



*EAPB Conference: The role of the promotional banks in fighting social exclusion*

## **SUPPORT FOR SOCIAL COMPANIES**

THE CASE STUDY OF JEREMIE ESF LOMBARDIA

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RegioneLombardia

**Finlombarda**

## “JEREMIE ESF LOMBARDIA”: A PIONEERING INITIATIVE IN EUROPE

When the Fund was created (July 2008), JEREMIE ESF LOMBARDIA epitomized a pioneering initiative in Europe to implement interventions of financial engineering with the contribution of ESF.



### Political Priority

Reinforcing the social inclusion of **disadvantaged people** aiming at their **sustainable** integration in the job market

### Social Context

In Lombardy Region **Social Cooperatives** play a key role in providing social services and in integrating unemployed and disadvantaged people in the job market.

### Opportunity

Supporting Cooperatives in a **new modality** to fight unemployment and social exclusion in a **sustainable and subsidiary way**



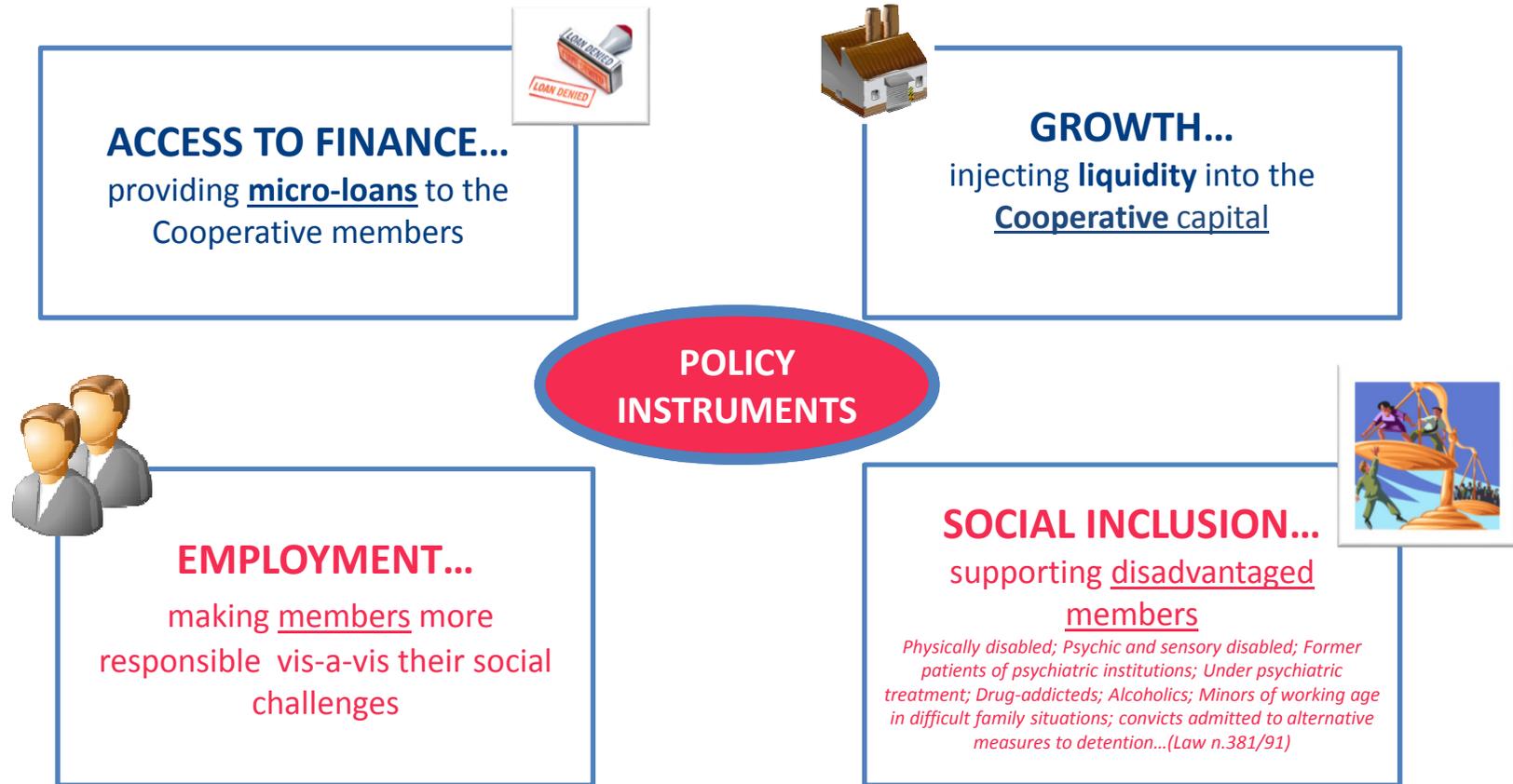
### «JEREMIE ESF LOMBARDIA»

