



Practical examples of the use of financial instruments

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1) Financial impact

(Useful background information)

2) Two questions

Which theme?

- Employment
- Social inclusion
- Welfare

Which role?

- As final recipient
- As financial intermediary
- As provider of services

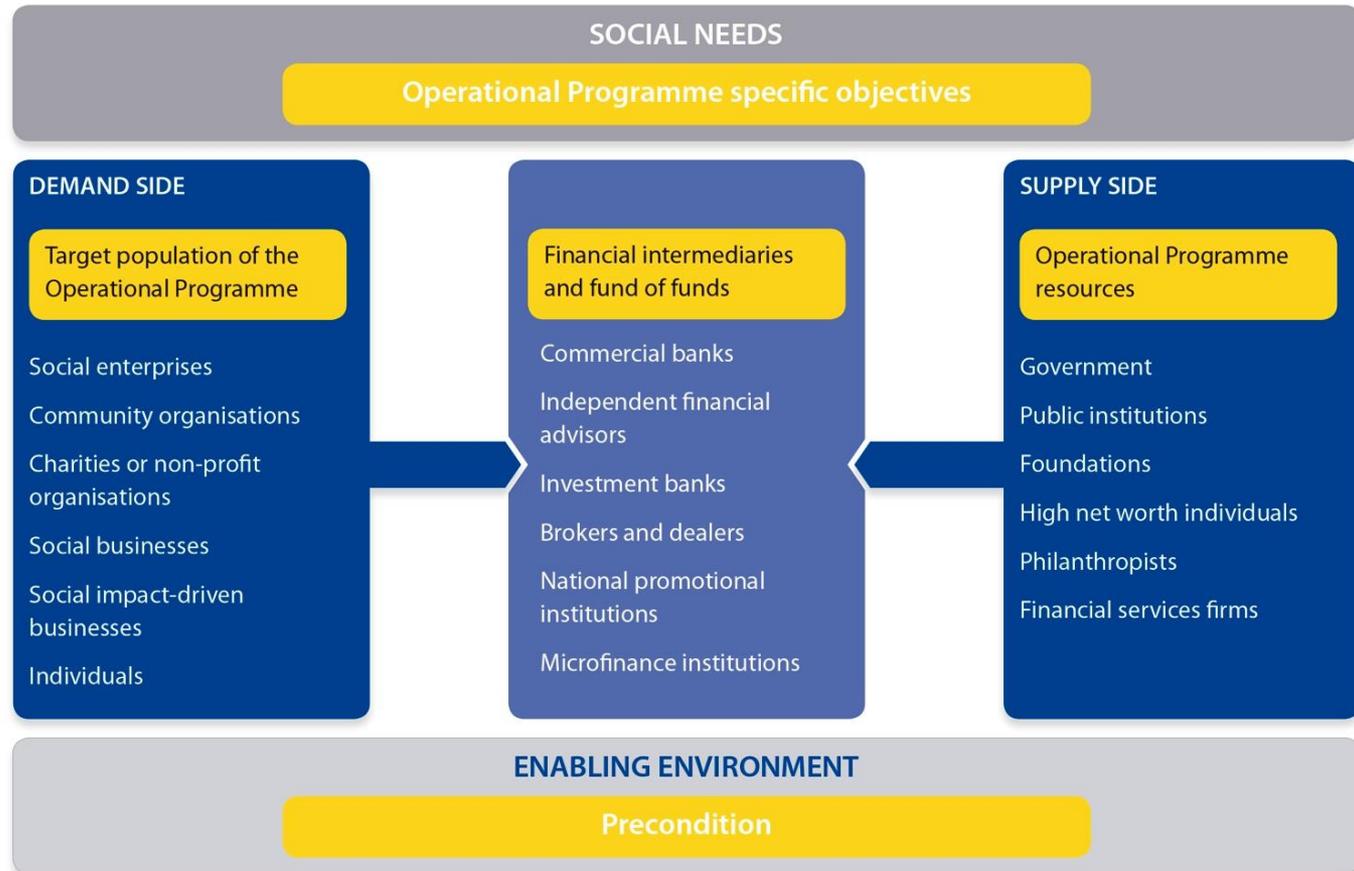
1) What is financial impact?

“Social impact investment is the provision of finance to organisations addressing social needs with the explicit expectation of a measurable social, as well as financial, return.”

