

# Loan Fund Recapitalization of the Centre for Business Promotion and Entrepreneurship in Sandomierz

## Centre for Business Promotion and Entrepreneurship

### Objective of Good Practice:

To increase access to finance and the level of entrepreneurship in the region of Sandomierz

### Timeframe of Good Practice:

2011- Ongoing

### Keywords:

Successful Partnership, Structural Funds

## Overview of Good Practice

In 2011, the initiative was implemented in the eastern region of Poland, Świętokrzyskie Voivodeship as a cooperation between the Marshal Office (regional government) and the Centre for Business Promotion and Entrepreneurship. This partnership recapitalized the Centre's loan fund thanks to the creation of a pilot scheme co-financed from Poland's ESF Human Capital Operational Programme during the 2007-2013 programming period.

Under this partnership framework, the recapitalization of the fund allowed the Centre for Business Promotion and Entrepreneurship to create opportunities for entrepreneurs through access to capital (in the form of microloans and larger loans) in the early stages of business development, usually known to be a crucial stage where it's difficult or even impossible to obtain financing from the mainstream financial sector. Loans could be used to start or continue non-agricultural business activities such as: construction, expansion or modernization of production, service and commerce sites, equipment and manual working tools, including the purchase of vehicles directly related to the purpose of the implemented enterprise, purchase of current assets and intangible assets, acquisition of patents or R&D results. Target beneficiaries are mainly entrepreneurs in the service and trade sector.

Loans granted come with preferential terms and conditions such as 0% commissions, 6 month grace period and a duration of 5 years, a minimum self-contribution of 20%, an interest rate of 3,16% and the granted capital starts as low as PLN 5,000 (approx. EUR 1,100) and can now go up to PLN 250,000 (approx. EUR 60,000). The Centre for Business Promotion and Entrepreneurship provides the loans jointly with ESF-funded non-financial support taking the form of advice and training for start-ups and entrepreneurs supporting closely the development of their businesses.

## Innovativeness

The successful cooperation shows how ESF co-funded loans and non-financial support can help people with insufficient capital but with ideas and skills to start a new business. This is especially important in areas with a general lack of job opportunities that need to improve the local socio-economic situation. It is also an example of cooperation between national and regional institutions for the implementation of financial instruments as several bodies are involved, with different roles and responsibilities.

The managing authority (Ministry of Infrastructure and Development – MID) is ultimately responsible for the operation and implementation of the financial instrument to the regional government – the Mazovia Marshall Office, which was appointed as the intermediate body. This first level intermediate body delegated the responsibilities of selecting the financial intermediary, contracting, monitoring, payments and settlements, controls as well as information and promotion under the operation to the Mazovian Unit for EU Funds Implementation (Mazowiecka Jednostka Wdrażania Programów Unijnych, a subsidiary of Mazovia's Marshall Office), which was the second level intermediate body.

## Institutional profile

Centre for Business Promotion and Entrepreneurship is a foundation established in 1991 by the Senator of the Republic of Poland Zbigniew Romaszewski and TechnoServe, an American, non-profit organization which supports the development of entrepreneurship in many agricultural regions of the world.

## Type of Organization

NGO

## Country

Poland

## Products & Services provided

- **Financial:** Business microloans, Business loans, Grants for start-ups
- **Non-financial:** Entrepreneurship training, Financial education, Coaching

## Gross Loan Portfolio

EUR 2,500,000  
(As of 30 September 2017)

## Number of clients

108  
(As of 30 September 2017)

## Target Audience

Rural population, Urban Population

## Organization Website

[www.opiwpr.org.pl](http://www.opiwpr.org.pl)

## Efficiency and Sustainability

In 2004, the Centre for Business Promotion and Entrepreneurship's loan fund was ZLT 1 million (approx. EUR 236,000) and the maximum loan size was up to ZLT 50,000 (approx. EUR 12,000). In 2010, the available capital grew through ESF funds to the amount of ZLT 9 Million (approx. EUR 2,120,000), resulting in the ability to provide more and larger loans of up to ZLT 250,000 (approx. EUR 60,000). Loans have been repaid on a regular basis allowing capital to be reallocated for new loans. At present (November 2017), the capital of the Centre's loan funds is already over PLN 10 million (approx. EUR 2,360,000).

In terms of supervision, the implementation of ESF financial instruments in the region is overseen by a steering committee, chaired by the managing authority, and includes all relevant regional intermediate bodies, including the Mazovian Unit for EU Funds Implementation, and financial intermediaries financed by the Operational Programme.

The collaboration had an initial timeframe from 2011-2016, but thanks to the success of the project and the intention of continuity from all project actors, the partnership was renewed.

## Outcomes

Since the beginning of the fund's activity, the Centre has provided about 280 loans for more than PLN 17.5 million (approx. EUR 4,130,000), including 110 loans for start-ups. As part of the cooperation with the Marshal's Office, over 160 loans were granted in the amount of PLN 14.5 million (approx. EUR 3,400,000). Thanks to this cooperation, the fund nearly doubled the amount granted in loans. With this financial support, nearly 190 new jobs were created.

## Lessons Learned

The Centre also provides advice and training for start-ups and entrepreneurs. These activities are as key to access finance and the success of the entrepreneurs' businesses.

Thanks to the efficient management of the fund, the capital allocated to the fund using ESF resources is progressively growing, which allows the Center for Business Promotion and Entrepreneurship to reach a larger scale and bigger impact at the regional level.

## In Practice: Success Story

Midgard tattoo is a tattoo and body piercing parlor that opened in the city of Sandomierz in 2008. The entrepreneur slowly but successively gained customers and strengthened his position on the local market. In response to customer demand, in 2014, the entrepreneur decided to expand his business to hairdressing, make-up and nail styling services. This involved moving the business to a larger establishment, which is the reason why the entrepreneur requested a loan from the Centre to move to new premises and purchase equipment for this new branch. The loan was granted on the 19th November 2014 in the amount of PLN 60,000 (approx. EUR 15,000) for a period of 4 years. The average monthly instalment is PLN 1200 (approx. EUR 282). To date, the entrepreneur made all payments on time.



## Further Readings

<http://www.opiwpr.org.pl/fundusz/>