POLAND CATCHING-UP REGIONS 3

FINANCIAL INSTRUMENTS PERFORMANCE EVALUATION AND PROPOSALS FOR THE UTILIZATION OF FUNDS IN PODLASKIE VOIVODESHIP

European Commission
MINISTRY OF INVESTMENT AND ECONOMIC DEVELOPMENT
WORLD BANK GROUP

POLAND CATCHING-UP REGIONS 3

FINANCIAL INSTRUMENTS PERFORMANCE EVALUATION AND PROPOSALS FOR THE UTILIZATION OF FUNDS IN PODLASKIE VOIVODESHIP

European Commission

MINISTRY
OF INVESTMENT
AND ECONOMIC DEVELOPMENT

WORLD BANK GROUP

CONTENTS

TABLES

ACKNOWLEDGEMENTS

This report was prepared by a core team comprised of Jan Szczucki and Maciej Gajewski, and co-ordinated by Paul Kriss, Marcel Ionescu-Heroiu, Grzegorz Wolszczak and Agnieszka Boratyńska. Peer review comments were received from Cevdet Unal.

The team would like to thank Commissioner Corina Crețu for initiating the Initiative, Minister Jerzy Kwieciński from Poland's Ministry of Investment and Economic Development for his invaluable support, and the European Commission's team for their excelent engagement and support, especially Marc Lemaitre, Erich Unterwurzaher, Christopher Todd, Wolfgang Munch, Justyna Podralska and Andrzej Urbanik.

The team would also like to thank Arup Banerji, David Sislen, Carlos Pinerua for the advice and guidance provided throughout the elaboration of this report.

The team is also indebted to all counterparts for the support offered in the elaboration of this study, the timely feedback, the excellent collaboration throughout, and their passion for developing their regions and institutions, especially: Piotr Zygadło, Anna Sulińska-Wójcik, Aleksandra Sztetyłło-Budzewska and Agnieszka Laskowska-Skup from the Ministry of Investment and Economic Development; Joanna Sarosiek, Wioletta Dąbrowska, Izabela Łokić oraz Aneta Kostro–Węglicka from Podlaskie Marshal Office.

ACRONYMS AND ABBREVIATIONS

COSME	Program for the Competitiveness of Enterprises and Small and Medium-sized Enterprises
BGK	State Development Bank of Poland
BIZNEST	Capital support instrument under Measure 3.1.2 of Smart Growth Operational Program 2014-2020
EaSI	Employment and Social Innovation
GUS	Central Statistical Office of Poland
JEREMIE	Joint European Resources for Micro-to-Medium Enterprises
EC	European Commission
KRS	National Court Register of Poland
KSFP	National Association of Guarantee Funds
KUKE	Export Credit Insurance Corporation
SMEs	Small and medium-sized enterprises
NFG	National Guarantee Fund
PZFP	Polish Union of Loan Funds
RFR	Regional Development Fund, Podlaskie Regional Development Fund
RIO	Regional Chamber of Audit
RPO	Regional Operational Program(s)
RPO WP 2007-2013	Podlaskie Regional Operational Program 2007-2013
RPO WP 2014-2020	Podlaskie Regional Operational Program 2014-2020
STARTER	Capital support instrument under Measure 3.1.1 of Smart Growth Operational Program 2014-2020
PMO	Podlaskie Marshal Office
VC	Venture capital

INTRODUCTION

This study was prepared within the framework of the European Commission (EC) Program "Catching-up regions initiative" (CuR), implemented since 2016 in selected regions of EU Member States[1].

The objective of the CuR Initiative is to identify factors that limit economic growth in developing regions of Europe and, based on that, to provide them with advisory assistance in the form of customized activities. These region-specific activities correspond to each region's selected developmental problems, and therefore contribute to the reduction of the identified limitations. The result is improved conditions for investment and economic growth. The scope of the formulated Action Plans is determined with the participation of the European Commission (EC), the regional authorities (in Poland, the Marshal Offices participating in the initiative), the national authorities (the Polish Ministry of Investment and Economic Development) and the World Bank that, at the same time, serves as the implementing agency for the Initiative.

In the third round of the Initiative, implemented in 2018–2019, one of the areas of intervention indicated in the Action Plan for the Podlaskie Voivodeship were the issues related to establishing a regional mechanism to support micro, small and medium-sized enterprises in the scope of access to financing, as well as solutions, enabling implementation of the region's developmental objectives using financial instruments (repayable). Detailed objective entrusted to the World Bank experts included indication of a method to utilize the funds from the Podlaskie Voivodeship Regional Operational Program 2007–2013 (PV ROP 2007–2013), which were allocated to the financial instruments (then called financial engineering instruments), subject to repayment after the financial intermediaries implemented the projects. Therefore, the detailed scope of support in the voivodeship entailed development of guidelines for reuse of the financial resources, including indication of types of financial products to be offered in the region, identification of possible formal solutions in the area of the management of financial instruments financed by returned funds, as well as the selection of the optimum solution from among the adequate options. The basis for formulating the proposal included an analysis of the implementation of the financial engineering instruments used under the PV ROP 2007–2013. In formulating the proposed solutions, the experts took into account the context aspect, i.e. determinations in the scope of the financial instruments as included in the 2014-2020 perspective of programming support from the European Structural and Investment Funds.

This study summarizes the work on financial instruments, included in the Action Plan for the Podlaskie Voivodeship, performed between July 2018 and January 2019.

EXECUTIVE SUMMARY

This study was developed as a result of advisory services to the self-government authorities of the Podlaskie Voivodeship. The objective of the work performed was twofold: to evaluate the utilization (performance) of support funds allocated to the financial engineering instruments within the framework of the PV ROP 2007–2013, and; to develop guidance pertaining to an institutional model for managing the funds returned by the financial intermediaries, who previously implemented the financial engineering instruments based on the funds from the PV ROP 2007–2013. The conclusions presented below are based on the empirical research material which consists of the following: 17 individual in-depth interviews with entrepreneurs, people representing the environment of the regional small and medium-sized enterprises (SMEs), and representatives of the financial intermediaries; as well as two workshop meetings devoted to issues related to the establishment of new financial products and an institutional model for the management of the funds being returned from the financial engineering instruments of the previous financial perspective (PV ROP 2007–2013). Research also included literature about the topic, and information from reports on the implementation of the financial engineering instruments in the Podlaskie Voivodeship.

As a result of the advisory work, guidelines (assumptions) were formulated with respect to both the exit strategy for the financial engineering instruments, as well as the proposals of new financial products that could be implemented based on the return of funds from the previous financial engineering instruments.

The result of the performance evaluation of the implementation of these instruments (i.e. loans and guarantees)by the financial intermediaries in the Podlaskie Voivodeship is positive. Main indicators in the total/historic capital utilization and loss levels may be deemed satisfactory. The indicators are better in the case of all those financial intermediaries (loan funds) in the voivodeship who offered loans. The visibly poorer results of the guarantee funds stem from the somewhat unfavorable context for the guarantees made available in the regions, in parallel with the loans. This context, especially on the regional level, is shaped by the growing competition from the countrywide guarantee programs. This situation poses particular challenges for the community of Polish local and regional financial intermediaries that provide guarantees. This pertains to all of the local/regional guarantee funds currently operating in the country. This unfavorable context is the main reason for the poorer results achieved by the financial intermediaries offering guarantees. However, this does not disqualify the guarantee instruments as such, because the availability of guarantees is still important for some of the entrepreneurs, hence the offer of local and regional guarantee funds is needed.)

Another result of the advisory services was the proposal of new financial products, which, as the survey results indicate, could enjoy an adequate level of interest from the regional SME sector. These proposals may be a good starting point for shaping a regional offering of financial products, which could then be implemented using the funds returned within the framework of the PV ROP 2007–2013 financial engineering instruments. Potentially, other funds available to the voivodeship could be allocated in order to facilitate access to financing on the regional level. The following products are proposed:

- Working capital loans
- Working capital loans for exporters
- Real estate purchase loans

It seems that the new types of loans, as proposed, are not competitive with respect to the PV ROP 2014–2020 financial instruments currently offered in the Podlaskie Voivodeship. The justifiability of introducing a new range of financial products is supported by the conducted survey, as well as by a broader context of SMEs, in terms of the availability of external financing for the sector. In essence, the proposed instruments are largely complementary to those available within the framework of the current PV ROP. Naturally, in a longer time perspective, including with regard to the potential utilization of funds from the PV ROP 2014–2020, additional financial products may be considered.

Concerning the institutional model for the management of the returning funds from the financial engineering instruments (implemented under the PV ROP 2007–2013), and, after an analysis of a number of possible solutions, the authors recommend adopting a model that involves establishing a Podlaskie Development Fund (working name) in the region. This fund would focus on offering financial instruments through financial intermediaries, and also directly, in the case of selected product(s). In this report, this model is referred to as Sub-Option A3.

According to that option, the Podlaskie Development Fund (PDF) would implement financial instruments by using the experience and capacity of the financial intermediaries (selected by way of public competitive bidding), while conducting a somewhat limited part of their activity in the area of financial instruments directly. (This direct approach would pertain only to specific financial products or to the testing of new products). The Fund would be organized in the form of a limited liability company owned by the Podlaskie Voivodeship. It would be an autonomous regional-level unit that specializes in the design and implementation of financial instruments targeted to the regional SMEs sector. In the future, it could collect and manage funds from the financial instruments implemented under the current PV ROP 2014–2020.

If, for any reason, it were not possible to quickly implement the solution recommended above (e.g. within the next few months), the report suggests Sub-Option B2 as the alternative solution. This assumes that funds returned from the financial engineering instruments under the PV ROP 2007–2013, would be reused, as the Marshal Office selects financial intermediaries in an open public tender. This option would enable the utilization of returned funds, and, at the same time, it would for some time reinforce the capitalization (operating capacity) of the financial intermediaries active in the Podlaskie Voivodeship. This will ensure the relative availability of a broad range of financial products intended for the regional SME sector (taking into account both new products, as well as those offered under the PV ROP 2014–2020 financial instruments). This solution, however, would not lead to the establishment of a structure specializing in the management of financial instruments.

The summary matrix (see Table 15) presents a list of analyzed models for the reuse of funds returned under the financial engineering instruments (PV ROP 2007–2013).

PART I

EXPERIENCES FROM THE IMPLEMENTATION OF FINANCIAL INSTRUMENTS UNDER THE PODLASKIE VOIVODESHIP ROP FOR 2007–2013 AND DIRECTIONS FOR THE UTILIZATION OF FUNDS RETURNED UNDER THOSE FINANCIAL INSTRUMENTS

ANALYSIS OF THE UTILIZATION OF FUNDS FOR FINANCIAL ENGINEERING INSTRUMENTS UNDER THE PV ROP 2007–2013

Programmatic basis for the support of financial engineering instruments under the PV ROP 2007–2013

Support for financial engineering instruments in the Podlaskie Voivodeship Regional Operational Program 2007–2013[2] was envisaged within the framework of priority axis I *Increase of innovation and support of entrepreneurship in the region, measure 1.3 Supporting Business Environment*[3]. The objective of the intervention was to facilitate access to external sources of investment financing to micro, small, and medium-sized enterprises (MSMEs), as well as to create better conditions for the development of entrepreneurship in the region. The objective of measure 1.3, i.e. facilitating access to sources of financing, was implemented indirectly. It was done by providing capital to non-bank lending and guarantee institutions (loan and guarantee funds), which, acting as financial intermediaries, utilized the received capital, by offering loans and guarantees to the final recipients, i.e., (SMEs) operating in the Podlaskie Voivodeship.

Capital injection agreements concluded for the purpose of supporting financial engineering instruments under the PV ROP 2007–2013

Capital contributions under the program were transferred based on the results of the relevant competitions. Throughout the implementation of measure 1.3 PV ROP, twelve capital support agreements were concluded with six financial intermediaries. Selected financial intermediaries operate the support funds even now, offering loans or guarantees.

TABLE 1 **Financial intermediaries operating financial engineering instruments in the Podlaskie Voivodeship, using funds from the PV ROP 2007–2013**

No.	Intermediary	Instrument	Number of agreements (loans)	Number of agreements (guarantees)
1	Agencja Rozwoju Regionalnego "ARES" S.A. (Regional Development Agency)	Guarantees and loans	3	1
2	Fundacja na rzecz Rozwoju Polskiego Rolnictwa (Foundation for Polish Agriculture Development)	Loans	2	–
3	Podlaska Fundacja Rozwoju Regionalnego (Regional Development Foundation)	Loans	2	–
4	Fundacja Rozwoju Przedsiębiorczości in Suwałki (Suwałki Foundation for Entrepreneurship Development)	Loans	2	–
5	Podlaski Fundusz Poręczeniowy Sp. z o.o. (Podlaski Guarantee Fund)	Guarantees	–	1
6	Łomżyński Fundusz Poręczeń Kredytowych Sp. z o.o. (Łomżyński Guarantee Fund)	Guarantees	–	1
		TOTAL	**9**	**3**

Source: Own calculations, based on the data from the Podlaskie Marshal Office.

TABLE 2 **Intermediaries and value of support agreements in the area of financial engineering instruments in the Podlaskie Voivodeship (gross value – including fund administration and management costs)**

No.	Intermediary	Agreement 1 value in PLN million	Agreement 2 value in PLN million	Agreement 3 value in PLN million	Total value in PLN million
	Loans				
1	Agencja Rozwoju Regionalnego "ARES" S.A. (Regional Development Agency)	14.975	10.815	8.000	33.790
2	Fundacja na rzecz Rozwoju Polskiego Rolnictwa (Foundation for Polish Agriculture Development)	10.000 (12.500*)	3.000	-	13.000 (15.500*)
3	Podlaska Fundacja Rozwoju Regionalnego (Regional Development Foundation)	10.000	15.000	-	25.000
4	Fundacja Rozwoju Przedsiębiorczości in Suwałki (Suwałki Foundation for Entrepreneurship Development)	15.000	5.150	-	20.150
					91.940 (94.440*)
	Guarantees				
1	Agencja Rozwoju Regionalnego "ARES" S.A. (Regional Development Agency)	7.820	-	-	7.820
2	Podlaski Fundusz Poręczeniowy Sp. z o.o. (Podlaski Guarantee Fund)	47.158	-	-	47.158
3	Łomżyński Fundusz Poręczeń Kredytowych Sp. z o.o. (Łomżyński Guarantee Fund)	15.000	-	-	15.000
				TOTAL	**69.978**
	Support for financial engineering instruments, total				**161.918 (164.418*)**

* Including own contribution (PLN 2.5 million).
Source: Own calculations, based on data from the Podlaskie Marshal Office.

The financial intermediaries that implemented projects under the PV ROP 2007–2013, were mostly experienced loan/guarantee funds with varying levels of activity, as shown in the table below.

TABLE 3 **General level of the loan and guarantee activities of institutions serving as financial intermediaries under the PV ROP 2007–2013**

Institution	Type of financing offered	Loan/guarantee capital, in PLN thousands	Number of loans/ guarantees provided in 2017	Value of loans/guarantees provided in 2017 in PLN thousands
Agencja Rozwoju Regionalnego "ARES" S.A. (Regional Development Agency)	Loans	40,319	41	9,071
Fundacja na rzecz Rozwoju Polskiego Rolnictwa[a] (Foundation for Polish Agriculture Development)	Loans	89,277	259	31,811
Podlaska Fundacja Rozwoju Regionalnego (Regional Development Foundation)	Loans	34,930	71	9,822
Fundacja Rozwoju Przedsiębiorczości in Suwałki (Suwałki Foundation for Entrepreneurship Development)	Loans	26,400	26	5,500
		Loans, total	**397**	**56 204**
Agencja Rozwoju Regionalnego "ARES" S.A. (Regional Development Agency)	Guarantees	N/A[b]	N/A	N/A

Podlaski Fundusz Poręczeniowy Sp. z o.o. (Podlaski Guarantee Fund)	Guarantees	63,296	162	15,436
Łomżyński Fundusz Poręczeń Kredytowych Sp. z o.o. (Łomżyński Guarantee Fund)	Guarantees	15,289	45	2,120
		Guarantees, total	**207**	17,556

Note: Data for 2017 based on the reports of the Polish Union of Loan Funds and the National Association of Guarantee Funds

a. The Foundation operates countrywide, separate data on its loan activity in the Podlaskie Voivodeship is not published.

b. "ARES" probably did not provide any guarantees in 2017 and, therefore, was not included in the annual report of the National Association of Guarantee Funds (KSFP). The most recent data on the guarantee activity of "ARES" in KSFP reports pertains to 2015 (data as of 12/31/2015: guarantee capital = PLN 9,516,000, commitment = 9 active guarantees with total value of PLN 1,544,000, number of guarantees provided in 2015 = 6 guarantees with a total value of PLN 1,364,000; all guarantees were provided to secure loans).

Source: M. Mika, P. Rogowiecki, K. Sabarańska, "Fundusze pożyczkowe w Polsce – Raport 2017" (plus attachments), PZFP, 2017. M. Gajewski, Kubajek, J. Szczucki, Rynek lokalnych i regionalnych funduszy poręczeniowych w Polsce w 2017 r, National Association of Guarantee Funds, Warsaw, September 2018

It is evident that the Podlaskie Voivodeship has strong and prosperous loan intermediaries, as well as somewhat weaker and less active intermediaries offering guarantees (mostly due to the difficult situation in the guarantees market and competitive value proposals on the central level). Either way, the capacity of both types of financial intermediaries present in the region should be recognized as significant.

Supported financial products – the existing offer of loans and guarantees

Within the framework of capital injection agreements, financial intermediaries offered various financial products. The base parameters of those products (e.g. minimum/maximum loan amount, maximum guarantee amount, duration, and grace period) were specified in applications submitted by the financial intermediaries within the framework of competitions for the support funds[4]. The parameters were configured specifically for the needs of the (newly created) fund receiving a capital injection, or were based on the existing products (that had been distributed based on the funds already owned), with minor modifications.

