



FI Campus 2023

Supporting sustainable fisheries and aquaculture through financial instruments

Moderator: **Miglena Dobрева**, Financial Instruments Advisor, European Investment Bank

Vincent Guerre, Team Leader, Structural support policy, DG MARE, European Commission

Richard Croft, Policy Officer, DG MARE, European Commission

Eduard Koitmaa, Line Manager of Producing and Marketing of Living Aquatic Resources, Ministry of Rural Affairs, Estonia

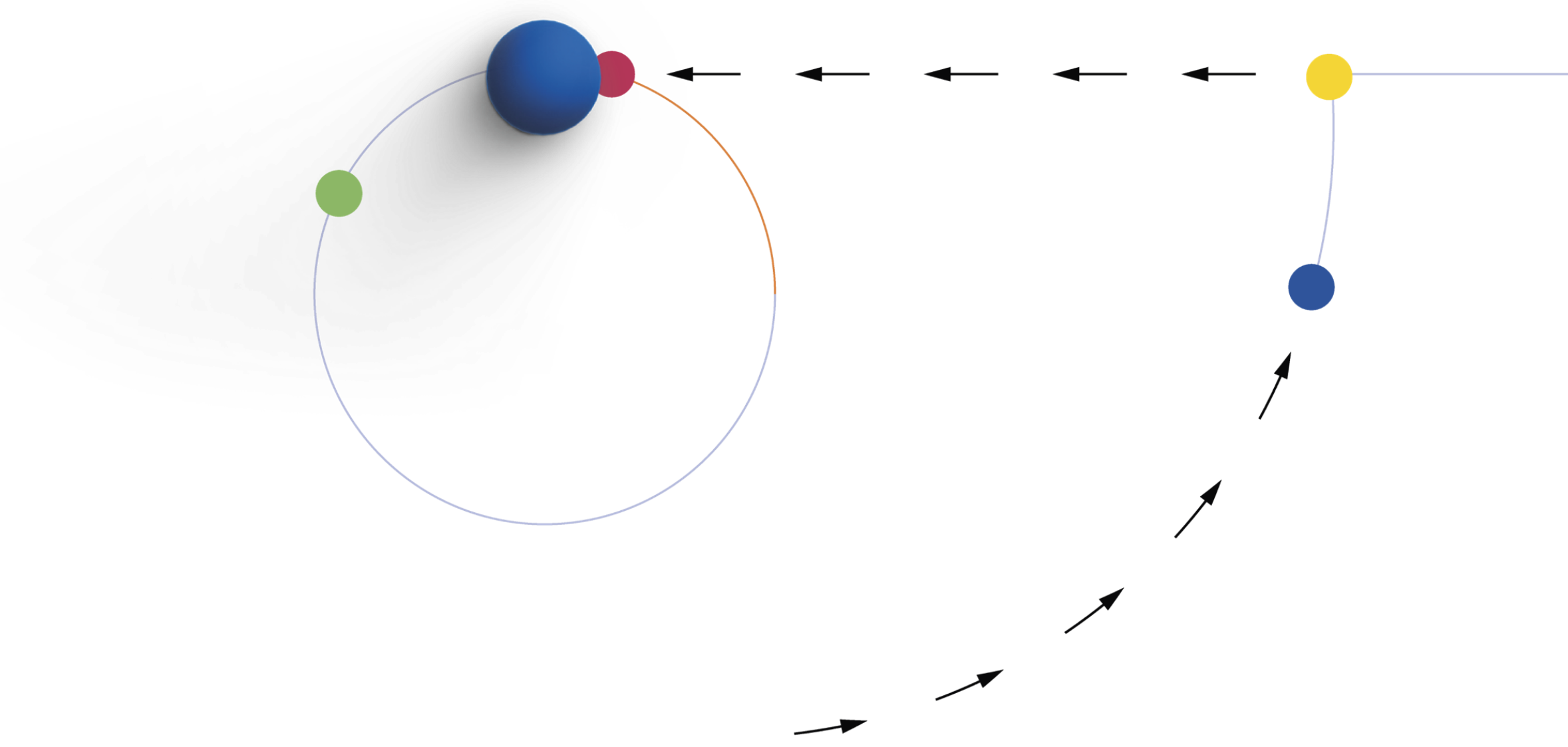
Antony Starr, Senior Specialist, Ministry of Agriculture and Forestry, Finland



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Supporting sustainable fisheries and aquaculture through financial instruments

Miglena Dobрева, Financial Instrument Advisor,
European Investment Bank



Use of Financial instruments for fisheries and aquaculture



1

There is **potential for a greater use of EMFAF financial instruments** – despite the limited experience in the 2014-2020 programming period.