OECD (2015),
‘Social impact investment – Building the evidence base’



Social impact investment – framework



Two questions

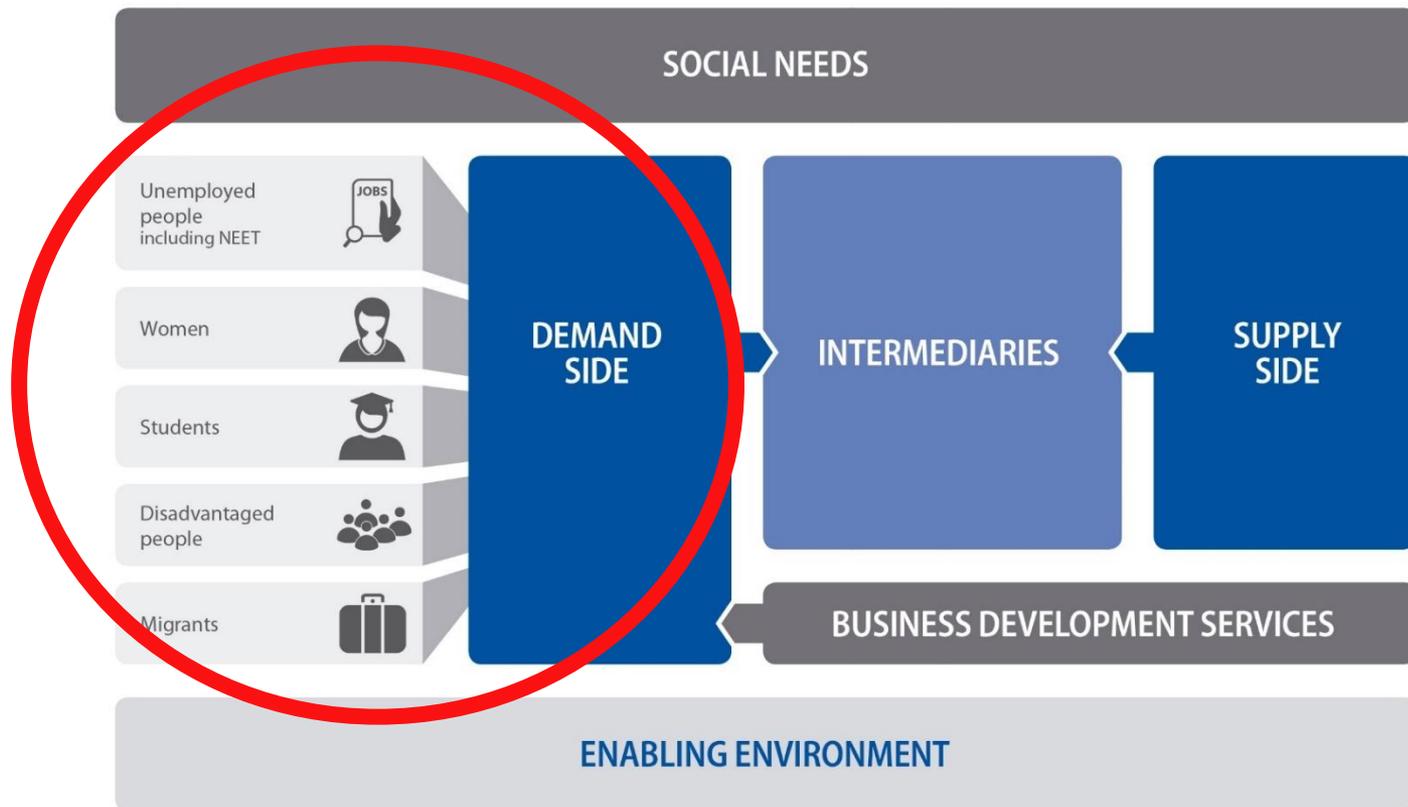
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Considering the framework



