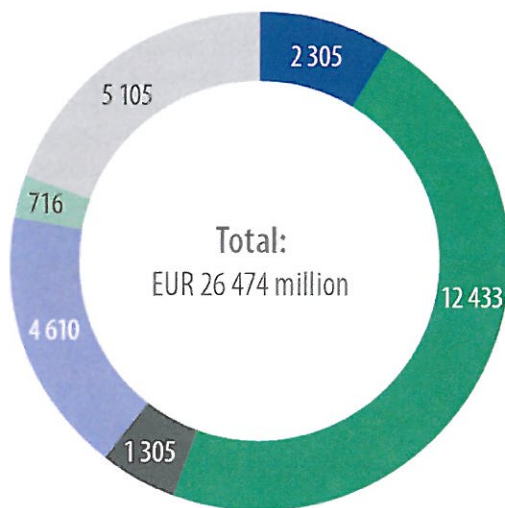




## The EIB in Poland in 2015

In Poland, as in the other EU Member States, the European Investment Bank (EIB) supports investment projects designed to reduce disparities in regional development, strengthen economic competitiveness and improve people's living standards. In 2015, EIB financing in Poland amounted to EUR 5.54bn. With this, Poland is the sixth largest recipient of EIB loans, and the first among the Member States that joined the EU since 2004. In particular, in 2015 the EIB targeted both infrastructure projects (rail and roads) and projects promoting research and development. To a large extent, EIB financing also supported Polish enterprises, be they small and medium-sized enterprises (SMEs), midcaps or large companies. Furthermore, the EU bank backed the development of Polish cities and directed a substantial proportion of its funding towards investment in the energy and telecommunication sectors. With regard to the EIB's future activity in Poland, the Bank will continue to support projects in these specific sectors and in particular focus on boosting the modernisation of Polish municipalities and promoting important investments in the energy and renewable energy sectors as well as assisting SMEs and midcaps in Poland. The EIB will also explore new business opportunities to increase support for local innovative enterprises, especially through new products, including mezzanine finance, to be deployed under the European Fund of Strategic Investments (EFSI), a crucial part of the Investment Plan for Europe.



EIB lending by sector in Poland from 2011 to 2015 (in EUR m)

Energy	9%
Transport, telecommunications	47%
Water, sewerage, solid waste, urban development	5%
Industry, services, agriculture	17%
Education, health	3%
Small and medium-scale projects	19%

### Strategic infrastructure sector strengthened

The EIB supports the development of priority transport infrastructure in Poland – railway and expressways – which is key to ensuring the continued growth of the Polish economy, strengthening the country's competitiveness and improving the quality of life of Poland's citizens. In addition, better transport infrastructure results in time savings and vehicle operating cost reductions for road users and increases transport capacity with positive consequences for the environment.

In 2015, the Bank provided more than EUR 1.7bn to support strategic transport investments. Thanks to a EUR 550m long-term loan several road projects, such as the construction of sections of the S5 expressway from the A1 motorway near Grudziądz via Bydgoszcz to Wrocław, are being carried out. The new expressway sections will have a total length of 162 km and run between Nowe Marzy, Bydgoszcz and

Mielno, and between Wronczyn and Radomicko. A further EUR 250m long-term loan backed the construction of the 18 km southern section of the Warsaw bypass between Puławska street and Lubelska junction. Within this project, the EIB also supported the construction of a new bridge across the River Vistula, which will supplement the strained capacity provided by the eight existing road bridges. These undertakings will facilitate the passage of long-distance traffic around the Polish capital. The EIB also financed with a EUR 550m loan several projects involving the construction and upgrading of bypasses, existing roads along national highways and some short sections of expressways, totalling 175 km. The investments are part of the Polish Road Investment Programme for the years 2014 - 2020 and are being jointly financed by EU Cohesion Funds.

