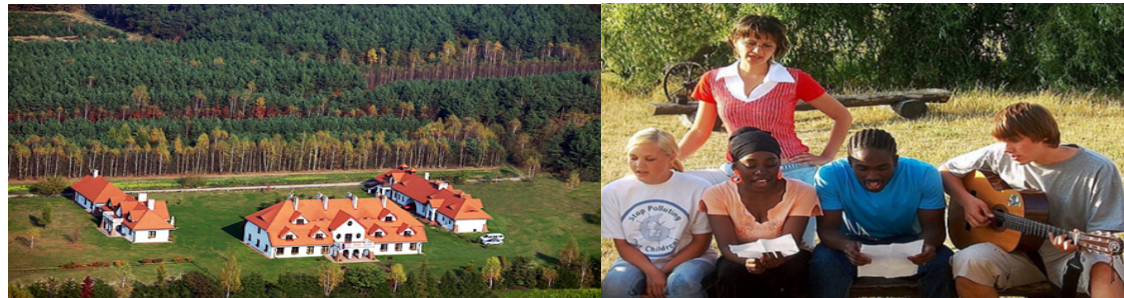
Exemplars



**The Social Co-operative „OPOKA”–
Outstanding Social Entrepreneur of the
Year 2014**



**Dom Nasutów Nasutowskie
Przedsiębiorstwo Społeczne
Sp. z o.o.
(private limited company)**



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Exemplars



**Zamek Wojnowice Sp. z o.o.
(private limited company)**



**The Social Co-operative
„Ogród Dokumentów”
from Jarosław**



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