

Project Cash on Start

National Association for the Support of Entrepreneurship

Objective of Good Practice:

The programme aims to deliver comprehensive support for entrepreneurial initiatives with the objective of raising the level of economic activity and employability while promoting innovation in microenterprises in the Mazowieckie Province.

Timeframe of Good Practice:

2013 - Ongoing

Keywords:

Financial and non-financial services, Structural Funds

Overview of Good Practice

The project Cash on Start targets unemployed and inactive citizens of Mazowieckie, Poland. It offers loans for entrepreneurial activity, with a wide range of purposes such as investment capital, turnover, as well as current operational costs, extension or modernization of production and intangible assets related to the project.

The project has an initial implementation stage consisting of assistance, consultancy and support to entrepreneurs before distributing the loan. There is also a predisposition study of one hour for each beneficiary; furthermore, they have a personalized 4 hour coaching to help write their business plan. After the loan is granted, the personalized training continues and the applicant can select the area of interest between marketing, economics and taxes. These programmes are conducted in groups of 5 or more beneficiaries.

In terms of financial support, the maximum loan amount is PLN 50,000 (approx. EUR 11,700) with an interest rate of 0,5 % with no further fees or commissions. The repayment period is up to 60 months. The main requirements to access the program are to present the unemployment or inactive statement given by the government and to be a resident of the Mazowieckie Province aged between 18 and 64.

KSWP was selected to carry out the project in 2013 and, under the funding agreement, the investment period was between 2013-2015. The total budget of PLN 5,873,030 (with 85% coming from European Social Fund – ESF - and 15% from national funding) was split between the investment fund (PLN 5,679,060 including fund management costs and fees up to a specified ceiling) and non-financial support services (PLN 193,970).

Innovativeness

This project is a successful example of cooperation between national and regional public/private institutions in the use of ESF funds to offer microcredit and non-financial services. 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 an intermediate body. This first level intermediate body delegated the responsibilities of selecting the financial intermediary (KSWP), 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.

In terms of project delivery, KSWP focuses on adopting a customer oriented the point of view. This helps to better accompany the entrepreneurs with their needs and tasks. It also offers transitional financial support to help the entrepreneurs smooth their path from unemployed to employment.

Institutional profile

National Association for the Support of Entrepreneurship (KSWP) was established in 1995 to provide support for entrepreneurs. It provides professional training, monitors potential needs in this sector and cooperates with specialists in various fields.

Type of Organization

NGO

Country

Poland

Products & Services provided

- **Financial:** Business microloans, Business loans
- **Non-financial:** Entrepreneurship training

Gross Loan Portfolio

€ 52,000,000
(As of Dec 2016)

Number of clients

10,000
(As of Dec 2016)

Target Audience

Rural population, Urban Population, Unemployed people or people on welfare, Disabled people, People excluded from the mainstream financial services

Organization Website

www.kswp.org.pl

Efficiency and Sustainability

The adoption of financial instruments as a way to channel structural and national funds for microfinance is a more efficient and sustainable alternative than the traditional grant-based financing. Due to the fact that the product was well-tailored to meet the specific needs of target recipients, access to microfinance has been progressively improved thanks to the efficient management of the funds and the additional non-financial support provided to the unemployed.

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 Plan.

Following the partnership framework, the monitoring and reporting of the project occurs on three levels. First, KSWP monitors, on a monthly basis and based on the loan agreement, the borrower's business activity status, loan use and repayments, as well as the training and advisory services. Second, under the funding agreement, KSWP sends quarterly performance reports to the second-level intermediate body. These detail the support granted and the final recipients served, including the number and value of loans, number of borrowers, management costs and any gains from treasury management. The second-level intermediate body controls implementation based on documentation. Third, the second-level intermediate body submits quarterly performance reports to the first-level intermediate body that informs the managing authority. The intermediate body controls implementation based on documentation.

Outcomes

After the end of the investment period (December 2015), the managing authority and intermediate body assessed the achievements of the scheme and decided to renew the project. The total amount of loans provided from the beginning of the project in 2013 until the end of 2017 has already reached PLN 9,000,000 (approx. EUR 2,120,000) and the number of loans reached 210.

Lessons Learned

The promotion of the financial instruments to the final beneficiaries is key for the success of the project. The financial instrument was marketed to potential final recipients by KSWP, who, apart from launching a website, held a series of meetings at the territorial Labour Offices with employees who were in direct contact with the target group. Cyclic meetings with the Development Ministry were also held twice a year. The financial instrument was advertised at job fairs, in local newspapers, through posters, leaflets and on the internet. At a later stage, information about the loans was spread by word-of-mouth, through the positive opinions of the new entrepreneurs and concrete investment examples. Support activities such as training courses, seminars, consultations are also advised to ensure the success of the project.

In Practice: Success Story

Cash on Start tries to incentivize innovative ideas and the business model presented by a beneficiary for a 3D printing business was strong. The project produced three-dimensional physical objects based on computer modeling and used for promotional merchandise such as figurines of football players distributed after important events or matches.