Mazovia, Poland: fighting unemployment

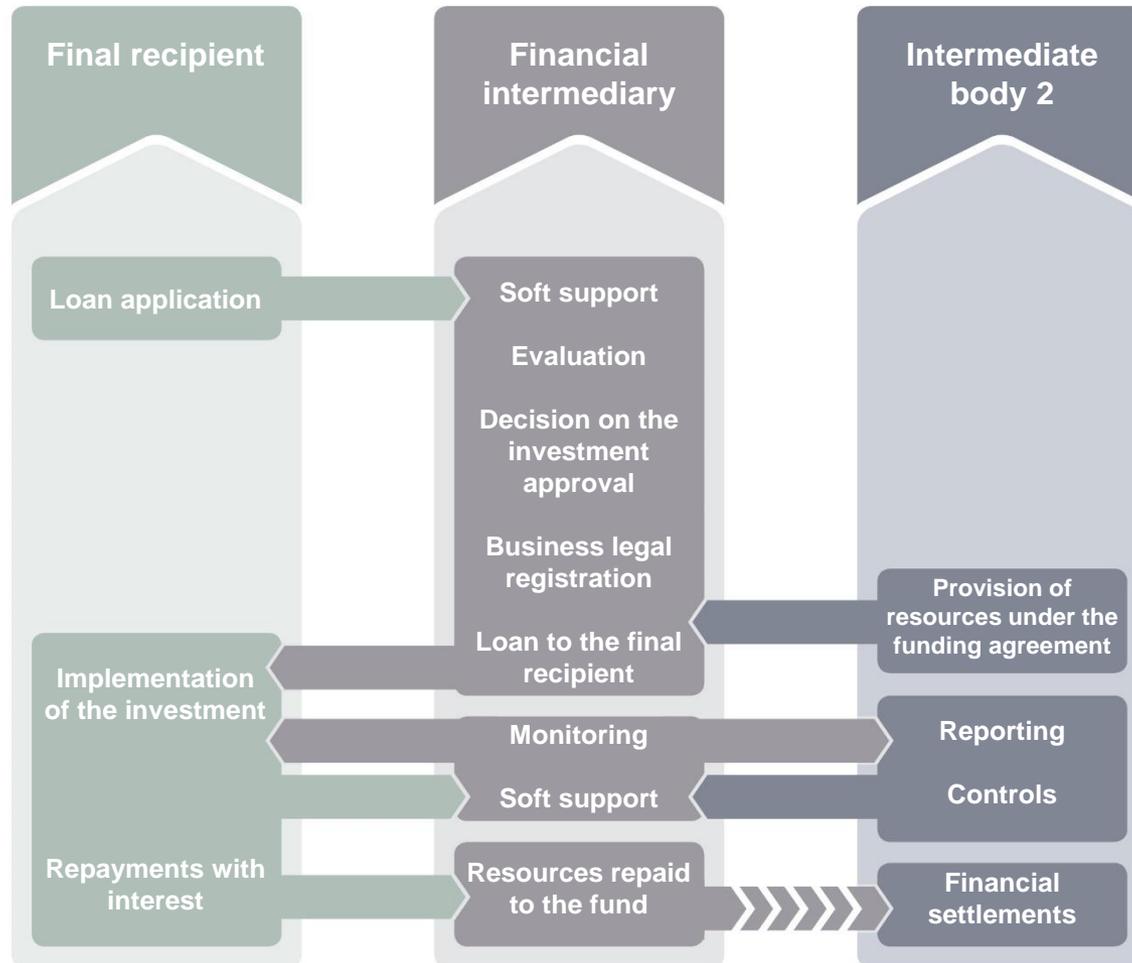
- Loans of up to EUR 12 500 at below market interest rates and with reasonable collateral requirements
- Offers training and business advice
- Targets unemployed people

Main results

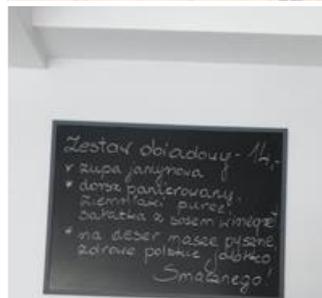
- 151 personal loans provided
- EUR 1.6 million in loans



How does it work?



The story



Andrzej Snopek, an experienced chef, wanted to open a small restaurant but he lacked funds. He needed to lease premises, adapt it to the needs of a restaurant, purchase the catering and refrigeration equipment, equip the kitchen and the dining room as well as purchase the food.

The owner could not fulfil the collateral requirement of a commercial bank loan. At the same time, commercial loans had high interest rates, front-end fees and short funding periods of up to two years.

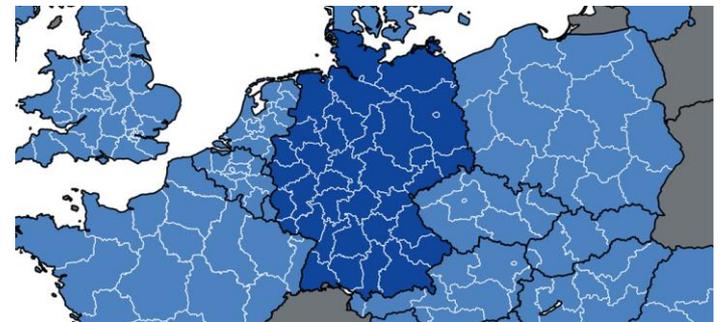
Only the loans offered by the SRCP presented conditions that the borrower felt able to afford.