As far as the supported loan funds are concerned, the range of loan products offered based on capital injection under the PV ROP 2007–2013, are homogenous. Product characteristics[5] (see Table 4 Loan products offered by financial intermediaries supported with funds from the PV ROP 2007–2013a) are described based on a number of parameters, such as: types of loan recipients (clients), purpose of the loan, duration, grace period and collateral. These parameters are identical (e.g. duration) or similar (e.g. purpose: investment purposes only or investment and working capital). However, they are without a sector focus or a specific type of recipient/client as their target. Only one product was focused on two selected categories of SME segment, i.e. micro and small-sized enterprises, leaving out the medium-sized companies. Conditions related to the grace period on principal repayment, and the requirements regarding the scope of the borrower's own contribution to the financed project, were also similar. The situation was analogous with respect to the loan collateral requirements, which are much alike in all cases and include (allow for) various formally acceptable forms of collateral. The practical use of diverse forms of collateral (personal and property-based) is understandable. Such an approach stems from the rather restrictive loss limits imposed on the financial intermediaries in the capital injection agreements. This all leads to the conclusion that the range of supported debt instruments covers most universal type products, and is addressed to an average representative of the regional SME sector (including very young entities that are just starting their economic activity). Such a solution made it easier for the intermediaries to find clients (proposed loans could be offered to previously serviced client groups), which was justifiable given the binding limits on the costs of fund management and administration[6] by the financial intermediary. The resulting limitations inevitably led to a search for solutions that would not be based on the assumption that clients would (entirely or mostly) have to be found in new (for the given intermediary) specific market niches, or be concentrated exclusively in a single market niche (even if already known to the intermediary).

The greatest differences between the loan products are found with respect to the following parameters:

- Minimum/maximum loan amount
- Loan interest rate
- Fees and commissions

TABLE 4 **Loan products offered by financial intermediaries supported with funds from the PV ROP 2007–2013**[a]

Financial intermediary →	Fundacja Rozwoju Przedsiębiorczości in Suwałki (Suwałki Foundation for Entrepreneurship Development)	Podlaska Fundacja Rozwoju Regionalnego Sp. z o.o. in Białystok (Regional Development Foundation)		Agencja Rozwoju regionalnego "ARES" S.A. in Suwałki (Regional Development Agency)		Fundacja na rzecz Rozwoju Polskiego Rolnictwa w Warszawie (Foundation for Polish Agriculture Development in Warsaw)
Project (fund) →	(1) Podlaski Fundusz Przedsiębiorczości I (Regional Fund of Entrepreneurship) (2) Podlaski Fundusz Przedsiębiorczości II (Regional Fund of Entrepreneurship)	(1) Support for SME sector in Podlaskie Voivodeship (2) "Start i rozwój" – loans for SME sector in Podlaskie Voivodeship		(1) Fundusz Północny I (Northern Fund) (2) Fundusz Północny II (Northern Fund)	(3) Fundusz Północny III (Northern Fund)	(1) "Sami Swoi" I (2) "Sami Swoi" II
Parameters						
1. Product name	Loans for SMEs	ROP 0% loan	MikroStart loan	–		
2. Recipient (client)	Micro, small, and medium-sized enterprises (with registered seats or investments in Podlaskie Voivodeship)	Micro, small, and medium-sized enterprises (operating in Podlaskie Voivodeship)		Micro, small, and medium-sized enterprises (with registered seat or investments in Podlaskie Voivodeship)		Microand small-sized enterprises (operating in Podlaskie Voivodeship)
3. Loan amount (min – max)	PLN 120,000 – PLN 700,000	Up to PLN 500,000	Up to PLN 230,000	PLN 50,000 – PLN 500,000 (FP II) / PLN 700,000 (FP III)	PLN 50,000 – PLN 390,000	PLN 240,000 (max)
4. Loan period (duration) (max)	60 months					
5. Grace period (max)	6 months (for principal repayment)			3 months (for principal repayment)	None	6 months (for principal repayment)
6. Interest rate	2.85% - 5.80% p.a. (fixed[b], based on EC announcement)	0%	5.87% p.a. (fixed)	From 2.87% p.a. (fixed, based on EC announcement)	0%	From 2.43% p.a. (fixed, determined based on EC announcement)
7. Commission	Yes + other fees	1–5%, depending on loan period, min. PLN 500) + other fees	3% + other fees	From 0.5% + other fees	5% + other fees	Yes + other fees
8. Own contribution (minimum, %)	10%	20%	No requirement	Up to 20% (min. 10%)		20%
9. Purpose	• Investment purposes • Working capital (production/services/ commercial operations)	• Investment purposes	• Investment purposes • Working capital	• Investment purposes • Working capital (tangible working assets)	• Investment purposes	• Investment purposes • Working capital (production/services/ commercial operations)
10. Security	• Min. 100% of base amount + interest • Blank promissory note (including declaration) + other forms (broad catalog of collateral)			• 100% - 200% of base amount + interest • Blank promissory note (including declaration) + other forms (broad catalog of collateral)		• Min. 100% of base amount + interest • Blank promissory note (including declaration) + other forms (personal or property based)
Notes	Universal loan product, regional coverage (entire voivodeship)					

a Description of the products based on current information, sourced from the intermediaries' websites and the formal documentation of the funds.
b Interest rate fixed for the loan agreement period (as specified in the agreement, in accordance with interest rates applied, at the time, to loans financed from EU funds) – this comment pertains to all the presented products..

TABLE 5 Guarantee products offered by financial intermediaries supported with funds from the PV ROP 2007–2013[a]

Financial intermediary →	Łomżyński Fundusz Poręczeń Kredytowych Sp. z o.o. (Łomżyński Guarantee Fund)	Agencja Rozwoju Regionalnego "ARES" S.A. in Suwałki (Regional Development Agency)	Podlaski Fundusz Poręczeń Kredytowych Sp. z o.o. (Podlaski Guarantee Fund)
Project (fund) →	Supporting entrepreneurship in the region by increasing guarantee capacity	Północny Fundusz Poręczeniowy (North Guarantee Fund)	Supporting entrepreneurship in Podlaskie Voivodeship by providing guarantees
Parameters			
1. Product name	—	—	—
2. Recipient (client)	Micro, small, and medium-sized enterprises (with registered seat and operations in Podlaskie Voivodeship)	Micro, small, and medium-sized enterprises (operating in Podlaskie Voivodeship)	Micro, small, and medium-sized enterprises (with registered seat or investments in Podlaskie Voivodeship)
3. Guarantee amount (max)	PLN 750,000 (no more than 5% of the fund's capitalization)	PLN 390,000 (no more than 5% of the fund's capitalization)	PLN 2.5 million (no more than 5% of the fund's capitalization)
4. Debt obligation coverage ratio (max)	70% (of the principal of the guaranteed transaction)		
5. Guarantee duration (max)	61 months	60 months (with possibility of extension for time required for debt collection activities)	
6. Commission and fees	• From 0.45% to 2% of the guarantee amount, depending on the guarantee's share in guaranteed debt obligation and guarantee duration (min. PLN 400 regardless of guarantee duration) • In cases of a particular guarantee risk, commission may be increased • Fee for guarantee promissory note – PLN 100	• Up to 4% of guarantee amount (depending on guarantee duration) (min. PLN 300 regardless of guarantee duration); in the case of enterprises qualified as start-up 3.8% (per annum) • No commission in the case of guarantees granted as de minimis assistance	• 0% to 3% of the guarantee amount, depending on type of guaranteed transaction and guarantee duration (paid as lump sum upon granting the guarantee) • No handling fees
7. Purpose	Mostly investment loans, additionally financing current operations in connection with investments, as support	Loans for financing business activity of the entrepreneur	All kinds of loans offered by cooperating entities (so-called cooperating lenders)
8. Security	• Blank promissory note (including declaration) of the principal debtor • Depending on circumstances – additional security (property based or personal)		• Blank promissory note (including declaration) of the principal debtor
9. Institutions cooperating with the Fund in scope of guarantees	Guarantees pertain to 3 banks and 2 non-bank lending institutions	Guarantees pertain to loan offering of a single bank, cooperating with the Fund	Guarantees pertain to loans of 9 banks and 2 non-bank lending institutions cooperating with the Fund
Notes	• Universal guarantee product, regional coverage (entire voivodeship) • Guarantee application submitted via banks/non-bank lending institutions cooperating with the Fund		

a Description of the products based on the current information, sourced from the intermediaries' websites and the formal documentation of the funds.

The differences in the scope of those parameters stem from adopting different strategies and the differing experiences of the intermediaries in their operation so far.

The situation was similar in the case of guarantee type products (for product characteristics, see Table 5). The supported funds offered universal guarantee type products. This was most evident in the targeting of the offered guarantees to a broad range of investment and working capital loans, the similar guarantee duration periods, and the same maximum loan coverage ratio of the guarantees. Each of the financial intermediaries directed their guarantee offer to MSMEs, and adopted a procedural solution (common in the practice of the Polish guarantee funds on both the local and regional levels), under which the guarantee application is sent to the fund via the institution which provides the financing (e.g. a bank). Requirements with respect to security were also very similar in the case of guarantees. (One of the intermediaries adhered to a standard typical of many guarantee funds in Poland – a blank promissory note and a declaration of exchange; two others supplemented that solution with an option to demand further collateral, both personal and property-based, depending on the risk assessment of the project).

The two main differing parameters in the guarantees value proposal were:

- Maximum guarantee amount
- Fees and commissions for providing the guarantee

The first element resulted from the size of the fund, which in turn, was derived from the maximum concentration standard applied by all the financial intermediaries. According to that standard, a guarantee cannot exceed 5% of the fund's capitalization. The second element, fees and commissions, expressed the fund's strategy and reflected the given intermediary's internal cost calculation of the guarantees operation.

Another element that differentiated the guarantees offer, was the coverage reach. Specifically, for all the intermediaries that offered guarantees, the guarantee proposal covered the loans granted by the institutions with which the given guarantee fund had a cooperation agreement. The guarantee operators supported in the Podlaskie Voivodeship differ in that respect. One of the most experienced intermediaries, the Podlaski Guarantee Fund, has been offering guarantees since 1995. It has a broad, well developed network of cooperating institutions, comprised of nine banks and two non-bank lending institutions. As for the two other intermediaries, their network of cooperating institutions is fairly limited. In one case, the network consists of one cooperative bank, indicating the local reach of that intermediary's guarantees.

Characteristics of the loan products[7]

As of June 30, 2018, the average loan amount for the entire loan portfolio of financial intermediaries supported in the Podlaskie Voivodeship was on the level of PLN 189,700. This amount is above the average loan value in the countrywide loan portfolio of non-bank loan funds from 2012–2017, which amounted to approximately PLN 100,100[8] (the average countrywide value of a loan granted in 2017 amounted to almost PLN 114,500[9]).

Analysis of the loan portfolios of individual financial intermediaries in the Podlaskie Voivodeship shows significant differences between the average value of loans granted within the framework of individual capital injection agreements. These values ranged from approximately PLN 91,000 to approximately PLN 392,000. The different averages arose from the differing parameters of loans offered by various intermediaries. However, presented data gives credence to the statement that support in the form of financial engineering instruments under the PV ROP 2007–2013 has allowed financial intermediaries in the Podlaskie region to react effectively to the need for a wider scope of financing for economic activity, especially in the case of the MSMEs that dominate the loan portfolios. At the same time, the size of the loan was not a decisive factor, which is a positive phenomenon. The average amount of loan application (almost PLN 198,000) within the framework of supported loan funds was higher than the average amount of loan granted.

Smaller enterprises play a central role in the loan portfolios of the financial intermediaries supported in the voivodeship. Interviews with representatives of the financial intermediaries indicate that micro-sized enterprises clearly dominate in the loan portfolio's structure. This structure is similar to that already observed for a long time at the national level (approximately 75% of loans are granted to micro-sized enterprises, and approximately 20% to small-sized enterprises[10]).

Given the scale of committed capitalization (value), the results of the activity of financial intermediaries supported in the Podlaskie Voivodeship are in line with the average values of capital utilization recorded for the entire countrywide loan funds sector in Poland. In the case of intermediaries from the Podlaskie Voivodeship, this indicator is on the level of approximately 70% to 80%[11], while the countrywide average is approximately 72%[12]. There is also no doubt as to the pace of revolving the capitalization funds by supported financial intermediaries. During the support agreements period (until June 30, 2018), the total value of granted loans reached almost double (1.97) the value of capitalization received by all of the funds (taking into account the own contribution in one of the projects in the amount of PLN 2.5 million). Therefore, it can be concluded that the pace of committing the funds received by the supported financial intermediaries was appropriate.

The detailed data, of the support funds' use is shown on a historical scale in the table below.

TABLE 6 **Historical utilization of the support funds—loans (as of June 30, 2018)**

No.	Financial intermediary	Agreement	Financing (support) amount in PLN	Value of loans granted in PLN	Historical utilization ratio (turnover)
1	Fundacja Rozwoju Przedsiębiorczości in Suwałki (Suwałki Foundation for Entrepreneurship Development)	RPPD-01.03.00-20-002/10-02	15,000,000	36,099,180	2,41
2	as above	RPPD.01.03.00-20-001/15-04	5,150,000	6,230,000	1,21
3	Podlaska Fundacja Rozwoju Regionalnego (Regional Development Foundation)	RPPD.01.03.00-20-002/09-03	10,000,000	26,917,200	2,69
4	as above	RPPD.01.02.00-20-004/15-01	15,000,000	20,292,100	1,35
5	Agencja Rozwoju Regionalnego "ARES" S.A. (Regional Development Agency)	RPPD.01.03.00-20-003/09-05	14,975,452	37,218,329	2,49
6	as above	RPPD.01.03.00-20-003/10-05	10,815,000	23,081,916	2,13
7	as above	RPPD.01.03.00-20-003/15-01	8,000,000	9,576,199	1,20
8	Fundacja na rzecz Rozwoju Polskiego Rolnictwa (Foundation for Polish Agriculture Development)	RPPD.01.03.00-20-004/09-03	10,000,000 (12,500,000*)	22,356,600	2,24 (1,79*)
9	as above	RPPD.01.03.00-20-002/15-01	3,000,000	3,969,325	1,23
		TOTAL	**91,940,452 (94,440,452*)**	**185,740,849**	**2,02 (1,97*)**

* Taking into consideration own contribution of PLN 2.5 million (project of the Fundacja na rzecz Rozwoju Rolnictwa Polskiego)
Source: Own calculations, based on data from the Podlaskie Marshal Office.

Two further indicators that enable the evaluation of the efficiency of the utilization of the support funds by intermediaries in the Podlaskie Voivodeship are:

- Loss levels of loan activity
- Cost intensity of the utilization of support capital (costs related to building loan portfolios within the framework of support agreements)

The data reported as of June 30, 2018 indicates very low loss levels for the loan activity of intermediaries in the Podlaskie Voivodeship that are implementing capital injection agreements based on funds from the PV ROP 2007–2013. During the implementation period of those agreements, the number of loans lost in the entire portfolio of the intermediaries was 15 (approximately 1.5% of the total number of loans granted), almost PLN 3.8 million in value (approximately 2% of the total value of loans granted). The value of loans lost, compared to the value of capital injection agreements (loan capital), was 4%. In accordance with procedures applied by the funds, these loans are subject to debt collection processes. This pertains to 14 loans, and the value of funds recovered so far (as of June 30, 2018) is approximately 12.4% of the total lost value, and it most likely will increase due to the continued debt collection procedures. Ultimately, the level of lost capital will be lower than the ratios calculated above.

Due to methodological differences in the scope of the monitoring of the lost loans portfolio, data on the loss levels of loan activity of the Podlaskie Voivodeship's intermediaries (who received support capital) are difficult to compare with countrywide data presented in the reports of the Polish Union of Loan Funds. Nonetheless, there is scope for more reliable conclusions based on the "collections and terminations" ratio available for countrywide data. As of the end of 2017, that ratio was 9.03%[13]. With certain simplifications[14], the same ratio calculated for the portfolio of supported loan funds in the Podlaskie Voivodeship is almost 3.3%. The share of such loans in the Podlaskie Voivodeship intermediaries' portfolios is, therefore, much lower (2.7 times) than the country average. In summary, this aspect of the activity of financial intermediaries supported in the Podlaskie Voivodeship could be evaluated as positive.

As far as the cost intensity of building the loan portfolios of supported intermediaries in the Podlaskie Voivodeship, threshold values of "fund administration and management costs" were regulated in capital injection agreements (and annexes thereto) under the program. The costs were determined in line with the rates specified in relevant EU regulations[15], which meant a maximum average level per annum of 4% of provided capital for the funds granting loans exclusively to microentrepreneurs; or a maximum average level per annum of 3% for the funds granting loans to all SMEs. These principles were applied to the so-called first turnover (value of loans granted[16]), and again later, after exceeding 120% of the amount of support received, or capital turnover on a level exceeding the amount of support received by PLN 3 million[17]. However, for the second and subsequent turns, it was determined that the financing of the intermediary's fee would be subtracted from the revenues from fees and commissions, as well as the interest on granted loans, plus the revenues from investing uncommitted funds. Thus, financing of overhead costs for subsequent turns did not encumber the initial capitalization amount.

As a result of the above described principles, the cost of managing the capital injection from the PV ROP 2007–2013 funds are competitive in comparison with loan capital management offers submitted in tenders for loans under the cohesion policy funds in the 2014–2020 perspective. These funds are distributed in most voivodships by the Bank Gospodarstwa Krajowego (BGK), which plays the role of the Fund of Funds Manager responsible for the distribution of support for financial instruments in the regional operational programs for 2014-2020. As the Polish Union of Loan Funds reports, the average value of the fee offered in the winning bids for building a portfolio[18] was on the level of 8.65%[19]of the value of loans granted (and disbursed), while the average value of offered fees in all of the considered bids was approximately 9.14%[20]. The estimates presented here are confirmed by other (regrettably few) research reports. The report dated February 2018 estimates that the average fee offered in selected tenders pertaining to financial instruments in the 2014–2020 perspective ranged from approximately 7% to somewhat over 11%[21], which was in line with the estimates of the Polish Union of Loan Funds. Moreover, the report provides data from tenders conducted by the Kujawsko-Pomorski Fundusz Rozwoju Sp. z o.o. (Kujawsko-Pomorski Development Fund) at the end of 2017/beginning of 2018, with respect to the reuse of capital from financial engineering instruments under the Kujawsko-Pomorskie Voivodeship Regional Operational Program 2007–2013. Data shows that offered fees ranged from 4% to 10.2% of the loan portfolio value. Conclusions of the report state, that the "typical, usually proposed level of management fee falls in the range from 7.5% to 10.5%"[22].

It seems that the level of management and administration fees for support agreements in the Podlaskie Voivodeship was not excessive, thanks to linking the fees to a standard specified in relevant EU regulations (this standard was also applied to continued lending activity after the initial commitment of funds received). Current practice shows that financial intermediaries in the Podlaskie Voivodeship are able to conduct lending activity under these conditions. However, it should be expected that a new round of contracting those funds (in accordance with new rules, i.e. using the Public Procurement Law bidding procedures) will probably result in bids with higher fees, amounting to approximately 10% or more of the loan portfolio value.

Conclusions – evaluation of the loan products

The overall assessment of the use of the capitalization (support) by financial intermediaries in the Podlaskie Voivodeship is positive. The determining factors were:

- Satisfactory speed in utilizing the received capital, resulting from well-designed loan products, responding to the needs of SMEs in the region.

