

**Inspire policy making by territorial evidence**



# **Financial Instruments and Territorial Cohesion**

Wielkopolskie region, Poland

**Case Study Report**

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## Abbreviations

BGK	Bank Gospodarstwa Krajowego
EC	European Commission
EIB	European Investment Bank
ERDF	European Regional Development Fund
ESPON	European Territorial Observatory Network
EU	European Union
HF	Holding Fund
JESSICA	Joint European Support for Sustainable Investment in City Areas
JEREMIE	Joint European Resources for Micro to Medium Enterprises
MID	Ministry of Investment and Development
NUTS	Nomenclature of Territorial Units for Statistics
ROP	Regional Operational Programme
UDF	Urban Development Fund
WARP	Wielkopolska Agencja Wspierania Przedsiębiorczości (Wielkopolskie Agency for Supporting Entrepreneurship)
WFR	Wielkopolski Fundusz Rozwoju (Wielkopolskie Development Fund)

## Abstract

The main use of FI implementation in Wielkopolskie was through the ROP 2007-2013, which specified two instruments for which regional management systems were set up: JESSICA and JEREMIE. The overall sum of loans and credits acquired with the support of FI in the ROP 2007-2013 was PLN 1.8 billion (€422 million). The amounts of funding invested in JESSICA and JEREMIE projects and the additional capital mobilised to fund the investment generated a substantial leverage effect, making Wielkopolskie a FI leader in Poland.

In terms of the JESSICA instrument, 37 loans were allocated with an overall value of PLN 321 million (€75.29 million). This meant that contracts were signed for investments for an overall value of PLN 622 million (€145.8 million). As for JEREMIE, revolving support for SMEs as part of Wielkopolskie's ROP 2007-2013 showed that the 8,406 projects supported generated 65 percent of the programme's overall job creation (14.6 thousand jobs or 13.5 percent of all jobs created in the region between 2007 and 2015).

As for their territorial dimension, there was a **lack of spatial focus of interventions** for both in JESSICA and JEREMIE. While there may have been an initial intention to target specific territories most in need of assistance, for both instruments these criteria were abandoned in favour of an approach that maximised the territorial coverage of the instruments and the potential number of beneficiaries. Nevertheless, both instruments produced significant impacts such as their contribution to bridging the finance gap, the 'cultural shift' they induced by growing awareness of repayable forms of public assistance and a lesser dependence on EU grants. Importantly, the JEREMIE funding repaid allowed for the establishment of a financial and institutional basis for Wielkopolskie's own regional policy, independent from the Cohesion Policy and policy priorities agreed upon with the central government.

# 1 Background

## 1.1 Economic and regional context

The region of Wielkopolskie has one of the lowest levels of unemployment in Poland, at 4.8 percent in 2016, below the national average of 6.2 percent. The region has a strong industrial base, with a strong automotive sector, clusters of more traditional industries (e.g. furniture) and a growing service sector base. Wielkopolskie ranks as the third region in Poland in terms of population (3.45 million) and GDP per capita (€21,500 PPS, which corresponds to 75 percent of the EU28 average in 2015). Located in Western Poland and with good transport connections to Germany and industrial traditions, it is one of the fastest growing Polish regions, even though its innovation performance remains below the EU average (European Commission, 2017). Poznań, one of the largest, growing and most economically vibrant cities in the country, is the capital of the region.

## 1.2 Background summary of the FI

Wielkopolskie is an interesting and insightful case study for FI for several reasons. Firstly, the case is **an example of an FI operation in a decentralised territorial governance setting**, with a Regional Operational Programme prepared and managed by the regional government. The Polish system of territorial organisation is based on three tiers of sub-national government. The boundaries of the Polish regions correspond to NUTS 2 units, which are central in the system of implementation of EU Cohesion Policy, which is exceptional among the Central and Eastern European member states. The Polish regions thus manage Regional Operational Programmes (ROPs) as part of this policy, while also having competences in regional development and resources for these activities allocated by the central government as part of regional contracts.

Secondly, as for other Polish regions, **EU Cohesion Policy remains central** for Wielkopolskie's regional development policy. Still a 'Less Developed Region' in the Cohesion Policy eligibility system, the region benefits from a substantial allocation of EU funds. Its 2007-2013 Regional Operational Programme 2007-2013, managed by the Marshal Office (regional government), had a budget of €1.64 billion with ERDF investment amounting to €1.27 billion.

Thirdly, and most importantly, Wielkopolskie is a particularly interesting case study specifically for Financial Instruments (FI) as it is one of the **early adopters** of this tool in Europe. There is thus scope for **assessing the operation, uses and impacts of financial instruments over a longer period**.



### 1.3 Operational and Implementation issues

**Wielkopolskie invests the highest level of EU funds in FI among the Polish regions.** In 2007-2013, the ROP for Wielkopolskie dedicated PLN 362.8 million<sup>1</sup> (€85.06 million) overall for JESSICA investment in urban areas and PLN 3.307 billion (€775.38 million) for JEREMIE. In 2007-2013, JEREMIE was managed by Bank Gospodarstwa Krajowego (BGK), a state-owned bank (contract for management of PLN 501 million (€117.47 million), on behalf of the Wielkopolskie Marshal Office, while JESSICA was managed through a holding fund led by the European Investment Bank (EIB) and an Urban Development Fund under the management of BGK (contract for management of PLN 313 million (€73.39 million).

### 1.4 Scale and budget

In the framework of JESSICA, 37 loans were allocated with an overall value of PLN 321 million (€75.29 million). This meant that contracts were signed for investments of an overall value of PLN 622 million (€145.8 million). In more than two thirds of cases, the investors were local governments or municipal companies, while the remaining third were private companies (ASM/PAG Uniconsult/imapp, 2015). In the case of JEREMIE, BGK signed 47 contracts with financial intermediaries in Wielkopolskie for various financial products (loans, guarantee products) with an overall value of PLN 916 million (€214.7 million) (ASM/PAG Uniconsult/imapp, 2015). As a result, SMEs in Wielkopolskie benefited from 2,448 loans with a cumulative value of PLN 418 million (€98 million) and 4,343 guarantees with an overall value of PLN 588 million (€137.9 million), which were used to acquire funding in the amount of PLN 1.379 billion (€323.3 million). Thus, overall, the sum of loans and credits acquired with the support of FI in the ROP 2007-2013 was PLN 1.8 billion (€422 million). The amounts of funding invested in JESSICA and JEREMIE projects and the additional capital mobilised to fund the investment supported generated a substantial leverage effect, making Wielkopolskie a FI leader in Poland (ASM/PAG Uniconsult/imapp, 2015). The region dedicated PLN 1.05 billion (€249.2 million) to financial instruments from 2014-2020, which is **the highest allocation for this type of instrument** among the Polish regions. Of this, PLN 712.58 million (€107 million) is allocated for loans, guarantees and micro-loans for SMEs as part of JEREMIE. Moreover, PLN 336.25 million (€78.8 million) is allocated for urban projects as part of JESSICA. The latter currently supports projects improving energy efficiency of buildings (public utility buildings and housing blocks) and regeneration of disadvantaged areas (urban and rural areas, post-industrial and post-military sites).

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<sup>1</sup> Exchange rate Infoeuro (average of the monthly rates: 1 PLN= €4.26): [http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/infoeuro/index\\_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/index_en.cfm)

## 2 Main results and findings

### 2.1 Impact of the Financial Instruments

Overall, the official evaluation documents and the interviewees were positive about the effects of JESSICA and JEREMIE in Wielkopolskie, even if there is a lack of detailed data on those impacts. The positive effects were manifold and more or less tangible, as will be outlined below.

