



EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	POLISH REGIONAL DEVELOPMENT AGENCIES PROGRAMME LOAN
<u>Promoter or financial intermediary</u>	PUBLIC ENTITY(IES)
<u>Country of implementation</u>	Poland
<u>Summary project description</u>	<p>The operation is structured as a set of Framework Loans (or “Sub-operations”) to Region-owned Entities - mainly Regional development Entities - grouped under a Programme Loan mechanism of Global Authorisation. The Programme will finance new mainly small (under EUR 25m) eligible schemes in the sector of urban development in four EIB Cohesion Regions - Silesia, Pomerania, Wielkopolska and Western Pomerania.</p> <p>The new eligible schemes to be supported are envisaged, as follows:</p> <ul style="list-style-type: none"> - In Silesia, the Entity tasked with management and regeneration of Silesia Public Park intends to implement an investment programme of small schemes contributing to the regeneration of the this 600ha Silesia public park in the Silesian Conurbation. The historic urban greenspace was remediated from industrial devastation in the 1950s and has not yet undergone a modernization/renewal programme. - In Pomerania, Western Pomerania and Wielkopolska, the Entities are expected to on-lend to schemes that are foreseen to be public and private in nature and may encompass rehabilitation/construction of public buildings and facilities (education, health, cultural, social infrastructure), urban infrastructure, urban mobility, brownfield remediation, retail/commercial and office schemes. <p>The Final Beneficiaries may include local authorities, municipal / regional companies, health centres, education and culture institutions, SMEs, MidCaps, private sector investors, etc.</p> <p>The Programme builds on the experience acquired through the implementation of the JESSICA (Joint European Support for Sustainable Investment in City Areas) initiative Financial (Engineering) Instruments in the 2007-2013 programming period where Urban Development Funds (UDFs) in the four Regions invested in urban development schemes. While the investments to</p>

¹ This Scoreboard of indicators reflects the information presented to the EFSI Investment Committee (IC) for its decision on the use of the EU guarantee for this operation. Therefore, the document does not take into account possible developments that could have occurred after this decision. Parts of this document that fall under the exceptions for disclosure defined by the EIB Group Transparency Policy, notably under the articles 5.5 (protection of commercial interests) and 5.6 (protection of the Bank’s internal decision-making process), have been replaced by the symbol [...].

	<p>date are substantial, the returned resources from the loans (with tenor ranging from 10-20 years) are so far minimal. Against this background, the Bank was requested to extend loans to continue the investment in urban development.</p> <p>The commonality across the Sub-operations under this Programme Loan include geography, sector addressed, EIB JESSICA involvement in the past programming period and involvement of Regional Entities.</p> <p>A peculiarity of the Framework Loans under this Programme will be that, while the different Regional Entities will be the borrower of the EIB loans, the repayment is envisaged to be sourced from the Borrower via a contractual structure between the Region and borrowing Entity, where the Regions commit to making reflows from the 2007-2013 JESSICA investments available to the borrowing Entities for the purposes of delivering an urban development investment programme under bilateral agreements to which the EIB is not a party. In this way, the EIB loans are envisaged to be repaid via reflows from investments made under the 2007-2013 JESSICA Financial (Engineering) Instrument initiative. The structure is therefore deemed de facto 'de-linked'.</p> <p>The compliance of the proposed structure between the Region and its Entity with State aid will be verified in the course of each Sub-operation appraisal.</p>
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PROJECT PILLAR ASSESSMENT

Pillar 1

Contribution to EU policy	Significant
Cross-cutting objectives	
EIB Cohesion Priority Regions / Economic and Social Cohesion	100.00%
Climate Action	20.00%
EFSI	
Contribution to EFSI	100.00%
EFSI: Environment and resource efficiency	100.00%
Sustainable urban and rural development	100.00%

Pillar 2

Quality and soundness of the project	Good
1. Overall strategic intent and investment quality	[...]
2. Promoter capacity	[...]
3. Sustainability	[...]
4. Employment	[...]

