The first agreement for financing a PPP project in Europe as part of JESSICA initiative has been signed

Sopot’s train station and the surrounding areas will be subject to a thorough revitalisation. In 18 months, the current train station will be replaced with a modern and functional building, and the surrounding areas will become a green highlight of the city. The communication routes will be rebuilt, an underground car park with 270 units will be provided, plus a hotel, a shopping mall, and a two-storey city square connected to the popular “Monciak” (Sopot’s main boulevard). After the completion of the investment, the vibrant promenade will become main point of that area, with its numerous cafes and leisure areas. The investor plans that all those facilities will be completed in spring 2014. The project will be delivered thanks to the involvement of EU funding, among others. The agreement on sanctioning the loan from the funds of JESSICA Initiative was signed on January 7 in Sopot.

- I am glad that JESSICA funds that we manage will finance such an important and prestigious project. This will also be the first investment in Poland and Europe delivered under the formula of public/private partnership with support from JESSICA initiative. It is a really interesting project and working on it gave us a lot of satisfaction. Let me stress that funds under JESSICA are still available in Pomorze province and therefore we encourage investors to use that form of financing municipal investments – said Jarosław Beldowski, the Vice-President – First Deputy of the President of BGK Management Board.

The investment will be delivered by Bałtycka Grupa Inwestycyjna S.A. (BGI S.A.), selected in a tender by the Municipality of Sopot in line with the regulations of the Public-Private Partnership Act and the act on concessions for construction works or services. PPP Agreement between the Municipality and the Investor was made on January 23, 2012. From the date of signing the agreement the Investor had a year to prepare complete design documentation. Those works, however, were completed a year earlier, which allowed BGK to complete the assessment of the project as early as in 2012 and the decision on granting JESSICA loan was made in early 2013. The delivery of the project also involves Polskie Koleje Państwowe (Polish State Railways), which will transfer ownership rights to a part of the land, on which the project will be delivered – in exchange for obtaining the ownership rights to the new train station and shared properties. The total cost of the entire project is ca. PLN 100 m.
- For us, the citizens of Sopot, it is important that the current station – usually compared by railway workers and tourists to a shed – will be replaced with a modern and very functional compound, full of greenery, very well accessible, friendly for pedestrians, cyclists and the disabled – said Jacek Karnowski, Sopot’s Mayor, when signing the agreement.

Participants of the event of signing the agreement included: Jarosław Sulewski, Supervisory Board Chairman in BGI S.A., Wiesław Byczkowski, Investment Board Chairman of JESSICA Holding Fund, Jacek Karnowski, Sopot’s Mayor, Mieczysław Struk, Pomorskie Province Marshall, Paweł Orlowski, Undersecretary of State in Regional Development Ministry.

We already know who will provide loans on the social economy entities support programme

On January 25, Bank Gospodarstwa Krajowego signed an agreement with Towarzystwo Inwestycji Społeczno-Ekonomicznych S.A. (TISE), under which TISE will provide financial support and free advisory services to social economy entities. The character of social businesses consists in combining economic and social goals – such a business must generate profit to be able to reinvest it in delivery of social objectives, such as fighting unemployment, professional integration of the disabled, or providing social services (running small schools, social and care services). They may take forms of social cooperatives, work cooperatives, professional activity businesses, funds and societies conducting business operations, or non-profit companies. In Poland, the social economy entities have limited possibilities of using finance available on market conditions, so the programme being implemented is unique and needed to develop this sector.

This is a pilot programme, co-financed by the European Union. Bank Gospodarstwa Krajowego is a systemic beneficiary of the project “Supporting financial engineering for social economy” delivered under Human Capital Operating Programme. TISE was selected to act in the role of a financial intermediary servicing all of Poland, under the Public Procurement Act. For BGK this is the first project delivered from the funds of European Social Fund and also the first financial engineering instrument in Poland that will support social economy entities.

It is worth mentioning that the role of a financial intermediary was given to TISE, an institution experienced in financing entities from the social economy sector. It is very important because of the timing of the projects among others – all loans should be granted by June 30, 2015. We also regard this project from the EU financial perspective – as it is emphasised by the representatives of Regional Development Ministry, after 2013 most of the EU funding will be sanctioned in a refundable form – as loans or guarantees. For BGK, an institution specialising in management of such support, the delivery of the first project financed by the European Social Fund is a chance to get valuable experience for the future – said Dariusz Daniluk, President of the Management Board, BGK.

– By replying to the invitation for a tender sent to BGK, we were aware of the task of a financial intermediary. We are convinced the loans sanctioned as part of the project will help social companies not only develop
their business, but, most of all, strengthen the financial potential and ensure their long-term operation. The pilot, in TISE’s view, will allow to estimate the demand for subsidised finance in the social economy market and better diagnose the needs in the new UE perspective. The preferential financial conditions of financing loans in the form of a lower interest and lack of additional fees make the offer more attractive and allow to reduce the costs on the borrowers’ side. What’s important for the project is also the option of using the support network for social economy entities existing in Poland - said Michał Radziwiłł, TISE Management Board President.