Mikromezzaninfonds, Germany – supporting inclusion and welfare

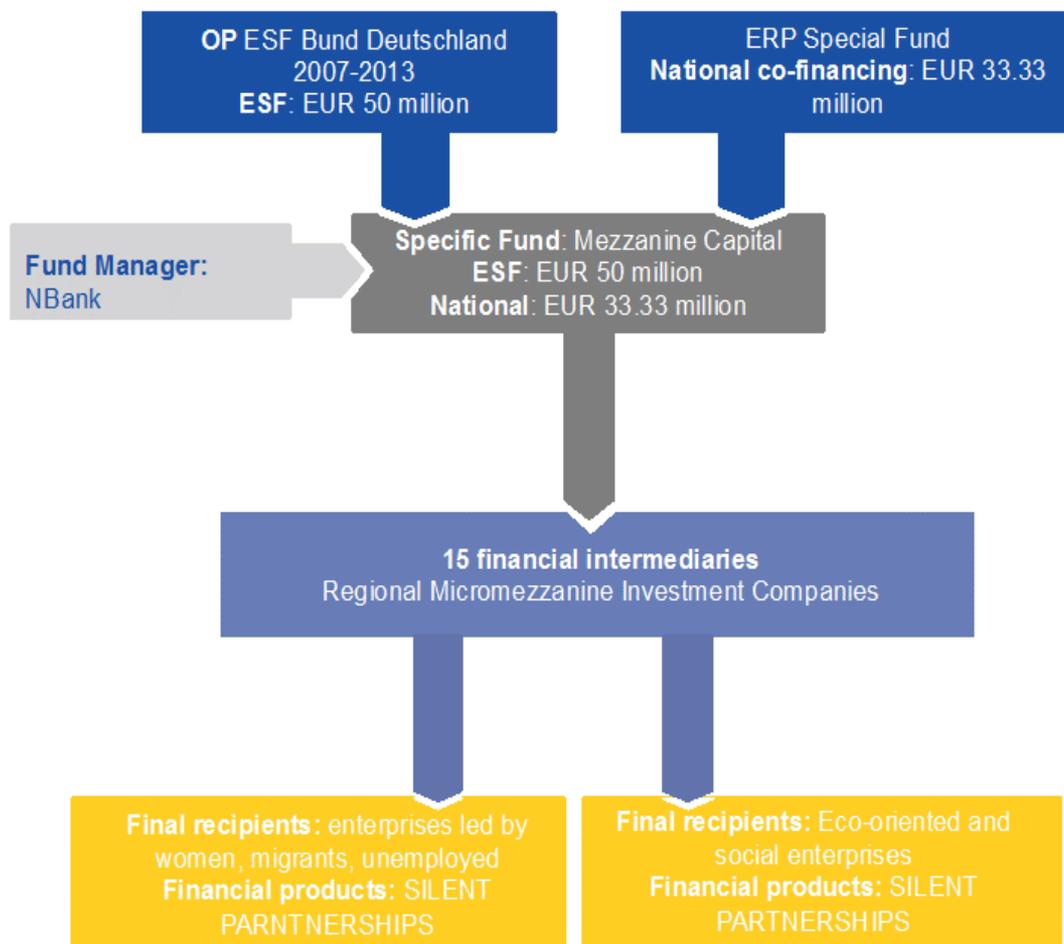
- Mezzanine capital through silent partnerships
- Target are enterprises:
 - 1) led by disadvantaged people, women, migrants or unemployed
 - 2) with a social or ecological mission

Main results

- 1 781 enterprises have been supported with EUR 74.5 million
- 7 775 jobs have been secured
- 35% are social enterprises



How does it work?



Example

The initiative supports investments in companies that provide social or welfare services. For example, it aims to provide capital through long term micro-mezzanine that does not require collateral or changes in the management structure.

The profit margins of the recipients can be limited so they will function more like social enterprises than commercial enterprises.

JEREMIE ESF

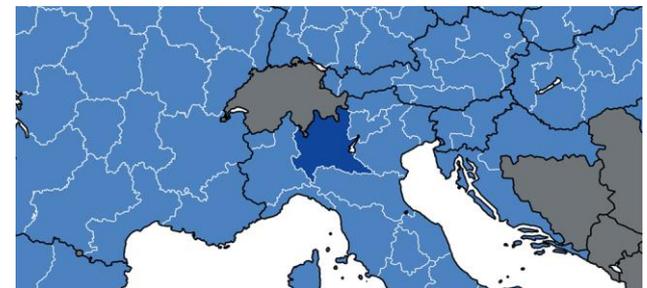
Lombardy region, Italy

- Microcredit Loan for developing the capital of cooperatives
- Public and private resources
- Targets are:
 - health, social and educational services
 - disadvantaged people in finding jobs