This pillar evaluates the quality and soundness of the operation. This pillar is composed of four indicators which include:

- (i) "Growth" i.e. for example and where relevant the economic rate of return ('ERR'), which considers the project's socioeconomic costs and benefits, including its spillover effects;*
- (ii) "Promoter capabilities" i.e. the capacity of the promoter/intermediary to implement the project and create the expected impact at the [final] beneficiary level;*
- (iii) "Sustainability" i.e. environmental and social sustainability²;*
- (iv) "Employment" i.e. the project's direct employment effect.*

Pillar 3

EIB Technical and financial contribution to the project	Significant
1. Financial contribution	[...]
2. Financial facilitation	[...]
3. Advice	[...]

This pillar measures the EIB's particular contribution to the project and its financing scheme in the form of financial and non-financial benefits which go beyond what commercial players would normally be able to offer. This dimension of value added is assessed through three indicators:

- (i) "Financial Contribution" i.e. improving the counterpart's funding terms compared to market sources of finance (interest rate reduction and/or longer lending tenor),*
- (ii) "Financial Facilitation" i.e. helping to attract private financiers (for example through positive signaling effects), promoting synergies in co-financing with other public sources of funds including National Promotional Banks or EU financial instruments,*
- (iii) "Technical Contribution and Advice" i.e. providing advice with a view to optimizing the financing package (financial structuring), or technical advisory services in the form of expert input / knowledge transfer – provided in-house by the EIB or in the form of assignments to external consultants – to facilitate the preparation or implementation of a project.*

² For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website.

Pillar 4 – Complementary indicators

Additionality

In line with the EFSI objective of supporting environment and energy efficiency investments, this programme loan shall support sustainable urban development operations in Poland in the regions of Silesia, Pomerania, Wielkopolska and Western Pomerania. As all these regions are eligible under the EU Cohesion Policy, the operations shall also support the strengthening of the EU's economic, social and territorial cohesion. The programme loan is fully in line with the National Strategy of Regional Development until 2020 and the related strategy of National Urban Policy. Priority areas for intervention in the four regions will be identified based on local needs in the context of individual operations, ranging from the modernisation of urban infrastructure in some cases to urban revitalisation stimulating entrepreneurship with the view to changing functionalities of deprived areas and integration of disfavoured social groups in other cases. As operations will also cover rehabilitation of buildings (energy efficiency) as well as urban mobility (public transport), investments will contribute to climate action objectives.

The programme loan is structured as a set of operations in the form of loans to region-owned entities – mainly new regional development entities and other public promotional institutions – all first-time counterparts to the EIB who will invest the EIB loans under EFSI directly into eligible public and private schemes. Final beneficiaries are expected to include local authorities, municipal/regional companies, health centres, education and culture institutions, SMEs, Mid-Caps and private sector investors.

This programme loan targets clear market failures and sub-optimal investment situations in the priority field of sustainable urban development in particular in less developed regions in Poland. By targeting new-build or rehabilitation schemes in public buildings and facilities, urban infrastructure, brownfield remediation and redevelopment, urban mobility, municipal schools, health facilities, this programme loan will result in positive economic and social externalities in the form of a higher quality of enabling services for businesses and economic activities, as well as an improvement in the quality of life of residents. Investments in eligible commercial/office space schemes to meet unmet demand in deprived/deteriorating urban centres as part of an integrated regeneration approach can enable increases in the stock of businesses and jobs in urban centres, associated positive externalities / spillover effects in service sectors of the urban economy, and promote developer confidence. EIB loans shall facilitate the access to finance for Final Beneficiaries through the region-owned entities lacking access to bank finance and often largely dependent on grant support, which is limited, in order for them to finance urban development schemes that normally, without their direct involvement, would not be realised. The EIB loans under EFSI thus help the regions achieve strategic goals and provide in a scalable manner long-term financing to Final Beneficiaries.

The innovative financial structuring of this programme loan is the only way the EIB could reach and support the targeted Final Beneficiaries and is possible only thanks to EFSI. The transaction allows region-owned entities to borrow in their own name without formal support from their public owners, the regions. Thanks to EFSI, the EIB loans will accelerate the revolving of JESSICA funds and thus mobilise resources today, when needed most, for projects that would have otherwise happened much later or not at all. The EIB loans shall thus help these entities to accelerate their investment programmes and ultimately strengthening them in their future role as regional promotional institutions where applicable. The EIB is also playing a key advisory role in supporting the structuring of the operation.