#### 2.1.1 Impacts of JESSICA projects on their surrounding – an ambiguous picture

In general, the low interest rate on JESSICA loans allowed investors to deliver more competitive services, as is the case with the Za Bramką parking and office building, which offers relatively affordable co-working office spaces for small businesses and NGOs (PL02, PL04), or with the Poznań Industry and Technology Park project, which offers cheap office space for start-ups, previously hosted in the on-site SME incubator (PL07). The impacts, however, were varied across the extremely differentiated projects supported by JESSICA. While some projects had a tangible and positive impact on the areas where they were implemented, like those in Śródka, a disadvantaged but rapidly changing neighbourhood in Poznań, and added to the already on-going policies and projects supporting regeneration (PL02, PL04), others had less tangible effects and their social aspects were questionable (PL02, PL04).

It appears that the degree to which the social component of the projects contributed to sustainable development of the areas where the investments were realised depended to some degree on the investor. Thus, public actors (municipalities) or municipal companies were more capable of seriously considering those impacts because this is part of their usual remit (PL06). An example of the latter could be the Bałtyk project (see Annex), which remained commercially-oriented, albeit it contributes to cultural activities in the city (PL04, PL06). A further factor in this respect is the size of the city where the investment is realised. As was highlighted by one of the interviewees, even commercially focused projects in a smaller urban centre may generate positive externalities and attract people to the town centre (PL06).

Lastly, a matrix is presented below in Table 2-1 that represents the contribution of both JESSICA and JEREMIE FIs to EU 2020 indicators (smart growth, sustainable growth and inclusive growth) as well as the contribution to territorial (Urban/Regional) development and the stakeholder involvement in terms of public-private partnership building and knowledge-sharing with the public sector with regard to FIs. A colour code is applied to assess the degree of contribution of each FI to one of the previous features: significant (dark green), average (light green) and no contribution (yellow).

Table 2-1: Comprehensive FI Assessment Matrix

FI / Non-financial externalities	Smart growth			Sustainable growth			Inclusive growth			Urban/Regional development	Stakeholder involvement	
	Innovation	Education, training and lifelong learning	Digital society	Competitiveness	Climate change	Clean energy	Employment	Skills	Poverty		PPP & knowledge-sharing	Administrative capacity in setting up and managing FIs
	Impact of FI on R&D investment intensity	Impact of FI on all levels of education and training	Impact of FI on uptake of ICT and development of digital economy	Impact of FI on regional competitiveness, with special emphasis on industry	Impact of FI on climate change adaptation and mitigation	Impact of FI on reduction of GHGs and uptake of renewable energies	Impact of FI on employment growth	Impact on FI on market-oriented skills	Impact of FI on number of citizens living below poverty line			
JEREMIE												
JESSICA												

Source: own elaboration

	Significant non-financial externality
	Possible non-financial externality
	No non-financial externality

### **2.1.2 Impacts of FI on employment**

Much more precise data exists on the impacts in terms of job creation. Evaluation (STOS/WYG, 2016) indicated that revolving support for SMEs as part of Wielkopolskie's ROP 2007-2013 showed that the 8,406 projects supported by JEREMIE generated 65 percent of the overall jobs created by the programme (14.6 thousand jobs or 13.5 percent of all jobs created in the region between 2007 and 2015). The evaluators remarked, however, that a JEREMIE project on average generated 1.1 jobs, which is much fewer than projects benefiting from grants as part of the same Priority I of the ROP 2007-2013 ("Competitiveness of enterprises") which on average generated 2.7 jobs (STOS/WYG, 2016, p. 41). Thus, JEREMIE's greater impact on job creation was due to the overall high number of projects supported (there were five times more JEREMIE projects than grant-based projects supported as part of this priority of the ROP).

JESSICA projects generated much fewer jobs overall. Evaluation indicated that both the projects supporting redevelopment of disadvantaged urban areas and those supporting business environment in cities generated only 162 jobs (STOS/WYG, 2016), although it should be noted that job creation was not the main goal of JESSICA. Moreover, JESSICA projects generated many more jobs on average than was the case for the small-scale JEREMIE projects. In the case of urban regeneration projects, a JESSICA project generated 4.2 jobs on average and 4.7 jobs in projects dealing with regeneration of post-industrial and post-military areas. Interestingly, the evaluation also attempted to measure the effect in terms of job creation in the project's 'environment', for instance among the business partners or contractors of the project beneficiary. Thus, while JEREMIE projects generated 3.63 jobs in their environment on average, for JESSICA's urban regeneration projects this impact was much higher, with an average of 19.75 jobs created (STOS/WYG, 2016, p. 68).

### **2.1.3 Bridging the finance gap**

An important impact of both instruments was their contribution to bridging the finance gap, that is, offering funding for investment that would be difficult to finance with commercial loans offered by banks, especially in the case of JEREMIE. Some doubt, however, was expressed about whether this effect is truly about filling a funding gap or rather offering support to SMEs, because most of the expenditure in JEREMIE, across Poland, was to support ongoing expenses of SMEs rather than investment (this was also true at the early stage of implementation of JEREMIE in Wielkopolskie, PL08). The Wielkopolskie interviewees were generally more positive about the ability to bridge the funding gap, particularly when it comes to JEREMIE. As one interviewee argued:

*"some entrepreneurs would qualify for grants, some for commercial loans, but there was a large group of entrepreneurs who were excluded from both [...] Such people would come to us [Wielkopolskie Agency for Supporting Entrepreneurship – WARP] later and thank us, saying that it was only because of JEREMIE that they could have*

*their company. Those who already had good financial results would be able to get access to loans from banks, but those who were just starting up had no access to finance, because banks only look at the financial equation” (PL08).*

Moreover, JEREMIE indirectly lowered the costs of financing for companies on the market by diversifying loan options (PL08). JEREMIE loans also offered a distinctive advantage to small businesses because they made it possible to realise investment without waiting for a particular call for applications for grants and without factoring in the criteria for that call, thus offering much more flexibility to those entrepreneurs that could not afford a commercial loan. As a result, JEREMIE products were very popular among SMEs in Wielkopolskie.

*Table 2-2: Annual amounts of funding as per contracts signed with beneficiaries*

	<b>JESSICA</b>	<b>JEREMIE</b>	<b>Total</b>
<b>2010</b>	0.0	190	190
<b>2011</b>	46.5	383.7	430.2
<b>2012</b>	10.9	800.7	811.5
<b>2013</b>	211.0	615.4	826.3
<b>2014</b>	45.6	719.9	765.5
<b>2015</b>	13.0	597.4	610.4
<b>Total</b>	326.8	3307	3633.8

*Source: Evalu / Wise Europa (2017)*

#### **2.1.4 Leverage effects**

Moreover, concerning the impacts of FI, the interviewees tended to highlight the leverage effects. As a regional official argued:

*“every single złoty invested in JEREMIE generated much more. There was a clear effect. From the PLN 500 million (€117.2 million) invested in JEREMIE, towards the end of the programming period PLN 1.3 billion (€304.8 million) overall was engaged in projects” (PL05).*

Ex-ante evaluation confirmed this leverage effect on mobilising capital that both JESSICA and JEREMIE had, allowing for financing projects of much higher value than the ERDF funding invested (ASM/PAG Uniconsult/imapp, 2015).

