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ES Fund TISE

Loan Fund for Social Economy Athens, 3 December 2015





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



ESF loan fund 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)



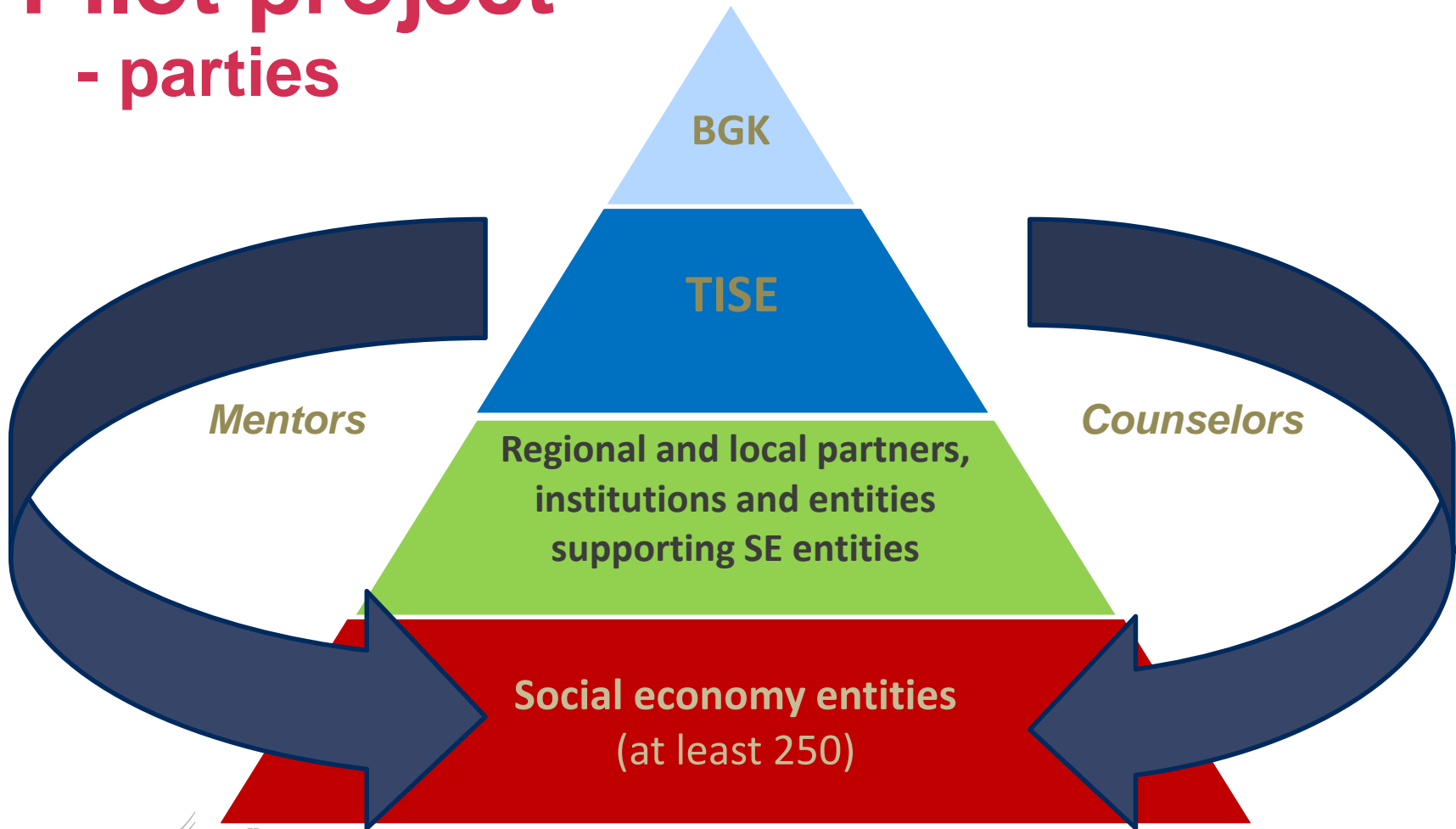
SE entities

- **social cooperatives** (~1300)
- **non-governmental institutions** (over 76,000 entities, including 7 667 public benefit organisations)
- **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



