

CANADA-POLAND ENTREPRENEURS FUND

During the July 1992 Munich Summit, the Prime Minister of Canada, along with other G-7 leaders, agreed to reallocate funds from the Polish Stabilization Fund to new uses in support of Poland's market reform effort, in particular by strengthening the competitiveness of Poland's business enterprises. Canada chose to establish the Canada-Poland Entrepreneurs Fund (CPEF) Project, with a budget of some \$32 million. The goal of this project is to contribute to the development of the Small- and Medium-sized Enterprises (SMEs) sector in a defined region of Poland, with the project to be implemented between 1996 and 2003. The objectives are: to improve the economic viability of Polish SMEs, through the provision of three financial instruments -- short-term credits, long-term equity, and a loan guarantee program; to strengthen the risk-based lending skills of the Polish bank participating in the Project on a partnership basis (sharing risks and rewards) by providing training in financial instruments to the loan officers of the Polish bank; to provide business advisory services and training to the Polish SMEs; and to provide capital financing to joint ventures between Canadian firms and Polish SMEs located anywhere in Poland, through the three financial instruments.

Four different strategic approaches are considered necessary to effectively reach and support a maximum number of SMEs on a sustainable basis: working jointly with Polish financial institutions; offering a flexible and complete set of financial instruments; offering complementary business advisory services and training to financially assisted SMEs; and developing a distribution system allowing eventually for a wider regional coverage.