2

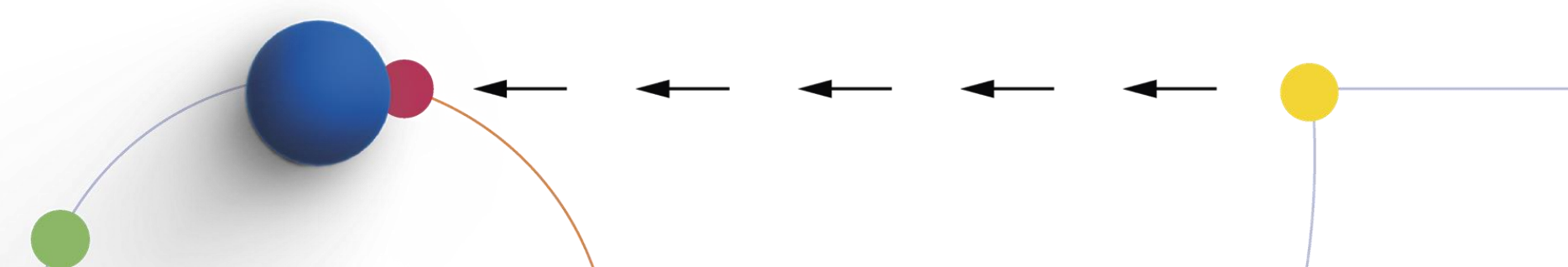
Grants remain an important type of support for many MSs, but results show that there **is scope to combine grants with financial instruments**, to leverage additional resources and address market needs.

3

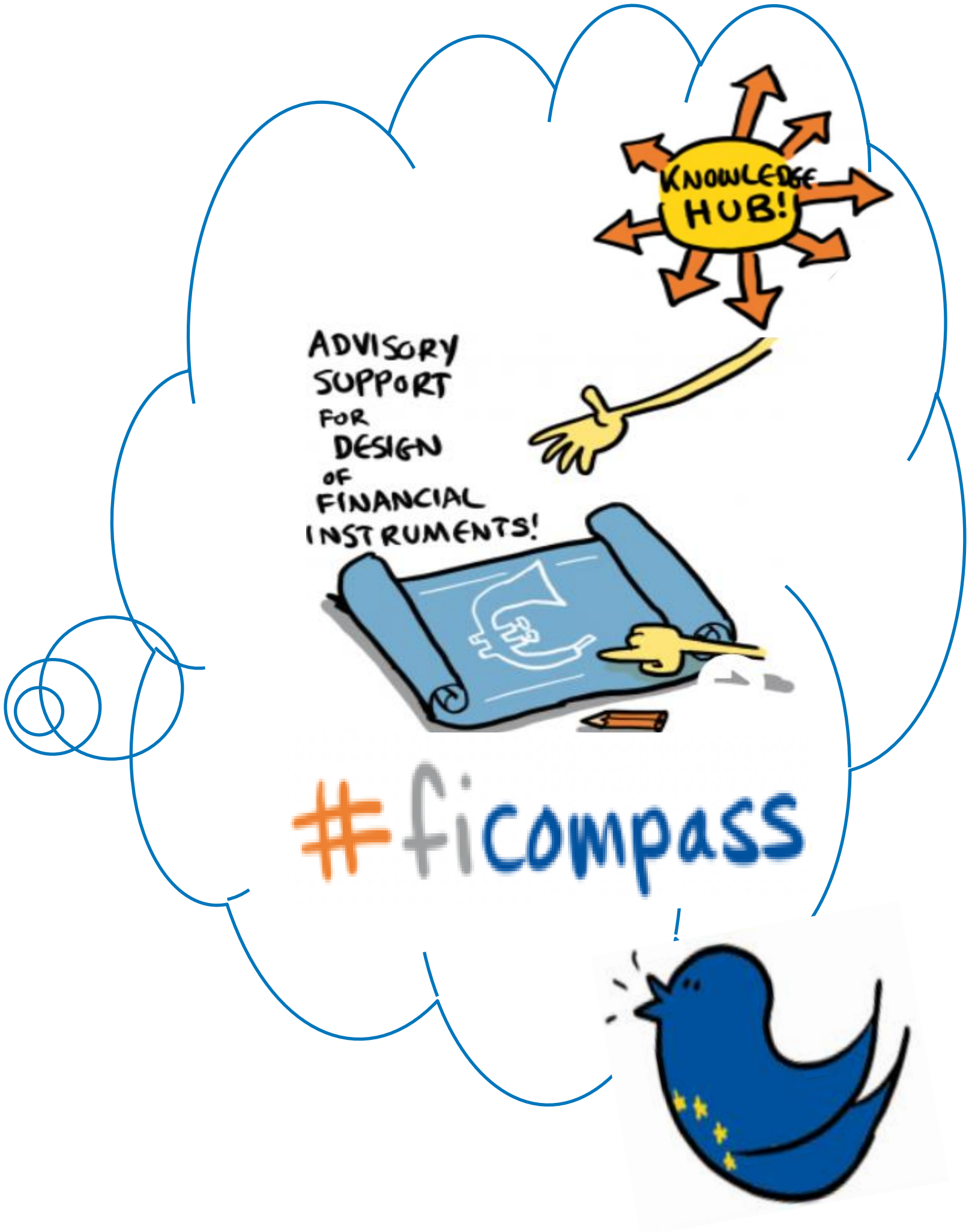
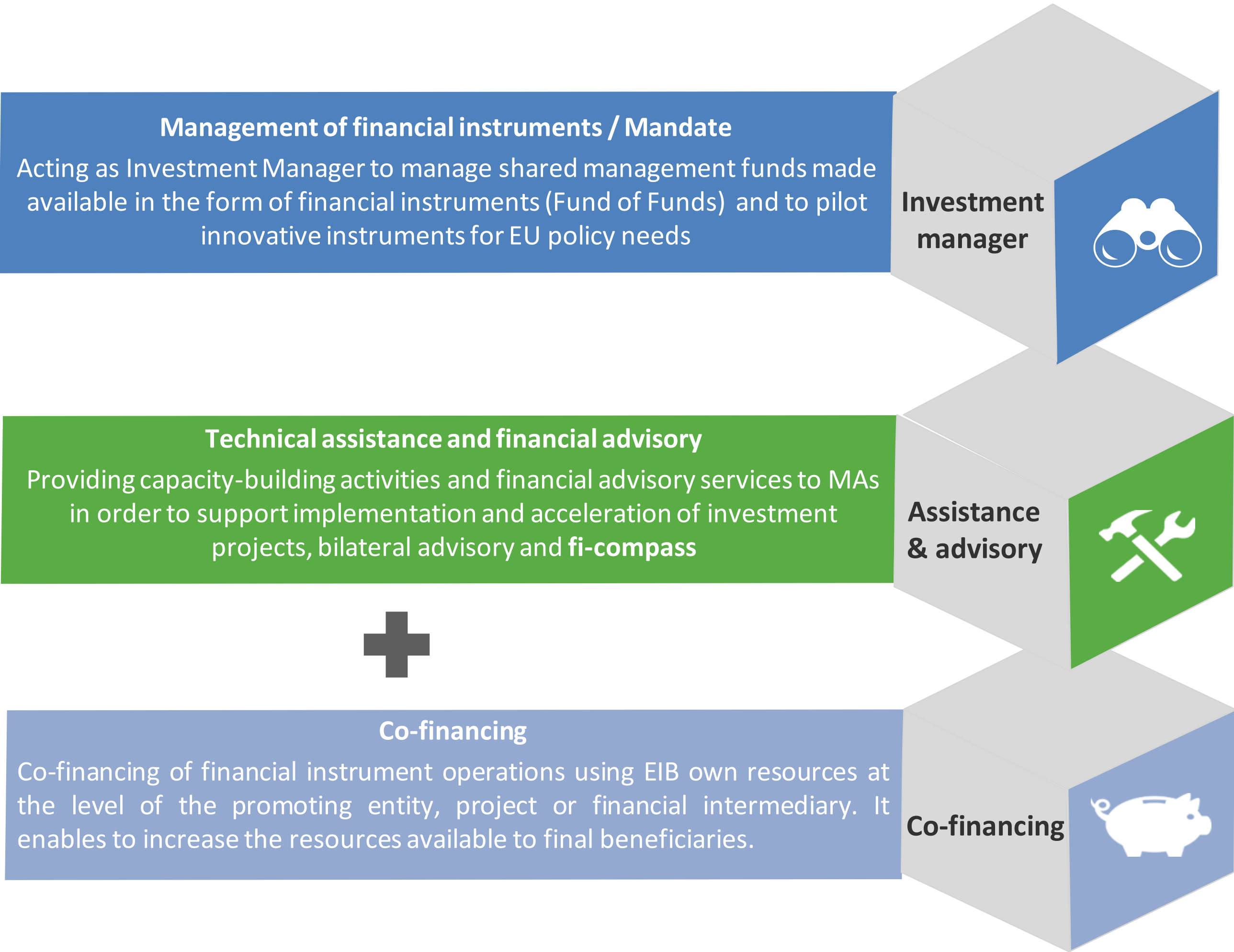
Level of knowledge on FIs varies among managing authorities, but the majority of them indicate as “rather low” their knowledge related to the FIs life cycle.