- Level of current utilization of capital (active loans value to capital value ratio) is high and comparable to countrywide indicators.

- Loss level of lending activity is moderate. which suggests the high quality of loan portfolios. This means that beneficiaries of the capital injection have relevant selection mechanisms which operate correctly, as well as risk monitoring procedures.

- Costs of lending activity are relatively low, in particular when compared to loan portfolio building fees proposed in bids within the framework of the financial instruments implemented under the regional operational programs in the current perspective of the cohesion policy in Poland (2014–2020).

Characteristics of the guarantee products

The support for the financial engineering instruments under the PV ROP 2007–2013 included guarantee products as well that were implemented by three financial intermediaries.

When analyzing effects of supporting financial intermediaries offering guarantees in the Podlaskie Voivodeship, it should be kept in mind that the implementation of the guarantees was conducted in rather specific conditions, which had an impact on the guarantees market. First and foremost, since approximately 2013, there was an intensifying phenomenon of increasing competition between guarantee activity conducted on the local and regional levels (by the so-called local and regional loan guarantee funds), and guarantee activity conducted on a national level (within the framework of countrywide programs). At the same time, there was a lack of coordination of support between the regional and central levels (it is quite often stated that such a situation stems from the absence of a well-coordinated policy of support for guarantee activities in Poland[23]). As was emphasized in the most recent report of the National Association of Guarantee Funds[24], there is a significant increase of competition in the Polish guarantees and sureties market. In the case of the value proposal of local and regional guarantee funds (the financial intermediaries supported within the framework of financial engineering instruments of the PV ROP 2007–2013, fall into that category), this involves countrywide guarantee programs implemented by the BGK[25]. In particular, it includes the government program of the De Minimis Portfolio Guarantee Line (de minimis guarantee) implemented since 2013; the BGK guarantee proposal, covered by the counter guarantees of the EU COSME program (COSME guarantee); and a new, very attractive guarantee product launched by the BGK in 2017, known under its trade name "Gwarancja Biznesmax" (the source of financing for this program is submeasure 3.2.3 of the Smart Growth Operational Program 2014–2020. This guarantee is a hybrid instrument, including also a subsidy that refunds part of the interest on the guaranteed loan[26]). All these programs are distributed by the BGK using a portfolio model through key commercial banks (in principle, the BGK guarantee products are available countrywide).These guarantees are instruments operating on a large scale. Moreover, some of the banks, as well as some of the guarantee funds, also use support available at the EU level. Notable examples are: the portfolio guarantees from the European Investment Fund within the framework of European Union programs (the COSME program mentioned above; and additionally: Horizon 2020, EaSI, or the currently launched loan repayment guarantee program, Creative Europe[27]). It is striking that there is little interest in supporting guarantee activity within the framework of the regional funds of the current EU financial perspective, through the mechanism of financial instruments (i.e. the support addressed to the financial intermediaries on the local/regional level, in the area of capitalization of guarantee instruments[28]).

Given the above context, it should be also noticed that the activity of guarantee intermediaries supported in the Podlaskie Voivodeship must have been affected by the negative influence of the general situation observed on the guarantee market. As for the future, such a situation creates new, specific challenges for the community of local and regional guarantee funds.

During the agreements period (as of June 30, 2018)[29], the financial intermediaries supported in the Podlaskie Voivodeship have issued 521 guarantees with a value of PLN 114.3 million, which enabled the launch of lending activity on the level of at least approximately PLN 163 million. The average historical value of a guarantee was on the level of approximately PLN 219,400[30]. Such a relatively high average value of guarantees provided by financial intermediaries in the Podlaskie Voivodeship reflects a generally appropriate direction for adjusting the size of financial products to the needs of the regional SME sector, with due regard to the strategies of individual intermediaries.

The main recipients of guarantees provided by financial intermediaries supported in the Podlaskie Voivodeship were micro, and small-sized enterprises. Interviews with representatives of the intermediaries show that such a distribution is generally in line with the structure of guarantee recipients typical for a countrywide guarantee portfolio of local and regional funds[31].

On the other hand, data on the current use of capital in the guarantees looks limited. The ratio of active guarantees to capital received has remained on a low level of approximately 30%[32] (the value of active guarantees to the value of capital received , as of June 30, 2018). While the average "current" capital utilization in the entire portfolio of local and regional guarantee funds in Poland as of end 2017, was on the level of 158%. That was more than five times higher than numbers reported for the capital support agreements analyzed here[33].

As for the turnover of the capital (multiplicity of use of received resources), the guarantee intermediaries that were supported in Podlaskie score moderate, though their activity seems acceptable. The ratio of the value of all the guarantees granted to the value of capital injection agreements amounted to over 1.6 times the value of support received (this is after a reduction of the agreement value in the case of one of the intermediaries – nearly by half) – see Table 7.

TABLE 7 **Historical utilization of support funds – guarantees (as of June 30, 2018)**

No.	Financial intermediary	Agreement	Financing (support) amount in PLN	Value of guarantees issued in PLN	Historical utilization ratio (turnover)
1	Łomżyński Fundusz Poręczeń Kredytowych Sp. z o.o. (Łomżyński Guarantee Fund)	RPPD.01.03.00-20-001/10-07	15,000,000	32,909,859	2.19
2	Podlaski Fundusz Poręczeniowy Sp. z o.o. (Regional Guarantee Fund)	RPPD.01.03.00-20-001/09-05	47,157,572	73,336,580	1.56
3	Agencja Rozwoju Regionalnego "ARES" S.A. (Regional Development Agency)	RPPD.01.03.00-20-004/10-00	7,820,263	8,076,265*	1.03
TOTAL			**69,997,835**	**114,322,704**	**1.63**

*Based on the payment request of September 30, 2018
Source: own calculations, based on data from the Podlaskie Marshal Office.

An important element of the guarantee activity support utilization efficiency characteristics (as in the case of the financial intermediaries conducting lending activity) is the loss level of guarantee activity, as well as the costs related to building and managing guarantee portfolios.

As the reports of the financial intermediaries (and in the case of one of them – supplementary data) show, 15 guarantees issued under the support agreements were lost. In the case of two funds[34], for which precise data is available, the value of (14) lost guarantees was approximately PLN 3.2 million, i.e. approximately 4.9% of the capital injection agreements value. Such loss levels may be recognized as insignificant (and thus acceptable). According to the data provided by the Polish Financial Supervision Authority on the quality of loans to enterprises[35], the share of impaired loans in the SME loans segment, as of the end of 2017, amounted to 10% (in mid-2018, it increased to 11.6%). Although the two indicators are not easily comparable, nonetheless, loss levels in the banking sector may possibly be used as a benchmark for the financial intermediaries providing guarantees. If so, the recorded loss levels fall within the standard and are therefore acceptable. This means that the guarantee applications selection system, including guarantee risk assessment, operates properly.

As far as costs of building guarantee portfolios are concerned, solutions equivalent to those described before (appropriate for the financial intermediaries who received support for guarantee activity) apply also to agreements analyzed here. Recorded levels of fund management and administration costs, pertaining to the period from signing the agreements to mid-2018, are acceptable[36] and probably lower than values that could be expected in the case of tenders related to the capital provision for the instruments under the regional operational programs for 2014–2020[37]. Here, we can use the results of a consulting study that tried to estimate the benchmark value for guarantee portfolio creation and management fees[38], based on the support funds from the current financial perspective. In conclusion, the authors of the study state that reasonable rates range from approximately 7% to 8% of the portfolio value (approximately PLN 30 million), and an additional 1% to 2% in the case of larger portfolios. Therefore, the final range is (approximately) 7% to 10% of the portfolio value[39].

Conclusions – evaluation of the guarantee products

The overall assessment of support funds utilization, by financial intermediaries in the Podlaskie Voivodeship offering guarantees (based on capital provided under the PV ROP 2007–2013 within the framework of support for financial engineering instruments), is not unequivocal. Specifically:

- For a long time, guarantee activity conducted by local and regional guarantee funds has been conducted in a difficult (and deteriorating) environment due to the decisive role of increasing competition from countrywide guarantee programs based on the portfolio guarantee model that is attractive to the banking sector. The parameters of this type of guarantee is also sufficiently attractive to institutions offering debt instruments, which, therefore, forces local and regional guarantee funds to seek new sources for their guarantee value proposal. As a result, proposals securing non-financial instruments (mostly tender deposits) have become increasingly important in the local and regional guarantee funds sector.

- The pace and scale of the allocation utilization (the average for all the supported intermediaries in the Podlaskie Voivodeship) may be recognized as satisfactory. However, it should be kept in mind, that in the case of one of the agreements, it was necessary to significantly reduce the initial support amount, probably due to anticipated difficulties with its effective utilization. As a side note, it is worthwhile to mention the differences in the types of the supported financial intermediaries: one of them is a typical regional intermediary; the other two are more local in nature. Each intermediary has a different number of cooperating institutions (banks and other providers of debt financing). This number is largest in the case of the regional intermediary (one of the intermediaries that established a guarantee fund as a new financial instrument, based on the capital received from the program).

- The observed level of commitment of the support funds under the analyzed agreements is a problem. It is low and far removed from the countrywide standard (in the regional and local guarantee funds sector).

- The loss level of the guarantee activity is moderate and acceptable in relation to the amount of guarantees paid at this time. At this point of this, this suggests the good quality of guarantee portfolio. Also both application and risk assessment procedures applied by the intermediaries that offer guarantees, seem suitable.

- The cost of capital-supported guarantee activity are acceptable, and probably lower than levels which could be expected from value proposals of financial intermediaries.

INDICATIONS WITH RESPECT TO THE STRATEGY OF INVESTING THE FUNDS RETURNED UNDER THE FINANCIAL ENGINEERING INSTRUMENTS OF THE PV ROP 2007–2013

Background – financial instruments in the PV ROP 2014–2020

The application of financial instruments as a format for transfer of support is envisaged in the currently implemented Podlaskie Voivodeship Regional Operational Program for 2014–2020.

Allocation for the purposes of support in the form of financial instruments in the ROP amounts to approximately PLN 226.9 million. This is supplemented by a national contribution (including private contribution(s) provided by the financial intermediaries) in the amount of approximately PLN 40 million. In total, the allocation to financial instruments amounts to approximately PLN 267 million.

In accordance with the methodology applicable to the current financing perspective of the cohesion policy, the scope of application, as well as the types of financial instruments (including respective appropriate products), were defined in the Investment Strategy[40] developed based on an ex-ante assessment of the financial instruments[41]. Given the results of the ex-ante analysis with respect to the organizational model for the implementation of financial instruments under the PV ROP 2014–2020, their implementation was entrusted to the Bank Gospodarstwa Krajowego. Pursuant to the agreement from November 2016[42], the BGK commenced its role in the Podlaskie Voivodeship as the Fund of Funds Manager responsible for the management of the funds made available for use as financial instruments as part of the Podlaskie Voivodeship ROP. In 2017, the Bank started public tenders leading to the selection of financial intermediaries.

Financial instruments (respective financial products) are currently being implemented by a group of intermediaries selected by the Fund of Funds Manager. As a result, the range of currently offered financial products includes debt instruments (loans) and an equity instrument (being organized). The list of products is presented in Table 8.

TABLE 8 Financial products in the PV ROP 2014–2020

No.	Financial product	Base parameters	Financial intermediary[a]
Debt instruments – loans			
1.	Loan for development investments	• Final recipient: micro, small, and medium-sized enterprises in the services sector • Purpose: development projects in the services sector and investments pertaining to application of ICT technologies, with no industry limitation, implemented in Podlaskie Voivodeship • Maximum loan value = PLN 1 million • Repayment period: up to 84 months • Grace period: up to 6 months • Loan granted at market conditions or better	• Towarzystwo Inwestycji Społeczno-Ekonomicznych S.A. (Association for Social and Economic Investments) in Warsaw (operating via office in Białystok) • Fundusz Wschodni Sp. z o.o. in Białystok (Eastern Fund) • Fundacja Rozwoju Przedsiębiorczości in Suwałki (Suwałki Foundation for Entrepreneurship Development)

No.	Financial product	Base parameters	Financial intermediary[a]
2.	Micro-loan for starting a business	• Final beneficiary: loan for persons 30+ years of age, unemployed or inactive on the labor market, including those in a particularly disadvantaged position on the labor market, as well as persons leaving agriculture and their families, so-called working poor, persons employed on short-term contracts, civil law contracts, immigrants (including persons of Polish origins), and re-emigrants • Purpose: financing expenditures related to starting a business (investment purposes, working capital or both) • Maximum loan value: 20 times average pay as of the day of entering into the agreement with the Borrower • Repayment period: up to 84 months • Grace period: up to 12 months • Loan granted at conditions better than market, in accordance with de minimis assistance principles (value proposal of the intermediary: 0.2% p.a., no fees or commissions)	• Fundacja Agencja Rozwoju Regionalnego w Starachowicach (Foundation Agency for Regional Development) (operating via offices in Białystok and Łomża)
3.	Thermal retrofit loan (1)	• Final beneficiary: micro,, small, and medium-sized enterprises • Purpose: financing of projects in the field of energy efficiency improvement and renewable energy sources (including in-depth retrofits of buildings) • Maximum loan value = PLN 1 million • Repayment period: up to 120 months • Grace period: up to 12 months • Loan granted at market conditions or better	• Podlaska Fundacja Rozwoju Regionalnego in Białystok (Regional Development Foundation) • Fundacja Rozwoju Przedsiębiorczości in Suwałki (Suwałki Foundation for Entrepreneurship Development)
4.	Thermal retrofit loan (2)	• Final beneficiary: loan for housing cooperatives, homeowners associations, and social housing associations • Purpose: in-depth retrofitting of multi-family residential buildings in Podlaskie Voivodeship) • Maximum loan value = PLN 2.5 million • Repayment period: up to 120 months • Grace period: up to 12 months • Loan granted at conditions better than market (e.g. Alior Bank: 0.1% to 0.3% per annum, depending on possible savings in terms of final energy use, as specified in an energy audit verified and approved by Alior Bank)	• Voivodeship Fund for Environmental Protection and Water Management in Białystok • Alior Bank (Branches: Białystok, Suwałki, Łomża)
Equity instruments – equity stake			
5.	Equity stake (product under organization)	• Final beneficiary: companies (SMEs) at an early stage of development (up to five years from first commercial sale, or newly established entities – companies before first commercial sale) • Purpose: innovation related projects (product, service, process, organization or marketing innovations) • Maximum value of investment in a company (including continuation investments) = PLN 1 million • Scope of equity investment: taking on a maximum of 60% of equity stake in the investment target company (shares or interests) • Equity investment period: up to 120 months (as a principle) • Other: FIZAN or ASI formula	• None – despite selection of the intermediary, agreement was not signed

a. https://rpo.bgk.pl/instytucje-finansujace/wojewodztwo-podlaskie/ [dostęp: 10.01.2019].

Source: Own compilation based on the financial products' descriptions presented in the tender documentation, as well as information on financial intermediaries websites.

The above range of financial products provides a background for planning measures and the structuring of specific financial products to be implemented in order to utilize the funds repaid under financial engineering instruments from the PV ROP 2007–2013. The key conclusions, important for the design parameters of the new financial products (developed based on funds from the PV ROP 2007–2013), are as follows:

- Financial products focus on financing investment projects (only "Micro-loan for starting a business" includes finance for working capital needs, but the scale of this instrument is small: the value of the project, currently implemented by the financial intermediary, is PLN 9.9 million, of which contribution from the program is approximately PLN 8.4 million[43]). Moreover, this is an instrument exclusively serving processes related to starting a business, with a relatively narrow target group (persons unemployed or not active in the labor market, as well as persons from other specific groups listed above, 30+ years old).

- The financial product, "Loan for development purposes", which is focused on the development related investments, has one important limitation regarding the purpose of its financing. That is, the product is only available to entrepreneurs operating in the services sector, or – more broadly – investing in ICT technologies[44].

- Two financial products are focused on thermal retrofits as the purpose of financing. One is targeted at the SME sector; and the other, at the residential sector.

- The presented array of financial instruments includes an equity instrument. However, the following aspects should be noted with respect to that instrument:

  - First, the financial scope of the equity interventions is fairly small (expected contribution from the program is PLN 18.4 million: PLN 9.2 million of initial support + 100% option rights).

  - The maximum level of equity stake is also not very significant, at PLN 1 million (including any potential continuation investments). Therefore, it can be expected that the investment objectives of this instrument, would be looking for further financing soon after the first capital investment is made.

  - The instrument will operate in the background of a broad program of capital investment support, based on the funds from the national Smart Growth Operational Program 2014–2020[45]. It represents, at the same time, a possible threat, due to the probable competition for investment projects as a factor that makes it easier for the investment projects to obtain support in the further stages of raising equity (this is especially relevant in the case of supported venture capital (VC) funds investing in the early phases of a business STARTER[46] and BIZNEST[47] programs).

Findings and conclusions based on qualitative research with stakeholders of the financial instruments in the Podlaskie Voivodeship

Certain conclusions can be drawn from interviews with stakeholders of financial instruments in the Podlaskie Voivodeship, with respect to the perception of currently offered instruments (both those implemented based on funds from the PV ROP 2007–2013 and the current PV ROP 2014–2020).

According to some of the respondents, entrepreneurs in the region were reluctant to use repayable financing, due to the risk involved – the obligation to repay the debt, regardless of the company's circumstances. On the other hand, many other entrepreneurs indicated that they are happy to use loans, as they are necessary for the company's development. The loans are particularly useful to entrepreneurs aiming to scale up their activity. All the more so, since, according to some of the respondents, loans for economic purposes have recently become more available. Although, of course, a lot depends on the applicant's situation and the particulars of the project for which financing is sought.

Another argument raised in the interviews, was that projects for which repayable financing was used are more durable and also better conceived, as the entrepreneurs are fully risking their own funds. That is why the offering of repayable instruments based on public funds should be maintained, and maybe even expanded.

On the other hand, it would seem that the banking sector's value proposal is well developed, diverse, and fairly attractive financially. In general, companies larger in size and with a longer history of activity don't have any major problems with obtaining bank loans. Obtaining financing is considerably more difficult for smaller and younger companies. Banks, for obvious reasons, are rather reluctant with respect to companies that in recent years have suffered losses due to implemented investments or market difficulties. Such an approach is understandable, as the most important factor from the bank's perspective is the given company's ability to repay the loan. On the other hand, companies which are only temporarily unprofitable, encounter very serious problems when trying to obtain repayable financing. In this context, the time-consuming procedures related to loan decisions, were pointed out as one very significant limitation to the obtainment of debt financing, particularly in the case of network banks. In some loan funds, however, decisions are made relatively quickly, which gives them a great advantage.