Further less tangible, albeit also important, impacts were underscored by the interviewees. These included a ‘cultural shift’ when it comes to the approach to EU funds among beneficiaries and authorities managing EU programmes, already stressed in previous research (Dąbrowski, 2014). This change entails growing awareness of repayable forms of public assistance and a lesser dependence on EU grants. Interviewees often stressed this raising awareness among beneficiaries of the EU Cohesion Policy that public support is not always granted, but also has to be invested in an economically viable way to pay back the revolving support offered. This is evidenced by the relatively low occurrence of non-

repayment of JEREMIE loans as compared to commercial loans for SMEs (PL03). Some interviewees were enthusiastic about these effects:

*“Companies that are set thanks to a grant often fail, because the money is given and one doesn’t have to pay it back. One would be a fool not to take this money, but those companies do not have a high survival rate. In JEREMIE companies last longer [...] A grant makes one lazy, while with a loan one has to be more creative” (PL08).*

There is, however, little evidence to support that JEREMIE boosted innovation among the SMEs that benefitted from its support. A large part of the loans in JEREMIE were for supporting on-going expenses of the companies or investment in facilities or tools (PL08). In fact, 35 percent of loans were used for real estate (purchase, construction or modernisation) and purchase of machinery and tools, while slightly less than 30 percent was used for on-going expenses (e.g. purchase of merchandise) and slightly more than 20 percent was used to purchase vehicles, while less than 5 percent of loans were used to buy new technology and even less to conduct research and development (ASM/ PAG Uniconsult/imaapp, 2015). As another expert put it:

*“most companies are not interested in innovation [...] JEREMIE loans do not have much of an impact on the number of patents or other innovation indicators” (PL06).*

### **2.1.5 The role of regional characteristics on the impacts of FIs**

The interviewees were also asked about how the regional characteristics affect the extent and nature of impacts of FI. In fact, there are no studies exploring the role of territorial features for the impacts of FI in Poland or Wielkopolskie to date. However, some territorial aspects of funding distribution were measured in Wielkopolskie in the case of JEREMIE, namely the territorial coverage of loans and guarantees across the region (Taylor Economics/Ecorys, 2015, see also section 2.3 in this report). Some interesting anecdotal evidence was given, particularly on the legacy of positivism in 19<sup>th</sup>-century Wielkopolskie and a relatively strong entrepreneurial culture in the region. For instance, as one interviewee argued:

*“Wielkopolskie benefits from strong human capital in the Marshal Office, but also in companies [...] Many of the businesspeople in the region have a sense of social responsibility” (PL04).*

Even if this is hard to measure and confirm, it could have a bearing on the quality of JESSICA projects, for instance, but also on the strong demand for JEREMIE products. As one interviewee explained:

*“Wielkopolskie has generated 10,000 contracts in JEREMIE. In no other region was there so many. This was possible because entrepreneurship is a crucial feature of the Wielkopolskie region. Such loans were selling like hot buns here, while in the Eastern*

*regions it is difficult to absorb the funding. Wielkopolskie has large entrepreneurial potential” (PL03).*

A similar point was made by a representative of a financial intermediary dealing with SMEs on a daily basis.

*“In Wielkopolskie there is a tradition of taking matters into one’s own hands. There is a tradition of entrepreneurship. So, the entrepreneurs don’t wait for a grant, they call up the intermediaries and look for loans” (PL08).*

This entrepreneurial culture could have also had an effect in terms of avoiding what is called ‘cannibalisation’ of FI by grant-based support, which affected many regions in Poland (PL01). Thus, potential beneficiaries tend to shy away from repayable assistance as long as non-repayable grants are available for similar kinds of investment, only reaching out to loan and guarantee products when there are no more grants available.

This phenomenon was largely averted in Wielkopolskie, due to huge demand for loans from JEREMIE (PL07) and a virtual lack of grant-based support for urban regeneration in the case of JESSICA (PL02), and quite possibly the aforementioned culture of entrepreneurship. Some interviewees did admit, however, that entrepreneurs may have preferred grants over loans, but at the same time understood the drawbacks of the former – grant-based support is uncertain in terms of when it can be available and the focus of investment has to be what the programme requires (PL03, PL08). As a result, even if grants and revolving support for SMEs was launched at the same time in 2007 and 2009, both were in high demand and have not competed with each other as they responded to different SME needs (PL03). With JESSICA, grants for urban regeneration ran out rapidly and there was only JESSICA left. At first the local governments had their doubts and some promotional activities were needed, but:

*“this quick depletion of grants made many beneficiaries consider JESSICA as an alternative and in the end there was a lot of interest in the scheme” (PL05).*

## **2.2 Value-added of the Financial Instruments**

At least three aspects of the FI’s added value could be highlighted, beyond what has been already mentioned about the greater attention to economic viability of investment supported by repayable funding, as compared to grant-based assistance. These aspects include a new emphasis on positive externalities of commercially-oriented investment, learning and administrative capacity development, and, most importantly, setting the foundations for Wielkopolskie’s own regional development policy, independent from central government financial transfers and from EU Cohesion Policy.

### **2.2.1 JESSICA: adding an emphasis on positive externalities of commercial projects**

With its requirements to frame projects in the urban regeneration plans and demonstrate impacts on the development of the local area, JESSICA brought an innovative approach to what would simply be profit-oriented investment in service sector business projects. By doing so, JESSICA made it possible to emphasise aspects that would not normally be considered in profit-oriented investment financed on the commercial credit market. This aspect was underscored by many of the interviewees. One of them, for instance, argued that:

*“JESSICA manages to connect business aspects with urban regeneration; a good example is the Polonez hotel transformation into a student residence [a JESSICA project in Poznań led by a private company]. The place is full of life now. If money from JESSICA had not been invested, this place would still be desolate today” (PL05).*

Another suggested that one of the aspects of JESSICA's added value was that:

*“investments had this pro-social, pro-environmental orientation. This is not at all something that is valued in the case of commercial loans” (PL04).*

While there was a degree of scepticism among some of the interviewees about the magnitude of those positive externalities, mainly due to limited emphasis on spatial criteria (see section 2.3 below) and the imperatives of profit generation that were the main concern for some investors, this aspect was generally seen as positive.

Unfortunately, there is lack of evaluation analyses on the quality and impacts of the projects supported by FI in Poland, with the notable exception of some academic studies on the socio-spatial and economic impacts of JESSICA projects (Musiałkowska and Idczak, 2016, 2018, 2019) in Wielkopolskie. These studies found, among others, that many of the early batch of JESSICA projects had clearly achieved their economic goals; however, it remains uncertain what their social and spatial impacts on the urban regeneration process would be.

### **2.2.2 Administrative capacity development**

Another aspect of the value-added of FI in Wielkopolskie that was stressed by many interviewees was the contribution to the development of administrative capacity. The region had many companies that could play the role of financial intermediaries for JEREMIE, whereas such a network of business-support companies is not as dense in other regions. That is why “many intermediaries from other regions of Poland set up branches in Wielkopolskie, they see that there is demand for loans” (PL03). The experience with JEREMIE, however, made it possible to reinforce this pre-existing network of intermediaries and transfer of know-how from BGK and EIB (PL04). This also applies to local governments, who were pushed by the demanding FI to learn and experiment (PL04).