4

Capacity building activities are needed for all EMFF/EMFAF managing authorities, as well as for the other stakeholders involved in financial instrument implementation.



EIB Group and financial instruments



What can fi-compass offer to EMFAF MAs?



Access to a single knowledge hub

- A-Z information about ESI Funds financial instruments



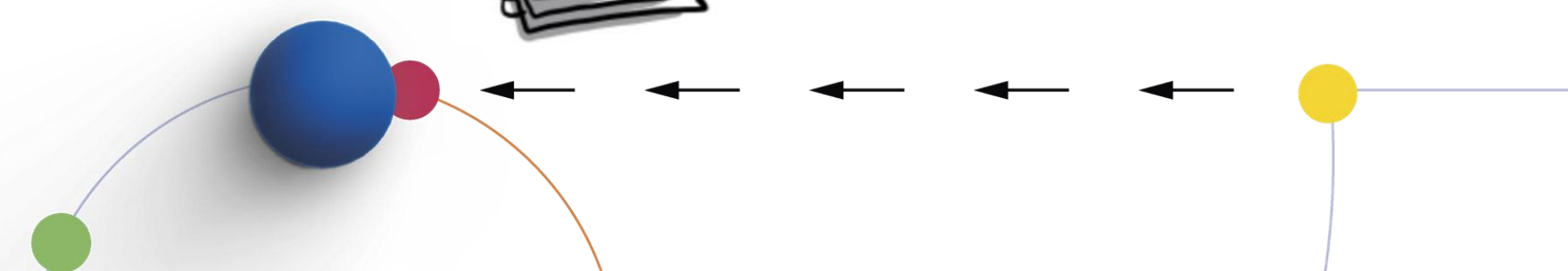
Targeted training sessions for MAs in view of EMFAF FIs, based on:

- Level of knowledge/experience
- Specific areas of interest

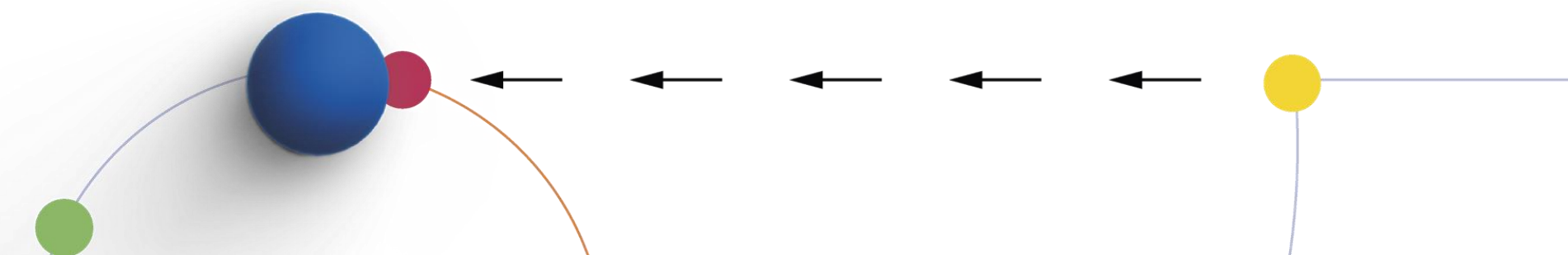
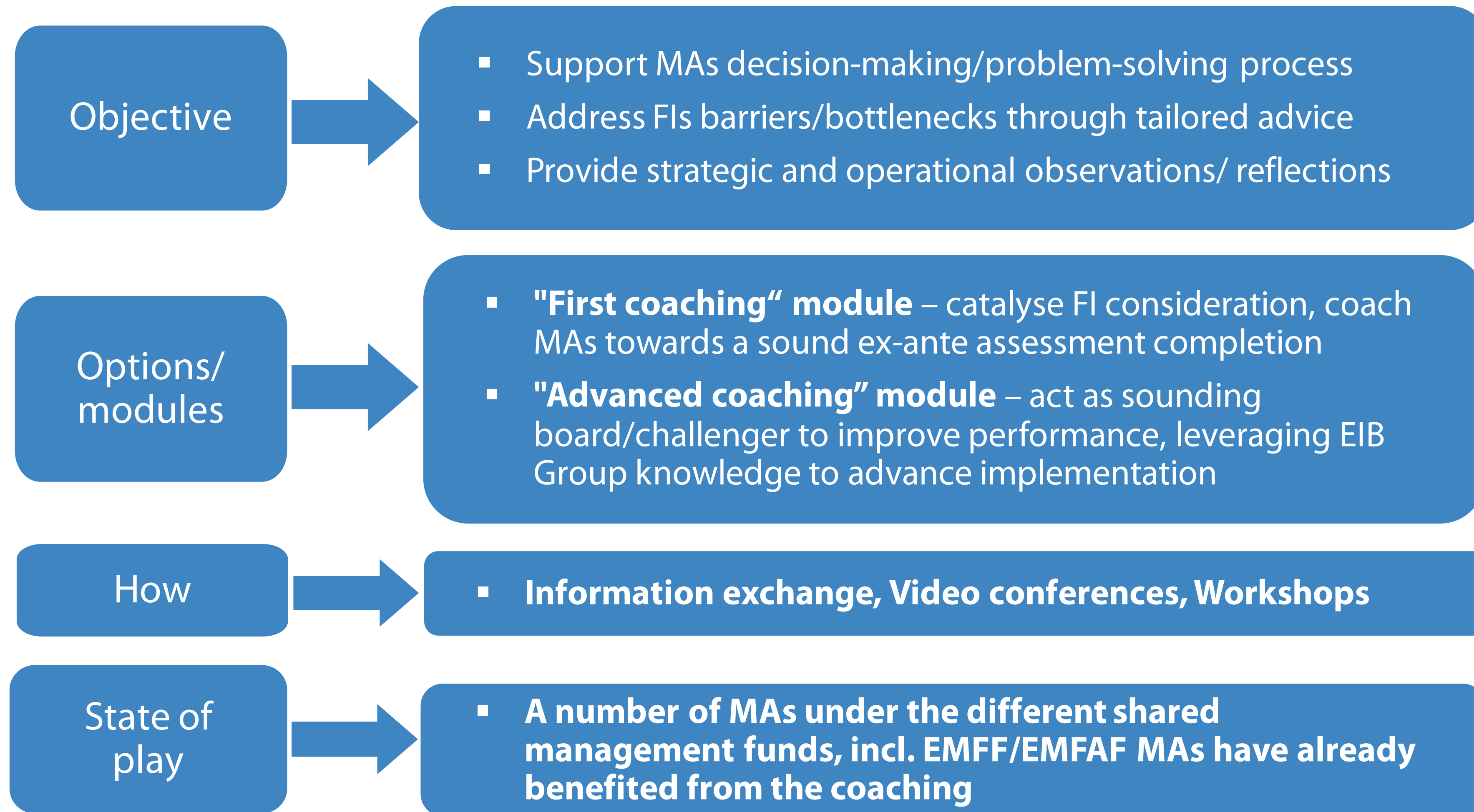


Learning opportunities

- fi-compass studies and publications
- Content with focus on the FI regulatory and practical side

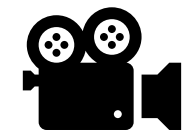


fi-compass targeted coaching for EMFAF and Managing Authorities (MAs)





Case studies brochures and



videos

fi-compass EMFF

EMFF
EUR 15 million
Loans
Fisheries and aquaculture
Estonia

... supporting sustainable investments in fisheries and aquaculture...

