



BANCA PROSSIMA
PER LE IMPRESE SOCIALI E LE COMUNITA'

March 2009

Outline

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The Third Sector in Italy

Foreword

The “Third” sector in Italy today is by number of businesses, people and turnover top in Europe, together with the English “Third” sector.

An ever-growing share of welfare services in Italy will be delivered – directly or indirectly – by non profit organisations.

Current social, economic and institutional dynamics and the new law on the Social Enterprise push non profit organisations* towards more structured organisational forms and a proper access to credit.

Such developments challenge a major bank such as Intesa Sanpaolo, that has always been close to this sector, to strengthen its ability to support social enterprises and the whole non profit sector.

(*) defined as any organisation forbidden to distribute profits to owners

Non profit in Italy

250,000 non profit organisations, currently operate in Italy generating about € 48 bn in revenues.


Non profit is the largest employer in Italy with a workforce of 4,250,000, of which 750,000 employees and 3.5 million voluntary workers.

It is highly participated by women (60%) and young people (65% below 40 year old).

After the education sector, it has the highest intensity in third-level education (70%).

Banca Prossima: Institutional setting and organization

Banca Prossima's mission

On November 2007 Intesa Sanpaolo created  **BANCA PROSSIMA** PER LE IMPRESE SOCIALI E LE COMUNITA' as the first European bank exclusively dedicated to the non profit sector.

Banca Prossima will work along four main strategy directives:

- increase customer satisfaction for currently served organisations (and get new ones) through tailor-made products and services distributed by dedicated professionals;
- interpret and **share in a “peer-to-peer” fashion the needs of the non profit sector, internalising the main features whenever possible;**
- *be a bank*, that is to operate by **lending and not grantmaking;**
- engage all available interests and efforts (Social Enterprises, Government and Local Authorities, Foundations) in **multistakeholder projects** which are more effective for society at large.

From Banca Prossima's Articles of Association:

Art 4 – Purposes of the Company

“ (...) **the Company's purpose shall be the creation of social value**, ensuring at all time the sustainability of its operations (...). The Company shall **finance the most deserving non-profit initiatives** aimed at providing services to individuals, disseminating culture and education, promoting access to and safeguarding the environment and the arts and providing access to credit and employment.

The Company shall **cooperate with public and/or private entities on initiatives aimed at promoting the common good by making available its human and financial resources.**

The Company shall undertake **to make its products, services and funding schemes available in Italy, as far as possible, and subject to the necessary modifications, to the overseas countries where the Intesa Sanpaolo” banking group is present. ”.**