### **2.2.3 Reinvesting the revolving funding and building a foundation for Wielkopolskie's own regional development policy**

The key advantage of FI as compared to regular grant-based Cohesion Policy assistance is its revolving nature, which allows for reinvestment of the funding paid back by the beneficiaries. This added-value aspect of FI was universally praised by the interviewees. As one interviewee from the Marshal Office of Wielkopolskie argued:

*“this is new quality of regional policy [...] this funding doesn't deplete, it is revolving [...] In JEREMIE we already used the money again [...] funding comes back and in the longer term we can direct the intervention better to the demands of the market, with greater precision than grant-based support, direct it towards specific areas of intervention” (PL05).*

In other words, “the grant money spent on infrastructure is gone, but the money from JESSICA and JEREMIE is still circulating in the economy” (PL03). What is even more interesting, however, is how the returning money is reinvested.

Here Wielkopolskie has once again proven to be a trailblazer and innovator, as the regional government set up a special body, Wielkopolskie Development Fund (WFR), to manage the returning funding and reinvest it to support SMEs through loan products complementary to the existing JEREMIE products. The region has set up this sort of fund as the first among Polish regions and this approach is applauded by the central government and copied by other regional authorities (PL01).

The WFR's own FI were designed to bridge the remaining financing gap beyond what JEREMIE can do. Other kinds of investment are supported as well, such as the construction of a new paediatric hospital in Poznań, partly funded by the Structural Funds as part of the Regional Operational Programme, by the state, and the regional authority with a PLN 30 million (€7 million) loan from the WFR. Also, as in JEREMIE, the WFR uses intermediaries. It offers three proprietary products:

- Loan for expanding SMEs that want to export (not eligible in JEREMIE).
- Regional loan for SMEs that make bids in public tenders, designed to make small regional companies more competitive vis-à-vis big international construction companies (here the funding offered is of a higher amount than in JEREMIE).
- Support for its own contribution to JEREMIE2 (2014-2020) loans, which accelerates absorption of funding and, consequently, assists in fuelling the WFR with returning EU funding.

It is planned that WFR will offer further loan products, such as short-term loans for companies' ongoing expenses, but also loan products that are more tailored to address specific territorial challenges, such as unemployment or energy transition, in line with the region's development strategy, and that the fund will transform in the long-term into a regional

investment bank (PL03). A further advantage of establishing its own regional policy instrument like the WFR is that it allows for more autonomy and flexibility in terms of what kinds of investments are supported and how (PL06). That way, Wielkopolskie can have a regional policy that is more independent from external pressures:

*“the region will have limited influence over what will be the priorities for using EU funds, but by having our own fund we can be autonomous in this” (PL03).*

It also creates more scope for going beyond the basic tasks of the regional authorities as agreed with the central government in regional contracts. That being said, some interviewees highlighted the risks for WFR stemming from centralisation and pressures from the central government to take control over FI management, which would harm their potential to support region-specific goals and build the foundation for the region's own investment policy (PL03).

## **2.3 Territorial dimensions of the Financial Instruments**

Very limited data is available on the territorial dimension of FI use in Wielkopolskie, or any other Polish region. In terms of evaluations, no study to date has explicitly focused on that issue, albeit some studies provide insights on the territorial distribution of JEREMIE assistance on the sub-regional scale (Taylor Economics/Ecorys, 2015). As part of the fieldwork for this case study, some additional data on the latter was acquired as well as on the territorial coverage of JESSICA; however, there is clearly a need for further research on this.

### **2.3.1 JESSICA: a relatively balanced distribution of funding across the region, albeit ambiguous evidence on territorial impacts**

First, concerning JESSICA, as one interviewee argued:

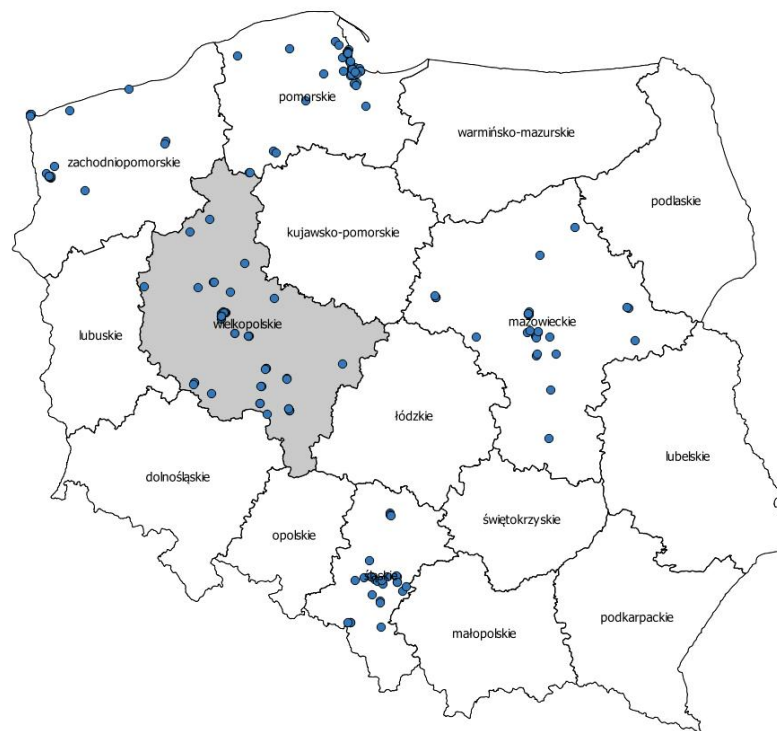
*“while in general considering how Cohesion Policy funding is used in Poland, these are the big cities that attract the most funding, and thus this supported the deepening of disparities rather than cohesion, but in JESSICA, when you look at Wielkopolskie, the projects that got JESSICA loans were spread throughout the region” (PL04).*

Indeed, when one locates JESSICA projects on the map of the region, one can observe a broad coverage of the territory (see Figure 2-1), even if nine out of 40 JESSICA projects were located in Poznań. This relatively balanced distribution of JESSICA also concerns the projects' value, which tends to be roughly similar in the projects implemented in the region's capital and in other municipalities (PL04), albeit nearly a third of the JESSICA allocation was absorbed by the nine projects in Poznań. There were no territorial criteria attached for applicants for funding, aside from the fact that the projects had to be aligned with the integrated urban development plans and address the specific challenges of disadvantaged areas (e.g. social exclusion, high level of crime, degrading quality of life, in line with Measure 4.1 of the ROP 'Regeneration of urban areas'). Other kinds of projects supported under JESSICA had a focus on post-industrial and post-military areas (Measure 4.2 of the ROP, 'Regeneration of

post-military and post-industrial areas’) (UMWW, 2009). Here the projects had to be framed within the urban regeneration programmes, the guidelines for which were provided by the Marshal Office, specifying disadvantaged and post-military and post-industrial areas (UMWW, 2009). The guidelines specified criteria according to which one could qualify areas as disadvantaged (e.g. high unemployment, low education level, low entrepreneurship level, negative demographic trends, crime, damaged environment, low income of inhabitants, etc.). These criteria, in theory, should steer investment towards specific urban areas; however, as an urban planner from Poznań argued (PL02), only one criterion had to be met and this made it possible to designate areas broad enough to cover large swathes of cities and maximise eligibility for JESSICA. The third possible use of JESSICA was defined in action 1.4 of the ROP, ‘Support of activities related with the Regional Innovation Strategy’, scheme III ‘Investment in business support in urban areas’, which was even more vague when it comes to the territorial focus of projects seeking to receive support.

This lack of territorial focus in allocating JESSICA funding was related to the priority given to the absorption of the allocated funds. A territorial focus could restrict the number of applications for funding, whereas there were fears that as such the scheme would be so different from the usual grant-based programmes and has complex requirements that could discourage potential applicants (see also Dąbrowski, 2014).