In the area of railway transport, the EIB granted a EUR 200m loan for the modernisation of the railway line between Warsaw and Poznań, forming 235 km of the core Trans-European Transport Network (TEN-T) in Poland. The Bank also financed with a EUR 100m loan the upgrading of more than 71 km of the E 59 railway between Rawicz and Czempin. This is a part of the comprehensive modernisation of the E 59 railway between Wrocław and Poznań, which consists of the total reconstruction of tracks and traction systems, as well as the upgrading of power supply, signalling and telecommunications equipment. The renewal of the Warsaw railway node was supported by a EUR 60m loan from the EIB. This project will help remove bottlenecks and increase capacity, primarily through the removal of speed restrictions and signalling improvements.

## Public research and development investment reinforced

Financing innovation and skills is a priority for the EU bank. Innovation plays a key role in driving growth in Europe, ensuring its long-term competitiveness and creating high-value jobs. In this context the EIB provided three loans totalling more than EUR 1bn, underpinning its long-term commitment to support Poland's strategic science and innovation policy. With this, the EIB aims to strengthen research, promote efficiency, foster better links between research and industry, and leverage more private investment for applied development and innovation activities in Poland and across Europe.

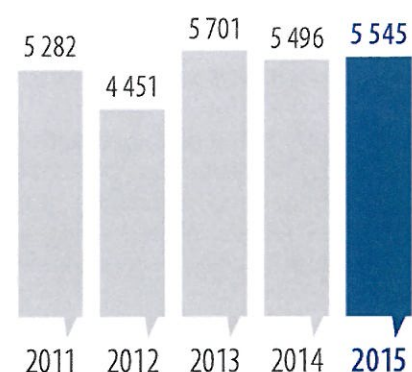
A loan of EUR 520m provided by the EIB in 2015 financed the statutory research tasks performed by all categories of scientific and academic staff employed by Polish public universities and research institutes in the majority of scientific disciplines. Through this loan, the EIB also supported investment by the Polish Ministry of Science and Higher Education in public research and development (R&D) infrastructure and scientific equipment. The EIB lent a further EUR 420m for R&D project grants, which will be awarded by the National Science Centre and the National Centre for Research and Development through open invitations to PhD students, post-doctoral fellows and senior scientists. These projects will concern either basic or applied research and will be implemented in public research institutes, universities and enterprises across Poland. Medical research carried out in public medical universities and medical scientific institutes in Poland received dedicated financial backing from the EIB amounting to EUR 120m.

## Support for small and medium-sized enterprises and midcaps

Lending to smaller business will continue to be decisive for the real economy and is therefore one of the EIB's priorities. The Bank improves access to finance on better terms for Polish small and medium-sized enterprises (SMEs) and midcaps (medium-sized companies, larger than SMEs, with up to 3 000 employees) via 17 major banking and leasing institutions in Poland. The EU's lending institution is thereby helping to increase the competitiveness, regional cohesion and productivity of SMEs and midcaps, as well as to promote growth and employment in the Polish economy.

The EIB's loans in Poland are crucial to enabling the financial intermediaries to provide long-term financing, which is not always readily available on the domestic market. The EIB's involvement generates positive effects in terms of both availability of long-term funding and overall financing costs.

### Signatures in Poland 2011-2015 (in EUR m)



Last year, the EIB granted almost EUR 1bn worth of such new intermediated loans via partner financing institutions, such as Bank Ochrony Środowiska, Bank Zachodni WBK, BNP Paribas, De Lage Landen, Deutsche Bank, Getin Noble Leasing, mBank, PKO Leasing, SG Equipment Leasing, and Raiffeisen-Leasing Polska. The EIB co-finances smaller projects undertaken by SMEs and midcaps mostly in the areas of industry, services (including tourism), transport, energy, energy saving and environmental protection. During 2015, the EIB spearheaded the development of the SME finance securitisation market in Poland with two important asset-backed securities (ABS) transactions, one with Raiffeisen-Leasing Polska for EUR 55m and another with Getin Noble Leasing for EUR 188m. This will contribute to further opening up the securitisation market for financing SMEs in the country.