Banca Prossima's non profit vocation

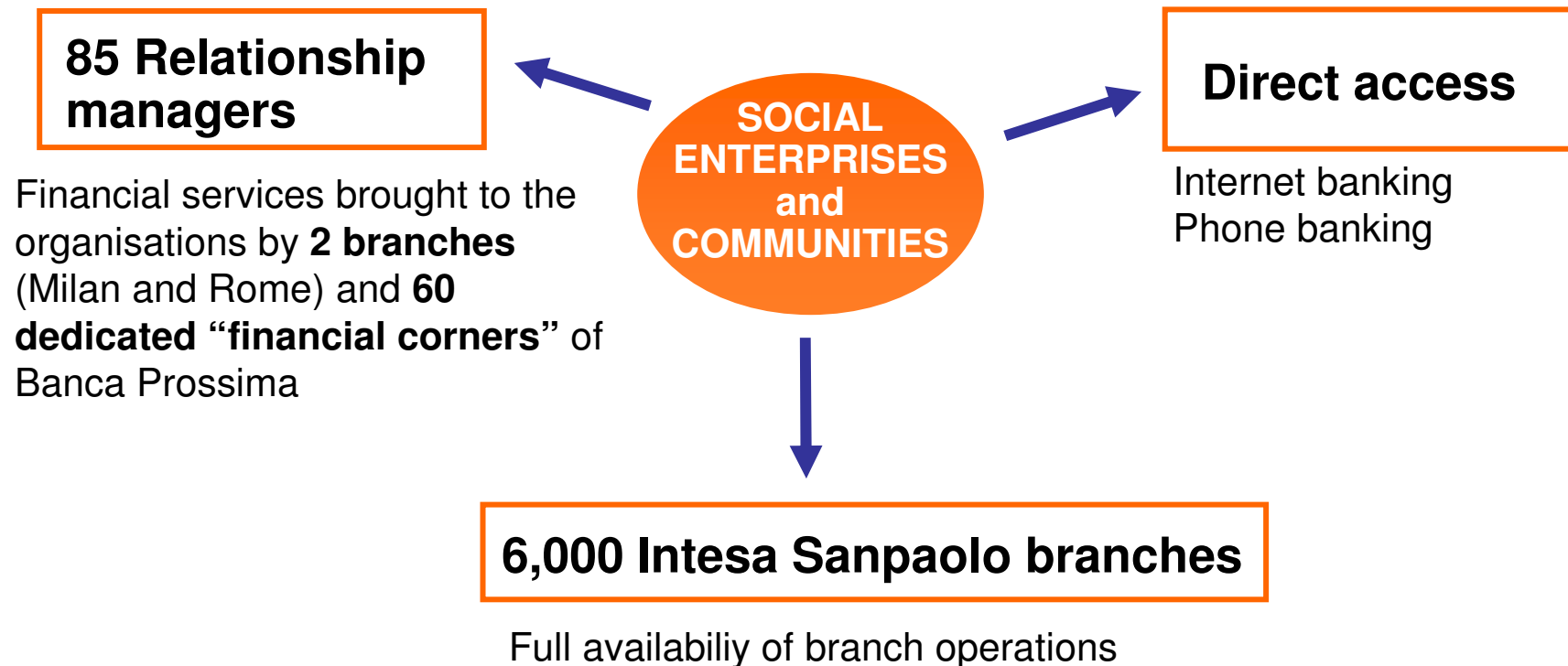
Intesa Sanpaolo settled on  **BANCA PROSSIMA** PER LE IMPRESE SOCIALI E LE COMUNITA' **euro 80 mn** in equity and over 100 of its professional staff, chosen both for their skills and for personal experience as volunteers in nonprofit organisations

Banca Prossima will retain all its earnings:

- a share has to maintain equity in order to ensure economic sustainability
- the remaining share will feed the **Fund for the Development of the Social Enterprise**. The Fund brings about mutuality across all client Organisations and it enables lending towards borrowers or projects that would otherwise be priced out of credit.

Widespread presence as a member of a large Group

85 relationship managers currently bring Prossima's services at the customers' door all over Italy. In order to offer **full services anywhere** Banca Prossima also avails itself of **all the skills and the geographical presence** of the Intesa Sanpaolo Group.



Tailor-made valuation tools

Social enterprises do not usually have strong equity and may lack financial professionals, so they need **specialised valuation tools**.

Banca Prossima's valuation model **does not contrast with standard banking valuation models as it completes them with elements** which are typical of the nonprofit world (such as fund raising capability, success in attracting government and private grants from foundations, the share of market revenues, the governance model). It thereby opens a new chapter in the valuation tools for the social enterprise.

The **Rating model for the Social Enterprise** developed by Banca Prossima considers the enterprise as the centre of a network of relationships which link it to society.

Governance structure open to the Third sector

In Banca Prossima's governing structure a special place is reserved for **nonprofit representatives**.

In the "Solidarity and Development Committee" sit **scholars, managers or professionals of the nonprofit sector**.

Its main tasks are to contribute to the **design the operation strategy for the Fund for Development of the Social Enterprise and to assign targets and assess effectiveness** of Banca Prossima's operations.