The respondents have also raised the topic of financing trucks with trailers (there are many transport companies operating in Podlaskie). This type of financing is not available if loans are granted within the framework of de minimis aid. Conversely, where a loan fund offers loans bearing interest above a relevant reference rate (thus constituting neither public aid nor de minimis assistance), such financing is possible.

Infrequently, the respondents have pointed out that the loan funds offering loans financed from public funds apply fairly rigid rules for granting loans, as described in their by-laws. These entrepreneurs expressed interest in products tailored to their individual needs, especially given that loan funds are usually small entities, with significant decision making powers. Wait time for a decision is not long, and a decision is usually made on site. On the other hand, it is worth remembering that when loans are backed by public funds, their basic parameters must be described, and the principles for granting loans must be formalized in the loans' terms and conditions. It is also worth mentioning that parts of the decision are made based on the evaluation of the specific borrower and the financed project (such as: potential application of grace period and its duration, where applicable; type and value of security accepted; and possibly also approval for the disbursement of the loan in tranches).

Support provided by startup platforms under Measure 1.1 of the Eastern Poland Operational Program was assessed very positively. Of course, one still has to wait for an in-depth evaluation of that support program[48]. Both the advisory support provided at the stage of preparing the business idea, and the grant financing (up to PLN 800,000), were well received. On the one hand, thanks to this initiative, people considering starting innovative businesses were able to seek financial assistance on a very large scale, aided by soft support (advisory, training, and information support). On the other hand, in an entirely natural way, such an attractive offer of grant financing led to significantly reduced interest in financial instruments.

The matter of loan collateral is still a significant problem, especially in the case of smaller and/or younger companies. While in the case of the banks, either guarantees offered by the BKG or guarantees provided by the guarantee funds could be used; in the case of loans from loan funds, the offering is very modest. Only the Podlaski Fundusz Poręczeniowy (Podlaski Guarantee Fund) cooperates with both loan funds from Suwałki ("ARES" and the Foundation for Entrepreneurship Development, FRP). Additionally, entrepreneurs to whom we have spoken, have pointed out that where commercial law companies are concerned, many of the banks as well as some of the loan funds, require not only the signing of a promissory note on behalf of the company's board, but also a guarantee from the board members as natural persons. Such an approach is deemed very controversial, as for example, it contradicts the very concept of a limited liability company. Unfortunately, both in the Podlaskie Voivodeship and other regions, such a practice is widespread. This practice comes from a natural (though onerous for entrepreneurs) tendency to minimize the risk of loan default and the loss of a significant part of the capital.

A relatively large group of respondents have indicated the need to offer debt instruments backed by public funds, to support export activity. Although the export potential of the region is relatively limited, in the case of selected industries (e.g. metalworks or wood processing), there are many firms in the region for whom a significant share of their revenues come from export sales (including to the European Single Market). There is also data available that shows that the development of exports is a very important factor fueling the growth of the voivodeship's economy[49]. Companies of this type usually seek working capital financing, as the time between shipment of a given batch of goods from the country and the reception of payment is frequently relatively long. Sometimes an additional problem is the fact that government institutions which secure export transactions (BGK and Export Credit Insurance Corporation, KUKE) are not willing to provide such financing if the transaction is made between affiliated entities, for fear of non-compliance.[50] However, many of the larger companies in the region effect export transactions by selling the goods to a subsidiary, created specifically for that purpose in the target country.

In general, it was also pointed out that working capital financing is often used to finance investment objectives. This is also the direction taken by banking products modeling (investment/working loans for any economic purpose). Since working capital products are not, in principle, admissible for financing under either the PV ROP 2007–2013 or 2014–2020, the respondents have pointed out the justifiability of the launch of this type of product, especially for the micro, and small-sized companies that usually have the most difficulty accessing bank financing. Additionally, the launch of such products is worth considering in the context of the oncoming economic slowdown, as under such conditions payment delays become much longer. As a result, many of the smallest companies develop significant problems in terms of cash liquidity, which ultimately may even put their very existence at risk[51].

Financial intermediaries that have been surveyed, in turn, have pointed out the issues described below.

First and foremost, the majority of the intermediaries have indicated that allowing the loan funds to provide working capital loans should lead to a significant increase in the number of clients, as many of them have been asking about the availability of this type of financing. On the other hand, it's worth remembering that the loan funds are not able to provide the most attractive product – overdraft facility - where the client can flexibly regulate the level of the utilization of the loan. Thus, it may be very difficult for loan funds to compete against banks with respect to this kind of loan. However, banks prefer to grant loans of higher value, especially to smaller companies, as a credit account. Therefore, perhaps this limitation is not quite so significant.

Many of the respondents have also raised the issue of the lack of appropriate security, resulting in a certain group of entrepreneurs being unable to obtain financing. Additionally, in connection with the tightening of regulations regarding the sale of agricultural land, the possibility of using such land as collateral, has decreased significantly. On the other hand, it was also indicated that problems of this type can be solved, although obviously not in every case.

Some of the respondents have also pointed out that in the future, when funds from the 2007–2013 perspective definitely lose the status of European funds, a possibility should be created to account for a small portion of the loan (e.g. 10% or 20%) to be based on a statement, instead of accounting evidence. Such a solution would facilitate the process of the accounting for a loan, both from the perspective of the borrower, and of the loan fund itself.

The respondents have indicated that in the future, loans with longer maximum maturity should be offered. It would be particularly important for microenterprises, including startups, for whom – if loans of relatively high value are drawn – repayment installments are sometimes too much of a burden. On the other hand, it's worth remembering that extending loan maturity results in increased risk for the loan fund.

Some of the respondents have mentioned that innovative companies periodically approach them seeking a loan to finance development of an innovative product. However, clients of this type, as well as the projects they develop, bear too high a risk for most intermediaries, and therefore, in such a situation the clients' applications are usually rejected.

Selected representatives of financial intermediaries have also signaled that it doesn't make sense to offer loans targeted at smaller groups of enterprises, that are more niche in character. They believe that the best working solution is loans with a very broad scope and without detailed parametrization. It was also indicated that one clear limitation of the so-called development loans under the PV ROP 2014–2020 is that they exclusively target developing companies in the service sector, while no similar offer exists for manufacturing companies.

The topic of loans for the purpose of buying real estate has also been raised in interviews with intermediaries (in the 2014–2020 programing period, expenditures of this type cannot exceed 10% of eligible costs). In other regions, a significant number of this type of product has been launched, based on funds from the 2007–2013 perspective. Both the majority of the intermediaries' representatives as well as the entrepreneurs, have emphasized the justifiability of introducing this type of product. At the same time, they indicated that perhaps it would be sufficient to offer investment loans that do not exclude this option. This is, in fact, the case with funds from the 2007-2013 perspective.

Surveyed representatives of the financial intermediaries have also emphasized the problem of the poor recognizability of loan funds that offer public funds backed loans; as well as the difficulty of mistaking them for purely commercial loan funds, some of which use very aggressive marketing strategies and do not always provide accurate information about the real cost of the loan. In order to minimize this problem, it would be reasonable to conduct appropriate information and education activities, preferably on the national level.

Benchmarks – new financial products – experiences of selected voivodships (Pomorskie and Dolnośląskie)

In a number of voivodships where regional development funds were created, new financial products are launched based on funds from the relevant operational program from the 2007–2013 perspective. Products are usually developed by the personnel of the given development fund, often in consultation with representatives of the entrepreneurs' associations and the financial intermediaries. Sometimes, research is commissioned to identify such products and discuss their parameters with key stakeholders.

In general, the main reason for the launch of such products is to minimize their competition with the financial instruments offered within the framework of regional operational programs in the 2014–2020 perspective. Such an approach is implemented in two ways:

- By launching products that finance those types of eligible expenditures that cannot be financed under the current round of ROPs, or can be financed, but only to a very limited extent. Such products include, for example, working capital loans or loans that finance the purchase of real estate.
- By launching niche type products that target a limited group of beneficiaries. Examples of this solution include: the employment loan (a loan used for financing the search for employees, all costs of preparing them for work, for employees not coming from the given city/from Poland, the cost of accommodation, and other necessary relocation costs, etc.); and the tourism loan (targeted at businesses in the tourist industry that are struggling with the problem of seasonality).

Among all the so-called regional development funds operating in Poland, the Pomorski Fundusz Rozwoju (Pomorski Development Fund) and the Dolnośląski Fundusz Rozwoju (Dolnośląski Development Fund), are universally recognized as institutions which develop the most interesting product solutions and cooperate closely with financial intermediaries. These two funds were also created the earliest. Regardless of structural solutions (which we discuss in the chapter devoted to the management model for funds from the financial engineering instruments 2007–2013), both funds have launched a significant number of financial products that are currently implemented by a large number of financial intermediaries selected in tenders.

The financial instruments, which were implemented on the market as a result of tenders conducted by the two aforementioned institutions, are described below.

TABLE 9 Financial instruments launched by the Pomorski Fundusz Rozwoju (PFR)

No.	Instrument name	General description	Allocation to the instrument in PLN million	Number of intermediaries offering the product
		Pomorskie Voivodeship		
1	Small loan	Loan up to PLN 250,000, available to micro and small-sized enterprises located in Pomorskie Voivodeship, excluding part of Gdańsk-Gdynia-Sopot Metropolitan Area. Investment and working capital purposes (up to 20% for working capital). Market interest rates, for start-ups preferential. Lending period up to 60 months	30	5
2	Tourism loan	Loan up to PLN 750,000, for a period up to 72 months, for micro and small-sized companies conducting activity related to leisure services, including tourism, catering, culture, rehabilitation and therapeutic services; market interest rates, possible seasonal repayment structure (grace period during repayment)	55	3
3	Employment loan	Loan for SMEs, up to PLN 300,000, no more than 100 thousand per employee, lending period up to 60 months, possible grace period during repayment, preferential interest rates (50% of base rate). Loan for all types of expenditures related to seeking and attracting employees, their hiring, training, relocation (if needed) etc.	10	2
4	Export loan	Loan up to PLN 750,000, for a period up to 84 months with possible one year grace period on principal repayment for SMEs, for investment purposes or both for investment and working capital contributing to starting or expanding export activity, loan granted on market terms	15	1
5	Loan to purchase real estate	Loan up to PLN 1.5 million for SMEs, for a period up to 120 months with possible one year grace period on principal repayment, for investment purposes related to purchase of real estate located in Pomorskie Voivodeship or adapting a building for development of own business activity, loan granted on market terms	25	1
6	Guarantee with PFR counter guarantee	Counter guarantee covers guarantees on revolving or non-revolving working capital loans, contributing to development of a Micro, small, or medium-sized enterprises in the Pomorskie Voivodeship. Guarantees may be issued on market or preferential terms, as de minimis assistance. Counter guarantee covers up to 80% of the amount of issued guarantees. Maximum value of a single guarantee covered by a counter guarantee is PLN 1 million	30	1
		Dolnośląskie Voivodeship		
1	Regional working capital loan	Loan for SMEs, for current expenditures excluding tangible fixed assets and intangible assets, granted on market terms, for a period up to 3 years	80 second round 40	4
2	Large regional investment loan	Loan for SMEs, for investment expenditures on tangible fixed assets, intangible assets, excluding real estate, market interest rates, value up to PLN 1.5 million, period up to 5 years	40	5
3	Regional mortgage loan	Loan up to PLN 1.5 million, for a period up to 15 years, for purchase of real estate and land in Lower Silesia, for business purposes. Loan for SMEs, market interest rates	80	5
4	Equity stakes	Value proposal of "Dolnośląski Development Fund – investments (DFR inwestycyjny)" company is offered on market terms and involves equity investments in various SME projects. The company offers both equity financing and debt financing; also mezzanine finance	N/A	1
5	Counter guarantee	Counter guarantee covers: a) guarantees for a working capital loan; b) tender deposit guarantees; c) operational leasing guarantees; d) factoring transactions' guarantees, covering (i) domestic receivables not yet due; (ii) disclosed receivables; (iii) with maximum due date up to 120 days. Maximum value of guarantees secured by the counter guarantee is PLN 1.5 million per SME, and maximum share of counter guarantee, in the guarantee, is 80%. Maximum counter guarantee validity period is 60 months	20	1

Source: Own compilation, based on information on the websites of the Pomorski Fundusz Rozwoju and the Dolnośląski Fundusz Rozwoju.

As can be seen, the two voivodships have taken a slightly different approach. The Pomorskie Voivodeship focuses on niche instruments targeted at specific types of companies; the only instruments available to a broad range of enterprises are the small loan and counter guarantee for working capital loans. The Dolnośląskie Voivodeship, on the other hand, prefers universal products available to a broad group of enterprises.

The following aspects are worth emphasizing:

- In both regions we are dealing with the introduction of products supporting the purchase of real estate, related to the significant limitations imposed on financing this type of expenditures in the ROP 2014–2020 (up to 10% of total eligible expenditures). At the same time, due to economic upturn, many companies plan or implement real estate investments.

- In both regions, working capital products have been introduced, that, similarly, may be backed by European funds only to a very limited extent. In the case of the Dolnośląskie Voivodeship, there is both a loan product and a guarantee; in the case of Pomorskie – at the present time – there is only the guarantee product.

- In both regions, instruments were designed to support the guarantee offer, through counter guarantees. It is an interesting choice, as guarantee activity on the regional and local levels seems to be "in retreat", mostly due to a very attractive guarantee offer provided on a central level (by the Bank Gospodarstwa Krajowego, BGK). Nonetheless, counter guarantee instruments (impossible to offer based on funds from the 2014–2020 perspective due to the flow of funds requirement) are quite universally recognized as a very well designed mechanism that significantly reduces the risk of guarantee funds. One serious limitation is the fact that this type of instrument tends to work best when the capitalization of the guarantee funds sector is high.

Proposals of new financial products to be implemented based on funds repaid from the financial engineering instruments under the PV ROP 2007–2013

Below, the proposed financial instruments are presented that can be implemented based on funds from financial engineering instruments introduced under the PV ROP 2007–2013. When designing the instruments, the following assumptions were applied:

- Proposed instruments should compete with products implemented under the PV ROP 2014–2020 to the least possible extent.

- The instruments should respond to the financial needs identified by SMEs in the Podlaskie Voivodeship.

- It would be worthwhile to extensively research, the experiences of other voivodships which launched debt financing facilities based on the Regional Operational Programs 2007–2013, while, of course, taking into account the specificity of the Podlaskie Voivodeship and the companies operating therein.

Additionally, it should be kept in mind that the development loan currently offered under the PV ROP 2014–2020 does not cover any and all investment expenditures, but only the financing of development projects in the services sector and the application of ICT technologies (however, the possibility of expanding its scope cannot be excluded, especially since such actions were suggested within the framework of updating the ex-ante assessment of financial instruments under the PV ROP 2014–2020). Thus, after the allocation to the development loan is committed, it would be worthwhile to consider the launch of an investment loan based on funds from the 2007–2013 perspective, targeted to a broad range of entities.

Additionally, what remains to be considered is the introduction of a loan instrument for local governments, in accordance with comments presented during the workshop with representatives of the Podlaskie Voivodeship Marshal Office (within the framework of this study, interviews with representatives of local government units were not conducted, hence it's difficult to make any pronouncements in this respect). It's also worthwhile to verify whether using these funds for any purposes aligned with the objectives of the PV ROP 2007–2013 is formally admissible, or whether the loans, or other financial instruments, should exclusively serve the purpose of developing companies from the SME sector.

Within the framework of the financial instruments described below, we do not propose any guarantee products because of the generally unfavorable situation of local and regional loan guarantee funds (in the entire country, not just the Podlaskie Voivodeship). This situation is the result of, first and foremost, the very attractive value proposal of the Bank Gospodarstwa Krajowego, available countrywide in the form of numerous guarantee instruments implemented by the BGK, as well as the (somewhat understandable) unwillingness of commercial banks to cooperate with institutions that offer guarantees and sureties only in a single region. Hence, guarantee funds increasingly target their value proposal to the cooperative banks sector; they also offer quasi-insurance instruments not related to debt financing (e.g. tender deposits).

Such a solution might create problems for the activity of the Łomżyński Fundusz Poręczeń Kredytowych (Łomżynski Guarantee Fund), the relatively active but weakest (capital-wise) guarantee intermediary. This problem is somewhat unique, as the Podlaskie Voivodeship holds a 75% share in the company. Therefore, it is generally worthwhile to consider the prospects of this fund's operation, as well as its capitalization level. This is because, as project funds will be gradually phased out, this entity may almost completely lose its capacity to provide guarantees (its own equity is slightly above PLN 1 million). Nonetheless, it is possible that in the future, instruments may be introduced to support guarantee activity, including the financing of certain non-financial instruments (this can be done by providing, on a temporary basis, capital enabling the fund to conduct guarantee activity, or, in the form of counter guarantees. In the latter case, however, it should be noted that this instrument is not well suited for funds with low capitalization – such as the Łomżyński Guarantee Fund. Other than that, counter guarantees remain a very effective instrument).

In the following tables, abbreviated descriptions for three financial products are presented, specifically:

- Table 10. Working capital loan;
- Table 11. Working capital loan for exporters ; and
- Table 12. Loan for the purchase of real estate.

TABLE 10 Working capital loan

No.	Instrument 1 – working capital loan	
A. General parameters		
A1.	Final beneficiary	*Option 1:* Micro, small, and medium-sized enterprises (MSMEs) with registered seat or operations in Podlaskie Voivodeship *Option 2:* Micro and small-sized enterprises with registered seat or operations in Podlaskie Voivodeship
A2.	Loan amount	Up to PLN 200,000
A3.	Purpose (of financing)	Capital to finance general needs of the enterprise, related to its current operation (financing current expenditures)
A4.	Repayment period	Up to 12 months
A5.	Required own contribution of the Borrower	None
A6.	Other	—

No.	Instrument 1 – working capital loan	
B. Cost parameters and repayment terms		
B1.	Interest rate	On market terms – on the level of appropriate reference rate determined by the financial intermediary in accordance with risk assessment methodology and taking into account the recommendations from Communication from the Commission on the revision of the method for setting the reference and discount rates[a] – increased by 1 percentage point (100 basis points). Thus, currently, the interest rate would be at least 3.87% per annum
B2.	Commissions charged by the financial intermediary	No commission, the remuneration of the financial intermediary would be entirely covered by the management fee, determined by way of a competitive tender
B3.	Repayment terms	At the discretion of the financial intermediary
B4.	Other	—
C. Security		
C1.	Basic	Blank promissory note
C2.	Additional	At the discretion of the financial intermediary – in accordance with applied methodology for loan collateralization
D. Other – organizational		
D1.	Commitment	*Option 1* – maximum of one loan per borrower (second loan cannot be granted during repayment period) *Option 2* – no more than 2 loans active at any given time, loan exposure should not exceed PLN 300,000
D2.	Deadline for building the portfolio by the financial intermediary	No deadline (loans should be met with a lot of interest)
D3.	Loss limits	15% of the disbursed loan amounts
D4.	Collections	Cost of collections is covered by the financial intermediary, or partly reimbursed by the Regional Development Fund or the Marshal Office[b] in a specified proportion (e.g. 50%)
D5.	Other	—

a. Communication from the Commission on the revision of the method for setting the reference and discount rates, Official Journal of the European Union C 14 of 1.119.2008. p. 6.

b. The latter solution, fairly rare but justifiable, should increase the intermediaries' willingness both to undertake a certain risk when granting loans, and to make sure that they invest significant efforts towards ensuring the effectiveness of the collections activity.

