



Financial Instruments in Poland

State of Play

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Financial instruments in OPs - experience

2004 – 2006

➤ limited support for loan and guarantee funds (Sectoral Operational Programme „Improvement of Competitiveness of Enterprises”)

2007 – 2013 – expansion in use of FIs

➤ support for loan and guarantee funds in Regional Operational Programmes, Innovative Economy OP, Human Capital OP, Development of Eastern Poland OP

➤ venture capital in Innovative Economy OP



2007-2013

Total EU allocation for Poland in EU budget 2007-2013: **67,3bn EUR**

FIs allocation: **1,1bn EUR** (1,6% of total allocation)

FIs implemented in:

- ROPs : **829mIn EUR** (JEREMIE and JESSICA)
- Innovative Economy OP: **233m EUR** (venture capital, loans and guarantees for innovative projects)
- Human Capital OP: **38m EUR** (preferential loans for social economy entities and individuals for starting up an enterprise)
- Development of Eastern Poland OP: **39m EUR** (loans and guarantees for SMEs)

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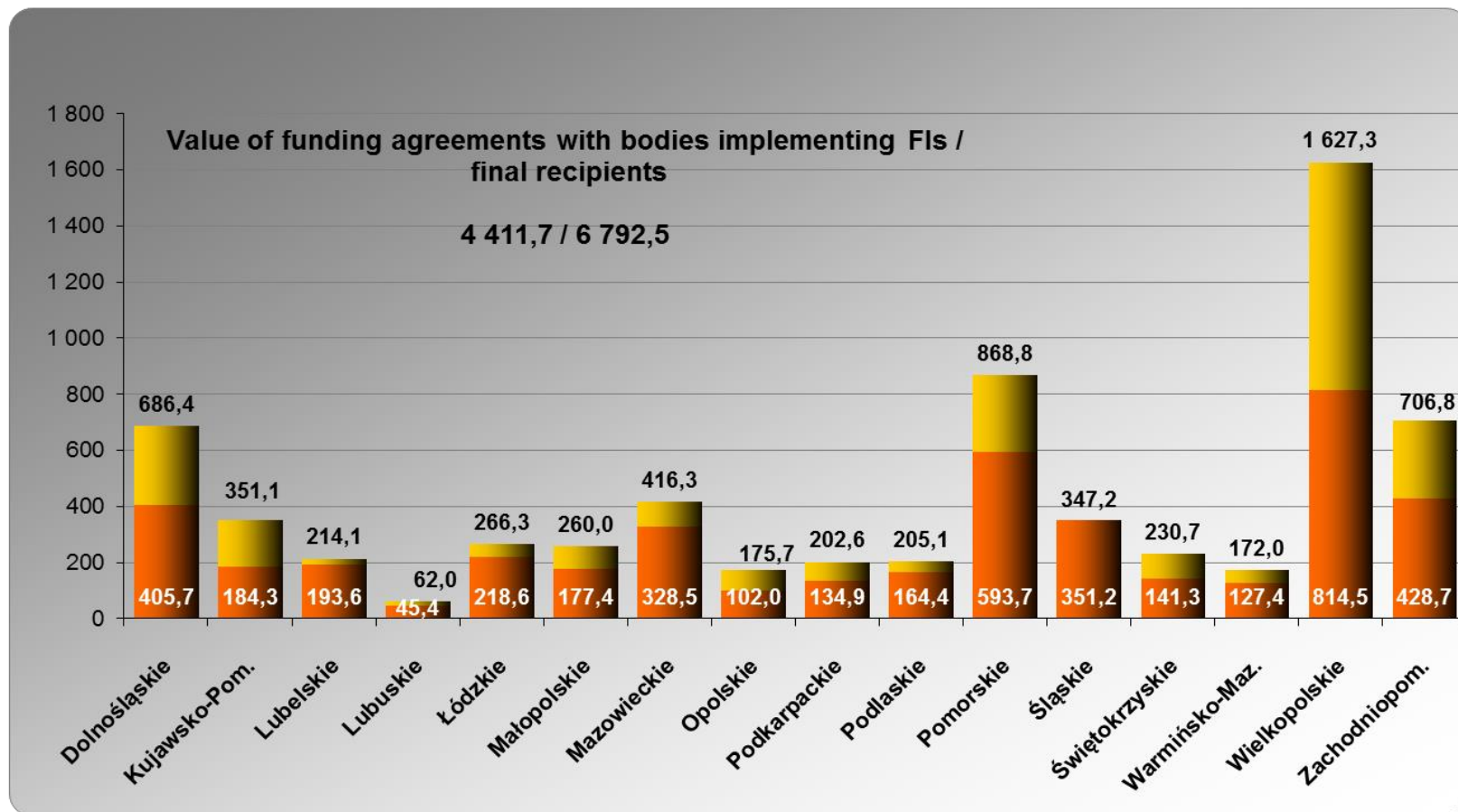


Value of support provided by FIs 2007-2013 (as of 31.12.2015)