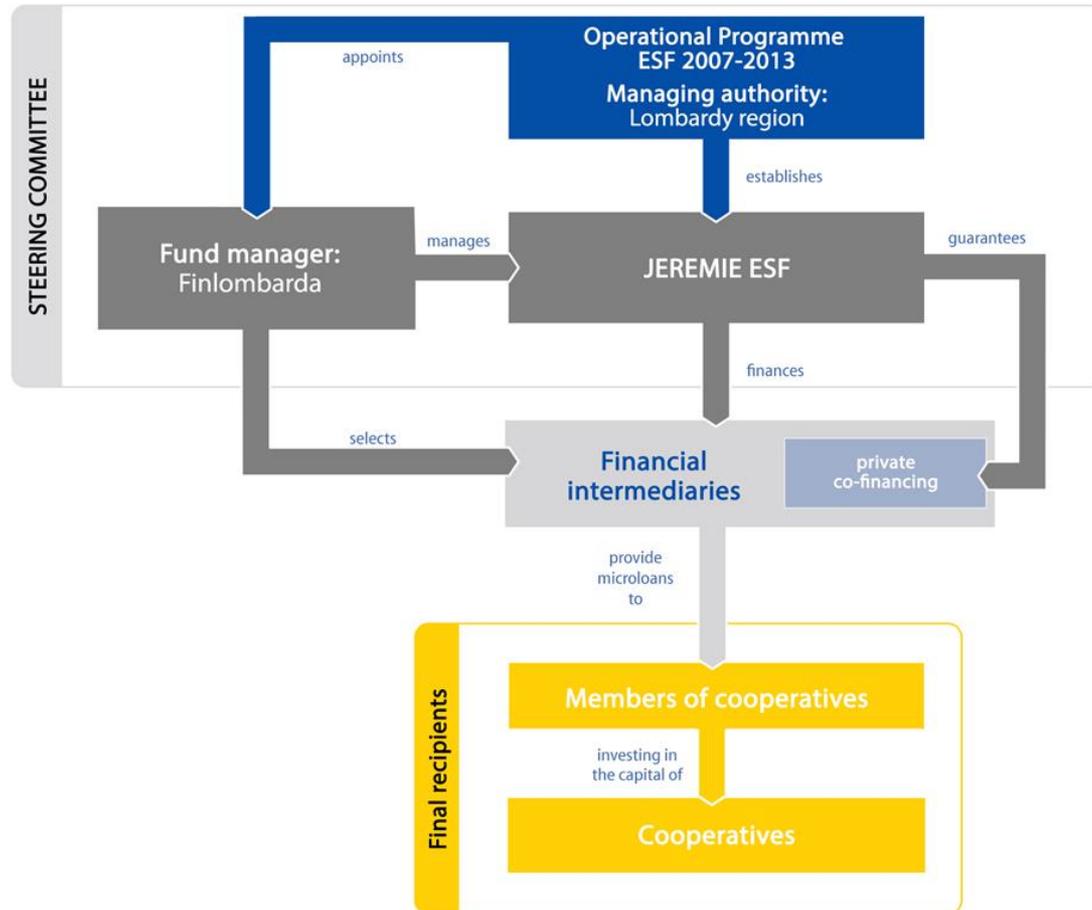


Main results

- EUR 31.4 million invested
- 7 850 final recipients
- 4 291 disadvantaged people
- 526 cooperatives capitalised
- Leverage 3.9x



How does it work?



Support for families – Farsi Prossimo Onlus, Milan Objectives

Farsi Prossimo Onlus to provide disadvantaged family units located in a specific urban area of Milan with goods and services, home visits, educational support, general assistance and access to the network of services provided in the area, as well as support group meetings for mothers with children aged 0-12 months.

The funds (microloans) were used to support new mothers with material and psychological needs that were living in disadvantaged conditions. Approximately 50 mothers were assisted by this project, which provided for their material needs and, through the provision of educational services, improved their parenting skills and childcare. It also improved their social networks and access to maternity support services available in the area.

Two questions

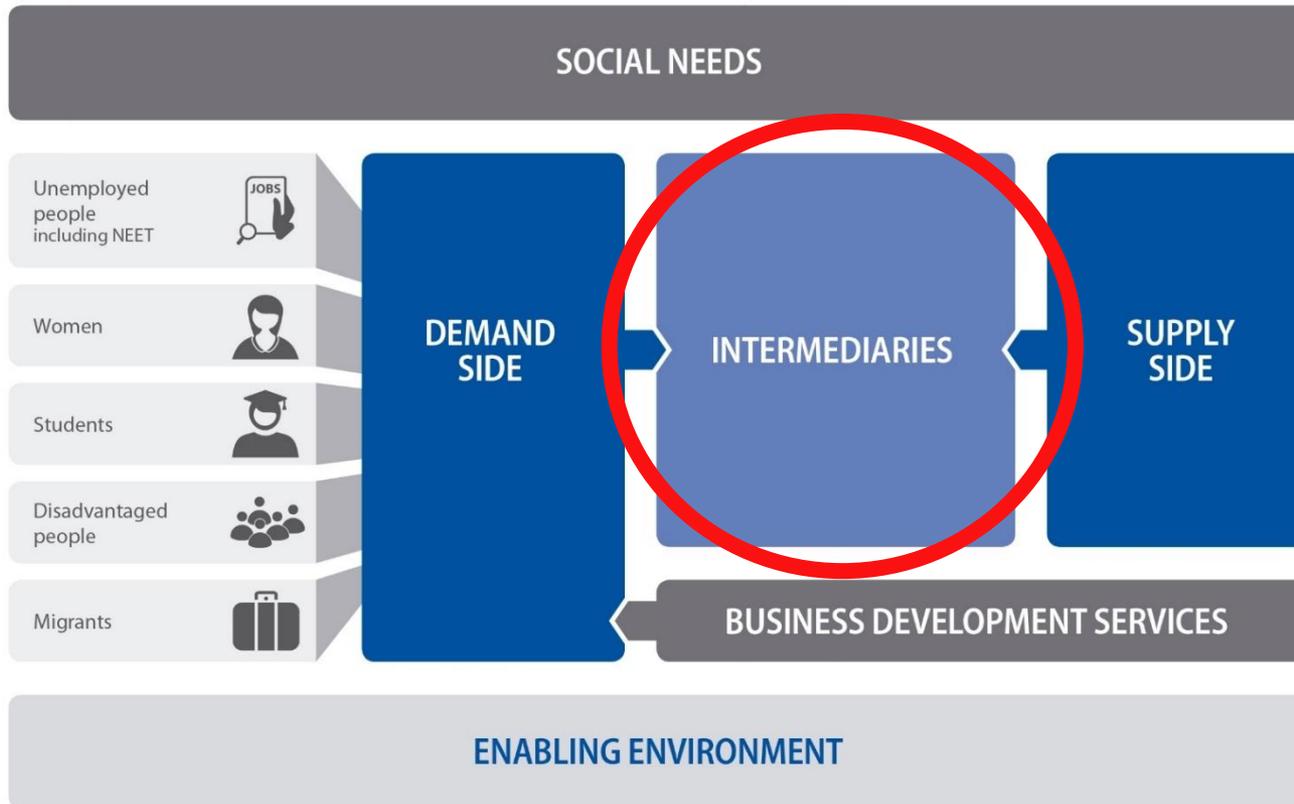
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Considering the framework