*Figure 2-1: Geographical scope of the JESSICA project in Wielkopolskie and in other Polish regions implementing JESSICA during the 2007-2013 period.*



*Source: courtesy of Piotr Idczak & Ida Musiałkowska, based on their forthcoming publication.*

Many interviewees were positive about those spatial impacts, but remained vague due to lack of data. The difficulty in assessing spatial impacts stems from the fact that the extent to which

the projects addressed spatial and social concerns was generally limited and varied from project to project. This was corroborated by the findings from the ex-ante evaluation study for FI in 2014-2020 indicating that for most of JESSICA beneficiaries in Wielkopolskie, the key incentive for using the instrument was the possibility of accelerating the planned investment, while the “possibility of increasing the spatial impact of the investment” was deemed an incentive for only about 30 percent of investors, while more than half declared that this did not matter (ASM/PAG Uniconsult/imapp, 2015). As an urban planner from Poznań argued:

*“the projects were dispersed [across the city] and sometimes it was not really about regeneration, like in the case of Bałtyk building, but in other cases there were positive effects on urban renewal, like in the case of Galeria Tumska, a restaurant in the building of the curia. Other projects in the Śródka neighbourhood also supported the renewal of this area” (PL02).*

An often-cited example among the Poznań JESSICA projects was the Za Bramką parking and office building, which:

*“had a tangible effect on the redevelopment of the neighbourhood by allowing for the redevelopment of Kolegiacki Square, which had previously only served as parking for city hall” (PL02).*

### **2.3.2 JEREMIE: territorial bias towards the region’s capital**

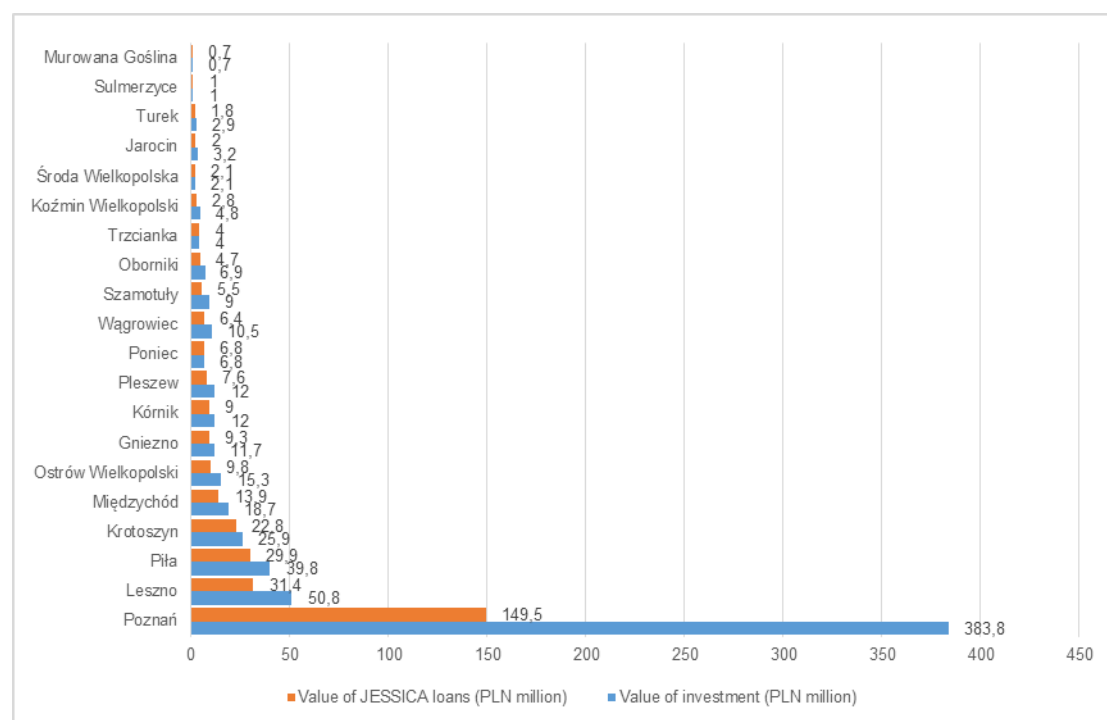
JEREMIE in Wielkopolskie was supposed to be used to support businesses in the region and strengthen the regional economy, thus a company benefiting from it needed to be registered in the region and invest in it (PL08). That is, however, as far as the territorial targeting in JEREMIE went. The Marshal Office did consider focusing JEREMIE interventions on counties with higher unemployment and poor socio-economic conditions. However, this territorial focus was ultimately abandoned (PL05). While loans and guarantees reached all sub-regions of Wielkopolskie, the distribution was skewed towards the region’s capital city and its county, where the most economic activity is concentrated. The approach to distribution of JEREMIE funding was horizontal and spatially-blind (PL06, PL03, PL08). There were major disparities between the sub-regions of Wielkopolskie in terms of the flow of JEREMIE products. The distribution of JEREMIE loans in 2007-2013 across the region was as follows (PL08):

- Poznań sub-region – 636 loans with an overall value of PLN 134.6 million (€31.6 million).
- Leszno sub-region – 295 loans with an overall value of PLN 58.2 million (€13.7 million).
- Konin sub-region – 271 loans with an overall value of PLN 64.3 million (€15 million).
- Piła sub-region – 253 loans with an overall value of PLN 53.9 million (€12.7 million).

- Kalisz sub-region – 186 loans with an overall value of PLN 48.7 million (€11.4 million).

These disparities stem from differentiated economic situation in the sub-regions and different saturation with SMEs. Moreover, there is a huge disparity also within the sub-regions, for instance in those of Kalisz, Leszno or Konin, with a bias in distribution of JEREMIE loans towards their core urban settlements (see Taylor Economics/Ecorys, 2015). By contrast, very few loans were used in rural municipalities. These findings have pushed the Marshal Office to consider a more targeted approach for JEREMIE in the 2014-2020 period to promote loans in the lagging sub-regions (PL08). It appears that further lessons were drawn: the management of WFR, established using JEREMIE and JESSICA revolving funding, does aim to have a more place-based approach (PL03, PL05).

Figure 2-2: Distribution of projects supported by JESSICA across municipalities in Wielkopolskie according to the overall value of projects and the value of JESSICA loans (as of March 2015)



Source: adapted from ASM/ PAG Uniconsult/imapp (2015) on the basis of data from the Marshal Office of Wielkopolskie

## 2.4 Governance dimensions of the financial instrument

One of the challenges that FI bring is the requirement for new forms of inter-institutional collaborations. Despite some tensions, these new interactions do trigger learning dynamics and transfer of knowledge on sound financial management of investment and SME support.

### 2.4.1 Institutional innovations, learning and normative shift

The first dimension of this institutional impact of FI is that networks of institutions involved in regional development policy, and, in particular, in its dimension related to supporting SMEs, were solidified. JEREMIE provided a major stream of revenue for financial intermediaries in Wielkopolskie, in some cases making their very survival possible, but also contributing to development of their knowledge, human capital and capacity to support SMEs (PL01, PL05, PL08).

Beyond novel collaboration between the EIB, BGK and the Marshal Office, the most striking governance innovation made possible by FI was the establishment of the Wielkopolskie Development Fund (WFR). The fund was set up by the Marshal Office and, importantly, was entirely funded by the returning money from JESSICA and JEREMIE (PL01, PL03, PL05).

FI also promoted a certain normative shift among the institutions managing ERDF and among its beneficiaries. By exposing the beneficiaries to revolving forms of EU assistance, JESSICA

and JEREMIE promoted a perception among the beneficiaries that grant-based support from the Cohesion Policy is 'not the only game in town' (PL01, PL05). It should be stressed that this shift was not without tensions.