for Social Cooperatives (20 M€)

# “JEREMIE ESF LOMBARDIA”: A MULTI POLICY INSTRUMENT

Supporting access to credit for **Cooperatives** and their **Members** operating in the social sector

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## “JEREMIE ESF LOMBARDIA”: THE HOLDING FUND MANAGER

The Holding Fund Manager is a Financial intermediary entitled by the MA to run the fund set up to be invested in several types of funds providing loans, guarantees or combined instruments.

In the case of “JEREMIE ESF” the MA of the “Employment Operative Program” chose Finlombarda.

### FINLOMBARDA SpA

#### About Finlombarda

- Established in 1971
- Financial Institution **fully owned by Lombardy Region**
- Financial Intermediary **supervised by Bank of Italy**
- Headquartered in **Milan**
- No branches
- Employees: 173
- Share capital: 211 M€
- Total Managed Funds: 1,493 M€

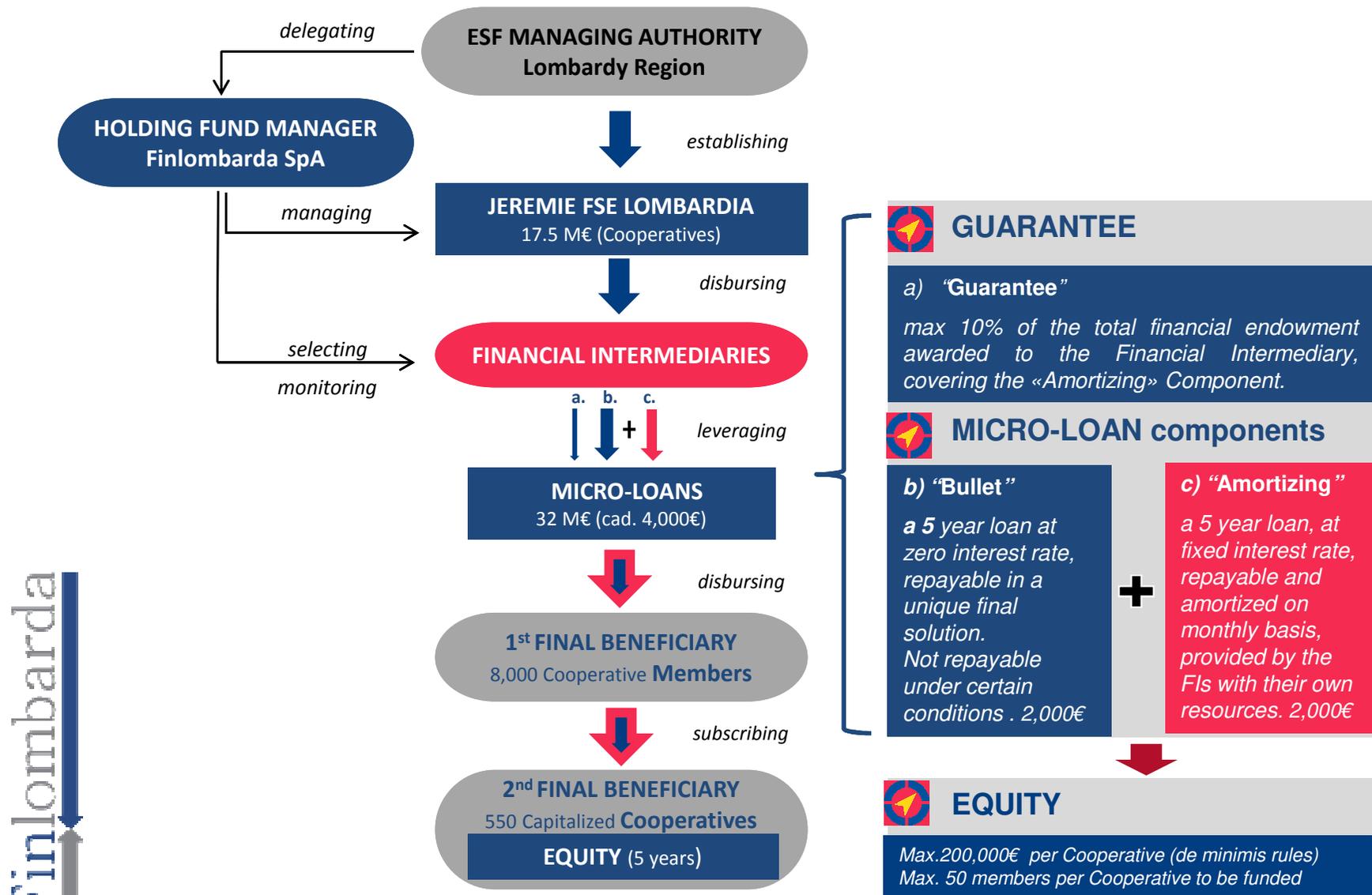
#### Main Activities

- Loans, guarantees and counter-guarantees
- **Management of dedicated Regional/EU Funds**
- Planning and support of publicly-sponsored development projects through PPP
- Advisory to the regional government

#### Holding Fund Manager of all the EU Financial Instruments implemented in Lombardy:

- **2000-2006:** Infrastructure Ob.2 Fund, SMEs Loans;
- **2007-2013:** Jeremie ESF/ERDF; FRIM ERDF; Made in Lombardy;
- **2014-2020:** Innovalombardia (5 FIs); FREE Fund.

# "JEREMIE ESF LOMBARDIA": PROCESS DESCRIPTION (1)



## “JEREMIE ESF LOMBARDIA”: TIMELINE DESCRIPTION (2)



### SETTING UP

- April 2007 ↓ MoU between Lombardy, FL and EIF
