

BGK / Poland

Total volume of newly granted guarantees from 01/01/2020 till 30/06/2020 **EUR 2.9** (+78.5% with regard to the previous semester)

103,616 supported SMEs in portfolio (H1 2020)

New production (in units) in H1 2020 is **30,934**

In order to support the economy in the current COVID-19 outbreak, the **Polish Development Bank (BGK)**, has implemented an overall package of measures that can be divided in 3 main groups:

- guarantee systems
- loans
- interest subsidies

On the one hand, the **Polish Development Bank** has significantly improved the guarantee conditions under the existing programmes and, on the other hand, it has launched special measures under the Temporary Framework (TF) for State aid measures.

Under the existing **de minimis guarantees for SMEs** programme, **BGK** has increased the eligibility criteria, the guarantee amount up to mPLN 3.5 (mEUR 0.8) and the coverage rate from 60% up to 80% of the loan. The **Polish Development Bank** has also extended the duration of guarantee on working capital loans from 27 to 39 months, reducing the guarantee fee from 0.5% to 0%.

Under the **Biznesmax guarantee programme** for innovative entrepreneurs (unique product being a mix of guarantee and grant) implemented under Smart Growth Operational Programme 2014-2020, guarantees may cover revolving working capital loans, including a revolving overdrafts and non-renewable loans - not related to the investment. The duration of the 5% annual rate for the calculation of interest rate subsidy has been extended until the end of 2021.

The **COSME guarantee** offered by **BGK** to small and medium-sized enterprises is another guarantee whose features have changed during the COVID-19 outbreak. **BGK** has extended the duration of guarantee on working capital loans from 27 to 39 months and reduced the guarantee fee from 1% to 0,7%. As the COSME guarantee is granted on the market conditions, it is complementary to guarantee schemes based on State aid.

Further improvements to the guarantee scheme have been made to the **Guarantees for agricultural sector**. The guarantees may cover working capital loans for a maximum period of 39 months and non-revolving working capital loans for 51 months to finance current business activities not related to the implementation of an investment supported by the EAFRD. Subsidies have also been introduced to the interest rate of these loans.

Under the TF, **BGK** is implementing the so-called **Liquidity guarantee fund** that provides aid in the form of guarantees on loans for the new loans, as well as for renewals of the existing overdrafts and revolving credit lines. This measure allows **BGK** to issue guarantees amounting up to bPLN 100 (ca. bEUR 22). The maximum amount of the loan per undertaking covered by the measure does not exceed mPLN 250 (mEUR 55.9) with a guarantee coverage rate up to 80%, whereby the losses are sustained proportionally and under the same conditions by the credit institution and **BGK**. The final beneficiaries of the measure are all medium and large undertakings. The maximum duration of guarantees granted under the measure is 27 months, while the maximum maturity of the underlying obligation is 24 months.

The Guarantees on Factoring programme provides aid in the form of guarantees on factoring products covering namely recourse and reverse factoring. The estimated budget of the measure is bPLN 11.5 (approx. bEUR 2.6) and the programme is addressed to SMEs and large enterprises. However, financial institutions are excluded from the list of eligible final beneficiaries. The maximum duration of the guarantee is 27 months which covers the maximum maturity of the factoring limit and the claim on a given invoice. The maximum amount of the guarantee is mPLN 200 (approx. mEUR 45, i.e. up to 80% of factoring limit principal), subject to the conditions established under the TF. The guarantee covers only the outstanding principal amount, without interest or other costs.

Apart from the aforementioned measures, **BGK** has also implemented **Loan instrument programmes**, namely:

1. **Liquidity Loans from Smart Growth Operational Programme 2014-2020.** Loans are granted to SMEs affected by COVID-19. The total amount of funding per undertaking is up to mPLN 15 (approx. mEUR 3) with an interest rate of 0%. Loan maturity up to 6 years.
2. **EU loans from Regional Operational Programs.** Grace period in repayment of capital for already granted loans has been extended up to 12 months. Entrepreneurs can take advantage of up to 6-month payment holidays in the repayment of existing liabilities. There are differences in products between each region.
3. **Liquidity Loans for Social Economy Entities.** The maximum value of the loan is 25% of the annual turnover, but not more than PLN 100 000 (EUR 22 000). The loan maturity is up to 4 years, while the grace period for repayment is up to 12 months. During this time, the borrower only pays the interest rate.

Regarding these loan programs with an overall funding of about mEUR 590 and a total value sanctioned of around mEUR 280, **BGK** has served a total number of 5.099 beneficiaries.

In the field of equity and quasi-equity, **BGK** has implemented the **Interest subsidies for working capital loans programme**. This programme has a total budget of bEUR 124.4, serving a total number of 218 users.

BGK is also managing the **COVID-19 Response Fund** launched in April 2020 in order to accumulate and transfer resources to support a wide range of instruments combating the negative effects of the COVID-19 pandemic. **BGK** is gathering financing for the Fund via issuance of bonds. The maximum nominal volume of issues for 2020 is set at the level of bPLN 112.5 (approx. bEUR 25.3), of which bPLN 98.8 (approx. bEUR 22.2) has been issued until 11 December 2020.

Additional products offered by the **Polish Development Bank** are:

- Program for entities of the social economy sector (EU funds)
- Broadband loan
- First Business - start-up support
- Entrepreneurial Eastern Poland Tourism
- Loan for technological innovations from Smart Growth Operational Programme.

More information on the programs implemented by **BGK** can be found under this link (in Polish): <https://www.bgk.pl/>

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