#### 2.4.2 Challenges and tensions

The first challenge stemmed from the **novelty of the instruments**. There were simply no examples to follow and no comparable experience in FI management and use, particularly to support urban development projects in JESSICA. One expert argued that "this [FI] was completely new, something that came from outside, no one was ready for this. There were no templates" (PL04). The same applied to financial intermediaries working with JEREMIE, who had to adjust their way of working to the new types of financial products offered as part of this instrument. This represented a challenge, but also a learning opportunity (PL08).

A further challenge was the **clash of approaches to investment projects between the financial institutions managing JESSICA and the approach of public institutions**, such as municipalities, who were among the beneficiaries of the instrument and had to design Urban Regeneration Plans as a strategic basis for JESSICA investment projects. Tensions also manifested themselves between the Marshal Office, setting the parameters for the use of FI, and the banks involved (EIB and BGK), managing the instruments on its behalf (PL04). This tension translated into a relatively **weak emphasis on the assessment of impacts of JESSICA projects on their surroundings**, which in some cases resulted in projects where the social component of the investment was a mere 'window-dressing' exercise (PL04, see also Dąbrowski, 2015, Musiałkowska & Idczak, 2019). The following quote from one of the beneficiaries of JESSICA illustrates this tension.

*"There is tension between respecting the economic viability criterion and ensuring social impacts [...] One has to be commercially-minded but also focus a bit on the sustainable development of the city. This is a difficult balance to strike" (PL07).*

Related to this issue was the already mentioned **lack of spatial focus of interventions**, both in JESSICA and JEREMIE. While initially there may have been an intention to target specific territories most in need of assistance, for both instruments these criteria were abandoned in favour of an approach that maximised the territorial coverage of the instruments and the potential number of beneficiaries.

A further problem observed, which could have limited access to FI and hindered awareness of their benefits and requirements among the potential end users, was a **relatively weak communication policy** on JEREMIE and JESSICA and **low transparency**. As a result, there was an overall lack of information on FI and how they worked (PL08), especially in the case of the arguably more complex and challenging JESSICA. This information deficit – also tangible when collecting the data for this case study – could have limited the scope for appraising more impactful projects, especially in smaller municipalities with lesser institutional capacity.

Furthermore, from the interviews one could infer that tension existed between the benefits of regionalised FI management, as was the case in the 2007-2013 period, and **pressures for the centralisation of FI management, justified by the apparently high administrative costs** of a management system with an extensive network of institutions and intermediaries. In Wielkopolskie the regional authorities are naturally keen to retain more control over how FI are managed in the region and over its WFR (PL06), however, the interviewees at the central level stressed that more centralised FI management would be beneficial on terms of efficiency, as it would avoid having separate reporting regimes across Poland's 16 regions.

## **2.5 Strengths, weaknesses, opportunities and threats (SWOT)**

### **Strengths**

- Early adoption of FI and relatively large parts of ERDF budget allocated for them allowed for the accumulation of experience and a degree of 'cultural shift'.
- Strong network of financial intermediaries allowed for effective use of JEREMIE.
- Learning and knowledge transfer between the institutions involved.
- Entrepreneurial approach by the regional government encouraging experimentation with FI as pioneers.
- Relatively strong entrepreneurial culture and saturation with SMEs ensured demand for JEREMIE loans.
- Successful avoidance of 'cannibalisation' of FI by grant-based support.
- Relatively even, albeit accidental, territorial distribution of JESSICA funding.

### **Weaknesses**

- Weak communication on FI resulted in low awareness among potential beneficiaries.
- Weak territorial dimension in planning for the use of FI.
- Concentration of JEREMIE spending in large urban centres.
- Absorption of the funding available as a priority, resulting in a spatially blind use of JESSICA and weak relation to the regional development strategy and, often, to the strategic goals of municipalities.
- Weak emphasis on ensuring positive social and environmental impacts of investment (JESSICA).



## Opportunities

- The early engagement with FI made the region ready for a further shift away from grant-based support
- FI used as a means to establish the region's own (revolving) regional policy instruments.
- Flexibility of FI made it possible to support a broad range of beneficiaries.

## Threats

- Regulatory uncertainty and doubts about the interpretation of regulations.
- Tougher requirements in terms of the financial intermediaries own contribution to JEREMIE may limit their ability to engage in the management of the instrument.
- Centralisation may limit the autonomy of the Wielkopolskie Development Fund.
- Growing emphasis in JEREMIE to support mainly investment (as opposed to other material costs of companies) may restrict access to the instrument for already established companies and lower the demand for it.
- Risk of 'cannibalisation' of the FI by grants available at the same time.

## 2.6 Typical or flagship projects

There were too many JEREMIE projects in Wielkopolskie in 2007-2013 to pick one flagship or typical project supported by that initiative. There was extensive variety in terms of investment types. What can be said, however, is that out of a total of 1,641 companies supported, 1,300 were micro-companies (PL08). Therefore, a typical project would be small scale and led by a very small company. In the initial stage of JEREMIE implementation most loans were taken out by companies in the freight sector, but later the predominant sectors represented among the JEREMIE beneficiaries were (in order of frequency of loans) restaurants, services, car repair businesses, small retailers, and the construction sector. Also, typically, loans were used to mainly purchase products in the beginning of the period, while emphasis shifted to investment in equipment and facilities later on.

When it comes to JESSICA, singling out a typical project is also difficult, given the great variety among the 40 projects supported. However, three JESSICA projects were selected (see Annex), representing different kinds of investment across different types of urban areas, albeit all located in Poznań. First is the Bałtyk building in Jeżyce district, on the outskirts of Poznań city centre. The project, initiated by one of Poznań's best known businesspeople, entailed construction of an architecturally stunning office building. Designed by Dutch 'starchitects' from MVRDV, the building is located next to a relatively disadvantaged district

that is already undergoing a transformation, thanks to earlier investment in the reconversion of an old industrial building into a design centre. Beyond prime office space, Bałtyk offers space for cultural activities, such as exhibitions and open-air cinemas, and entailed creating an attractive public space. The second flagship project, perhaps with the most tangible transformative effect exerted on its surrounding, is the hotel and restaurant established in a regenerated building in Poznań's Śródka, the oldest and the most socially and economically disadvantaged neighbourhood in the city. The project was the first investment of this kind in the neighbourhood and contributed to changing the image of the area and attracting further restaurant, cultural and retail businesses. It was also in synergy with the on-going efforts of the municipality to promote social regeneration of the area through promoting bottom-up community initiatives, cultural events and improvement of the quality of public space. The third flagship JESSICA project is the second stage of development of the Poznań Technology and Industry Park (PPTP) on a post-industrial lot in the peripheral district of Dębiec. The project, implemented by the Wielkopolskie Centre for Supporting Innovation (a company of the Poznań city government), is part of a larger initiative aimed at establishing an ecosystem for emerging (tech) companies, including an incubator (first stage of the development supported by an ERDF grant) and a building offering affordable office space.

