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Financial engineering instruments within Human Capital Operational Programme on the example of BGK's project



Loan Fund for social economy entities

- BGK stands for Bank Gospodarstwa Krajowego - Poland's only state-owned bank
- project within Measure 1.4 HC OP *Supporting financial engineering for the development of social economy* as a pilot project with BGK as a holding fund (funding agreement signed 19.07.2012)

Loan Fund for social economy entities

- target group: social economy entities
- instrument offered: loans for strengthening the general activities of an enterprise
- financial intermediary: TISE selected in public tender - 25.01.2013 in 5 macroregions
- target: 250 loans for PES (already disbursed 312 = 124%)

Loan Fund for social economy entities

- conditions:
 - max value – 100 000 PLN (app. 25,000 EUR) – up to 100% costs of investment
 - grace period – 6 months
 - minimum lending rate
 - repayment period – 5 years
 - no additional costs nor fees

Loan Fund for social economy entities

- Counselling services:
 - offered beside loans as grants
 - scope: financial matters such as taxes, book-keeping, human resources, legal issues, marketing strategies

Example of a credit recipient – case 1

- Wielobranżowa Spółdzielnia Socjalna (Multipurpose Social Cooperative) ARTE funded in 2012 by Foundation „Sychem” and Association „New Hope” brings help for poor, homeless, unemployed and addicted to alcohol and drugs. Social cooperative is a tool of professional rehabilitation of these people.



Example of a credit recipient – case 1

- ARTE deals with construction works, chores, upkeeping the greenery, encrusting ceramics.
- The loan from ESF was assigned twice:
 - to equip ARTE with machines, devices and commodities to expand their activities
 - to buy a plough machine



Example of a credit recipient – case 2

- Chrześcijańska Spółdzielnia Socjalna (Christian Social Cooperative) „Nasz Domek” is running kindergarten, nursery and integrated nursery in Warsaw (Białołęka i Bemowo).
- The loan was given for:
 - renovation and modernisation of existing centres
 - purchase of teaching materials
 - promotion of „Nasz Domek” centres

BGK's project – final observations

- EC and ECA audit observations:
- management costs of holding fund must be linked to the performance of the instrument
- revolving of returns from investments is indispensable

Perspectives for the future

- financial support for PES will be continued (ESF 2014-2020)
- ex-ante assessment of the new instrument is already done
- loans, guarantees, other (innovative, like social venture capital)



Thank you

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