TABLE 11 Working capital loan for exporters

No.	Instrument 2 – working capital loan for exporters	
A. General parameters		
A1.	Final beneficiary	Micro, small, and medium-sized enterprises with registered seat or operations in the Podlaskie Voivodeship, conducting export activity (exporting to countries outside the European Single Market or sale in the European Single Market)
A2.	Loan amount	Up to PLN 500,000
A3.	Purpose (of financing)	Working capital to finance export sales
A4.	Repayment period	Up to 12 months
A5.	Required own contribution of the borrower	None
A6.	Other	—

No.	Instrument 2 – working capital loan for exporters	
B. Cost parameters and repayment terms		
B1.	Interest rate	On market terms – on the level of appropriate reference rate determined by the financial intermediary in accordance with risk assessment methodology and taking into account the recommendations from Communication from the Commission on the revision of the method for setting the reference and discount rates
B2.	Commissions charged by the financial intermediary	No commission, remuneration of the financial intermediary would be entirely covered by the management fee, determined by way of a competitive tender.
B3.	Repayment terms	At the discretion of the financial intermediary
B4.	Other	—
C. Security		
C1.	Basic	Blank promissory note
C2.	Additional	At the discretion of the financial intermediary – in accordance with applied methodology for loan collateralization
D. Other – organizational		
D1.	Commitment	Current commitment in terms of principal installments within the framework of one or more loans cannot exceed the maximum value of a loan
D2.	Deadline for building the portfolio by the financial intermediary	36 months
D3.	Loss limits	15% of the disbursed loan amounts
D4.	Collections	Cost of collections is covered by the financial intermediary, or partly reimbursed by the Regional Development Fund or the Marshal Office[a] in a specified proportion (e.g. 50%)
D5.	Other	—

a The point is to allow a large group of final recipients to take advantage of this rather attractive instrument. If there is not much interest in the product, this condition may be waived.

TABLE 12 Loan for the purchase of real estate

No.	Instrument 3 – loan for the purchase of real estate	
A. General parameters		
A1.	Final beneficiary	Micro, small, and medium-sized enterprises with registered seat or operations in Podlaskie Voivodeship
A2.	Loan amount	Up to PLN 1 million
A3.	Purpose (of financing)	Investment projects related to the purchase of real estate located in Podlaskie Voivodeship or the adaptation of a building for the purposes of own business activity (financing for the purchase of real estate, construction works, restoration and conservation works, as well as other expenditures related to the investment process)
A4.	Repayment period	Up to 144 months
A5.	Required own contribution of the borrower	10% of loan value
A6.	Other	—
B. Cost parameters and repayment terms		
B1.	Interest rate	On market terms – on the level of appropriate reference rate determined by the financial intermediary in accordance with risk assessment methodology and taking into account the recommendations from Communication from the Commission on the revision of the method for setting the reference and discount rates – increased by 1 percentage point (100 basis points). Thus, currently, the interest rate would be at least 3.87% per annum
B2.	Commissions charged by the financial intermediary	No commission, remuneration of the financial intermediary would be entirely covered by the management fee, determined by way of a competitive tender.
B3.	Repayment terms	Grace period on repayment of principal for up to 18 months
B4.	Other	-

No.	Instrument 3 – loan for the purchase of real estate	
C. Security		
C1.	Basic	Blank promissory note and mortgage on the financed property, and until a mortgage can be established, loan insurance
C2.	Additional	At the discretion of the financial intermediary – in accordance with applied methodology for loan collateralization
D. Other – organizational		
D1.	Commitment	Each entrepreneur may only use this loan once[a]
D2.	Deadline for building the portfolio by the financial intermediary	24-36 months
D3.	Loss limits	15% of the disbursed loan amounts
D4.	Collections	Cost of collections is covered by the financial intermediary, or partly reimbursed by the Regional Development Fund or Marshal Office[a] in a specified proportion (e.g. 50%)
D5.	Other	-

a. The point is to allow a large group of final recipients to take advantage of this rather attractive instrument. If there is not much interest in the product, this condition may be waived.

INDICATIONS (ASSUMPTIONS) WITH RESPECT TO THE EXIT STRATEGY FROM THE FINANCIAL ENGINEERING INSTRUMENTS UNDER THE PV ROP 2007–2013

Agreements currently in force, signed with the financial intermediaries within the framework of the PV ROP 2007–2013, have a clearly defined time horizon. This mainly reflects the implementation period of the project for which the financing was granted, plus five years (this corresponds to the so-called durability period, which was once required, but later was abolished for projects involving financial engineering instruments). In the table below, we present the end dates for the durability period of individual agreements.

The general manner of using the funds from the financial engineering instruments under the Regional Operational Program 2007–2013 is regulated by article 98 of the so-called Implementation Act[52]. These regulations, referring to the relevant provisions of European law, indicate that the remaining (repaid) funds should be used for projects in the area of urban development or small and medium-sized enterprises.

In accordance with the signed agreements, after the end dates listed above, the deciding factor that determines the further use of funds should be the loan fund management performance evaluation. It may be assumed that a significant part of the intermediaries will achieve (or already have achieved) the required performance indicators, although, many of them still have a lot of time before the end date of their agreements.

TABLE 13 End dates of the agreements with financial intermediaries under the PV ROP 2007–2013

No.	Number of financing agreement	Agreement end date	Project title	Financial intermediary
1.	RPPD.01.03.00-20-001/10-07	June 30, 2019	Supporting entrepreneurship in the region by increasing guarantee capacity	Łomżyński Fundusz Poręczeń Kredytowych Sp. z o.o. (Łomżyński Guarantee Fund)
2.	RPPD.01.03.00-20-002/10-02	June 30, 2019	Podlaski Fundusz Przedsiębiorczości (Regional Fund of Entrepreneurship)	Fundacja Rozwoju Przedsiębiorczości in Suwałki (Suwałki Foundation for Entrepreneurship Development)

No.	Number of financing agreement	Agreement end date	Project title	Financial intermediary
3.	RPPD.01.03.00-20-003/09-05	June 30, 2019	Loan Fund for micro, small and medium-sized enterprises, (MSMEs) hereafter called the Północny Fundusz Pożyczkowy (Northern Loan Fund)	Agencja Rozwoju Regionalnego "ARES" S.A. in Suwałki (Regional Development Agency)
4.	RPPD.01.03.00-20-003/10-05	June 30, 2019	Północny Fundusz Pożyczkowy II (Northern Loan Fund)	Agencja Rozwoju Regionalnego "ARES" S.A. in Suwałki (Regional Development Agency)
5.	RPPD.01.03.00-20-004/09-03	June 30, 2019	Forming the "Sami Swoi" loan fund for enterprises from the Podlaskie Voivodeship by capital injection	Fundacja na rzecz Rozwoju Polskiego Rolnictwa (Foundation for Polish Agriculture Development)
6.	RPPD.01.03.00-20-002/09-03	February 28, 2019	Supporting SMEs from Podlaskie Voivodeship by providing loans	Podlaska Fundacja Rozwoju Regionalnego (Regional Development Foundation)
7.	RPPD.01.03.00-20-001/09-05	October 3, 2019	Supporting entrepreneurship in Podlaskie Voivodeship by providing guarantees	Podlaski Fundusz Poręczeniowy Sp. z o. o. (Podlaski Guarantee Fund)
8.	RPPD.01.03.00-20-004/10-08	November 30, 2020	Północny Fundusz Poręczeniowy (Northern Guarantee Fund)	Agencja Rozwoju Regionalnego "ARES" S.A. in Suwałki (Regional Development Agency)
9.	RPPD.01.03.00-20-004/15-01	February 9, 2022	Start and development – loans for MSMEs from the Podlaskie Voivodeship	Podlaska Fundacja Rozwoju Regionalnego (Regional Development Foundation)
10.	RPPD.01.03.00-20-002/15-01	March 13, 2022	Capital injection to "Sami Swoi II" loan fund for entrepreneurs investing in Podlaskie Voivodeship	Fundacja na rzecz Rozwoju Polskiego Rolnictwa (Foundation for Polish Agriculture Development)
11.	RPPD.01.03.00-20-003/15-01	February 21, 2022	Północny Fundusz Pożyczkowy III (Northern Loan Fund)	Agencja Rozwoju Regionalnego "ARES" S.A. in Suwałki (Regional Development Agency)
12.	RPPD.01.03.00-20-001/15-04	February 27, 2022	Podlaski Fundusz Przedsiębiorczości II (Northern Loan Fund)	Fundacja Rozwoju Przedsiębiorczości in Suwałki (Suwałki Foundation for Entrepreneurship Development)

Source: own compilation, based on data from the Podlaskie Marshal Office..

Performance indicators used in the signed agreements differ:

- Option 1: Funds turnover is on the level of 200% (loan funds) or 150% (guarantee funds).
- Option 2: Average annual level[53] of the utilization of the fund's capital is at 60% (loan funds) or 100% (guarantee funds).

In the case of option 1, performance assessment should be conducted no earlier than one year before the agreement end date; and in the case of option 2, six months before the end of the durability period.

If performance indicators are too low, all funds should be returned within 14 calendar days. In some agreements, there are additional provisions pursuant to which the Marshal Office would take over the obligations stemming from granted loans or guarantees.

The following comments are offered regarding the solutions adopted in the agreements:

- Current provisions of the agreements assume that if appropriate performance indicators are achieved, the funds would remain at the disposal of the financial intermediary, and their utilization would be regulated by a new agreement. However, such an approach, may be in conflict with the relevant principles of competition. Additionally, those issues may be regulated on a higher level[54].

- It is acceptable, however, to commence negotiations with the financial intermediary regarding the amendment of the existing agreement, and to then negotiate a solution in which the financial intermediary would cease to provide loans and guarantees upon the end of the five-year period from the project implementation or even earlier. At the same time, the amendment would determine the principles for returning the funds committed in the guarantees, or outstanding on loans, as well as the principles of intermediary's remuneration in that period.

- A solution where the Marshal Office takes over the obligations stemming from provided guarantees and receivables (not liabilities) on loans does not seem realistic. It would require a significant administrative effort (in fact, it would require amending all the financing agreements, which would require consent of all the entrepreneurs, and in the case of guarantees, also the banks). Besides, it is doubtful whether it is formally admissible at all. Thus far, similar solutions have been applied, but under a somewhat different model, where obligations stemming from agreements between the Bank Gospodarstwa Krajowego and financial intermediaries within the framework of the JEREMIE Initiative, were transferred by the way of assignment to regional development funds. This change did not affect the entrepreneurs directly, as they continued to repay the loans to the same intermediary.

Therefore, we recommend the following solution:

First, a meeting should be organized with representatives of the financial intermediaries to commence negotiations as to the principles of using the funds that the intermediaries have at their disposal (to a certain extent, possible directions for action were outlined during the workshop with intermediaries in November 2018). Negotiations should result in annexes to existing agreements regulating the principles of the utilization of the returning funds. Principles should be somewhat different for the funds that did achieve the required level of effectiveness, and different for those that did not.

In both cases, efforts should be made to:

- Cease to grant new loans or guarantees within a specified time, at the latest, on the end date of the five year period;

- Agree on the timeframe for the refund of unused funds not committed to loans or guarantees – e.g. within 1 month from signing the annex to the agreement;

- Provide in the agreement an appropriate period for repayment of funds from loans repaid/guarantees expired. This may turn out to be up to 5 years from the moment of the discontinuation of the issuance of financial instruments, plus an additional 3 months, for example, to account for all the funds. The funds could be repaid in tranches. For example, the intermediaries could transfer the funds from loans repaid/guarantees expired every quarter; and

- Determine the remuneration for financial intermediaries for the period of managing the repaid/expiring portfolio.

It is also worth investigating how the matter of managing the funds from returned resources looks from the legal perspective:

- According to article 78 paragraph 7 of the General Regulation for funds in the perspective 2007–2013[55], "Resources returned to the operation (...) shall be reused by the competent authorities of the Member States concerned for the benefit of urban development projects or of small and medium-sized enterprises." That is, using both repayable and non-repayable instruments. Interest may only be used for the financial engineering instruments for SMEs.

- The so-called Implementation Act[56] envisages the same objective. According to article 98 paragraph 1 of the Act, "Financial resources from contributions under the national and regional operational programs to financial engineering instruments, implemented pursuant to Article 44 of the Council Regulation (EC) No 1083/2006 (…) [i] shall be re-used for implementation of objectives laid down in Article 78(7) of the Regulation".

- At the same time, based on article 98 paragraph 2 of the same Act, "In order to reuse the resources referred to in paragraph 1, the managing authority shall open an account with the Bank Gospodarstwa Krajowego to service the financial engineering instruments", and the only administrator of the financial resources on the account referred to in paragraph 2, shall be the voivodeship board (article 98 paragraph 4).

PART II

MANAGEMENT MODEL FOR FUNDS RETURNED FROM THE FINANCIAL ENGINEERING INSTRUMENTS UNDER THE PV ROP 2007–2013

OPTIONS FOR THE SOLUTION

This part of the study presents the options for institutional solutions concerning the management of the financial resources returned from the financial engineering instruments, with the purpose of ensuring continued support for financial instruments on the regional level. These financial engineering instruments were implemented within the framework of the regional operational programs of the previous Cohesion Policy financing perspective[57], in the Podlaskie Voivodeship: PV ROP 2007–2013. The presented proposals fall into two main options. The first "external" option envisages the creation of a separate, autonomous organizational unit and tasks it with the management of the support funds (three potential approaches are presented). The second "internal" option describes potential three approaches under which the owner of the funds (i.e. the voivodeship self-government) manages distribution of funds devoted to the financial instruments, implemented via the self-government's executive structures and offices (the Marshal, Board and the Marshal Office). In the final part of the chapter, the recommended solution is discussed.

Option A: the external management of funds (via the Regional Development Fund – a specialized institution of the Podlaskie Voivodeship self-government)

One of the institutional solutions aimed at creating and ensuring the operation of an institution to manage the funds owned by the Podlaskie Voivodeship self-government is to establish a separate organizational unit, 100 percent owned by the voivodeship. The objective of this new unit would be to reuse the voivodeship funds to increase the availability of the sources of financing to the SME sector in the region. Such a unit could be called (a working name) the Podlaskie Development Fund (PDF). Such an institutional model is already applied in a number of voivodships, where regional development funds were established as entities responsible for the management of the funds returned from the financial engineering instruments under the 2007–2013 perspective, and the reuse of those funds to develop financial instruments. Table 14 presents a list of regional development funds already in operation in other regions in Poland (with the exception of one case – the Zachodniopomorskie Voivodeship, whose entities are separate from other structures and manage their funds independently).

TABLE 14 Regional development funds in Poland

Name	Owner (Voivodeship)	Legal format	Starting capital in PLN million	Target amount of funds under management (approximate) in PLN million
Dolnośląski Fundusz Rozwoju (Dolnośląski Development Fund)	Dolnośląskie	Sp. z o.o.	7.00	400
Pomorski Fundusz Rozwoju (Pomorski Development Fund)	Pomorskie	Sp. z o.o.	2.86	530 (JEREMIE and JESSICA)
Wielkopolski Fundusz Rozwoju (Wielkopolski Development Fund)	Wielkopolskie	Sp. z o.o.	0.15	800 (JEREMIE and JESSICA)

Name	Owner (Voivodeship)	Legal format	Starting capital in PLN million	Target amount of funds under management (approximate) in PLN million
Kujawsko-Pomorski Fundusz Rozwoju (Kujawsko-Pomorski Development Fund)	Kujawsko-Pomorskie	Sp. z o.o.	0.50	180
Podkarpacki Fundusz Rozwoju (Podkarpacki Development Fund)	Podkarpackie	Sp. z o.o.	3.50	135
Opolski Regionalny Fundusz Rozwoju (Opolski Development Fund)	Opolskie	Sp. z o.o.	3.00	110
Małopolski Fundusz Rozwoju (Małopolski Development Fund)	Małopolskie	Sp. z o.o.	1.00	170
Zachodniopomorski Fundusz Rozwoju (Zachodniopomorski Development Fund)	Zachodniopomorskie	S.A.[a]	6.98	430 (JEREMIE and JESSICA)

a. The function of a regional development fund is fulfilled by one of the departments of Zachodniopomorska Agencja Rozwoju Regionalnego S.A.
Source: Own compilation.

The need to create a separate organizational structure (legal person) to implement tasks related to the management of financial resources, with the goal of increased availability of financing to the SMEs sector in the form of financial instruments, stems from the specificity of the objective and the operating mechanism that supports the financial instruments. Specifically, the point is to create a durable and efficient institution for the voivodeship's resources coming from funds returned under financial engineering instruments (and, in the future, also from subsequent regional programs). The PDF will be responsible for obtaining, committing, monitoring and supervising the use of the funds, with due regard to the specificity of the financial instruments. To fulfill this task, the institution will have to acquire knowledge about the enterprises' financing need to conduct their business activity, the expected instruments, and the preferred solutions for obtaining such financing. Therefore, specialization is an important factor, which should ensure efficient management of funds based on the accumulated knowledge about the financial instruments market and the needs of the regional SME sector. Such an institution must be equipped with adequate personnel and financial resources to fulfill its function.

The organizational solution may take different shape and three sub-options are presented in this chapter - each of them is already applied in practice in Polish regions:

Sub-Option A1 – regional development fund as an institution supporting the regional financial instruments through financial intermediaries

Sub-Option A2 – regional development fund as an institution implementing the financial instruments in the region directly

Sub-Option A3 – (mixed option) regional development fund as an institution operating directly for part of the tasks, and implementing the financial instruments through financial intermediaries for other tasks

The creation of a separate organizational entity (PDF) to manage the financial resources offers advantages related to the specialization and concentration of the tasks – these are the same for all three presented sub-options. The most important of these benefits include:

- The organizational separation of tasks and competences for supporting financial instruments in the region will result in having a specialized operator in this area, which in turn, will have a positive impact on the quality and efficiency of task implementation. A sort of regional think tank will be established that specializes in financial instruments as tools for supporting the development of the SME sector in the Podlaskie Voivodeship.

