

# Implementation of financial instruments in the EU programming periods 2007-2013 and 2014-2020 in Poland



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Brussels, April 26, 2016

# Who we are? BANK GOSPODARSTWA KRAJOWEGO

## - national promotional bank in Poland

- Established in 1924
- 100% owned by the State, strong governmental back-up
- HQ in Warsaw
- 16 branch in each region
- Ca 1300 employees
- Operates pursuant to BGK act (cannot go into bankruptcy)
- Supervised by the National Financial Supervision Authority
- Fitch rating same as for the State Treasury “A-” in foreign currency and “A” in domestic currency.

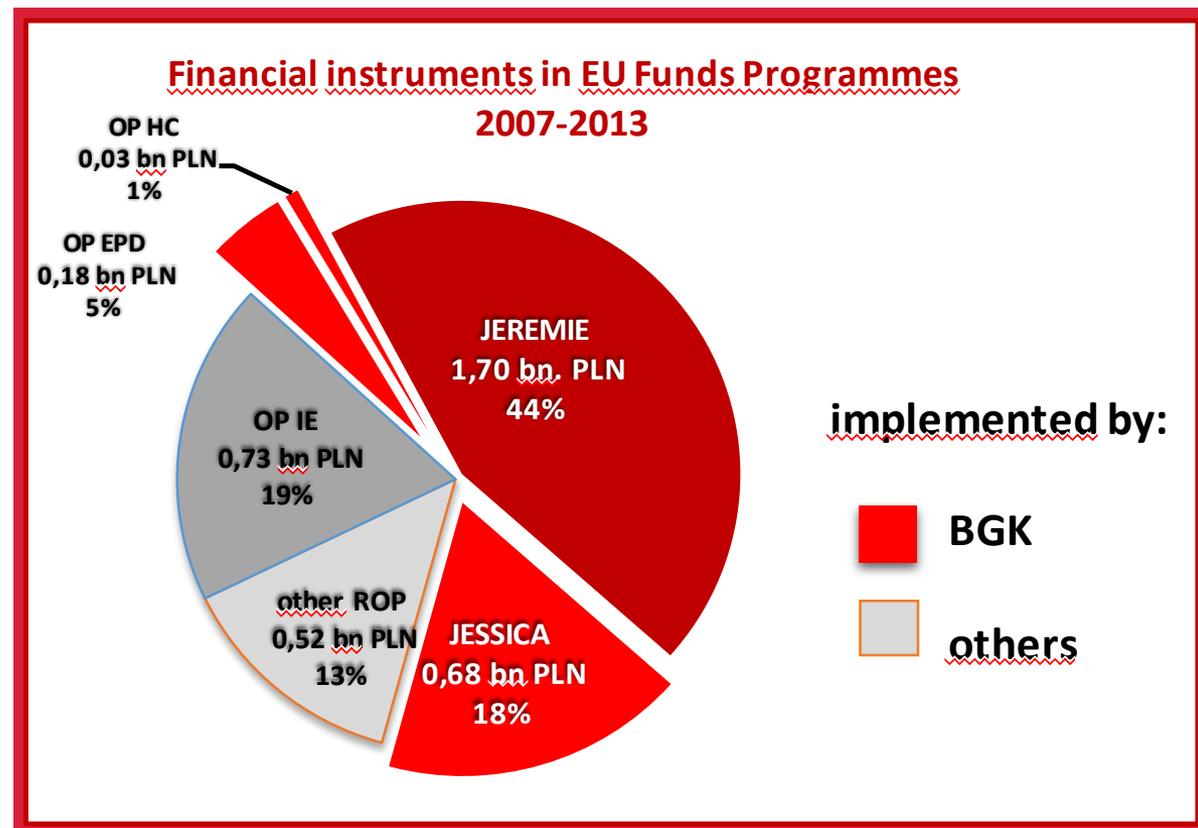


# Cohesion policy in Poland 2007-2013

Allocation of EU funds for Poland in 2007-2013: **EUR 67,9 bn**

- EUR 50,6 bn for **5 national operational programmes**
- EUR 17,3 bn (ERDF) for **16 regional operational programmes**

Less than 1% of the total amount was allocated to financial instruments dedicated to support SMEs (loans, guarantees, equity), environment, revitalisation of cities, social economy (ESF).



# Roles of BGK in EU funds management 2007-2013:

## Urban Development Fund (Financial Intermediary):

- JESSICA (Joint European Support for Sustainable Investment in City Areas) in 3 regions