Set of indicators related to the macroeconomic environment

Poland - Economic environment

Economic Performance

	PL 2016	EU 2016	US 2016	PL 2001-2007
GDP per capita (EUR, PPS)	20,385	29,440	42,615	14,639
GDP growth (%)	2.7	1.9	1.6	4.1
Potential GDP growth (%)	2.7	1.3	2.1	3.8
Output gap (% of potential GDP)	-0.29	-0.75	-0.03	-1.9
Unemployment Rate (%)	5.5	8.2	4.7	16.4
Unemployment Rate (%) - Y/Y change (% points)	-1.4	-0.8	-0.3	-1.2
Bank-interest rates to non-financial corporations (%)	3.7	1.4	1.8	6.3
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.05	-0.21	-1.4	0.47
Investment rate (GFCF as % of GDP) - Total	18.1	19.7	19.6	19.6
Investment rate (GFCF as % of GDP) - Public	3.3	2.7	3.4	3.3
Investment rate (GFCF as % of GDP) - Private	14.7	17.0	16.2	16.3

General Sector Indicators

	2013	2014	2015	2016	EU (latest available)
Value added in Construction (% of total)	--	--	--	--	5.9
Employment in Construction (% of total)	--	--	--	--	6.6

Urban development

	2013	2014	2015	2016	EU (latest available)
Urban population as % of total population	60.6	60.6	60.5	--	--
Urban population exposure to air pollution by particulate matter (Micrograms per cubic metre)	33.1	35.2	--	--	22.5
Unemployment rate - Cities (%)	9.4	7.9	6.5	5.2	9.1
Unemployment rate - Towns and suburbs (%)	11.1	9.9	8.3	6.7	8.3
Unemployment rate - Rural areas (%)	11.0	9.8	8.1	6.9	8.4
At risk poverty rate - Cities (%)	10.6	9.6	9.6	--	16.7
At risk poverty rate - Towns and suburbs (%)	12.9	14.7	15.6	--	16.0
At risk poverty rate - Rural areas (%)	25.0	24.1	24.8	--	19.8
Severe housing deprivation rate - Cities (%)	9.6	8.7	9.1	--	4.8
Severe housing deprivation rate - Towns and suburbs (%)	7.0	6.8	8.2	--	4.0
Severe housing deprivation rate - Rural areas (%)	12.3	10.6	11.2	--	6.2
Households level of internet access - Cities (%)	76.0	79.0	79.0	82.0	88.0
Households level of internet access - Towns and suburbs (%)	71.0	74.0	74.0	80.0	86.0
Households level of internet access - Rural areas (%)	67.0	71.0	73.0	79.0	80.0

- Country average for "GDP per capita (EUR, PPS)" is calculated in real terms

- EU value for "Bank-interest rates to non-financial corporations" corresponds to Euro Area average; Country average is the simple average between 2003 and 2007

- The EU value is displayed as the value in the year that corresponds to the latest value of the indicator in a particular country

Other indicators³

Key project characteristics

	Expected at PCR
Start of works	17.07.2018
End of works	31.12.2023
Project investment cost	220.00 MEUR
EIB/EFSI eligible investment mobilised	159.50 MEUR
External EFSI multiplier	1.45
External EIB (non-EFSI) multiplier	
Amount of private financing	110.00 MEUR
Quick start (% of expenditure during 2015-2018)	5.00 %
Co-financing with national promotional banks	0.00 MEUR
Co-financing with structural funds (ESIF)	0.00 MEUR
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc)	
Energy efficiencies realised	0.00 MWh/a
Climate Action indicator	10.00% Mitigation - Energy Efficiency (transversal) / 10.00% Mitigation - Transport (transversal)
Employment during construction - temporary jobs	4,160 person years
Employment during operation - new permanent jobs	0 FTE

³ For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website. The abbreviation PCR stands for Project Completion Report.