Financial Instrument for Fisheries and Aquaculture 2014-2020, Estonia

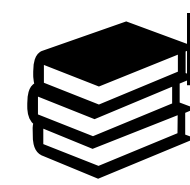
Case Study

Video: EMFF financial instruments in Estonia

Success stories
ESTONIA
July 2017

fi-compass

0:00 / 6:23



Factsheets/Brochures/Studies

fi-compass EMFF

fi-compass study on the use of EMFF financial instruments

Final report
June 2021

European Commission
European Investment Bank

fi-compass EMFF

Key takeaways

From the fi-compass study on the use of EMFF financial instruments

JUNE 2021

The fi-compass study on financial instruments financed by the European Maritime and Fisheries Fund (EMFF) in the 2014-2020 period is based on feedback received from EMFF managing authorities and analysis of the ex-ante assessment work undertaken in some Member States.

The study evaluates the use of EMFF financial instruments and explores the potential use of those instruments after 2020.

The feedback, collected through an online survey, indicates that some EMFF managing authorities have used this type of tool in the past programming periods (e.g. Bulgaria, Estonia, Latvia and Romania) or are considering the use of financial instruments post-2020.

18 EMFF managing authorities from across the Union responded to the survey. The survey questions were designed to capture the experience of three main groups:

- Managing authorities that did not use financial instruments (Target Group I);
- Managing authorities that did not use financial instruments but had completed the ex-ante assessment (Target Group II);
- Managing authorities that completed the ex-ante assessment and were keen to use financial instruments, as well as EMFF managing authorities that did use financial instrument (Target Group III).

Available on the fi-compass website at https://www.fi-compass.eu/sites/default/files/publications/fi-compass_study_on_the_use_of_emff_financial_instruments_key_takeaways.pdf

Available on the fi-compass website at https://www.fi-compass.eu/sites/default/files/publications/fi-compass_study_on_the_use_of_emff_financial_instruments.pdf