- Due to the high level of task delegation to the PDF , voivodeship authorities and personnel of the Marshal Office will not need to get intensively involved in the technical side of organizing and implementing support in the form of financial instruments.

- Since there already exists a number of regional development funds operating in Poland, if a similar entity is created in the Podlaskie Voivodeship, it will be possible to benefit from the experience of other self-governments and institutions (both at the stage of establishing the institution, and later, during its operation). The fund will become a part of a group of several institutions recognizable on the national level. This will have a positive reputational impact. The existence of a financially meaningful regional entity that specializes in supporting the economy through financial instruments will help create a positive image of the region and of the regional authorities (as the initiator and owner of the endeavor).

- The solution involving the distribution of support funds to the financial intermediaries level by a separate specialized entity is known to financial intermediaries from the experience of other regions and from the financial instruments support implementation model applied in the current perspective (the implementation of support via the so-called "fund of funds", usually managed by the Bank Gospodarstwa Krajowego.) This solution is also used in the Podlaskie Voivodeship.

- Concentration of significant funds in the PDF will create a capacity for further support to financial instruments in the region, as well as obtaining funds from other programs (some funding sources prefer financing programs that are implemented on a large scale, for example, programs offered on the European level by the European Investment Fund). The creation of the PDF will make it possible to benefit from the economies of scale, in terms of distribution of financial instruments and the identification of additional sources of financing for the PDF.

- This solution provides for unencumbered, flexible and relatively easy programing, and launches new financial instruments based on the adopted strategy and knowledge about the needs of the regional economy.

- There will be a possibility to develop (and update) a single strategy to support financial instruments in the voivodeship through financial intermediaries (involved to a varying degree, depending on the sub-option adopted), with due regard to its assumptions and objectives, as formulated in broader programmatic documents (e.g. a regional development strategy). The PDF will emerge as a new stakeholder that participates in the process of shaping the regional policy of the voivodeship. and emphasizes the role of financial instruments and SMEs' access to finance.

- The existence of the entity, and the pooling of part of the funds allocated to financial instruments in that entity, will enable coordination of this form of support with other programs implemented within the framework of the Podlaskie Voivodeship's ROP[58].

- The PDF will be able to organize the regional business community around its activities – e.g. by organizing the activity of consultative bodies, comprised of representatives of business organizations in the region, in order to obtain knowledge about business needs and to guide organized/planned activities that support financial instruments.

- The PDF, as an entity concentrated on the management of the financial instruments, will have stronger incentives to promote financial instruments in the entire region, thus reinforcing the activities of the individual financial intermediaries.

The weaknesses of the PDF solution (individual, sub-option specific weaknesses aside), essentially relate to the need to form a separate organizational unit. In most cases, a number of formal actions must be completed, and then conditions for the PDF's launch and operation need to be ensured (personnel, technical and financial resources, etc.). This solution is also sensitive to political factors regarding the appointment of the entity's management board.

Additionally, financing of the newly created institution is an important issue. It must be equipped with starting capital, and subsequently, the cost of its operation must be financed. The latter should not be difficult, because, regardless of the adopted sub-option, the financial resources (capital) that are at the development fund's disposal, at any given moment, are usually so high that the cost of operations may be financed by the financial revenues from the investment of unused capital. It is also worth remembering that in the option which does not envisage creation of the the external entity, there will be additional tasks for the employees of the Marshal Office, such as, the hiring of new, highly qualified employees.

Following sections present specific characteristics of the three discussed sub-options.

Sub-Option A1 – regional development fund as an institution supporting the regional financial instruments through financial intermediaries

This sub-option focuses on supporting financial instruments by way of the organization and implementation of activities supporting such instruments, which will eventually be distributed by financial intermediaries. In this case, the PDF's role is mostly comprised of the design of appropriate instruments, the selection of intermediaries, the transfer of support funds to those intermediaries, settling the accounts of the support utilization , and monitoring implementation performance. Thus, the PDF's task is to reinforce regional financial intermediaries, in order to form a whole network of institutions offering financing to SMEs in the Podlaskie Voivodeship. On the other hand, the de facto activity of the fund will be based on utilizing this enhanced capacity of the financial intermediaries. An important characteristic of this solution is the possibility to share with the financial intermediaries the risks related to lending resources to SMEs. This will depend on the particular solutions specified in the agreements with the intermediaries.

The main advantage of this solution is that it uses the capacity and experience of the financial intermediaries active in the region and does not require building the entire toolkit and competences, which would be necessary if the fund were to offer the financial instruments on the regional level directly.

Sub-Option A2 – regional development fund as an institution implementing the financial instruments in the region directly

This option assumes the direct distribution of financial products at the level of the final recipients (SMEs) by the fund itself. Thus, the PDF will perform the functions of a financial intermediary. This solution has advantages, stemming mostly from the streamlining (flattening) of the support distribution model, which may result in the faster transfer of funds to the entrepreneurs. On the other hand, this model has following disadvantages:

- It does not build upon the existing capacity of the financial intermediaries, they developed over several years, including their knowledge about the market and the specialization of financial products' distribution.
- As a result of this solution, it will also be necessary to provide greater capacity at the level of the regional development fund (PFR), regarding the direct implementation of financial instruments (e.g. providing analytical tools and specialized analytical knowledge,

organizing and operating the system of debt collection, and providing other functions related to the building and monitoring of the portfolios of financial products). Currently these tasks are performed by the intermediaries.

- In this solution, the entire risk related to financing activity is borne by the regional development fund.

- Due to the expected high capitalization of the regional development fund, its activity may in time lead to a weakening of the financial intermediaries operating in the voivodeship. Thus, a threat will emerge of significant market distortion resulting from the operation of a large entity on a regional scale, which could lead to the marginalization of local non-bank financial intermediaries. This in turn could result in diminishing the diversity of financing sources available to SMEs.

Sub-Option A3 – ("mixed" option) regional development fund as an institution operating directly (in scope of for part of the tasks,) and implementing the financial instruments in the region through financial intermediaries for other tasks

This option is a hybrid between the solutions A1 and A2 described above,. It enables the focused use of the strengths of both previously described solutions. Additionally, it would be advisable to implement option A1 first, and only later, (optimally, after potentially developing niche financial products and confirming the justifiability of offering them), move on to the implementation of option A3.

It should be assumed that this model will focus predominantly on supporting financial instruments using the distribution functions of the financial intermediaries, thereby benefitting from all of the strengths of option A1 (mainly: the wide distribution network, the ability to take advantage of the knowledge and competences of the intermediaries, risk sharing, and the development and strengthening of the regional network of financial intermediaries). Under this option, the regional development fund would fulfill the role of the fund of funds for the Podlaskie Voivodeship. This will pertain mostly to financial products directed to a broader group of final recipients. At the same time, in the case of designing interventions in the form of financial instruments for specific market niches (e.g. supporting equity instruments), the regional fund may undertake activities in this area by itself. This would be justified by a situation, where, due to the specificity of the given market niche, it could not be reasonably expected that the intermediaries would be interested in the distribution of financial products (for example, in the case of small value portfolios or products addressed to few recipients). Moreover, direct activity of the fund may be particularly advisable in the testing phase of new solutions, even in the case of products that may eventually gain a more universal character (and be subsequently implemented by intermediaries).

The options for the institutional solutions presented above provide a number of advantages that outweigh the disadvantages. The latter, mainly pertain to the complexity involved in the creation of the PDF as a separate organizational unit (with a legal personality). On the other hand, those disadvantages are mitigated by the fact that the establishment of new legal persons is not exactly something unusual in the practice of the voivodeship self-government.

It should also be emphasized that the regional development funds operating in Poland are not particularly large organizational units[59], although they manage, or will eventually manage, financial resources of a significant value, and fulfill functions that are important for the economy. This is particularly vital during the stage of creating the entity. As a result of this fact, the initial equity investment will not be particularly high. Details of the development (operations) path of the regional development fund should be provided both in its business plan, and then, in the strategy for the supporting instruments in the Podlaskie Voivodeship, after the establishment of the regional development fund, developed under the direction of the fund.

Moreover, as a separate entity is created and tasked with managing returned funds, as well as the shaping of the financial instruments in the voivodeship, supplementary solutions could be implemented. A recommended solution would be to establish an investment council as an advisory body at the level of the Voivodeship Board. The Council would consult and provide opinions on the PDF's strategy, Action Plans, as well as proposed financial products. Representatives of business organizations in the voivodeship, the academic community, or experts in the field, could be invited to be members of the Council. The Council would also include a representative of the voivodeship, e.g. the Marshal or another member of the Voivodeship Board[60], possibly also a representative of the office's organizational unit tasked with the coordination/supervision over the implementation of financial instruments within the framework of the current Regional Operational Program. Affiliation of the Council members would be essentially open. It is important, however, to make sure that the body includes representation, on the one hand, of the actual stakeholders of the financial instruments, and, on the other hand, people with knowledge and experience in the area of financing the SME sector. In order to ensure appropriate operational agility and effectiveness, the Council should not be a large body (limited to no more than a dozen people).

Option B – internal management of financial resources

An alternative option to the solution A1, A2 and A3 (the establishment of the PDF), is to not establish a separate institution to manage the funds returned from financial engineering instruments under the PV ROP 2014–2020. In such a situation, three scenarios are possible:

Sub-Option B1 – extending the existing agreements with financial intermediaries

Sub-Option B2 – returning funds to the Marshal Office and the subsequent selection of financial intermediaries by the Marshal Office

Sub-Option B3 – return of funds to the Marshal Office, followed by direct lending effected by the Marshal Office

Following sections describe pros and cons of each solution.

Sub-Option B1 – extending the existing agreements with financial intermediaries

Since loans or guarantees are currently offered in the Podlaskie Voivodeship by six financial intermediaries, theoretically, the easiest solution would be to extend the current agreements with them (signing annexes). Such a solution would have a number of advantages, including:

- There would be no interruptions in the provision of financial instruments[61], which (to a greater or lesser extent), would probably need to happen if the funds were to be gradually returned to the Marshal Office (or through the Marshal Office to the PDF).
- Entrepreneurs could still use the offer of the financial intermediaries, which they already know well. In addition, this solution reduces the need for a promotional and information campaign.
- This solution is by far the simplest and least labor-intensive; basically it requires only the annexation of the existing contracts.

This solution also has a number of disadvantages:

- First of all, this solution could be legally questionable, as it potentially violates the principle of competitiveness. Although the original contracts with the intermediaries were concluded as a result of a competition, and not a tender, an extension of these contracts would limit ability of other potential intermediaries to compete for the management of financial instruments, hence there would be no open competition. currently, the financial intermediaries are selected through a tender procedure, implemented under the public procurement law. If such a solution were adopted, the possibility that a potential financial intermediary, deprived of the opportunity to apply for these funds, could complain about the situation to the EC Directorate for Competition, cannot be ruled out. This would have adverse consequences for the flow of financial instruments financed with the 2007-13 resources in the region.

- Even if a decision were made to sign annexes to existing agreements, one serious limitation would be the inability to change the parameters of the financing offered, which is always an important limitation, especially in the situation of significant changes on the financial market or in the economic situation. Similarly, in case of this option, it would not be possible to launch new financial instruments based on the funds from the PV ROP 2014–2020. This means that the ability to flexibly shape financial products would be lost.

- The decision to sign annexes to existing agreements would additionally petrify the financial intermediaries' market in the region, where new entities could theoretically appear, which could intensify competition among the intermediaries and introduce new skills.

- The extension of the duration of the agreements could also demotivate the existing intermediaries, which could result in reduced levels of their activity.

Summing up the above pros and cons of this option, the disadvantages and limitations significantly outweigh its advantages, and its introduction is not recommendable.

Sub-Option B2 – returning funds to the Marshal Office and the subsequent selection of financial intermediaries by the Marshal Office

This option is similar to Option A1, but without creating a separate institution (PDF). Therefore, this option assumes that the tasks related to the selection of the financial intermediaries and their monitoring etc. would be carried out by the Marshal Office itself. The advantages of this option are as follows:

- Organization-wise, this option is less complicated and less labor-intensive than the option that assumes the creation of a regional development fund (A1). Under this option, it is not necessary to design a new institution (i.e. PDF) and to divide tasks, carry out appropriate formal procedures (e.g. consent of the regional parliament - Sejmik), register, provide capital. There would be need to hire experts, in the area of financial instruments; office staff and public procurement specialists should be readily available in the Marshal office.

- The Marshal Office would have direct control over the process of creating new financial products, as well as the designing and implementing of the tender procedures (in which area the Marshal Office has appropriate competent staff).

- When the financial intermediaries start returning capital from the unused/repaid funds, this option allows for the relatively rapid disbursement of new funds. This is because when the intermediaries return funds to the Marshal Office, then the transfer of these funds through the account of the Marshal Office at the BGK, the design of products, the preparation of tender documentation, and the initiation of public procurement procedures can be quickly performed.

This solution also has following limitations and disadvantages:

- This solution assumes a fairly significant workload for the employees of the Marshal Office, when it comes to designing the final version of the financial products: the need to consult them with key stakeholders; and then, to design and conduct the appropriate tender procedure (assuming that it would enable effective resolution of the public tender).

- Such a solution builds only limited institutional capacity in the region, which should be utilized to monitor the situation in terms of meeting the needs in the field of repayable instruments and the need to develop new instruments. Functions of this type could be performed by employees of the Marshal Office, but they would need to highly specialize in this area and focus on this specific activity. However, it often happens in the marshal offices that employees have many other duties and deep specialization and strong concentration on a narrow activity are difficult to achieve.

- Since regional development funds have been created in many other regions, their representatives regularly meet, exchange experiences and formulate proposals for further actions. If this type of institution were not created in the Podlaskie Voivodeship, it would probably be possible for representatives of the Marshal Office to participate in such meetings, however, a number of experiences and solutions would be impossible to implement due to differences in institutional solutions.

Sub-Option B3 – return of funds to the Marshal Office, followed by direct lending effected by the Marshal Office

Such an option would seem to be formally admissible. However, it has more disadvantages than advantages. The advantages include the following:

- The regional self-government takes full control over the whole process of implementing financial instruments, from the stage of designing a specific financial instrument to actually offering it and monitoring the timeliness of repayments.

- Theoretically, this option involves the least level of institutional complexity. Under this formula, there is no new institution to be created at the regional level, and financial intermediaries do not participate in it at all.

Disadvantages include:

- While the provision of loans by the voivodeship self-government is formally possible, the detailed rules and formal conditions that would have to be followed are complicated. Hence, such situations were questioned by the Regional Chambers of Auditors (RIO) in the past. Furthermore, after appeals were lodged, the RIO resolutions were frequently confirmed by the administrative courts[62]. For this reason, the preparation of the entire process in the formal aspect would be complicated and time-consuming. In addition, the possibility and risk of the relevant resolutions being challenged by a financial supervisory authority, cannot be excluded.

- Such a solution would not take advantage of the capacity and experience of financial intermediaries who have previously offered financial instruments in the Podlaskie Voivodeship;

- This solution would also impose a heavy burden on the office staff with respect to the lending process. The staff would be responsible for following elements of the financial instrument management: the call for applications, evaluations, approval and valuation of collateral, funding, monitoring the timeliness of repayments and possibly taking appropriate action in response to delays in repayment, and the termination of loan agreements and debt collection.

- The Marshal Office would need to hire people with experience in the field of managing financial instruments, evaluating applications for financing, validating and accepting collateral, etc. While the Marshal Office's employees have some knowledge in terms of offering financial instruments, knowledge of a much more technical type is necessary as well and is not readily available in the Marshal Office.

- It would also be necessary to equip the Marshal Office with the appropriate software to facilitate the financial analysis of the potential applicant and the project proposed for financing. Alternatively, such analyses could be outsourced to a specialized consulting company, although such a solution would not be ideal (it is generally better if such analyses are created internally, then the person performing the analysis feels much more responsible for the correctness of its implementation).

- The solution, consisting of the voivodship self-government granting loans (and other financial instruments) to the SME sector companies directly, is virtually unheard of in the country. The usual solution for implementation of this type of instrument, is to establish companies partly or wholly owned by the voivodship self-government, or to entrust implementation of the instruments to independent financial intermediaries, selected through competitive bidding or competition. Therefore, it would be difficult to take advantage of all this experience, if this option is used.

This solution seems the least advantageous of all the options considered in this report.

RECOMMENDED SOLUTION

On the basis of the above analysis, the option A3 ("regional development fund as an institution acting independently (in scope of some of the tasks) and implementing financial instruments in the voivodeship through financial intermediaries") is recommended. This model envisages the establishment of the Podlaskie Development Fund. This solution could be implemented gradually over time. First, the structure and division of tasks within the fund would need to be developed and the PDF would focus solely on launching financial instruments with the participation of financial intermediaries. Farther on, the potential development of niche financial instruments could be considered, if there would be such a need. Key arguments in favor of a phased approach to implementing this model are:

- Ability to benefit from the capacity of experienced financial intermediaries already operating in the region, thus reducing the risks associated with the independent operation of the regional development fund

- Lack of the immediate necessity (usually requiring time) to acquire own competences and capacity to offer and manage financial products

- Strengthening the operational capacity (and therefore durability) of the financial intermediaries functioning in the region

- Possibility of attracting new financial intermediaries to the region (thereby strengthening competition in the regional market)

- Ability to use the experience of financial intermediaries with respect to assessing the needs of the final recipients of the financial products (easier identification of needs). This would help design and implement new financial products

- Directing support to SME via the network of the financial intermediaries will limit direct influence of the public institution at the market

- Ability to test and design completely new financial products and then launch their distribution, either through financial intermediaries or directly (in the case of niche products on a small scale). These developments could emerge together with a growing experience and competences gained over time,

- Opportunity to create a regional competence center in the field of non-banking financial instruments. The role of such a center could be played by the PDF. The fund is predisposed to this role due to the accumulated experience gained from its cooperation with financial intermediaries, its acquired competences, as well as its participation in the design and implementation of the voivodship's development strategy in the area of financial instruments

- Ability to benefit from the experience of already existing solutions in Poland (regional development funds operating both through financial intermediaries and also directly)

During the initial phases of PDF's functioning, regional needs will be analyzed, for which (if it is considered necessary) specific niche financial products could be designed, to be implemented directly by the PDF. They could be implemented when the fund has sufficient capacity to directly offer financial products. It is assumed that the activities carried out directly by the PDF would not be a prevalent form of its operation.