## **Sustainable, competitive and secure energy supplies**

Projects supported by the EIB in the energy sector contribute to the improved sustainability and efficiency of Poland's energy infrastructure and increased usage of renewable energy resources with resulting beneficial impacts on the environment through the reduction of harmful emissions. Moreover, they help to meet growing electricity demand in the country as well as local heating needs.

In 2015, the bank of the European Union fostered with a EUR 231m loan the upgrading and extension of ENEA's electricity networks in north-western Poland. This investment programme will help to connect around 45 000 new system users, improve the reliability of the electricity supply and reduce losses, thus contributing to more competitive and secure energy distribution in the region. Two further loans totalling some EUR 475m were provided to PGE Group for electricity network modernisation and the construction of two cogeneration units in gas-fired, combined heat and power plants. The new units are located within the boundaries of the existing plants in Gorzów and Rzeszów and, due to the deployment of modern gas-fired technologies, are producing electricity and heat in a highly efficient manner and with a much lower environmental impact, including reduced CO<sub>2</sub> emissions, with an average level of around 275g CO<sub>2</sub>/kWh.

## **Modernisation of Polish cities boosted**

Urban renewal and regeneration in the pursuit of more sustainable and competitive cities is a strategic objective of the European Investment Bank. In this context, in 2015 the EIB financed with loans worth some EUR 577m the upgrading of urban transport, education, health and social care as well as environmental infrastructure in several Polish cities and regions. This support has had a positive impact on the quality of life and competitiveness of Polish cities, particularly Warsaw, Wrocław, Kraków, Toruń, Łódź, Lublin and Rzeszów. In the area of urban transport, the Bank financed in 2015, for instance, the purchase of modern and energy-efficient trams in Kraków and Silesia with loans totalling EUR 77m.

The EIB has also been engaged in supporting the national programme for affordable housing and last year provided a EUR 190m loan for the refurbishment and construction of rental social housing throughout the country. This loan will help meet Poland's national housing needs by providing access to social and affordable housing for low and moderate-income households.

The Bank also supports the modernisation of Polish municipalities through the JESSICA initiative – Joint European Support for Sustainable Investment in City Areas. This gives Poland the opportunity to use part of its EU structural funds allocation (ERDF) to make repayable investments in projects promoting sustainable urban development through so-called Urban Development Funds (UDFs). Such investments take the form of long-term preferential loans and encourage the development of partnerships between municipalities, banks and private investors in Poland. By the end of 2015, these UDFs concluded more than 157 loan agreements with the final recipients, amounting to approximately EUR 270m. The EIB acted as the manager of four regional JESSICA Holding Funds in Poland (Silesia, Wielkopolska, Pomerania and Mazovia). Projects financed through the JESSICA initiative in 2015 in Poland include for example the revitalisation of an historic building from the end of the XIX century in Gdańsk's Dolne Miasto, transforming it into an activity centre for creative industries, such as architecture, marketing, design and IT.

## **Support for innovative industries**

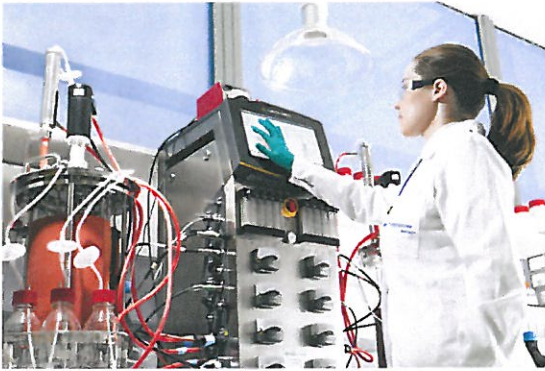
In the context of the EIB's support for Poland's economic competitiveness, the Bank also finances the investment of dynamic Polish enterprises, all characterised by being innovative in their fields and gaining increasing national and international footholds. A prime example of such support is the EUR 134m loan to

Grupa Azoty, Poland's leading chemical and fertiliser company, to facilitate the firm's growth in line with its 2020 Strategy, which includes plans for further expansion into new markets in the region and overseas. The Bank also furthered with a EUR 45m loan Polpharma's research into and development of biosimilar drugs – more affordable alternatives to current treatments. This was the first EIB operation in Poland supported by the new generation of financial instruments for innovative and growth companies, "InnovFin – EU Finance for Innovators", with the financial backing of the European Union under Horizon 2020.