Newsletter and Blog section

EMFAF financial instruments stories

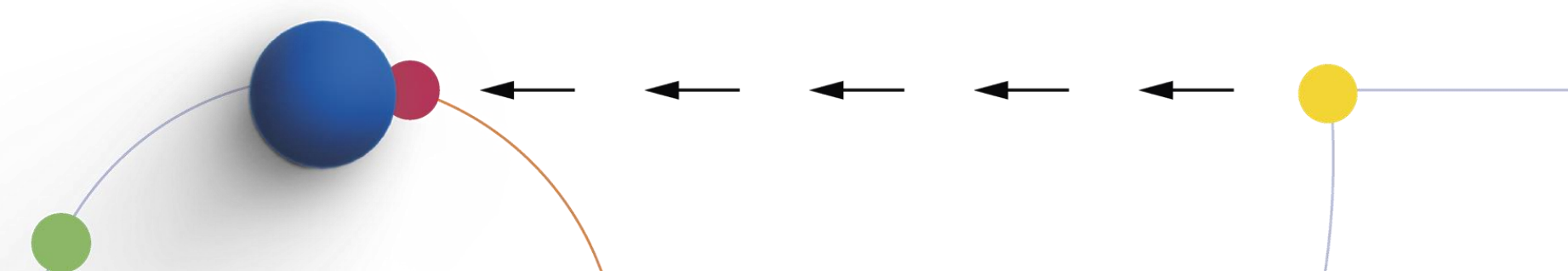


United for success thanks to an EMFF financial instrument loan

> Read more



More from the Blog



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Thank you

m.dobreva@eib.org

www.fi-compass.eu





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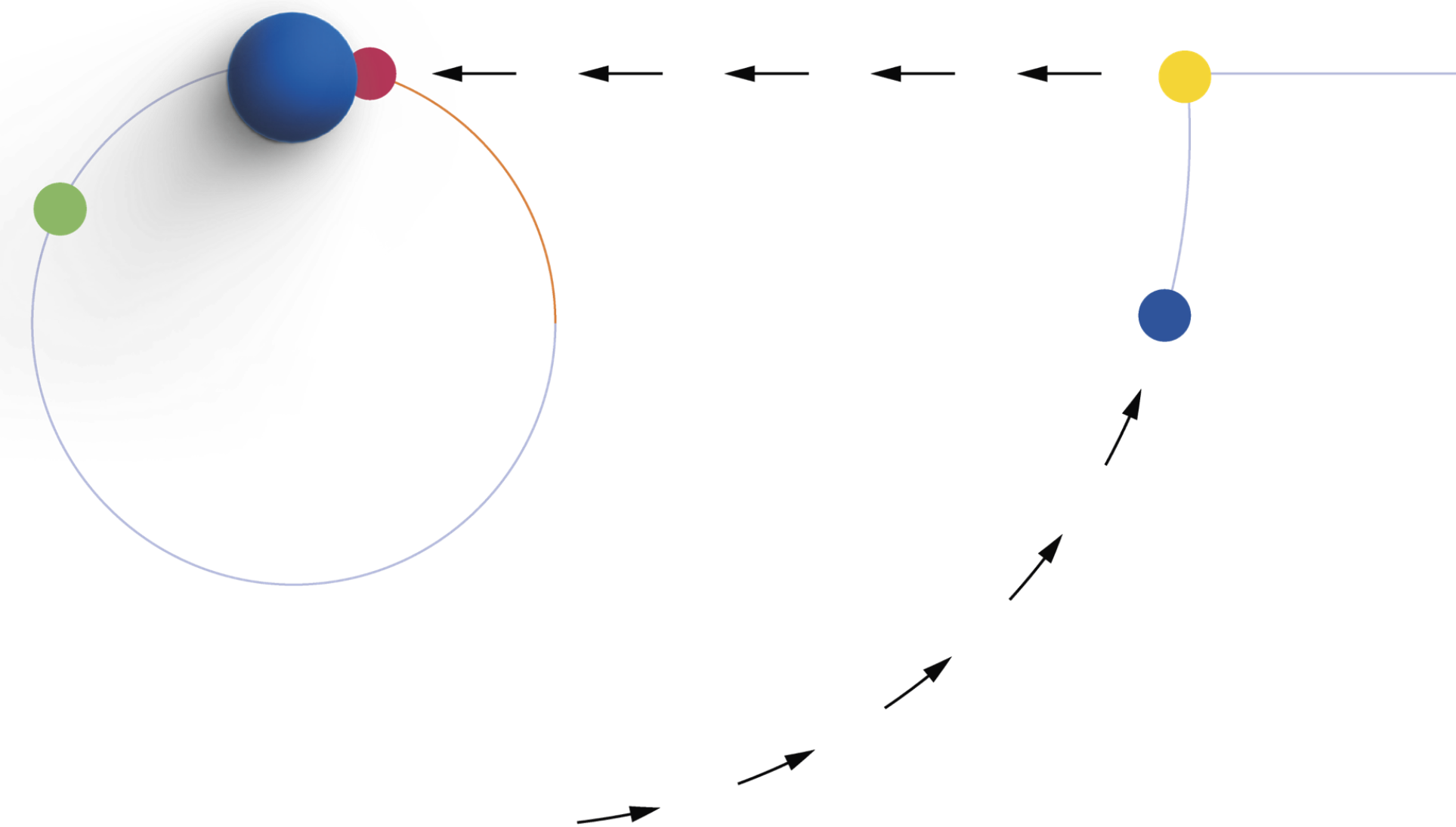
Supporting sustainable fisheries and aquaculture through financial instruments

Vincent Guerre





Team Leader, Structural support policy, DG MARE, European Commission

Richard Croft

Policy Officer, DG MARE, European Commission



Scene setter: a Commission's Communication on Energy Transition in the EU Fisheries and Aquaculture sector

-  The recent **increased energy prices** from fossil fuels are a threat to the profitability and viability of the sector
-  Need to **break away from the fossil fuel dependency**
-  Need to **accelerate the energy transition** in the sector, towards more use of renewable and low-carbon energy use and a climate neutral sector
-  Increase the future **resilience of the sector**

How does the Communication propose to accelerate the energy transition in the sector?



A boost for the energy transition of the sector by supporting:

- the uptake of **energy efficiency investments** in the short to medium-term
- further developing and **adopting additional renewable and low-carbon energy sources** in the medium to long-term

Challenges and main barriers for the energy transition



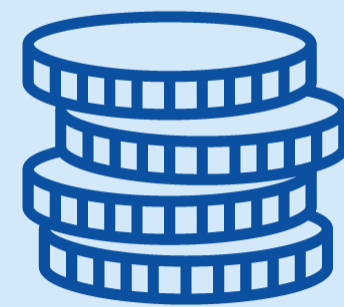
The cooperation between stakeholder



Knowledge and innovation



Workforce skills

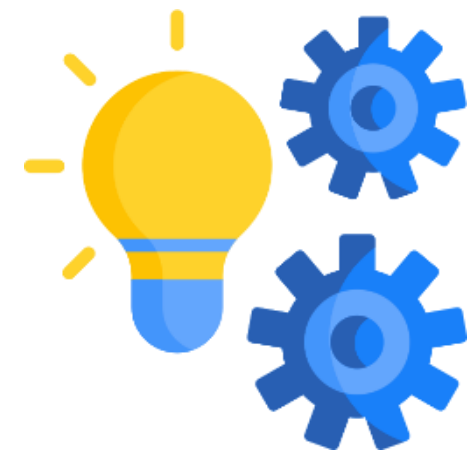


The access to funding and financing opportunities

What is in the Communication? Four main areas to accelerate the transition



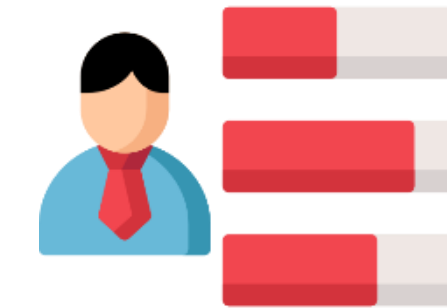
Improve the **governance framework** and coordination/cooperation between stakeholders



Close the gaps in both available **technology and knowledge** through R&I

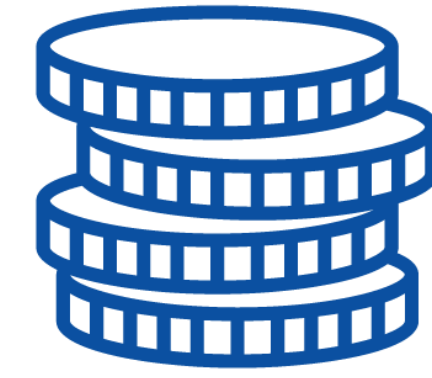


Improve the business environment, including in **financing opportunities and awareness**