If the A3 option would be unfeasible, the B2 option would be second best reommended solution. In this approach, the Marshal Office would manage the funds on a temporary basis, by transferring them to financial intermediaries after selecting said intermediaries via an unlimited public tender.

The table 15 below summarizes the main advantages and disadvantages of the analyzed options:

TABLE 15 **Summary of the advantages and disadvantages of each option**

Option and its assessment	Brief description	Advantages	Disadvantages	Conclusions and recommendations
Option A.				
Sub-Option A1 – Podlaski Development Fund (PDF) as an institution supporting regional financial instruments through financial intermediaries. + + +	The PDF does not conduct any direct lending or guarantee activity, but it develops financial products and selects, in a competitive procedure, financial intermediaries responsible for the distribution of the products in the region	• Benefitting from capacity and experience of financial intermediaries operating in the region (also attracting new intermediaries to the region) • No need to build the entire toolkit and competences necessary in the case of offering financial instruments directly on the regional level • Creation, within the framework of PDF, of a regional competence center in the area of financial instruments • Model aligned with solutions implemented in a number of other voivodeships – additional opportunity to exchange experiences	• Need to build a new institution "from scratch" • Need to find and recruit employees and a management team, and also to equip the institution with other resources necessary to begin operation	In the first phase, this option is strongly recommended, it is the best Sub-Option; subsequently may be gradually phased into Sub-Option A3 model.

Option and its assessment	Brief description	Advantages	Disadvantages	Conclusions and recommendations
Sub-Option A2 – PDF as an institution implementing financial instruments in the region directly. **- -**	In this option, PDF replaces existing financial intermediaries and conducts lending and potentially guarantee activity directly (may also implement other forms of financial instruments)	• In terms of organization, a little simpler than A1 model, no need to select financial intermediaries	• Solution results in immediate direct competition with the existing financial intermediaries; their capacity and experience are not used • Need to build competences in the area of granting loans/issuing guarantees, applications for financing evaluation, accepting security, monitoring portfolios and debt collections • Need to promote PDF's offer "from scratch" (new entity/ new offer on the market)	Solution decidedly not recommended, in particular due to strong competition with the financial intermediaries and unpredictable impact on financial intermediaries currently operating in the region
Sub-Option A3 – (mixed option) regional development fund as an institution operating directly (with respect to some of the tasks) and implementing financial instruments in the voivodeship through financial intermediaries **++ / +++**	Under this solution, the basic offer of financial instruments is provided by financial intermediaries (as in A1 sub-option), while selected specialized niche financial products are offered by the PDF directly. Naturally, the envelope of funds allocated to such products should be significantly smaller than funds distributed by the financial intermediaries	• Ability to launch specialized products, requiring very specialized knowledge, including products targeted at a very small group of recipients • Ability to test new products (e.g. before launching them through financial intermediaries) • The most flexible option (combining, respectively, the advantages of sub-options A1 and A2)	• Need to build competences in two areas, i.e. both in the area of commissioning implementation of the financial instruments with the intermediaries, but also in the area of direct implementation of financial instruments	This solution may be combined with sub-option A1, implemented depending on needs; definitely recommended for the future
Option B.				
Sub-Option B1 – extending existing agreements with financial intermediaries **- - -**	The solution consists of signing annexes to agreements with existing financial intermediaries and extending the period of offering financial instruments on the same terms	• No need to introduce any changes or organizational actions, other than signing the annexes • Availability of existing financial products on the same terms, no need to promote new offer • Existing intermediaries interested in maintaining status quo (probably)	• This solution is extremely debatable from the legal perspective – due to potential non-compliance with principles of public procurement and rules of competition • No possibility of launching new financial products or modifying the existing ones • No possibility to bring in new financial intermediaries	Solution definitely not recommended, for substantive reasons as well as – first and foremost – due to legal risks
Sub-Option B2 – returning funds to the Marshal Office and subsequent selection of financial intermediaries by the Marshal Office. **+**	This solution entails gradual return of funds to the Marshal Office, and subsequently (as sufficient envelope of funds becomes available) organizing tenders for financial intermediaries to implement specific financial products, developed by the Marshal Office	• No need to create a PDF, while maintaining the competition rules (new tender) • Ability to create new financial products and bring new financial intermediaries to the market	• Maintained limitations in the scope of creating financial products and the supervision of implementation within the structures of the Marshal Office • Forgoing the added value that could be potentially created by establishing the PDF	In case a decision is made not to create a regional development fund, best remaining solution (recommended as second best)

Option and its assessment	Brief description	Advantages	Disadvantages	Conclusions and recommendations
Sub-Option B3 – return of funds to the Marshal Office and then lending effected by the Marshal Office directly. - - -	This solution entails gradual return of funds to the Marshal Office, and subsequently (as sufficient envelope of funds becomes available), the Marshal Office offering the financial instruments directly	• Complete control over the financial instruments implementation process in the region	• Complete lack of experience in this area in the Marshal Office, need to build competences, procedures, etc. • This solution is very difficult from the organizational perspective, regional self-government's structure and rules of operation are not well adapted to this type of activity • Competition with financial intermediaries and no opportunity to use their competences and experience • Need to promote the offer "from scratch" (a new entity offering financial products)	Solution definitely not recommended, very difficult in terms of organization and probably very inefficient, virtually never applied in Poland (or, in fact, in other European countries)

Note: '+' and '-' express the evaluation of each option - +++ means very positive evaluation while '---' very negative.

ATTACHMENT 1

LIST OF INDIVIDUAL INTERVIEWS

Individual interviews with financial instruments stakeholders in the Podlaskie Voivodeship

No.	Institution	Respondent	Interview date
1	Podlaska Fundacja Rozwoju Regionalnego/Podlaski Fundusz Poręczeniowy (Regional Development Foundation/ (Podlaski Guarantee Fund)	Vice-President	09/26/2018
2	Fundacja Rozwoju Przedsiębiorczości in Suwałki (Suwałki Foundation for Entrepreneurship Development)	Director of the Loan Fund	09/29/2018
3	Agencja Rozwoju Regionalnego "ARES" S.A. (Regional Development Agency)	President	11/8/2018
4	Fundacja Rozwoju Przedsiębiorczości in Suwałki (Suwałki Foundation for Entrepreneurship Development)	Director of the Knowledge and Innovation Transfer Center	11/8/2018
5	Fundacja na Rzecz Rozwoju Polskiego Rolnictwa (Foundation for Polish Agriculture Development)	Director of the Foundation Remote Office in Zambrów	11/8/2018
6	Instytut Innowacji i Technologii Politechniki Białostockiej Sp. z o.o., Kleosin (Institute of Innovation and Technology of Białystok University of Technology)	President	11/13/2018
7	Białostocki Park Naukowo-Technologiczny (Science and Technology Park in Białystok)	Director of BPNT	11/13/2018
8	Łomżyński Fundusz Poręczeń Kredytowych (Łomżyński Guarantee Fund)	President	12/3/2018
9	Park Naukowo-Technologiczny Polska-Wschód in Suwałki (Science and Technology Park Poland-East)	President	12/3/2018
10	Izba Przemysłowo-Gospodarcza in Suwałki (Chamber of Industry and Commerce)	Office Director	12/3/2018
11	Klaster Obróbki Metali, Centrum Promocji Innowacji i Rozwoju w Białostockim Parku Naukowo-Technologicznym (Metalworking Cluster, Center for Promotion of Innovation and Development in Science and Technology Park in Białystok)	Cluster Coordinator	01/10/2019
12	Akademickie Inkubatory Przedsiębiorczości, Białystok (Academic Incubators of Entrepreneurship)	Manager	01/10/2019
13	Monrol Sp. z o.o., Mońki	President	01/10/2019
14	RiftCat Sp. z o. o	President	01/10/2019
15	ITS TR (sole proprietor)	Owner	01/10/2019
16	Podlaskie Stowarzyszenie Właścicielek Firm (Podlaskie Association of Companies' Proprietress)	Vice-President	01/10/2019
17	T-Matic Grupa Computer Plus Sp. z o.o. and Podlaskie Employers Association	President (Vice-President of the Podlaskie Employers Association)	01/10/2019

ATTACHMENT 2

LIST OF WORKSHOP MEETINGS

Workshops

Lp.	Topic	Participants	Workshop date
1	Financial instruments management models on the regional level and proposals for new financial products	Representatives of the Podlaskie Voivodeship Marshal Office, representatives of the financial intermediaries, implementing financial instruments under the current (2014–2020) or the previous (2007–2013) PV ROP, representative of the World Bank and World Bank experts	11/23/2018
2	Models for the management of funds from the financial engineering instruments from the Regional Operational Programs in the 2007-2013 perspective – proposals for the Podlaskie Voivodeship	The Marshal of the Voivodeship and representatives of the Podlaskie Voivodeship Marshal Office, representatives of the European Commission, World Bank, and World Bank experts	12/14/2018

NOTES

1. http://ec.europa.eu/regional_policy/pl/policy/how/improving-investment/lagging_regions/
2. Regionalny Program Operacyjny Województwa Podlaskiego na lata 2007–2013. http://www.rpowp.wrota podlasia.pl/dokumenty/dokumenty-programowe,2.html [accessed on: 01/10/2019].
3. Szczegółowy Opis Priorytetów Regionalnego Programu Operacyjnego Województwa Podlaskiego na lata 2007–2013. p. 42-44. http://www.rpowp.wrotapodlasia.pl/dokumenty/dokumenty-programowe,3.html [accessed on: 01/10/2019].
4. For example, with respect to loans, the project "Podlaski Fundusz Przedsiębiorczości" (Podlaskie Entrepreneurship Fund) of the Fundacja Rozwoju Przedsiębiorczości in Suwałki, application no. WND-RPPD-01.03.00-20-002/10 (dated 12/21/2010 pt III.1. p. 7), and with respect to guarantees, the project "Supporting entrepreneurship in the region by increasing guarantee capacity" of the Łomżyński Fundusz Poręczeń Kredytowych Sp. z o.o. (Łomżyński Guarantee Fund), application No. WND-RP-PD.01.03.00-20-001/10 (dated 06/26/2012), section III.5. p. 8, (reference to by-laws of the Fund and guarantee product described therein – see https://lfpk.eu/Oferta.html).
5. Prepared based on a query of financial intermediaries' websites (analyzed materials were accessed on 01/10/2019), including available formal documentation – e.g. loan terms and conditions, fees and commissions tables, as well as individual interviews with financial intermediaries representatives (and, with respect to guarantees, in the case of the financial intermediaries discussed later).
6. As set forth in Commission Regulation (EC) No 1828/2006 of December 8, 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund, art. 43 para. 4.
7. When describing and evaluating the results of the supporting financial engineering instruments (uptake/committed funds, loss levels, cost of implementation of the financial engineering instruments on financial intermediaries level), implemented based on the funds from the PV ROP 2007–2013, we apply the vocabulary used in the agreements with the financial intermediaries. We would like to note here, however, that some of the notions (e.g. lost loans/lost capital) were not clearly defined, which may lead to certain difficulties, especially at the stage of accounting for the utilization of support, and negotiating the financial instruments' exit strategies with the intermediaries. (We believe that these matters would have to be the subject of a discussion, leading to a precise determination of the meaning and interpretation of these terms.) However, those deficiencies are not particularly significant for this paper.
8. Own calculations based on M. Mika, P. Rogowiecki, K. Sabarańska "Fundusze pożyczkowe w Polsce – Raport 2017", PZFP, 2017. p. 17.
9. M. Mika, P. Rogowiecki, K. Sabarańska, op. cit., p. 19. It should be added, that over the past years, this value has been systematically increasing. When comparing the average value of a loan granted in 2017 with one granted in 2011, the increase is nearly 175%.
10. M. Mika, P. Rogowiecki, K. Sabarańska, op. cit., p. 28.
11. For seven capital injection agreements in mid-2018, this ratio was approx. 74%. When this is compared to the countrywide average, it is a satisfactory value. Calculations do not include one financial intermediary (two agreements), as the reported utilization was 100%, which did not seem probable (and therefore the data was not included). On the other hand, it should be noted that this intermediary also reports high turnover of capital (the average for the two agreements is 2.1 times the capital received). This in turn means that in this case as well, a high utilization ratio can be expected, certainly at least on a level close to the average for the other intermediaries. Under such circumstances, we conclude that the level of utilization for all the analyzed agreements of capital injection for the purposes of loan activity was high, and as such, satisfactory.
12. M. Mika, P. Rogowiecki, K. Sabarańska, op. cit., p. 72-75. own calculations based on data from Attachment No. 3 "Activity of loan funds – selected information about funds as of 12/31/2017".
13. M. Mika, P. Rogowiecki, K. Sabarańska, op. cit., p. 37.
14. To calculate the ratio, it was necessary to assume that the line "loans lost and recovered from the clients of the Fund" in the reports of supported funds from Podlaskie, is the same as the line "collections and terminations" in the report "Fundusze pożyczkowe w Polsce – Raport 2017" of the Polish Union of Loan Funds.
15. Commission Regulation (EC) No 1828/2006 of December 8, 2006. art. 43 para. 4.
16. In most agreements, the maximum value of the fund management and administration was provided as an amount (which could not be higher than the amount calculated based on rates).
17. For example, based on the reported data of one of the financial intermediaries running two supported loan funds; in the first one (a capital injection of PLN 10 million), the fund management and administration fee is PLN 1,076,000 (as of 06/30/2018). This covers the building and managing loan portfolio, the historical value of which (all the loans granted within the framework of the agreement) amounts to over PLN 26.9 million (i.e. 2.7 times the capital injection, which was PLN 10 million). This means that the theoretical cost of the utilization of the initial capital injection was approx. 4% of its value (PLN 1,076,000 / 2.7 / PLN 10 million).
18. Data shows that 42 tenders were analyzed, divided into 104 parts (portfolios), resolved from 2017 to mid-2018. Most (29) tenders provided the financial intermediaries with capital for loans without a thematic focus (general loans for SMEs). Profiled tenders were fewer and they covered financing for innovation, tourism, and thermal retrofits.
19. The majority of the selected bids (over 61%) fell into the price range of 6%–8%. Approximately 8% fell into the range of 8%–10%. What is interesting is that the selected bids sometimes included those with a price falling into the range of 15%–20% (approx. 5.6%). The lowest price range (1%–6%) comprised approx. 17% of bids.
20. M. Mika, P. Rogowiecki, K. Sabarańska, op. cit., p. 53.
21. In this report, we analyzed tenders in which financing was provided for loan products with specific parameters and expected portfolio values, in accordance with the needs of the entity commissioning the research. See M. Gajewski, J. Szczucki "Analiza i rekomendacje w sprawie oszacowa-

nia wysokości opłaty za zbudowanie i zarządzanie portfelem pożyczek, udzielanych ze środków pochodzących ze zwrotów z instrumentów inżynierii finansowej RPO ROP WK-P 2007–2013", Warsaw, February 2018.

22. M. Gajewski, J. Szczucki, op. cit., p. 14.
23. We refer to the commonly articulated opinions (of this type), presented during the Annual Meetings of the National Association of Guarantee Funds – see e.g. presentation by J. Szczucki "Rynek poręczeniowy w 2018", KSFP meeting in Bronisławów on 11/29/2018.
24. M. Gajewski, Kubajek, J. Szczucki „Rynek lokalnych i regionalnych funduszy poręczeniowych w Polsce w 2017", Warsaw, September 2018. p. 5.
25. Guarantee instruments range – see https://www.bgk.pl/przedsiebiorstwa/poreczenia-i-gwarancje/ [accessed on: 01/10/2019].
26. See https://www.bgk.pl/przedsiebiorstwa/poreczenia-i-gwarancje/gwarancja-biznesmax/ [accessed on: 01/10/2019].
27. https://www.bgk.pl/przedsiebiorstwa/poreczenia-i-gwarancje/gwarancja-splaty-kredytu-kreatywna-europa-plg--kreatywna-europa/ [accessed on: 01/10/2019].
28. M. Gajewski, Kubajek, J. Szczucki, op. cit., p. 4-5.
29. For one of the financial intermediaries, data as of September 30, 2018.
30. This value was decidedly higher than the average historical value for guarantees in the entire local and regional guarantee funds sector in Poland, which in 2013–2017 was approx. PLN 149,200); with the caveat that in 2016–2017, this average increased significantly. In 2017, it was approx. PLN 203,700. Own calculations, based on: M. Gajewski, Kubajek, J. Szczucki „Rynek lokalnych i regionalnych…",. p. 20 (and the KSFP reports for 2013–2017).
31. As far as the structure of the countrywide portfolio in terms of beneficiary numbers is concerned, microenterprises comprise the largest group (59% of the guarantee beneficiaries). In terms of value, the share of micro and small-sized enterprises is similar (approx. 44% each).
32. This ratio is probably somewhat higher, as the value presented here was calculated only for two (out of three) financial intermediaries, for whom appropriate reporting data was available. (Though they account for almost 90% of support capital, and the majority of active guarantees, although not all of the active guarantees could be included. Assuming that in the case of the third intermediary half of the value of guarantees granted remains active, the total ratio would slightly exceed 32%.) Moreover, it should be kept in mind that over the past three years, in the purpose aspect, there were some very significant changes in the structure of the issued guarantees. Both in terms of the number of guarantees (more pronounced), and in terms of the value, there was a definite increase in the share of the guarantees issued that secured tender deposits (i.e., non-financial instruments). In 2017, the share of the value of guarantees issued for that purpose within the entire portfolio of the guarantees issued in 2017 was approx. 25%. (The year before, it was 16%, and in 2015, it was 8%). See M. Gajewski, Kubajek, J. Szczucki "Rynek lokalnych i regionalnych…", p. 20 (and relevant portions of the reports on the guarantees market in 2015 and 2016). Such a course change, in terms of the purpose of the guarantees, has enabled the funds to offset losses resulting from increasing competition from the national programs in the area of securing financial instruments (mostly loans). However, guarantees of this type were not offered within the framework of the capital injected under the PV ROP 2007–2013.
33. As an interesting background (though rather of limited suitability for direct comparisons with the functioning of guarantee intermediaries operating at the scale of a single region), one of the nationwide programs managed by the BGK could be indicated. Namely, in July 2018 the BGK created the National Guarantee Fund (NGF) to implement the de minimis guarantee, which was subsidized with the amount of PLN 900 million. In the period July-December 2018, this fund granted 14.4 thousand. guarantees worth PLN 4.3 billion. It can be then estimated that at the end of 2018 the current capital use of the NGF amounted to around five times its capitalization (see https://www.bgk.pl/aktualnosci/wyniki-finansowe-i-sprawozdanie-finansowe-bgk-za-rok- 2018-2475 /). This result is a consequence of the portfolio nature of the de minimis guarantee program and the fact that, among others, the largest Polish banks utilized its guarantees.
34. These are the two financial intermediaries implementing support agreements that cover the majority of the support value, referred to in Note 30. In the case of the third intermediary, supplementary information shows one lost guarantee, of low value (the amount subject to the collections procedure was PLN 42,000).
35. "Sytuacja sektora bankowego w okresie I-VI.2018", Bureau of Financial Supervision Authority, Warsaw, p. 11 and 12
36. After comparing the implementation of both the financial engineering instruments supported in the Podlaskie Voivodeship, it turns out that the cost intensity of the guarantees is, after all, higher than that of the loans (the administration and management fees per one loan/guarantee). To a large extent, this stems from, among other things, the lower turnover in using the support. However, it is difficult to assess the importance of this type of difference, as the two instruments are based on a different logic.
37. It should be kept in mind, that in the 2014–2020 financial perspective, regulations in the scope of the support for the financial intermediaries providing guarantees and sureties were fundamentally changed. Currently, in the case of guarantees/sureties, there is a requirement to estimate, by way of the ex ante risk analysis, expected and unexpected risk levels (i.e., the level of funds sufficient to guarantee a specific value of debt financing, as well as covering the related disbursements). Based on the ex ante analysis, an appropriate risk factor is determined. This determines the value of the guarantees portfolio, established as a multiple of the amount received from the operational program, allocated to cover expected and unexpected losses (art. 8 of Commission Delegated Regulation (EU) No 480/2014 of March 3, 2014). This means that the contribution from the program serves to cover the estimated level of guarantee payments. At the same time, the amount of that contribution determines the required value of the portfolio that the financial intermediary must achieve. For example, if the risk factor is determined on the level of 20%, the support in the amount of PLN 10 million (allocated to cover disbursements) will require building a guarantee portfolio to the value of PLN 10 million / 0.2 = PLN 50 million.
As a side note, it is worth mentioning that the amount allocated to secure issued guarantees and cover any potential losses is an eligible expenditure. Therefore, if the guarantees paid and the costs of management incurred turn out to be lower than the allocation, the remaining funds may still be used for this, or other financial instruments as well – as in other forms (of financial products) compliant with the original objectives (art. 42 pit 1 letter b and art. 45 of General Regulation (EU) No 1303/2013 of the European Parliament and of the Council of December 17, 2013.
38. M. Gajewski, J. Szczucki "Analiza i rekomendacje w sprawie oszacowania wartości opłaty za zarządzanie środkami wsparcia Regionalnego Programu Operacyjnego Województwa Kujawsko-Pomorskiego na lata 2014–2020 przeznaczonymi jako wkład do poręczeniowego instrumentu finansowego", Warsaw, December 2017
39. M. Gajewski, J. Szczucki, op. cit., p. 17.