In 2016, the EIB will continue providing funds for Polish enterprises, including innovative companies, either through its traditional product structures or new products being developed in the context of the rollout of the EFSI. These new products aim to extend the EIB's risk capacity and market reach. The EIB supports all enterprises investing in Poland, whether foreign or domestic, with a particular focus on innovative companies.

The EIB fosters smart growth and strongly supports the development of an economy based on knowledge and innovation. Accordingly, it also backs the further development and expansion of mobile telecommunications infrastructure, such as Orange's 4G network rollout in 2015. A EUR 190m loan financed the company's investments in Poland to increase the availability and quality of high speed mobile broadband services based on 3G/UMTS and 4G/LTE technology. The network upgrade and expansion will enable the provision of high speed mobile broadband services to a wider extent in Poland.

### Pharmaceutical research and development boosted by EIB loan



A EUR 45m loan to the largest Polish manufacturer of pharmaceuticals, Polpharma, was provided by the EIB last year to support this fast growing, innovative and expanding Polish company and encourage innovative research in the healthcare sector. The financing boosted the company's research into and development of biosimilar drugs – more affordable alternatives to current treatments. The aim of Polpharma's project is to provide patients with wider access to modern biological drugs and also to address unmet medical needs in the area of severe and life-threatening diseases such as cancer, Crohn's disease, multiple sclerosis and rheumatoid arthritis.

Both development and manufacturing of biosimilar drugs requires strong research and development efforts, such as optimising production in a sensitive cell culture and extensive clinical trials proving therapeutic equivalence to the original biological drugs. For projects of this nature and risk profile, it is the diversification of funding sources, long maturities and favourable terms offered by the EIB that companies like Polpharma find attractive.

Pharmaceutical research into and the clinical development of new therapeutics are one of the most costly and risky areas of knowledge creation. The "InnovFin Large Project" facility is specifically dedicated to improving access to risk finance for research and innovation projects originating from larger firms in the European Union. Through its research, development and innovation activities, Polpharma will contribute to increasing patient access to essential drugs in Europe in areas that are crucial for the improvement of its citizens' health. The project will be implemented in the company's facilities in Poland, safeguarding and creating employment opportunities for the skilled workforce in the country. Given Polpharma's collaboration with universities, the knowledge acquired through the research activities will also be widely disseminated across Europe.

## EIB finances purchase of modern trams for Kraków and Silesia



In 2015, the EIB provided two loans totalling EUR 77m for the purchase of modern and energy-efficient low-floor trams for Krakow and Upper Silesia Agglomeration towns. As part of the support for Silesia, the EIB also financed the modernisation of the existing tram stock and infrastructure. Thanks to the attractive financing terms offered by the EIB, the municipal companies enjoyed the benefits of lower funding costs and a long loan repayment period.

The Krakow Municipal Transport Company (MPK S.A.) received a loan of EUR 22m for the purchase of 36 low-floor trams. The modern trams are some 43 m long, with a capacity of approximately 300 passengers. They are air-conditioned and contain modern passenger information systems as well as ticket vending machines. In each carriage there are luggage and bicycle accommodation spaces. USB ports and power points are also provided, enabling passengers to recharge their phones and other mobile electronic devices.

An EIB loan of PLN 231m was used to improve Upper Silesia's tram infrastructure and more specifically to purchase 42 low-floor trams and modernise 95 trams which have been serving the Silesian cities for very many years. Funds provided by the EIB also financed the reconstruction of the traction system and modernisation of almost 63 km of tracks. The new trams, which will travel on the upgraded tracks, will not only be faster but also safer and quieter. The borrower for this project was Bank Pekao S.A. which, thanks to the EIB loan, was able to offer more attractive financing terms to the Silesian Tram Company, Tramwaje Śląskie, which will implement the project. The EIB finances projects not only by working directly with the implementing entity but also through local banks.

