



Financial instruments for social entrepreneurship

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Idea for supporting Social Economy



- Three pillars for the development and support of social economy in Slovakia:
 - new legislation
 - financial support
 - advisory infrastructure
- In financial support, combination of financial instruments and grants must have priority



Legislation and Advisory Infrastructure



- The Social Economy and Social Enterprises Act (No. 112/2018 Coll.):
 - new definition of social enterprise, similar to EaSI Regulation
 - various forms of support, including the combination of a grants and financial instrument
- New Advisory:
 - ESF national project *The Social Economy Institute*
 - Includes regional Social Economy support Centres



Financial Support



- Financial Instruments:
 - 72 mil. EUR allocated from the Ministry of Social Affairs and the Ministry of Interior to the National Development Fund II under the management of SIH
 - both ERDF and ESF resources
- Grant programme:
 - ESF national project *Investment Aid for Social Enterprises – the Non-Repayable Segment*



Financial Instruments



- **Guarantee Instrument:**
 - 11,7 mil. EUR
 - based on FLPG, uses GBER for State Aid
 - is at the Public Procurement Office for verification of PP
- **Loan Instrument:**
 - 27,7 mil. EUR
 - PRSL/subordinated debt for social enterprises
 - municipal housing loan
 - microcredit for self-help housing construction
 - PP should start Q2/2019
- **Equity Instruments:**
 - 32,6 mil. EUR



Combination of grants and financial instruments



- Combination CPR Art. 37 (7); coincidence CPR Art. 37 (8)
- Commission Guidance: restrictive interpretation
- Result:
 - One project, one set of ESIF criteria, but two decision-making processes
 - Needless coordination problem for authorities
 - Double administrative burden for applicants
 - Increased uncertainty; mismatch in timing of support



State Aid



- doable, but takes a long time
- details might make life more difficult (e. g. GBER Art. 21 (18))
- no special clauses for financial instruments or social enterprises
- unclear how e. g. subordinated debt works under GBER (GGE calculation)
- approval of the State Aid Schemes took nearly year



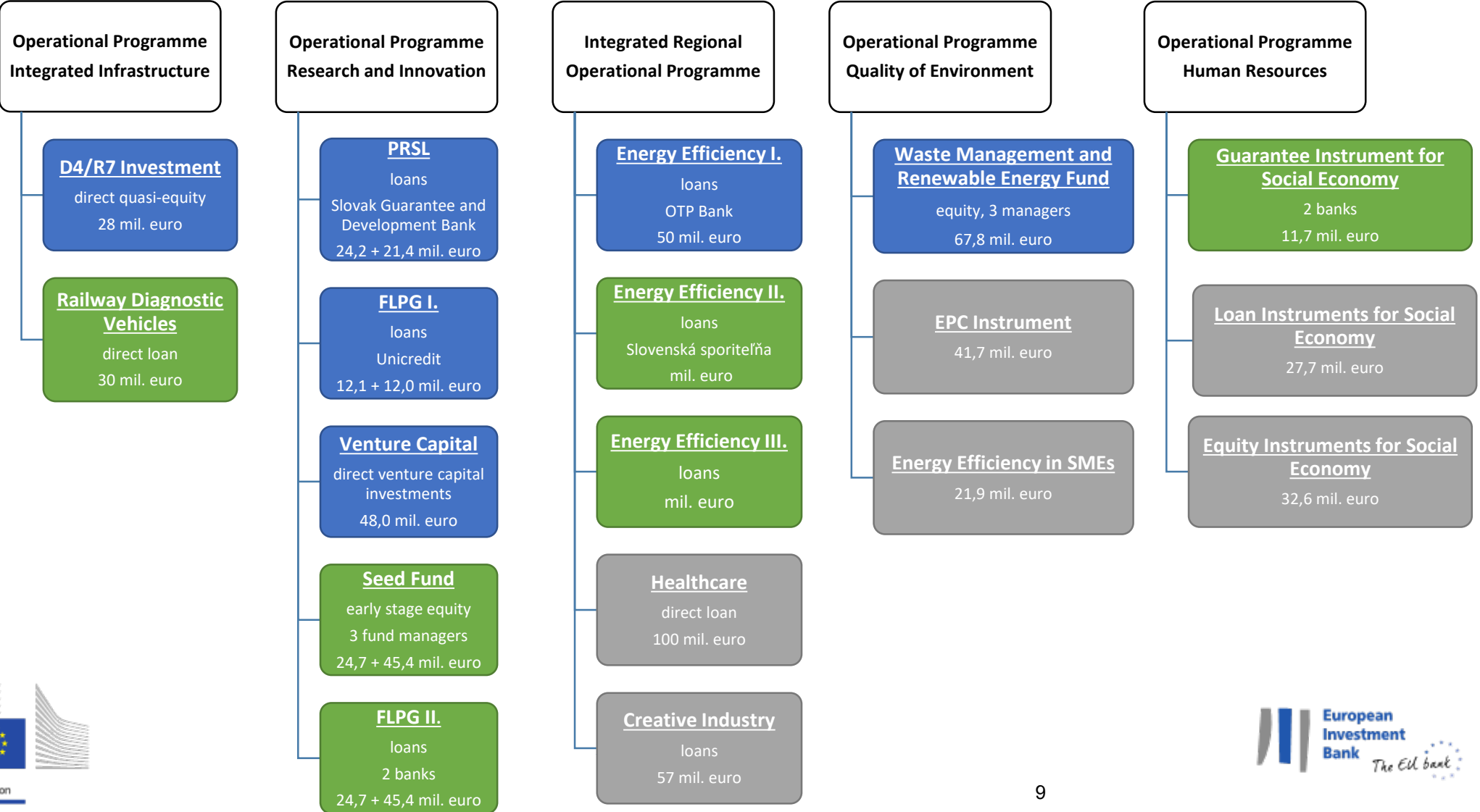
Eligibility



- ESF priorities: Support for business creation & social enterprises
- previous ban on purchases of ‘furniture, equipment, vehicles’ not included in the current ESF Regulation (No. 1304/2013)
- nevertheless, widespread conviction ESF for ‘soft measures only’
- implementation delays due to eligibility disputes



Financial Instruments





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