ADIE, France

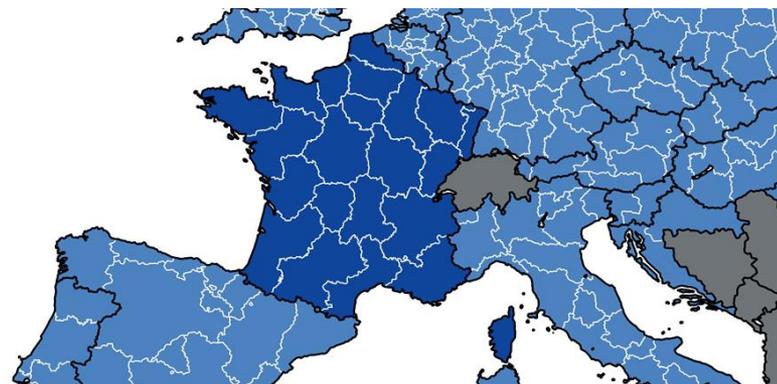
Created by Maria Nowak, Adie was inspired by the experience of Grameen Bank of Muhammad Yunus.

The association of public utility and microfinance organisation has as objectives:

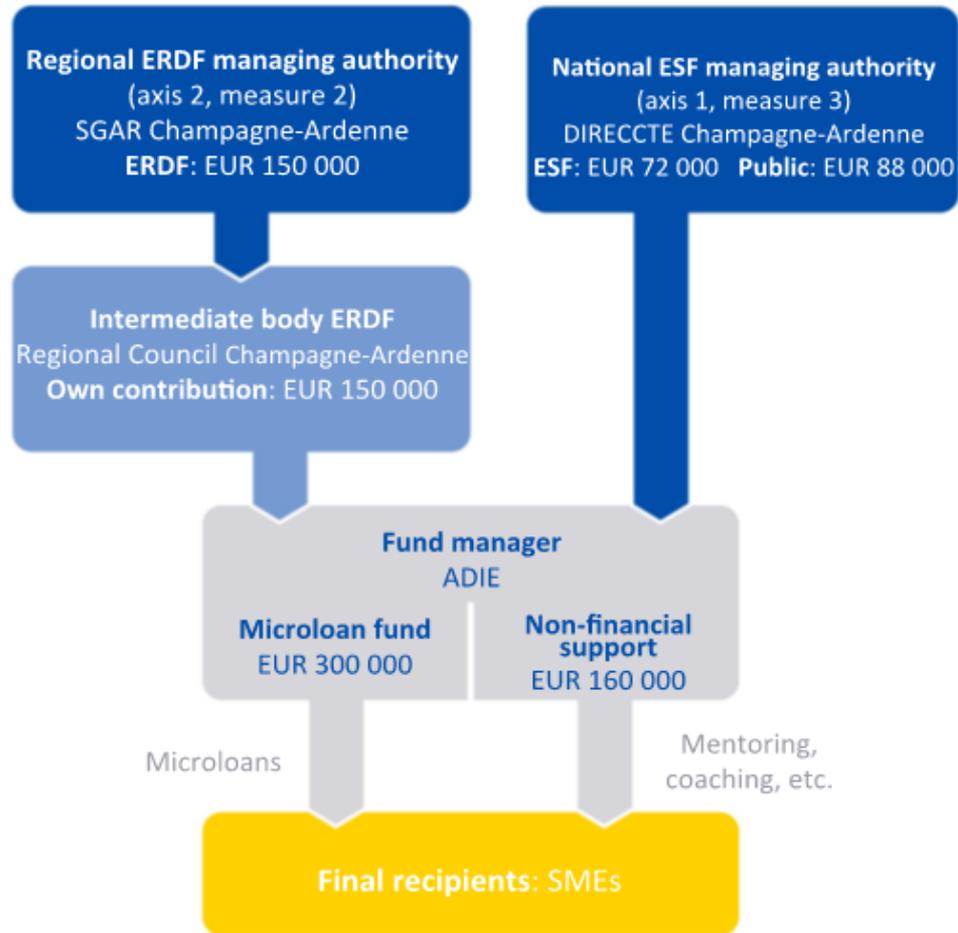
- finance entrepreneurs projects that do not have access to bank credit
- support micro-entrepreneurs to ensure the sustainability of companies
- contribute to the improvement of the institutional environment of microcredit