- November 2007 ↓ approval of the ESF ROP 2007-2013
- July 2008 ↓ **appointment of FL as Holding Fund Manager by Regional Law**
- October 2008 ↓ signature of the Funding Agreement for JEREMIE FSE
- February 2009 ↓ set-up of Steering Committee Board
- March 2009 ↓ JEREMIE FSE Investment Strategy approval by Regional Decree



### SELECTING THE FINANCIAL INTERMEDIARIES

- April 2009 ↓ 1st call for the selection of the Fis on EC OJ
- October 2009 ↓ 2 FI applications received  
2 contracts signed with 2 Fis
- September 2010 ↓ 2nd call for the selection of the Fis on EC OJ
- October 2011 ↓ 7 FI applications received  
3 contracts signed with 3 Fis



### IMPLEMENTING

- October 2009 ↓ First call for beneficiaries
- December 2009 ↓ First micro-loan disbursed

## “JEREMIE ESF LOMBARDIA”: ACTIVITIES & REMUNERATION (3)



### Activities

- **GAP ANALYSIS** of the market
- **DESIGN** of JEREMIE ESF LOMBARDIA
- **INVESTMENT STRATEGY**
- **MANAGEMENT OF THE FUND** from an administrative and accounting point of view (as a separate block of finance)
- **SELECTION OF Fis** (Publication of the call on EC OJ and signature of the contracts)
- **MONITOR AND REPORT PERIODICALLY TO MA**
- **CARRY OUT COMMUNICATION activities**



### Remuneration

- **FINLOMBARDA SpA: ALMOST EQUAL TO THE ACCRUED INTERESTS.** Managing Authority reimburses the sustained and certified costs by Finlombarda through the Fund.
- **FINANCIAL INTERMEDIARIES: «ZERO FEE»** (no remuneration from JEREMIE FSE LOMBARDIA). **Fixed interest rate** applied on the "Amortizing" component of the loan.