## **2.7 Overall assessment**

The overall assessment of the impacts of JEREMIE and JESSICA in Wielkopolskie is positive, albeit with some caveats. The region made a bold and, with hindsight, wise decision to embrace FI early on and engage substantial amounts of ERDF funding for that purpose. Both instruments, doubtlessly, did bring a number of positive impacts. Firstly, they both filled a finance gap for SMEs and for investment in disadvantaged urban areas, as exemplified by the high demand for loans, especially in the case of JEREMIE. Second, insights from existing evaluations and from the interviews indicate a positive impact. For JEREMIE, more than 1,600 companies were supported with cheap loans. Impacts on the job market were also measured, indicating that more than 14,000 jobs were created as a result of implementation of the ROP 2007-2013, out of which 65 percent were created thanks to the JEREMIE initiative implementation, for which overall PLN 3.307 billion (€775.3 million) were invested (STOS/WYG, 2016). For JESSICA, PLN 326.8 million (€76.7 million) were invested in 40 differentiated urban projects across the region, albeit their territorial, social and economic impacts remain difficult to measure. As qualitative data indicates, however, many of those projects had a positive effect on their surroundings.

Moreover, FI also triggered a normative shift in terms of awareness among the beneficiaries of EU funding of revolving forms of financing, which in turn did result in a change of approach to projects towards a greater emphasis on economic viability over time. This also reduces the phenomenon of dependence on EU grants and prepares the regional stakeholders for the

expected future reduction of intensity of EU Cohesion Policy aid for Wielkopolskie as the region develops and the priorities of that policy shift.

Most importantly, perhaps, the FI allowed Wielkopolskie to establish a financial and institutional basis for its own regional policy, independent from the Cohesion Policy and policy priorities agreed upon with the central government. The early engagement in FI resulted in the development of institutional capacity and a network of financial intermediaries in the region, while the returning funding from JEREMIE, and to a lesser extent JESSICA, made it possible to set up a regional fund offering tailored financial products to investors.

The caveats pertain mainly to the lack of territorial focus of interventions as part of both JEREMIE and JESSICA in the 2007-2013 period. In both instruments, the emphasis was placed on absorption of the funding and facilitating the repayment of funds, in order to be able to retain the funding in the region and provide capital for the abovementioned regional fund. This has prevented a more place-based and strategic use of both instruments, which could potentially achieve more leverage effects, albeit running the risk of difficulties in appraising suitable projects and disbursing the funding available. A further caveat is that little is known about the actual territorial impacts of the projects supported, especially in JESSICA, while evidence from the interviews and literature (Musiałkowska and Idczak, 2019; Dąbrowski, 2015) suggests that finding a balance between the need for profitability (to repay the loans) and for achieving positive impacts on sustainable urban development was often a challenge. Moreover, JESSICA cannot as such be the principal instrument for supporting sustainable urban development and regeneration of disadvantaged urban areas and has to be part of a wider array of instruments supporting (environmentally and socially) sustainable urban development, including grant-based assistance to projects. This is for several reasons. First, because of the revolving character of the instrument, most JESSICA projects are profit-oriented and hence are more suitable for supporting urban interventions that generate profit, whereas promoting such goals as sustainable urban regeneration cannot be achieved by market-based solutions. Second, the limited amount of resources dedicated to JESSICA can only support a limited number of projects in a limited number of locations. These investments should be tactical and complemented by a wider range of spatial, economic, and participatory interventions to ensure a wider-ranging impact on the urban area of focus. The extent of the spatial impacts and potential role of JESSICA as part of a comprehensive sustainable urban development policy and urban regeneration activities is an important area for further investigation.

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## **List of Annexes**

Annex 1: CS elaboration process

Annex 2: Flagship projects

## **Annex 1: CS elaboration process**

The case study region was chosen as an example of an 'outlier' among the Polish regions. Wielkopolskie is, in fact, the first region in Europe to have initiated JESSICA support, and the first in Poland to engage in JEREMIE. Data collection entailed two stages with two distinctive data sources used. First, desk research was conducted to gather statistical and qualitative information on the region's characteristics and its use of FI. This included analysis of key policy documents, online materials, evaluation reports as well as academic literature. The second stage of the research on the case study was fieldwork in the region and in Warsaw. The purpose of the fieldwork was to bridge the gaps in knowledge emerging from secondary sources, understand the perspectives on the topic from the different key stakeholders, and visit the project sites. The first two goals were achieved through semi-structured interviews, based on the template provided by the project team. The fieldwork also included a field visit to the Śródka neighbourhood in Poznań, the main focus of the city's regeneration policy and location of two JESSICA projects, guided by the director of the urban regeneration unit of the Municipality of Poznań. Interview transcripts were coded on the basis of the themes analysed and covered in the interview template. Key quotes were translated and included in this report. There were two major constraints in the data collection process. First, it was difficult to access information on JEREMIE and JESSICA investments (such as lists of projects) and there was a lack of evaluation documents specifically focusing on FI and their impacts in Wielkopolskie. Second, there was difficulty in identifying and accessing interviewees, particularly among JESSICA and JEREMIE beneficiaries.

### **Interviews:**

PL01 Department of Coordination of Regional Programmes, Ministry of Investment and Development, Warsaw, 26 November 2018.

PL02 Municipality of Poznań, Poznań, 28 November 2018 and 29 November 2018.

PL03 Academic expert, Poznań University of Economics and Business, Poznań, 28 November 2018.

PL04 Wielkopolskie Development Fund (Wielkopolski Fundusz Rozwoju), Poznań, 28 November 2018.

PL05 Marshal Office of Wielkopolskie Region, Poznań, 29 November 2018.

PL06 Academic expert, Poznań University of Economics and Business, Poznań, 29 November 2018.

PL07 Wielkopolskie Centre for Supporting Investment (Wielkopolskie Centrum Wspierania Inwestycji - WCWI) and Poznań Technology and Industry Park (Poznański Park Technologiczno-Przemysłowy – PPTP), Poznań, 30 November 2018.


PL08 Wielkopolskie Agency for Development of Entrepreneurship (Wielkopolska Agencja Wspierania Przedsiębiorczości), Poznań, 30 November 2018.

## Annex 2: Flagship projects

<p><b>Bałtyk</b>          „Budowa budynku biurowo-handlowo- usługowego BAŁTYK w Poznaniu wraz z rewitalizacją terenu i zagospodarowaniem ogólnodostępnej przestrzeni publicznej”</p>	
Location of the project	Roosevelta 22, Poznań, Poland
Beneficiary name and type	SOPHIA Sp. z o.o.; Poznań (Private Company)
Brief description of the project	<p>Bałtyk is an example of how JESSICA can be used to support very competitive investments which operate well on the market, while still delivering some positive externalities for the area. Bałtyk is a newly built office building located in an area classified as disadvantaged, thus it meets the JESSICA requirement of bringing investment into areas.</p> <p>The project's total value was PLN 183.95 million (€43.13 million). The JESSICA loan provided to support it was PLN 37.11 million (€8.7 million). The building contains mainly office space, with a large gym on the lower floors, an exhibition and event space, as well as cafes on the ground floor. The project also entailed construction of a new publicly accessible space between the Bałtyk building and the previously regenerated Concordia Design Centre. The public space includes greenery, benches and space for an outdoor cinema, which attracts people to the area.</p>
Outcome of FI policy intervention	The building is no doubt a prestigious investment for the city, drawing international attention; it was designed by Dutch 'starchitects' and has won several architectural accolades. It does, however, also add to an ongoing transformation of the area, with a previously realised regeneration of an old printing house converted into a design centre (Concordia), and it did create indoor and outdoor public spaces where art and culture activities can be hosted (open air cinema, exhibitions). Both of these additional functions attract people to the area and contribute to its changing character and new urban functions.
Other relevant information	The area where Bałtyk was built may be disadvantaged, but it is also a very central space close to the main train station, thus "with or without JESSICA this project would be realised" (PL04).
References	<a href="https://www.mvrdv.nl/en/projects/baltyk">https://www.mvrdv.nl/en/projects/baltyk</a> <a href="http://www.baltykpoznan.pl/en/">http://www.baltykpoznan.pl/en/</a> <a href="https://www.concordiadesign.pl/">https://www.concordiadesign.pl/</a>
Photographic material	 <p>Photo: Marcin Dąbrowski</p>