Main results

- EUR 300 000 invested
- Revolving effect 1.86
- 105 people and 286 SME supported



How does it work?



The story

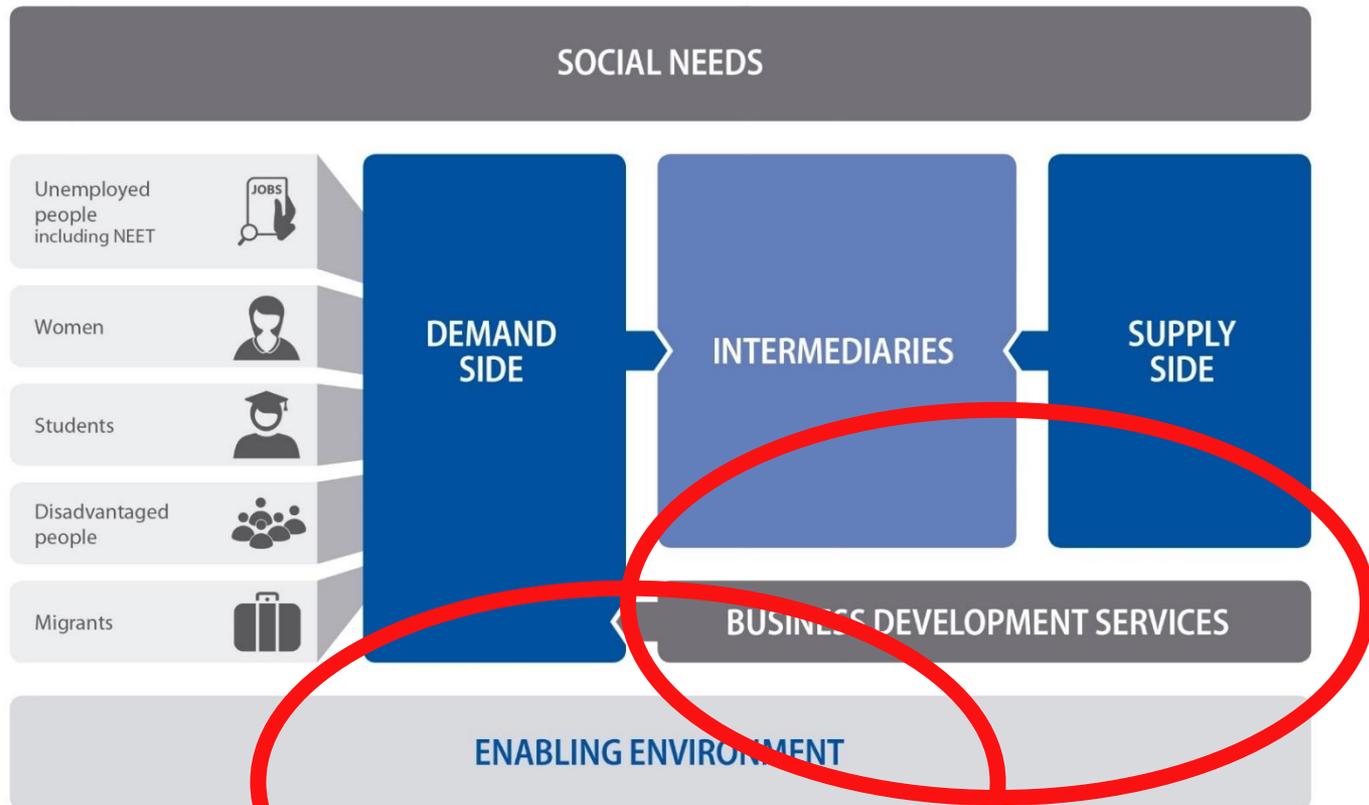
MD10

Mau is 29 years old and does not have a professional qualification but 10 years of experience in the restaurant industry.