JEREMIE also for businesses from Mazowsze

On Dec 17, 2012, Mazowieckie Province was on-boarded in JEREMIE initiative. Therefore, BGK acts as the manager of the holding fund in six provinces already. Under the agreement signed, BGK received PLN 61.5 m for management. In total, we hold PLN 1,724 m, which will go to SMEs. Competitions for financial intermediaries from Mazowsze will be announced in February. We estimate that in Mazowsze, the support under JEREMIE initiative will be used by ca. 580 micro, small and medium enterprises, and thanks to the financial leverage mechanism used as part of the products offered, the beneficiaries may receive up to PLN 198 m.

JEREMIE “Quick START” – a new functionality for potential borrowers

Due to the huge interest from businesses in subsidised finance for business operations, BGK will soon launch a functionality on the website www.jeremie.com.pl facilitating the businesses in contacting financial intermediaries. Businesses interested in JEREMIE products will be able to fill out a simple on-line form. The data from the form will be automatically sent to the correct financial intermediary, who will contact the business.

Key data / state of programmes’ delivery

11 investment agreements already signed by BGK as part of JESSICA initiative

At the end of 2012 and at the beginning of 2013 we observed a strong increase in the activity of investors seeking finance under JESSICA initiative. In total, BGK received 60 loan requests for the amount of over PLN 685 m. 11 investment agreements were signed for the amount totalling PLN 187.8 m, including 8 in Wielkopolska (total: PLN 107.8 m) and 3 in Pomorze (total: PLN 80 m). 24 requests for over a quarter billion PLN are being assessed.

Until February 17, Wielkopolska’s schools may prepare their work to the competition called “We change our cities and towns”

In December last year, BGK jointly with Marshall’s Office of Wielkopolska Province and Centre of Civic Education Foundation announced an art/multimedia competition for students of primary schools and junior high schools from Wielkopolska province area. The objective of the competition is to present and promote JESSICA initiative as an attractive source of financing revitalisation of Wielkopolska’s cities. It also aims to encourage children and youth to participate in shaping the development of their cities. Participants of the competition may submit pieces made in various techniques, as well as photographs, videos and multimedia presentations. Students may prepare their pieces individually or in teams of two to ten. The prizes include electronic equipment and prizes for the authors of winning pieces. For more information on the competition, go to http://bgk.pl/jessica/konkursdlaszkol.
505 technological bonuses already awarded
In the last call for technological bonuses (October 2012), the companies submitted 533 applications for the total amount of over PLN 1.55 bn. The value of the requests submitted exceeded the available pool of funds, i.e. PLN 400 m, by almost 300%. Until September 15, BGK must assess all requests submitted for meeting the statutory criteria. A technology credit is an instrument for supporting businesses (micro, small, and medium), who implement innovative technological solutions. The credit is offered by 20 commercial banks. BGK’s role is to provide support from public funds in the form of the so called technological bonus (in practice it is a one-off repayment of a material part of the credit’s principal).
Ultimately, in line with the programme’s assumptions, as at the end of 2015 we should reach the level of 450 co-financed technological investments. We already know it will be significantly exceeded. To date, BGK sanctioned co-financing to 505 businesses, including 126 that already completed their projects. We also estimate we already achieved the ratio set in relation to the number of patents granted to businesses in relation to delivered projects.

Almost PLN 120 m for guarantees and loans for small and medium enterprises from Eastern Poland
In Dec 2012, there were further 4 agreements made with financial intermediaries, under which they will sanction loans to SMEs. In total, as part of the project delivered by BGK, there were 14 agreements made for the total amount of PLN 118.8 m. Therefore, the funds under the project that may be sought by the financial intermediaries were practically exhausted. Those funds will be provided to SMEs in the form of guarantees and loans. In Q4 last year we recorded a sharp increase in the number of entities using the support under the programme. This results from providing the businesses with a new product – apart from the guarantees, i.e. reguarantee for guarantee funds, businesses may also seek loans. By the end of 2012, the support under the project was granted to 240 micro, small and medium enterprises, for the total amount of PLN 28.7 m.

PLN 1.5 bn already provided to businesses under JEREMIE initiative
BGK entered into 89 agreements with financial intermediaries for the total amount of PLN 1.38 bn. Taking into account the contribution from the intermediaries, businesses received subsidised aid in the total amount of PLN 1.53 bn, using the funds of the Regional Operational Programmes (ROP) in the amount of PLN 0.75 bn. By the end of 2012, the intermediaries provided support to over 8.3 k micro, small and medium enterprises.

Bank Gospodarstwa Krajowego is the only state-owned bank in Poland. Its mission is to support the central government’s social and economic programmes as well as regional development programmes designed at regional government level and run with the use of public funds, including those provided by the European Union as well as international financial institutions. BGK is actively involved in the consolidation of public finance, financing of regional and local authorities, municipal companies and healthcare establishments. It also supports Polish exports and infrastructure projects e.g. through the organisation of financing for such projects and promotion of public-private partnership.


Edited by:
European Union Funds Division and Communications Department, Bank Gospodarstwa Krajowego

Contact:
– BGK European Union Funds Division: Marek Szczepański (Managing Director), marek.sczepanski@bgk.com.pl
– media contact: Aneta Stelmaszczyk (spokesperson), media@bgk.com.pl
– BGK Communications Department: Adrianna Lepka, adrianna.lepka@bgk.com.pl