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Pilot project - objectives

- Granting at least **251** loans by 30/06/2015 for the maximum total amount of **PLN 25 M**; project deadline – December 2020;
- Providing advisory services to at least **200** social economy entities by 30/09/2015; in total 4 000 hrs, total value of the de minimis aid – PLN 400 K;
- Creating minimum **50** jobs;



- 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;





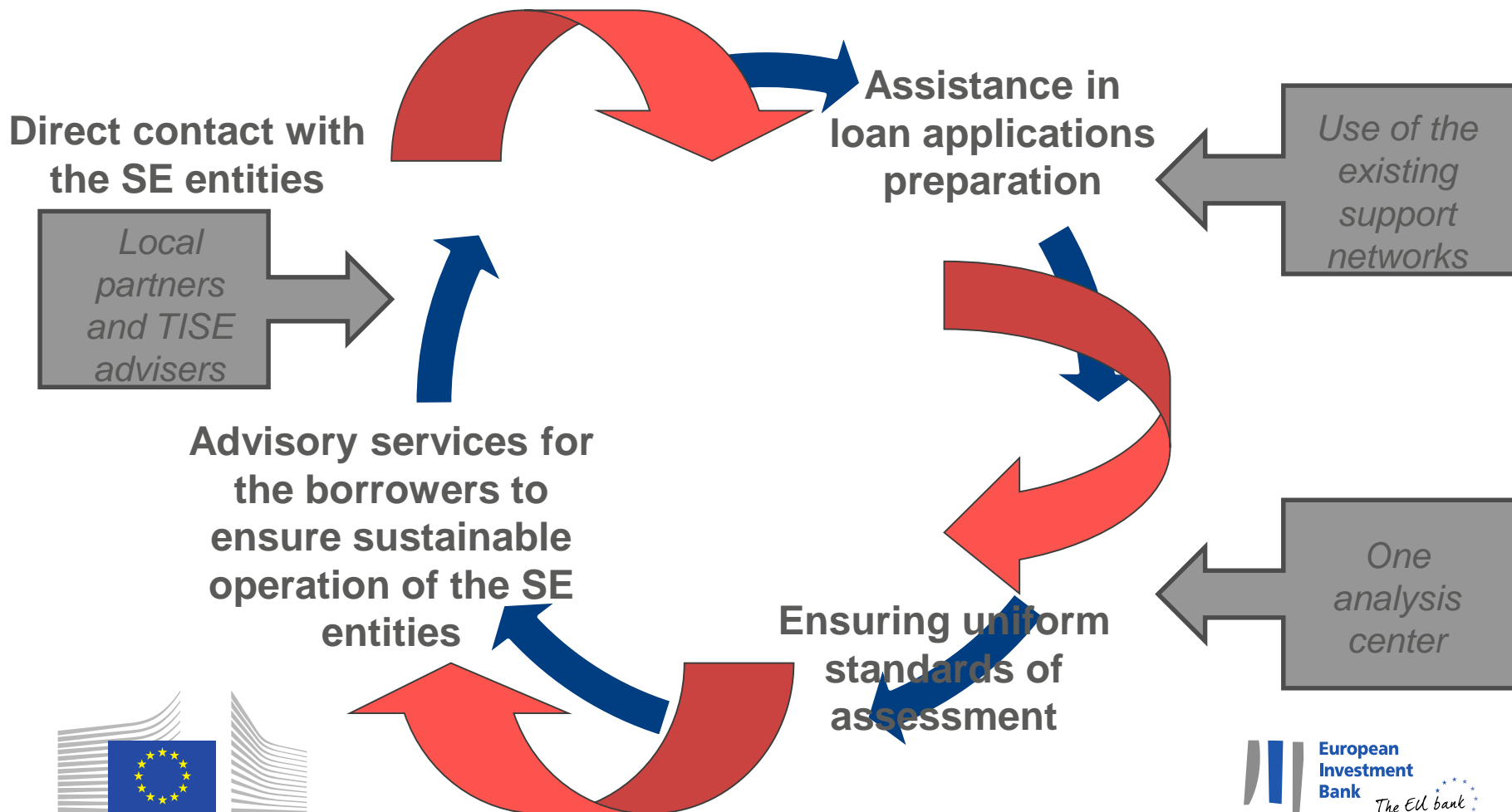
Pilot project – special features

- 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 - process



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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



Observations after two 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:
 - Investment and development financing; including working capital;
 - 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



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Thank you

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