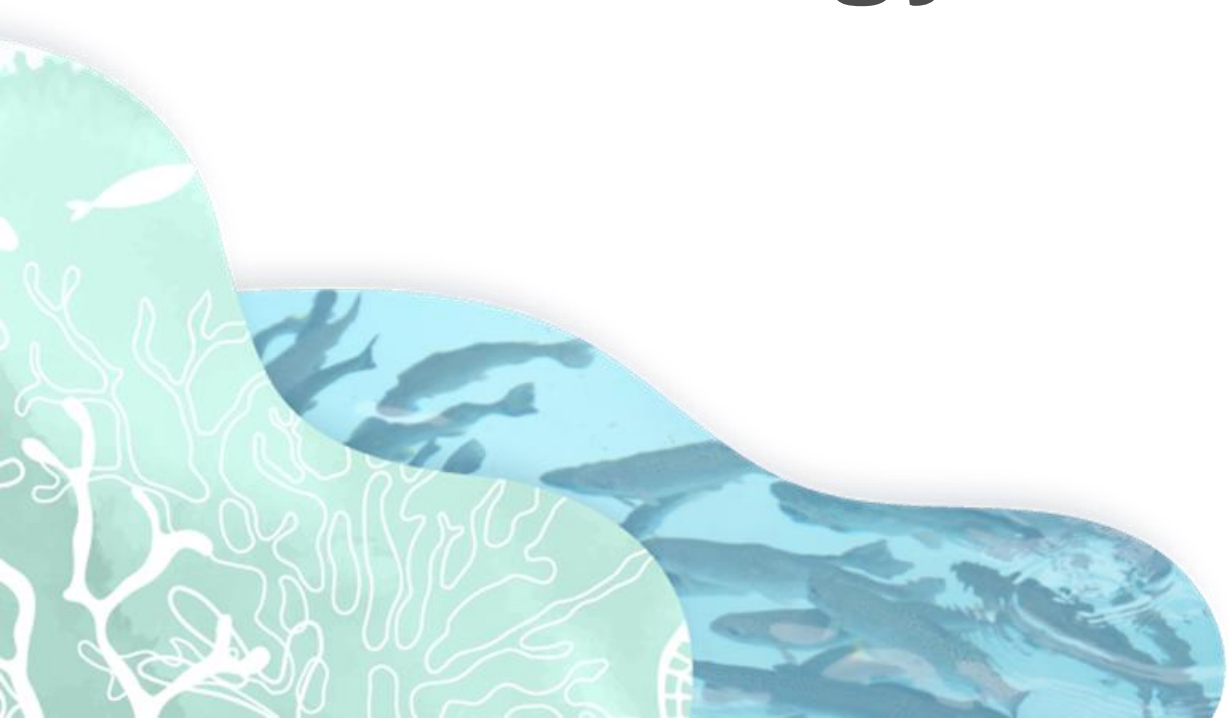
Develop skills and a workforce that is prepared and ready for the energy transition

A role for financial instruments supported by the EMFAF

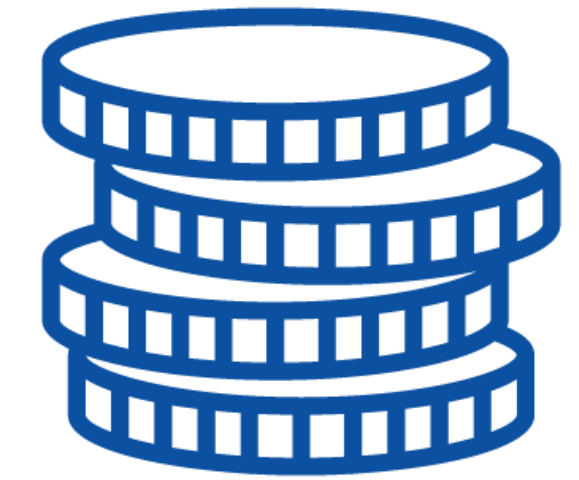


Our ambition:

- to empower the sector to **invest in the energy transition** and in the fishing vessel and aquaculture of the future.
- Preparing a modernised, **more resilient and sustainable fisheries and aquaculture sector** of the future
- Acting now requires **collaboration between all stakeholders**: Join us in the **Energy Transition Partnership**



Financial instruments in the EMFAF: where do we stand?



- **The importance of FIs in the programming process**
- **Enabling the leverage of private investment:** FIs can potentially trigger investments for revenue-generating and cost-saving activities while maximising private investment with minimum public support. A more efficient and sustainable alternative to complement traditional grant-based support. (Operational examples in the preceding slides.)
- **FI uptake in programmes**
 - **Stronger interest now:** 6 MS (BG, EE, FI, IT, HR, LT) committed to FI implementation. 13 MS have done (LV, PT) or will do (GR, RO, CY, CZ, DK, ES, FR, NL, PL, SE, SK) an ex-ante assessment (EAA). To be done within 2 years of programme adoption to enable potential FI implementation.
 - 6 MS non-committal (no EAA, or EAA done with negative conclusion): AT, BE, DE, HU, MT, SI.
- **How can COM and EIB help?**
 - **Tailored workshops!** Use EIB's FI expertise, targeted to your own specific situations. Discuss with MS who have taken the opportunity. Fi-compass website also has a wealth of information. [fi-compass | Financial instruments under EU shared management](#). Use COM contact points if necessary.