## Paying Agent:

- Servicing payments of all (non-agricultural) EU Funds

## Holding Fund Manager:

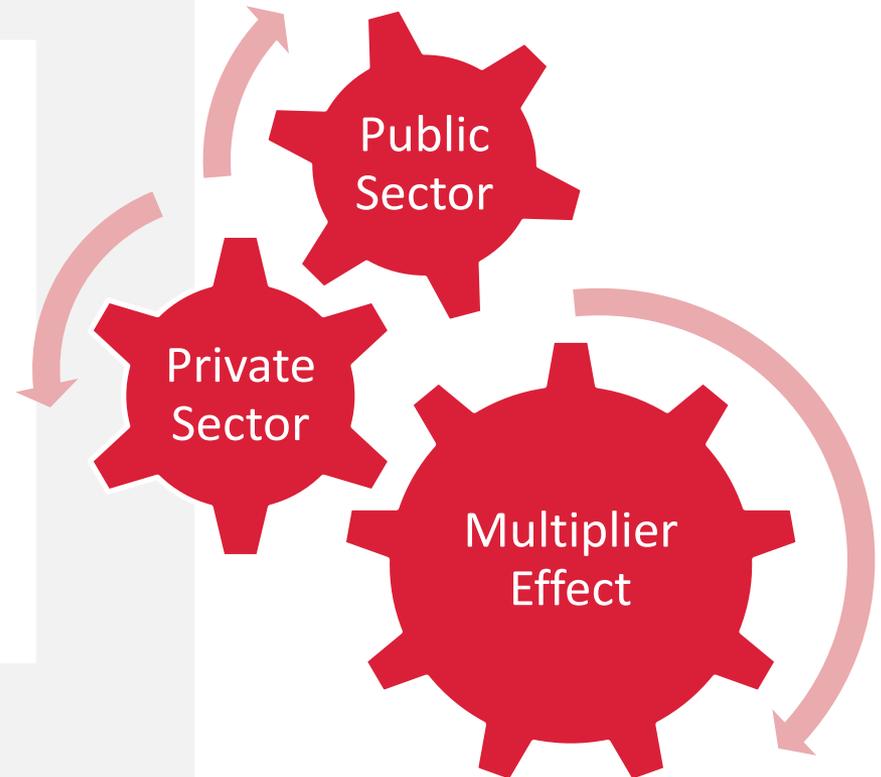
- JEREMIE (Joint European Resources for Micro-to-Medium Enterprises) in 6 regions
- Operational Programme Development of Eastern Poland (SMEs support)
- Social Economy Entities Financing (pilot project OP Human Capital)
- Guarantee Fund OP Innovative Economy (set up Dec 2015)

## Implementing Body

- Technology Credit Fund (repayable assistance)

# Lessons learned from 2007-2013

- Consensus that Financial Instruments can bring great benefits.
- Flexible system to the market gap requirements (esp. Holding fund).
- Legal frameworks were very basic, but filled in with many guidances. Main EC concerns relate to:
  - Market analysis (lack of obligation)
  - Front loaded payments to funds
  - Delay in onward investments
  - Absorption



# Lessons learned from 2007-2013

## **Positives:**

- A few clear regulations which give the Member State discretion to design financial instruments to meet the needs of the market.
- Guidance published before implementation begins.
- Guidance which clarifies regulations.
- Strong working relationship, built around sharing information, between the Commission, the Member State and institutions involved in delivering funds.

## **What does not work well:**

- Overly complex and prescriptive rules in guidances.
- Guidance published whilst projects are being developed or worse, during implementation.
- Guidance which seeks to introduce additional rules with purported legislative effect.
- Top down design and implementation of rules.

# 2014-2020 Period - Challenges

- **Undesirable uncertainty about the legal framework:**
  - Many rules already in CPR 1303 and delegated act – flexibility?
  - New guidance is being written and published during project development
  - Some of the views in the guidance purport to create extra rules rather than clarifying regulations
- **Public procurement in the selection of implementing bodies process (not for EBI/EIF)**

## Differences:

2007 - 2013	2014 – 2020
Short and limited legal rules and few guidance	More sophisticated regulation with several guidance
Greenlight for the Member State to set up own system	Rules are often not in line with Member State practices

*“Perfection is achieved, not when there is nothing more to add, but when there is nothing left to take away.”*

— [Antoine de Saint-Exupéry](#),  
[Airman's Odyssey](#)



# Cohesion Policy in Poland 2014-2020: scale, OPS, state of play

- Allocation of EU funds for Poland in 2014-2020 period:  
**EUR 76,88 bn:**
- EUR 45,58 bn for **6 national operational programmes:**
  - Infrastructure and Environment (EUR 27,41 bn)
  - Eastern Poland (EUR 2 bn)
  - Smart Growth (EUR 8,61 bn)
  - Digital Poland (EUR 2,17 bn)
  - Knowledge, Education, Growth (EUR 4,69 bn)
  - Technical Assistance (EUR 0,7bn)
- EUR 31,3 bn for **16 regional operational programmes**
- From ex ante analysis – ca. EUR 4 bn for  
Financial Instruments

# Cohesion Policy in Poland 2014-2020: tasks run/planned for BGK



- continuation of Innovative Technology Credit in slightly modified formula (operational)
- continuation of providing prefinancing for rural areas (operational)
- guarantees for innovative SMEs (planned)
- loans and guarantees for social economy entities (planned)
- continuation of „JESSICA-like” and „JEREMIE-like” initiatives (under negotiation with regional authorities)
- VC instruments for SMEs (planned)

Thank you for your attention.

**BGK**  
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