40. "Strategia inwestycyjna financial instruments Regionalnego Programu Operacyjnego Województwa Podlaskiego na lata 2014–2020", Podlaskie Voivodeship Board, 01/08/2019
41. "Ocena ex-ante instrumentów finansowych w perspektywie finansowej 2014–2020", WYG PSDB, version from 2016. In 2018 "Ocena ex-ante", was updated – paper (LB&E, Stowarzyszenie STOS) from August 2018, see „Streszczenie – Aktualizacja oceny ex ante instrumentów finansowych w ramach PV ROP 2014-2020 wraz ze świadczeniem usług doradczych", Białystok, August 2018. https://ROP.wrotapodlasia.pl/pl/dowiedz_sie_wiecej_o_programie/zapoznaj_sie_z_prawem_i_dokument/streszczenie-ustalen-i-wnioskow-z-oceny-ex-ante-instrumentow-finansowych-w-perspektywie-finansowej-2014-2020.html [accessed on: 01/10/2019]). At the time of preparing this report (January 2019), the "Investment Strategy" from November 2017 was binding. Changes proposed in the updated "Ocena ex-ante" include the modification of some of the parameters of the implemented financial products (the proposed changes do not involve completely new instruments, nor indicate the justifiability of discontinuing any instrument). This means that the modification of the Strategy (if any) will be minor.
42. Agreement between the Podlaskie Voivodeship and the Bank Gospodarstwa Krajowego on the financing of the project entitled "Economic development of the Podlaskie Voivodeship by the use of financial instruments" within the framework of the Podlaskie Voivodeship Regional Operational Program for 2014–2020. https://ROP.wrotapodlasia.pl/pl/dowiedz_sie_wiecej_o_programie/poznaj_zasady_dzialania_programu/instrumenty-finansowe.html [accessed on: 01/10/2019].
43. http://farr.pl/index.php?option=com_content&view=article&id=269&Itemid=64 [accessed on: 01/10/2019].
44. In the "Ocena ex-ante" update, those parameters were identified as significantly limiting the efficiency of the utilization of the allocation for this product. Therefore, the appropriate adjustments were proposed, expanding the potential group of final recipients of those loans (as well as various other modifications), see "Streszczenie – Aktualizacja oceny ex ante financial instruments…", p. 2 and 3.
45. See https://pfrventures.pl/pl/ [accessed on: 01/10/2019], Funds of Funds part.
46. See https://pfrventures.pl/pl/fundusze/1/pfr-starter-fiz/ [accessed on: 01/10/2019].
47. See https://pfrventures.pl/pl/fundusze/2/pfr-biznest-fiz/ [accessed on: 01/10/2019].
48. The evaluation of the pilot implementation of the startup platforms is available. It is generally positive, indicating its efficacy, and thus justifies developing this form of support. See "Ewaluacja pilotażu Działania 1.1 Programu Operacyjnego Polska Wschodnia 2014–2020. Platformy startowe dla nowych pomysłów. Etap II – ewaluacja ex-post pilotażu «Platform startowych»", Fundacja Instytut Przedsiębiorczości i Rozwoju Regionalnego, Warsaw 2017. https://www.ewaluacja.gov.pl/strony/badania-i-analizy/wyniki-badan-ewaluacyjnych/badania-ewaluacyjne/ewaluacja-pilotazu-instrumentu-platformy-startowe-dla-nowych-pomyslow-dzialanie-11-po-pw-etap-i-i-ii/ [accessed on: 01/10/2019].
49. See W. Winogradzki "Analiza eksportu województwa podlaskiego w latach 2007–2017" – presentation (own research conducted, based on data from the Central Statistical Office and the National Tax Administration), Podlaskie Association of Employers, Białystok 2018.
50. It seems that both institutions are afraid that in such situations both parties to the transaction, i.e. a mother company and a daughter company, can informally agree that the payment for the transaction will not be officially paid, but can informally process the payment for the exported goods (in full or in part). In such a case an appropriate insuring institution will pay out an (in fact ineligible) insurance and will take a loss. The risk of such a problem does not exist in the case of the planned loan instrument, since the loan would be granted to a mother company that is registered in Poland.
51. Regardless of the justifiability of offering a working capital product, in conjunction with an expected economic slowdown, even now (that is, in a time of good prosperity), the problem of financing working capital remains very significant, as confirmed by the results of many analyses. As an example, the study "Finansowanie działalności przez mikro-, małe i średnie firmy w Polsce" may be quoted here, which states that one of the most frequent reasons for using external financing (in the micro- and small-sized companies sector) is payment delays. Moreover, the conclusions of the quoted study indicate that enterprises which "…finance investments and current operations by borrowed funds, usually repay their debt within two years, with monthly interest on the level of approximately 2-5%.(…)". Here, we are referring to a study conducted by the Keralla Research Institute, commissioned by the NFG, a provider of e-factoring services): https://a.msn.com/r/2/BBSPWS6?m=pl=-pl&referrerID-InAppShare [accessed on: 01/28/2019] Moreover: "An increasing number of enterprises in Poland are struggling with the problem of unpaid invoices. The share of companies, where this problem is intensifying has increased to 16.2% (from 13.5%). At the same time, the number of firms who do not experience such issues at all has significantly decreased, from 15.1% to 11.3%. As a result, as much as 89% of enterprises do not receive payment on time (…) the average period of arrears on invoices is 3 months and 12 days (…)", see P. Białowolski "Portfel należności polskich przedsiębiorstw – informacja sygnalna", Konferencja Przedsiębiorstw Finansowych w Polsce and National Debt Register, July 2018, p. 4-5. https://krd.pl/Centrum-prasowe/Raporty/2018/Portfolio-naleznosci-polskich-przedsiebiorstw [accessed on: 01/10/2019].
52. Act of July 11, 2014 (i.e. of June 29, 2018), on the principles of the implementation of the cohesion policy programs, financed under the 2014–2020 financial perspective (Journal of Laws of 2018, item 1431)
53. The author of this provision probably did not realize how difficult it is to calculate this value. Without a detailed methodology, it actually does not seem feasible.
54. Unless one applies §11 para. 13 of the financing agreement which states "separate regulations as to the exit strategy, issued by the European Commission or the Ministry of Infrastructure and Development, referred to in § pt 30 of this Agreement, shall constitute a basis for amending this Agreement in accordance with their content, and in scope, in which such regulations would apply to the financial engineering instruments implemented within the framework of the Program". However, there are no indications that such regulations are to be issued.
55. Council Regulation (EC) No 1083/2006 of July 11, 2006, laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, and repealing Regulation (EC) No 1260/1999.
56. Act of July 11, 2014, on the principles of the implementation of the cohesion policy programs, financed under the 2014–2020 financial perspective (consolidated text in Journal of Laws of 2018, item 1431).
57. At the basis for developing all of the individual options is the issue of providing an institutional solution that would enable the effective use of the funds returned from

the financial engineering instruments of the previous EU financial perspective. Of course, the proposed solutions presented here may also be used for the management of funds from other sources, (e.g. returned from the financial instruments supported under the current perspective of Cohesion Policy). Regardless of the source of the funds, the considerations presented here focus on their use for the purpose of ensuring greater access to financing for micro, small, and medium-sized enterprises sector in the region. Therefore, we are only interested in solutions able to support the financial instruments, and not the organizing and implementing of other forms of support (although, at least to some extent, these solutions may also serve to implement other tasks).

58. This factor is not specific; it is also present in some of the sub-options under Option B (sub-options B2 and B3). Here we only wish to point out that the functions in this area may also be supported by the Regional Development Fund (and, of course, implemented with the Fund's participation).

59. For example, let us examine the staffing levels of the Dolnośląski Fundusz Rozwoju Sp. z o.o. (DFR), an entity that operates based on the A3 model (the distribution of financial instruments through intermediaries plus own direct activity) in the area of seed capital instruments. As of the end of 2017, DFR employed 13 persons (13 full time jobs). Compared to 2016, employment has increased by 2 jobs. The fund had (as of 12/31/2017) equity in the amount of PLN 258 million. The operating costs for 2017 amounted to nearly PLN 3.5 million (including remuneration and related considerations in an amount slightly exceeding PLN 2.1 million). The fund has achieved a net profit of approx. PLN 1.28 million. In turn, the Pomorski Fundusz Rozwoju Sp. z o.o. (PFR), operating under the A1 model (financial instruments distributed through financial intermediaries), employed 18 persons (17.5 full time jobs) as of the end of 2017. Due to the fund's operating model, most employees are dealing with matters relating to contracting support (providing the financial intermediaries with capital) as well as monitoring and reporting (monitoring of the financial intermediaries' portfolios). PFR operating costs for 2017 amounted to approx. PLN 3.3 million (including remuneration and related considerations on the level of PLN 2.2 million). The data for both regional development funds mentioned above is provided based on financial statements for 2017.

60. Such a Council could have a broader function, e.g. providing opinions and consultations on the financial instruments' implementation processes under the currently implemented Regional Operational Program, with respect to the financial instruments component. Solutions involving representatives of the Voivodeship authorities, as well as experts (such bodies are called Investment Councils), are already present in some voivodeships (for example, the Warmińsko-Mazurskie Voivodeship and the Pomorskie Voivodeship). In Pomorskie, the work of such a council is related to the implementation of the current ROP, as well as the development of financial instruments by the Pomorski Fundusz Rozwoju. In Warmińsko-Mazurskie, in turn, the Council is only dealing with the implementation of financial instruments within the framework of the current (2014–2020) ROP of the voivodeship, as the regional development fund has not been established there yet).

61. The issue of certain discontinuity in offering the financial instruments or the temporary limitation of offer pertains essentially to all other options as well.

62. See, for example, the ruling of the Voivodeship Administrative Court in Kraków of December 4, 2009, although that ruling pertained to self-government on the commune level (http://orzeczenia.nsa.gov.pl/doc/068BF55B77. [accessed on: 01/10/2019]), or ruling of the Supreme Administrative Court of February 8, 2013 (http://orzeczenia.nsa.gov.pl/doc/9F58AEC158 [accessed on:.01/10/2019]).

SOURCES

P. Białowolski "Portfel należności polskich przedsiębiorstw – informacja sygnalna", Konferencja Przedsiębiorstw Finansowych w Polsce i Krajowy Rejestr Długów, July 2018

M. Gajewski, Kubajek, J. Szczucki "Rynek lokalnych i regionalnych funduszy poręczeniowych w Polsce w 2017", Warsaw, September 2018

M. Gajewski, J. Szczucki "Analiza i rekomendacje w sprawie oszacowania wysokości opłaty za zbudowanie i zarządzanie portfelem pożyczek, udzielanych ze środków pochodzących ze zwrotów z instrumentów inżynierii finansowej RPO WK-P 2007–2013", Warsaw, February 2018

M. Gajewski, J. Szczucki "Analiza i rekomendacje w sprawie oszacowania wartości opłaty za zarządzanie środkami wsparcia Regionalnego Programu Operacyjnego Wojewodztwa Kujawsko-Pomorskiego na lata 2014–2020 przeznaczonymi jako wkład do poręczeniowego instrumentu finansowego", Warsaw, December 2017

M. Gajewski, J. Szczucki "Instrumenty finansowe – województwo podkarpackie. Strategia inwestycyjna w zakresie instrumentów finansowych tworzonych w oparciu o środki wsparcia zwracane z instrumentów inżynierii finansowej Regionalnego Programu Operacyjnego Województwa Podkarpackiego na lata 2007–2013", World Bank, 2017

J. Szczucki "Rynek poręczeniowy w 2018", KSFP meeting, Bronisławów, 29.11.2018

M. Gajewski, Kubajek, J. Szczucki "Raport o stanie funduszy poręczeniowych w Polsce – stan na dzień 31.12.2015" (and report for 2016), Warsaw 2016. 2017.

M. Mika, P. Rogowiecki, K. Sabarańska "Fundusze pożyczkowe w Polsce – Raport 2017" (plus attachments), PZFP, 2017

W. Winogradzki "Analiza eksportu województwa podlaskiego w latach 2007–2017" – (own research based on data of Central Statistical Office and National Revenue Administration), Podlaski Związek Pracodawców, Białystok 2018

Keralla Research Institute (commissioned by NFG) study entitled "Finansowanie działalności przez mikro-, małe i średnie firmy w Polsce", 2018

Pomorski Fundusz Rozwoju i Dolnośląski Fundusz Rozwoju – financial statements for 2016 and 2017. KRS.

"Sytuacja sektora bankowego w okresie I-VI.2018", Office of Financial Supervision Authority, Warsaw 2018

"Ewaluacja pilotażu Działania 1.1 Programu Operacyjnego Polska Wschodnia 2014–2020. Platformy startowe dla nowych pomysłów. Etap II – ewaluacja ex-post pilotażu «Platform startowych»", Fundacja Instytut Przedsiębiorczości i Rozwoju Regionalnego, Warsaw 2017

“Ocena ex-ante instrumentów finansowych w perspektywie finansowej 2014–2020”, WYG PSDB, version of 2016

“Strategia inwestycyjna instrumentów finansowych Regionalnego Programu Operacyjnego Województwa Podlaskiego na lata 2014–2020”, Podlaskie Voivodeship Board, 13.11.2017

“Aktualizacja oceny ex ante instrumentów finansowych w ramach PV ROP 2014–2020 wraz ze świadczeniem usług doradczych” (main document and executive summary), LB&E and Stowarzyszenie STOS Białystok, August 2018

Regionalny Program Operacyjny Województwa Podlaskiego na lata 2007–2013.

Detailed description of priorities of Podlaskie Voivodeship Regional Operational Program for 2007–2013.

Project documentation (applications and agreements) and reporting documents – financial intermediaries, support beneficiaries within the framework of financial engineering instruments under PV ROP 2007–2013.

Description of loan and guarantee products offered by financial intermediaries in Podlaskie Voivodeship, internal documentation (regulations and supplementary documents), (as of January 2019).

LEGAL DOCUMENTS

Act of 11 July on the principles of implementation of the cohesion policy programs, financed under the 2014-2020 financial perspective (Journal of Laws of 2018, item 1431).

Regulation (EU) No 1303/2013 of the European Parliament and of the Council (General Regulation) of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006.

Commission Delegated Regulation (EU) No 480/2014 of 3 March 2014 supplementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund.

Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund.

Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999.

Communication from the Commission on the revision of the method for setting the reference and discount rates, 19.1.2008 (2008/C 14/02).

Ruling of Voivodeship Administrative Court in Kraków of 4 December 2009.

Agreement between Podlaskie Voivodeship and Bank Gospodarstwa Krajowego on financing the project entitled “Podlaskie Voivodeship economic development through use of financial instruments” within the framework of Podlaskie Voivodeship Regional Operational Program for 2014–2020.

INTERNET SOURCES

http://ec.europa.eu/regional_policy/pl/policy/how/improving-investment/lagging_regions/

http://www.rpowp.wrotapodlasia.pl

https://a.msn.com/r/2/BBSPWS6?m=pl-pl&referrerID=InAppShare

https://pfrventures.pl/pl/

https://pfrventures.pl/pl/fundusze/2/pfr-biznest-fiz/

https://pfrventures.pl/pl/fundusze/1/pfr-starter-fiz/

https://www.bgk.pl/

https://www.bgk.pl/przedsiebiorstwa/poreczenia-i-gwarancje/

https://www.bgk.pl/przedsiebiorstwa/poreczenia-i-gwarancje/gwarancja-biznesmax/

https://www.bgk.pl/przedsiebiorstwa/poreczenia-i-gwarancje/gwarancja-splaty-kredytu-kreatywna-europa-plg-kreatywna-europa/

https://ROP.bgk.pl/instytucje-finansujace/wojewodztwo-podlaskie/ [10.01.2019].

http://farr.pl/index.php?option=com_content&view=article&id=269&Itemid=64

https://pfrr.pl/

https://www.frp.pl/

https://www.fdpa.org.pl/

https://www.lfpk.eu/

http://ares.suwalki.pl/

http://poreczenia.com.pl/