The new trams for Krakow and Silesia are produced by PESA Bydgoszcz S.A., which fit them with high-tech energy saving motors and special platforms making boarding and disembarking easier for people with reduced mobility. The trams for Silesia will also be made by Modertrans Poznań Sp. z o.o.

## The European Investment Fund

The European Investment Fund (EIF) is the specialist arm of the EIB, providing risk financing solutions to financial intermediaries to support SMEs and midcaps and foster innovation in Europe. In 2015 it committed EUR 7bn in support of business, through which approximately EUR 26.9bn of capital will be mobilised.

By business line, EIF committed a total of EUR 2.2bn for equity in 85 early and growth stage funds, which raised a total of EUR 9.8bn. On the guarantees side, it committed EUR 4.7bn in 95 transactions, which acted as a catalyst in attracting EUR 16.6bn of new loans for SMEs. EIF's support for micro-enterprises totalled EUR 86m, generating a loan volume of EUR 421m. Overall, more than 110 000 SMEs and midcaps were supported by EIF in 2015, sustaining some 700 000 jobs.

In Poland in 2015, the EIF committed EUR 119m, aimed at raising almost EUR 655m. Within the EFSI, the EIF signed agreements with the following intermediaries or funds in Poland: BGK, Idea Bank (two) and Raiffeisen-Leasing Polska S.A. EIF financing under the EFSI for the four agreements signed with intermediary banks or funds amounts to EUR 18.5 million and is expected to trigger EUR 672 million in investments and benefit 10,400 SMEs and start-ups.

For more information, go to [www.eif.org](http://www.eif.org).

## The EIB at a glance

The EIB is the EU's long-term lending institution and is owned by the EU Member States. It makes long-term finance available for sound investment, contributing to growth, jobs, regional convergence and climate action in Europe and beyond.

To maximise growth and job creation, the EIB targets four priority areas: innovation and skills, SMEs, climate action and strategic infrastructure across the EU.

In March 2015, nine months ahead of schedule, the EIB delivered on the commitment made to Member States to mobilise EUR 180bn of additional investment across Europe over the period 2013-2015. In addition to this, over the same period, regular EIB financing supported EUR 335bn of investment.

That is the one of the reasons why we have started with confidence to deliver on the promise of the European Fund for Strategic Investments (EFSI). By the end of 2015, the EIB Group approved well over 100 Investment Plan loans and guarantees. Resources committed totalled EUR 7.5bn – EUR 5.7bn from the EIB and EUR 1.8bn from EIF. The value of the projects and the investment mobilised in total comes to EUR 50bn. This is 16% of the overall target of EUR 315bn over three years.

In 2015 the EIB financed 462 projects with a total of EUR 77.5bn. This finance will mobilise some EUR 230bn of investment in the real economy.

## Overall EIB achievements in 2015

A total of **EUR 77.5bn** in financing by the EIB within and outside the European Union; Next to that, some **EUR 7bn** through all types of operations done by the European Investment Fund (EIF).

EFSI projects approved by the EIB Group amounted to **EUR 7.5bn**, which will mobilise some **EUR 50bn** of investment in the real economy. This represents 16% of total EFSI commitments.

### EUR 18.7bn

EIB Group support for **innovation and skills**, including education and digital infrastructure.

### EUR 28.4bn

EIB Group support for **SMEs and midcaps** – the biggest ever volume and the Bank's single largest policy priority.

**EUR 19.1bn** supporting key **infrastructure** in transport and energy as well as urban infrastructure.

**EUR 19.6bn** for **environmental** projects supporting resource-efficiency and sustainability.

**Climate action** accounted for **27%** of total EIB financing to support the transition to a low-carbon, environmentally friendly and climate-resilient economy.

Over **26%** of total EIB financing was dedicated to **economic and social cohesion** to help each EU region achieve its full potential.

For further information on the EIB in Poland: [www.eib.org/poland](http://www.eib.org/poland)

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