Adie helped Mau to prepare her business plan and learn about practical, administrative and legal issues related to business creation and management.

With a microcredit Mau opened MD10, a clothing store for women and children, at the beginning of 2011 in Troyes.

Considering the framework



Entrepreneurship Promotion Fund - Lithuania

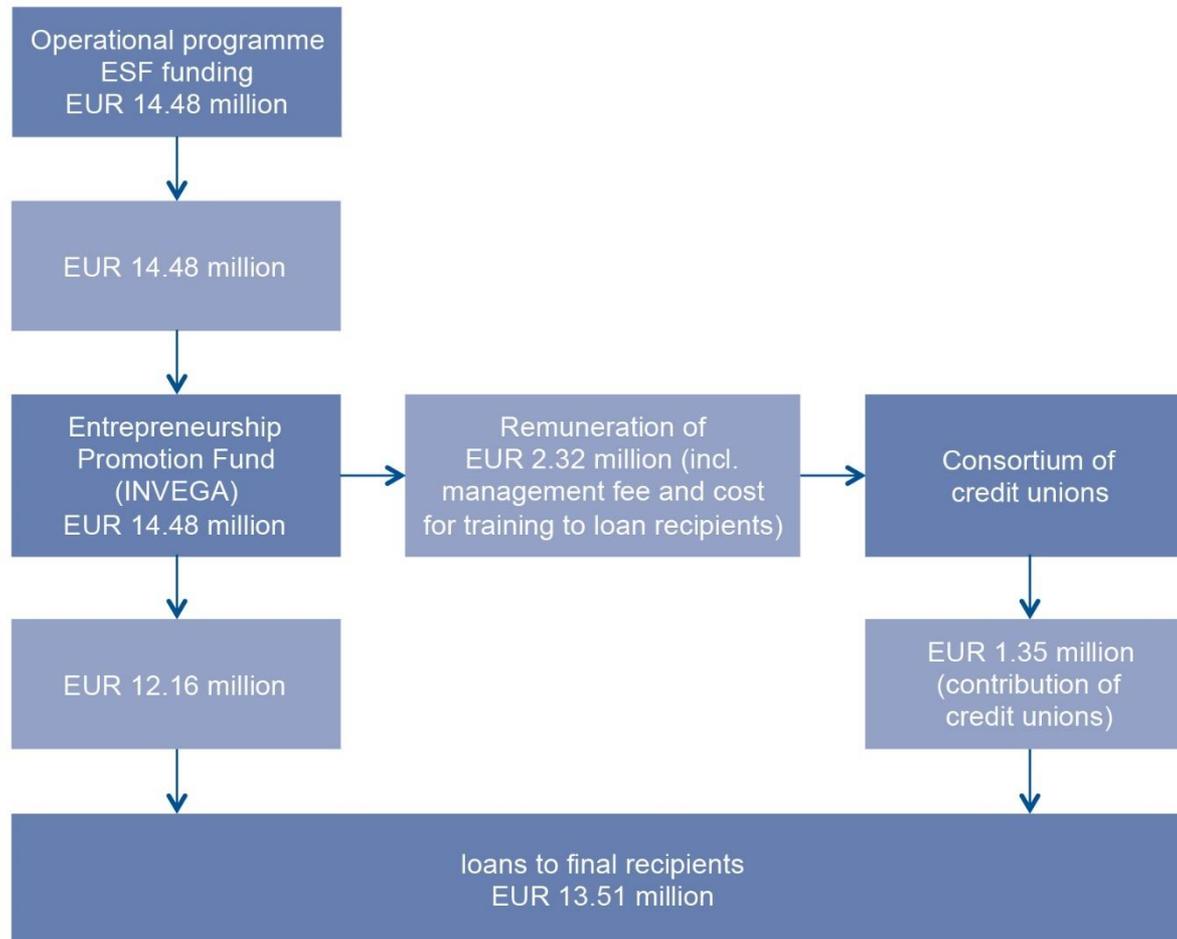
- Low-interest loans and free training to set up businesses
- Targets are young SMEs, disabled and unemployed people
- Cooperation between public and private players, including:
 - NGOs and local communities for publicity actions
 - 57 credit unions for training

Main results

- Financial size of EUR 14.48 million
- EU leverage 1x
- 1 758 jobs created (March 2014)



How does it work?



Example of a final recipient

Veri Beri a brother and sister started a family business. Their idea was to manufacture exclusive, naturally sweetened “fruit strips” from fruit juice and puree without any added sugar, preservatives or artificial flavours. The equipment was purchased using

The fruit strips are now sold in across Lithuania and are popular with customers due to their natural ingredients and unique taste. Veri Beri has recently started exporting its products to Estonia and Finland





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
EAFRD conferences factsheets
 fund of funds **EMFF** investment strategy **CF**
 managing authorities manuals