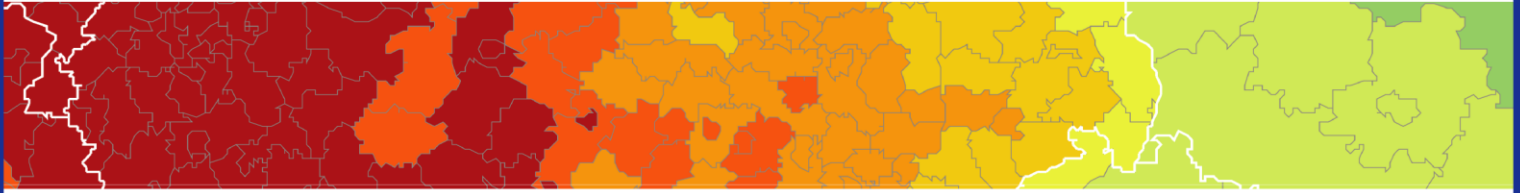


<b>Hotel Śródka</b> „Przebudowa, rozbudowa i nadbudowa oraz zmiana sposobu użytkowania kamienicy na budynek usługowo-pensjonatowy na poznańskiej Śródce”	
Location of the project	Śródka 6, 61-125 Poznań, Poland
Beneficiary name and type	Maria Górna MAG Przedsiębiorstwo Handlowo- Produkcyjne; Bolechówko (Private company)
Brief description of the project	The project entailed redeveloping an old building on the main street of the Śródka neighbourhood and converting it into a hotel and restaurant. This was the first investment of this kind in this disadvantaged area, with high unemployment, high levels of crime and social issues. The overall value of the project was PLN 5.36 billion (€1.256 billion) with a JESSICA loan of PLN 3.45 billion (€808.9 million).
Outcome of FI policy intervention	While simple and not particularly innovative, the project was mentioned by several interviewees as one of the examples of the most positive spatial and social impacts of JESSICA. The project added to previously launched regeneration efforts in Śródka undertaken by the Municipality of Poznań, entailing both improvements in connectivity, through the reconstruction of a bridge linking Śródka to the neighbouring island of Ostrów Tumski, the establishment of a historical museum outlining the role of the area for the early Polish state, and 'soft' measures to mobilise the local community around cultural events and the co-creation of public spaces. Many of those initiatives were co-financed with ERDF grants. Śródka was central in the Urban Regeneration Plan of Poznań, indicated, alongside parts of the old city centre, as priority areas for regeneration activities, due to the high concentration of socio-economic issues and spatial segregation from the city centre. The investment thus provided an impetus for the regeneration of the neighbourhood, attracting further investment by other private actors and contributing to the change of Śródka's image.
Other relevant information	The project's positive impact on the regeneration of Śródka was complemented by another JESSICA investment undertaken in the adjacent neighbourhood of Ostrów Tumski, dominated by the Cathedral and institutions of the Catholic Church. The "Galeria Tumska" investment entailed converting the buildings in Ostrów Tumski into a restaurant, which added to the growing attractiveness of Śródka.
References	<a href="http://www.hotel-srodka.pl/">http://www.hotel-srodka.pl/</a> <a href="http://www.poznan.pl/mim/rewitalizacja/-,p,38552,38557,38694.html">http://www.poznan.pl/mim/rewitalizacja/-,p,38552,38557,38694.html</a> <a href="http://www.poznan.pl/mim/rewitalizacja/srodka,p,38552,38557.html">http://www.poznan.pl/mim/rewitalizacja/srodka,p,38552,38557.html</a> <a href="http://www.tumskapoznan.pl/">http://www.tumskapoznan.pl/</a> Podbrez, L. (2014) Brama Poznania - Interaktywne Centrum Historii Ostrowa Tumskiego w Miejskim Programie Rewitalizacji. II Kongres Rewitalizacji Miast pt. REWITALIZACJA W POLITYCE MIEJSKIEJ - 4 - 6 czerwca 2014 r. Kraków.

Photographic material	
Photo: Marcin Dąbrowski	

<b>Poznań Industry and Technology Park</b> „Rozwój Poznańskiego Parku Technologiczno-Przemysłowego – etap II”	
Location of the project	28 Czerwca 1956 r. 400, 61-441 Poznań, Poland
Beneficiary name and type	Wielkopolskie Centrum Wspierania Inwestycji (Municipal Company of the City of Poznań, WCWI)
Brief description of the project	<p>The project entailed supporting the second stage of development of the Poznań Technology and Industry Park. The first stage, which included the construction of the first building (on the left in the photo below) for the purpose of a start-up incubator, was completed earlier and funded with ERDF as part of priority 4.1 of the ROP 2007-2013 (‘Revitalisation of urban areas’). This JESSICA project entailed developing a further stage of the investment – a building that is a ‘twin’ of the first one and located on the adjacent plot for the purpose of creating affordable offices and a technological space for SMEs (on the right in the photo below). The overall surface area made available for SMEs is 5,500 m<sup>2</sup>. The total value of the project is PLN 30.36 million (€7 million) and it was supported by a JESSICA loan of PLN 18.49 million (€4.3 million). It was funded from an ERDF grant and was framed as part of the city’s urban regeneration plan for post-industrial areas. This building does not generate revenue because it has the mission to support start-ups and does not operate on regular market conditions. Building B, which offers affordable office space for companies, was partially funded with JESSICA. The overall cost was PLN 30.36 million (€59.4 million), out of which PLN 18.5 million (€36.2 million) was covered by the JESSICA loan.</p>
Outcome of FI policy intervention	<p>The JESSICA-funded building was also framed as part of the same regeneration plan for post-industrial zones in the city. The building can generate revenue by renting office space. The two buildings are interconnected and form part of a wider facility for businesses. When start-ups mature they often move from the incubator to Building B, where the rents are still affordable and there are many small offices available. The building also hosts the municipality’s entrepreneurship support department. The department supports the activities of the start-ups and companies operating in the Park from the administrative point of view. It is unclear and too early to understand how much of an impact the investment had on its surrounding, a peripheral post-industrial location on the outskirts of the city. However, supporting start-ups and entrepreneurs by offering them affordable office space is also considered an element of the positive social impact of the investment and efforts to limit the ongoing decline of Poznań’s population by encouraging young graduates to stay and set up tech businesses. This in turn requires a long-term commitment, for which the format of JESSICA loans was deemed suitable by the investor (PL07).</p>

Other relevant information	The development of the Park also entailed the reconversion and regeneration of an old modernist building into office spaces. Further investment in the area is planned.
References	<a href="http://www.wcwi.com.pl/pl/projekty/pppt_building_b.html">http://www.wcwi.com.pl/pl/projekty/pppt_building_b.html</a> <a href="http://www.wcwi.com.pl/pl/projekty/industry_technology_park.html">http://www.wcwi.com.pl/pl/projekty/industry_technology_park.html</a> Municipality of Poznań (2010) Miejski Program Rewitalizacji dla Obszarów Przemysłowych i Powojennych miasta Poznania. Poznań: Municipality of Poznań.
Photographic material	 <p data-bbox="454 869 743 898">Photo: Marcin Dąbrowski</p>



### **ESPON 2020 – More information**

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