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## MAIN FIGURES

### EU Leverage



### Financial Intermediaries

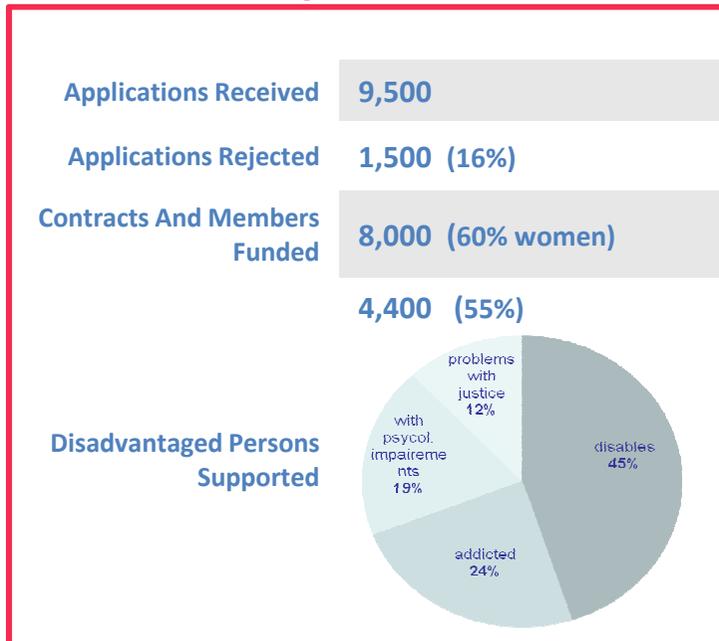
**2 public calls for tender**  
**5 FI selected**

(9 FI applicants)

- Federazione lombarda delle BCC
- Banca Popolare di Bergamo
- Banca Popolare di Sondrio
- Banca Popolare di Bergamo
- Banca Etica

- Banca Popolare di Milano,
- Monte Paschi
- Banca Popolare Commercio e Industria
- Unicredit.

### 1<sup>st</sup> Beneficiary Members of Cooperatives



### 2<sup>ND</sup> Beneficiary Social Cooperatives



## WIN-WIN APPROACH

Financial and structural strengthening of the Cooperative system as a key player and a policy instrument to support the inclusion of less favoured people in the local labour market

### Beneficiaries

- Disadvantaged people
- Member of Cooperatives
- Cooperatives
- *More inclusion for the weak categories and more co-responsibility*
- *Creation of new job and workplace capitalized*
- *Capitalization of the Cooperatives*
- ***Culture of social capital***

### Public Authority

- Managing Authority
- European Commission
- Member State
- *Leverage of public resources*
- *Efficiency in the use of public resources*
- *A new Self-monitoring and traceability system for the public resources*
- *A new culture for sustainable investments*

### Policy

- European Inclusion Policy
- Reward of the social role of the Cooperatives
- Subsidiarity
- *Strong impact on social system (more than 30% of Cooperatives operating in Lombardy funded by Jeremie for at least 5 years)*

### Financial Intermediary

- Micro-loan guaranteed
- Equity
- *New target customers (disadvantaged people)*
- *Cooperative system more reliable for banks*
- *More interest in Public Policy and their financial implementation*

## ACHIEVEMENTS: AN EXAMPLE

### FARSI PROSSIMO ONLUS

It's a social cooperative established in 1993 that provides social, health and educational services throughout the regional territory.



The contribution enabled the 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.

Approximately 50 mothers were assisted by this project, which provided for their material needs and improved their parenting skills and childcare. It also improved their social networks and access to maternity support services available in the area.

The total amount of the micro-loan JEREMIE ESF was around 200,000€, used to support mothers in disadvantaged conditions with different and particular needs

.... x 550

53% Type A

35% Type B

12% Type WC



# Thanks for your attention!

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