OP	Name of FI	Body implementing FI	Contribution from OP (m PLN)	Contribution from EU (m PLN)	Number of investments supported	Value of support from FIs (m PLN)
ROPs	JEREMIE Initiative – support for SMEs (loans and guarantees)	BGK (national bank) – as a holding fund manager in 6 ROPs	3 087	2 694	loans: 30 278 (26 758 for micro)	loans: 3 395 (2 519 for micro)
		regional loan or guarantee funds, regional development agencies, regional banks and other legal bodies			guarantees: 14 717 (10 866 for micro)	guarantees: 4 301 (2 102 for micro)
ROPs	JESSICA Initiative – support for city projects (loans)	EIB - – as a holding fund manager in 5 ROPs	1 147	944	164	1 175
Innovative Economy OP	Equity Fund	National Capital Fund	316	269	133	224
Innovative Economy OP	Loan Fund for Innovation	Polish Agency for Enterprise Development	200	170	52	83
Innovative Economy OP	Guarantee Fund for Innovation	BGK (national bank)	250	213	0	0
Human Capital OP	Loan Fund for social economy enterprises	BGK (national bank) – as a holding fund manager	33	28	381	30
Human Capital OP	Loan Fund for business start-ups	regional development agencies, regional banks and other legal bodies	158	143	3 111	124
Development of Eastern Poland OP	Loan and Guarantee Fund for SMEs	BGK (national bank) – as a holding fund manager	199	169	loans: 2 685	loans: 228
					guarantees: 226	guarantees: 36

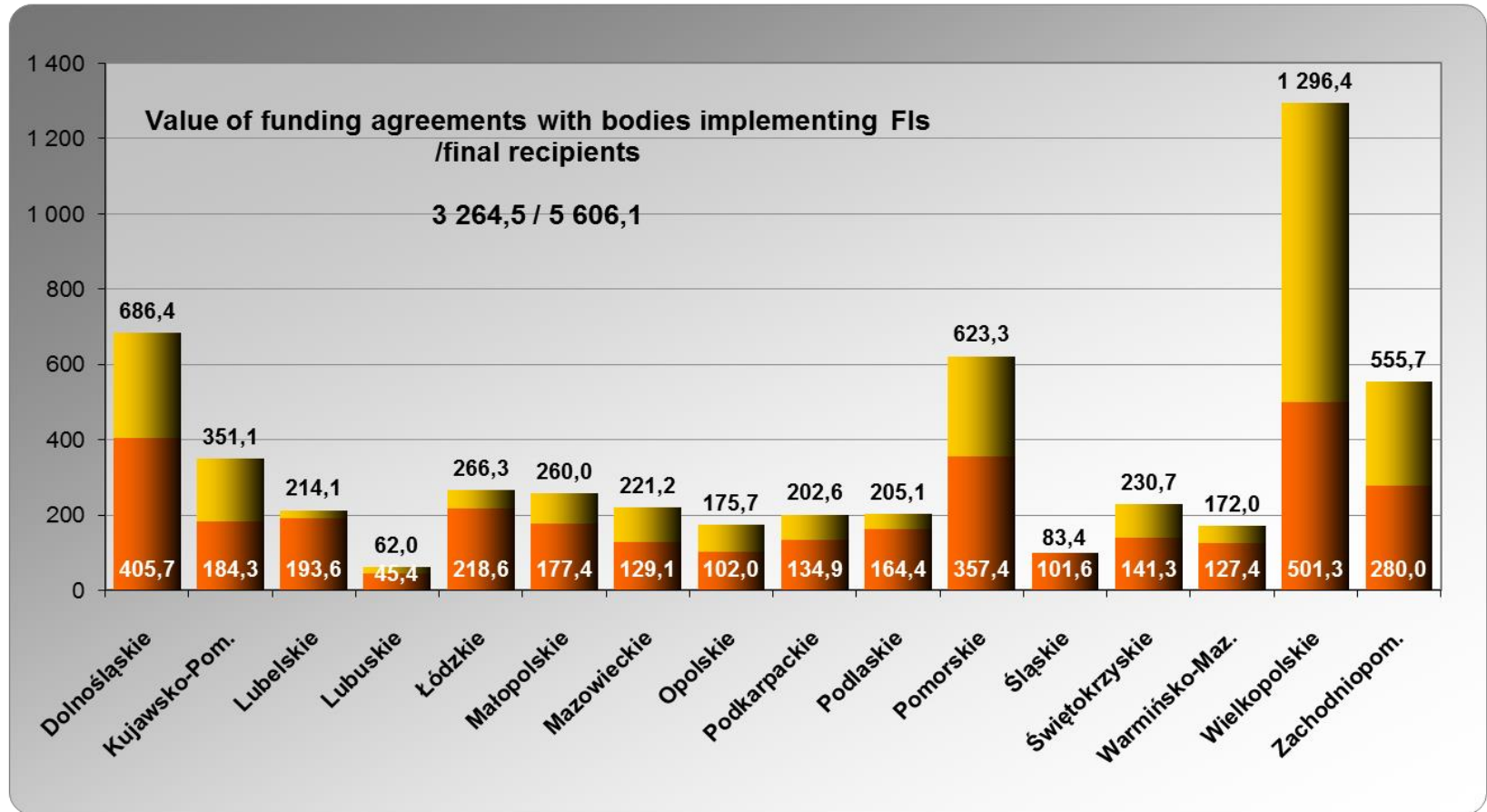


Funding agreements for FIs in ROPs 2007-2013 (m PLN) – as on 31.12.2015





Funding agreements for JEREMIE in ROPs 2007-2013 (m PLN) – as on 31.12.2015





Lessons learnt

Advantages:

- Revolving funds remain in the programme area
- Leverage resources increase the impact of OP
- Financing provided before investment takes place
- Better quality of projects (investments must be economically viable)

Main bottlenecks:

- Insufficient EU law regulation on FIs
- EC audits on FIs: in many cases there were no specific rules for FIs, therefore the auditors applied to FIs rules applicable to grants
- Combination of different forms of support, lack of rules
- Supporting documents for expenditure at the level of final recipient (the same as for grants?)



Lessons learnt

- Implementation options
 - HF option more suited for large scale intervention
- Micro enterprises are the main recipient of FIs support
- Implementation of FIs is more complex than grants and require more business-like qualifications (rather than only administrative ones)
- Room for improvement
 - Need for better legislation concerning FIs but not over-regulation
 - Need for technical support /dissemination of knowledge and good practice



2014-2020

- Further expansion in use of FIs, based on *ex ante assessments*
- Total EU allocation for Poland in EU budget 2014-2020: **76,6bn EUR**
- FIs estimated allocation: **3,4bn EUR ESIF** (4,4 % of total allocation)
 - ROPs: **1,7bn EUR** (loans, guarantees, equity)
 - Smart Growth OP: **1,1bn EUR** (loans, guarantees, equity)
 - Infrastructure and Environment OP: **556m EUR** (loans)
 - Knowledge Education Development OP: **36m EUR** (loans, guarantees)





- Ex-ante assessments for most of OPs 2014-2020 have been already finished
- Financial gap – mostly micro-enterprises
- Justification for the implementation of FIs in SMEs support and urban projects (as in 2007-2013) but also in new areas such as: energy effectiveness, renewable resources of energy, employment or labour mobility. More focus on FIs in R&D
- Recommendation on combination of FIs with grants – but under strict EU rules may be difficult
- No final decision on FIs by MAs so far mostly because of problematic issues on selection of bodies implementing FIs



Envisaged FIs allocation within OPs 2014-2020 (based on ex-ante assessment)

Funding source (OP and ESIF)	Envisaged ESIF allocation (m EUR)	ESIF + national public or private co-financing (m EUR)	Thematic objective (TO)	With a FoF or without a FoF	Envisaged financial products
16 Regional Operational Programmes (ERDF and ESF)	1 727	1 985	TO 1, 3, 4, 8, 9, 10	some with FoF some without FoF	loans, guarantee and perhaps equity
Infrastructure and Environment OP (ERDF and CF)	556	654	TO 4	FoF	loans
Smart Growth (ERDF)	1 095	1 260	TO 1 and 3	FoF	loans, guarantees and equity
Knowledge Education Development (ESF)	36	42	TO 9	FoF	loans and guarantees



Envisaged FIs allocation to TOs (based on ex-ante assessment)

	ESIF allocation to TO (m EUR)	ESIF allocation to FIs (m EUR)	Share amount of FIs in ESIF allocation (in %)	Programme contribution to FIs (ESIF and national co- financing) (m EUR)
TO 1 – R&D innovation	8 149,83	604,26	7%	693,06
TO 2 - ICT	3 095,60	0,00	0%	0,00
TO 3 – SMEs	6 603,07	1 613,51	24%	1 851,98
TO 4 – low carbon economy	9 551,98	910,99	10%	1 057,59
TO 5 – climate change adaptation	1 055,33	0,00	0%	0,00
TO 6 – environmental protection	5 379,17	0,00	0%	0,00
TO 7 – transport and infrastructure	23 566,21	0,00	0%	0,00
TO 8 – employment and labour mobility	5 275,61	79,47	2%	92,92
TO 9 – social inclusion, combating poverty	5 365,52	164,63	3%	197,24
TO 10 – education and training	4 581,50	40,84	1%	48,04
TOTAL	72 623,81	3 413,71	5%	3 940,83



Challenges

- selection of bodies implementing FIs (public procurement rules?)
- documentation for support provided through FIs (invoices or documents of equivalent probative value?)
- combination of FIs with other form of support (too rigid rules)



What is needed?

- comprehensive flexible regulatory framework
- dissemination of good practice and sharing knowledge and good practice
- promotion of financial instruments



financial instruments revolving capacity building
 added value **ERDF** funding agreement **ESF** EU guidance
 governance ex-ante assessment
 technical seminars leverage financial microfinance
 support co-financing intermediaries case studies
 investments **ESIF** **fi-compass** final recipients
 business plan **Thank you** thematic objectives
 advisory services guarantees banks loans **EaSI** equity
 private investors life cycle combination of support
EAFRD conferences factsheets
 fund of funds **EMFF** investment strategy **CF**
 managing authorities manuals