Members:

Felice Scalvini, lawyer, promoter of the law for the Social Enterprise

Arnaldo Borghesi, investment banker, financial counselor to foundations

Pierpaolo Donati, professor of sociology of the family, Bologna University

Johnny Dotti, retired president of CGM cooperative network

Costanza Fanelli, retired president of Legacoop Sociali cooperative network

Gianni La Bella, founder of Comunità di Sant'Egidio

Antonio Mandelli, retired president of CdO cooperative network

Carlo Secchi, professor of economics, Bocconi University, Milan

Our first Clients

Clients: December 2008

- In December 2008 Banca Prossima was already working with the first **3,855 non profit organizations**, over 65% of which are new clients for the Intesa Sanpaolo group.
- **Associations are over 40%** of client institutions followed by **social cooperatives (26%) and religious organisations (16%)**.
- Customer distribution follows the location of non profit organizations in Italy: **47% in Northern Italy, 32% in the South and 21% in the Central regions**.
- 296.2 milion euro have been deposited in Banca Prossima and 85 milion euro have been granted as loans.
- The average loan size is 22,000 euro, about the same as the Italian GDP per capita.

Fund for Development of the Social Enterprise

Fund for Development of the Social Enterprise

- Through a share premium reserve Intesa Sanpaolo endowed Prossima of euro 10 mn to start up the Fund even before actual accumulation of profits
- At the end of 2008 over 30% of the Fund was being used as a guarantee to over 350 loans for a total amount of nearly 27 million euro
- Associations are the more frequent users of the facility as well as organisations active in social welfare and multi-activity organisations

By Type of Institution	% of use of the Fund
a) cooperative	23
b) association	27
c) foundation	11
d) religious organisation	32
e) Other	7
Total	100

By Activity	% of use of the Fund
a) leisure (sport, ...)	16
b) education	7
c) social welfare	26
d) research	1
e) social cooperatives	11
f) employm. of disadvantaged ind.	3
g) religion	16
h) more than one	20
Total	100

Banca Prossima as a Social Innovation Facilitator: Projects with partners

Network projects: PAN

PAN - Progetto Asili Nido (nursery centres) starts in 2005. Target: create 500 cooperative nursery centres all over Italy with an adequate price-quality ratio.

Intesa Sanpaolo created a Consortium with the major Networks of Social Cooperatives: **FIS CdO, Legacoop, CGM**. The Consortium selects, trains and supports the social entrepreneurs up to the opening of the nursery and also guarantees up to 5% of the start-up loans.

Intesa Sanpaolo completes the training with a finance module and grants up to euro **100,000 each nursery without any personal guarantee from the entrepreneurs.**

In just over 3 years **310 nurseries have opened all over Italy. None of the loans has defaulted.**

Over 2000 nursery teachers (30 years of age on average, all of them with a degree and/or specialised training) work for PAN where **babies from 8700 families are hosted**. PAN is the largest network of welfare services for up to 3-year-old in Italy.

A New Network project: **Al.Fa. “Dopo di noi”**

The next challenge of the PAN consortium model is concerned with another top Italian emergency: **providing services for disabled people who survive their parents.**

The sensitivity of the matter, the long life-expectancy of disabled people **make sheltered residence for disabled persons who survive their parents the hardest challenge: a true attempt at the frontier of the Social Enterprise.**

ANFFAS (the largest organisation of families with disable dependants in Italy), **Comunità Solidali** (a network of Social Enterprises with a specialisation in care of mentally disabled patients) and Banca Prossima have created ***Al.Fa, ALtra FAmiglia dopo di noi***, the first social enterprise in Italy according to the new law, with the aim to open 100 sheltered residences in two years, hosting 6-700 patients.

Innovation: a solidal guarantee Fund (Consorzio Asis)

The environment: 19 entities (social cooperatives and consortia of social cooperatives) win a competitive bid run by the Region of Campania with the aim to distribute European Funds for development of cooperation. All the entities operate in the field of employment of disadvantaged individuals

The need: Funds will be actually disbursed on completion of specified phases of projects, following a statement of all receipts of expenses

The innovative solution: Pre-payment of the share of funds to each of the winning institutions by Banca Prossima. Prossima is guaranteed by a fund made up by the contributions of each participating entity equal to 15% of the total amount of the single loan. The fund will be freed when all the entities have completed the projects. Should an entity fail to do so, and hence not receive the contributions from the local authority, all the other entities will be liable up to their amount of contribution to the fund

In the pipeline for 2009

- Platform for Voluntary organisations
- Social housing (self-builders coop network)
- Community Sports