Polish experience with the financial instruments under the RDP 2014-2020

Monika Grążka, Director, Ministry of Agriculture, Poland
- Rural Development Programme 2014-2020 (RDP) budget amounts up to EUR 13.6 billion (of which EUR 8.7 billion from EAFRD).

- Financial instruments co-financed from EU funds were introduced to the Polish RDP with a budget of EUR 68.6 million.
## Ex-ante assessment

### Main results of the ex-ante assessment:

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated financial gap</td>
<td>About <strong>EUR 2.77 billion</strong></td>
</tr>
<tr>
<td>Suggested RDP contribution to FI</td>
<td>Not lower than <strong>EUR 50 million</strong></td>
</tr>
<tr>
<td>Form of implementation</td>
<td>Implementation tasks entrusted through the direct award of a contract (without fund of funds)</td>
</tr>
<tr>
<td>Final recipients (target group):</td>
<td>Small and medium holdings covering the RDP’s sub-measure 4.1 “Support for investments in agricultural holdings” and Food processing companies covering sub-measure 4.2 “Support for investment in the processing, marketing or development of agricultural products”</td>
</tr>
</tbody>
</table>

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**Type of instrument:** Guarantee (with multiplier ratio 4.35)
Maximum amount of the guarantee:
- PLN 5 million (farmer) or
- PLN 10 million (processor)

**Type of public aid:**
- Aid based on RDP principles
- *de minimis*

**Amount of the guarantee:** Up to 80%

**Loan period:**
- Up to 183 months for investment loans
- Up to 59 months for working capital

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**FI may be combined with grants under RDP**

**RDP contribution to FI – EUR 68.6 million**
Implementation

- Ex-ante assessment / ex-ante risk assessment – February/ March 2019
- Amendment of national law / of RDP – March/ April 2019
- Funding agreement with Bank Gospodarstwa Krajowego (BGK - is a National Promotional Bank in Poland) – 30 July, 2019
- BGK first payment application – September 2019
- BGK begins signing contracts with commercial banks – October 2019

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Implementation

- Declaration of expenditure of FI sent to the EC – 3Q 2019
- Annex to the Funding agreement with BGK introducing COVID-19 changes – 22 May 2020
- BGK payment application – equalisation of the first tranche in September 2020
- Additional marketing campaign including TV and creating official FI logo
Changes in the face of COVID-19

- Budget increase by EUR 18.6 million for interest rate subsidies on working capital
- Working capital can function independently without co-existing investments co-financed from RDP
- Working capital in the current account
As of 30 September 2020:

- Loans 175 mln PLN / EUR 38.5m
- Guarantees 138 mln PLN / EUR 30.5m
- Subsidies to interest on working capital COVID-19 loans: PLN 1.5 mln / EUR 0.4m
- Number of operations 889 (including 815 working capital COVID-19 operations)
Next steps

• Conducting financial instrument training in November for final recipients

• Continuation of BGK's cooperation with commercial banks in the scope of conducting trainings (BGK training plan is established individually with each commercial bank)

• BGK plans to prepare and print informational materials and to promote guarantees during external events organised for potential final recipients
Next steps

• Expanding cooperation in the promotion of BGK and PA

• Before the end of this year BGK submits payment application for next tranche

• Another annexes to the Funding agreement with BGK in 2021 taking into account i.a. EU Transitional regulation provisions (extension of the implementation period of RDP to 31 December 2025).
Thank you