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Thank you

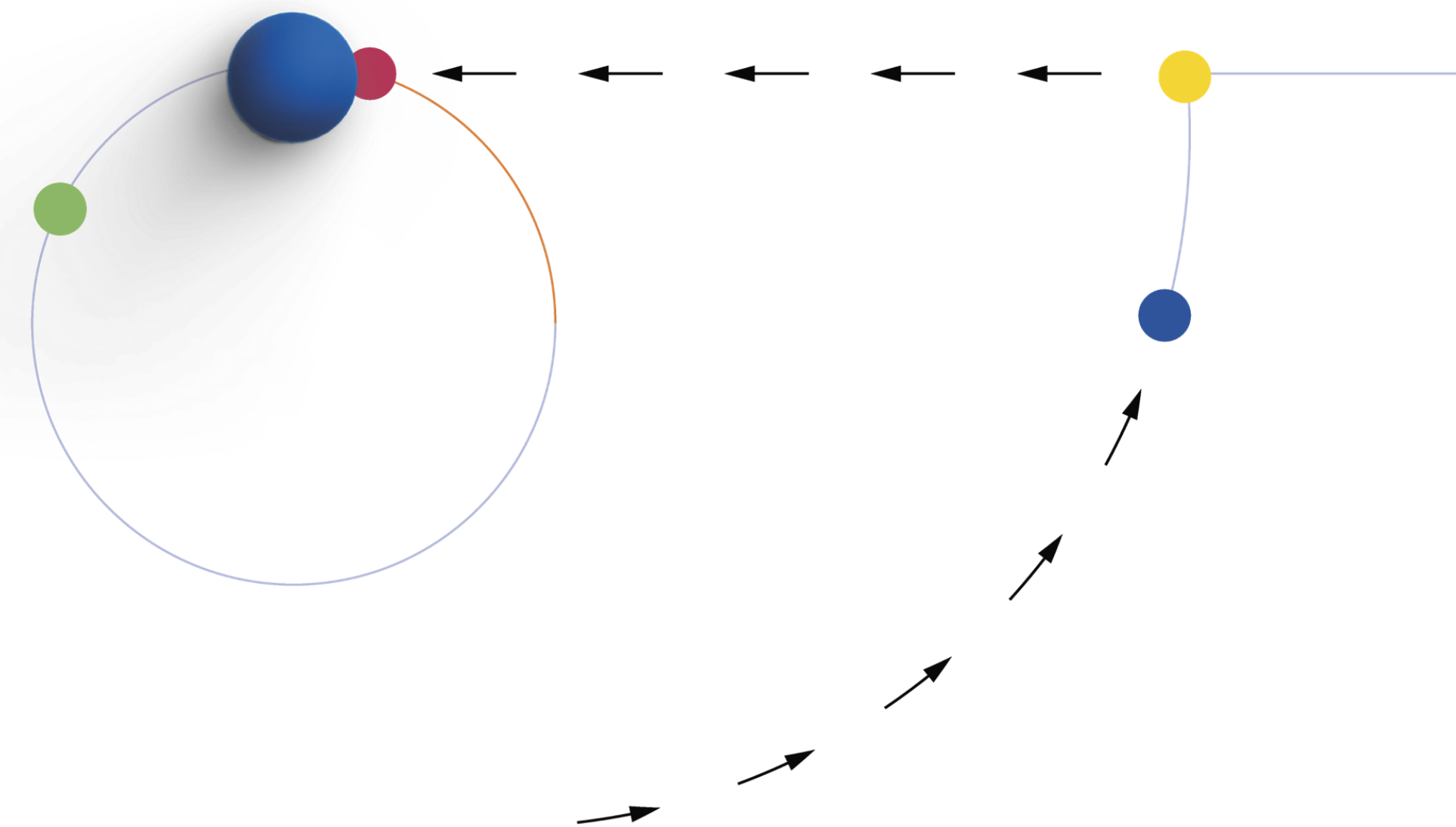


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Estonia's experience in supporting sustainable fisheries and aquaculture through financial instruments

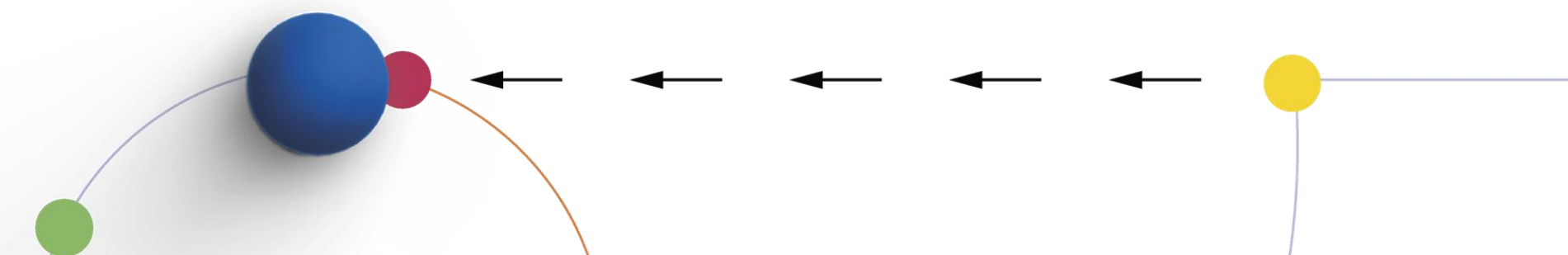
Eduard Koitmaa

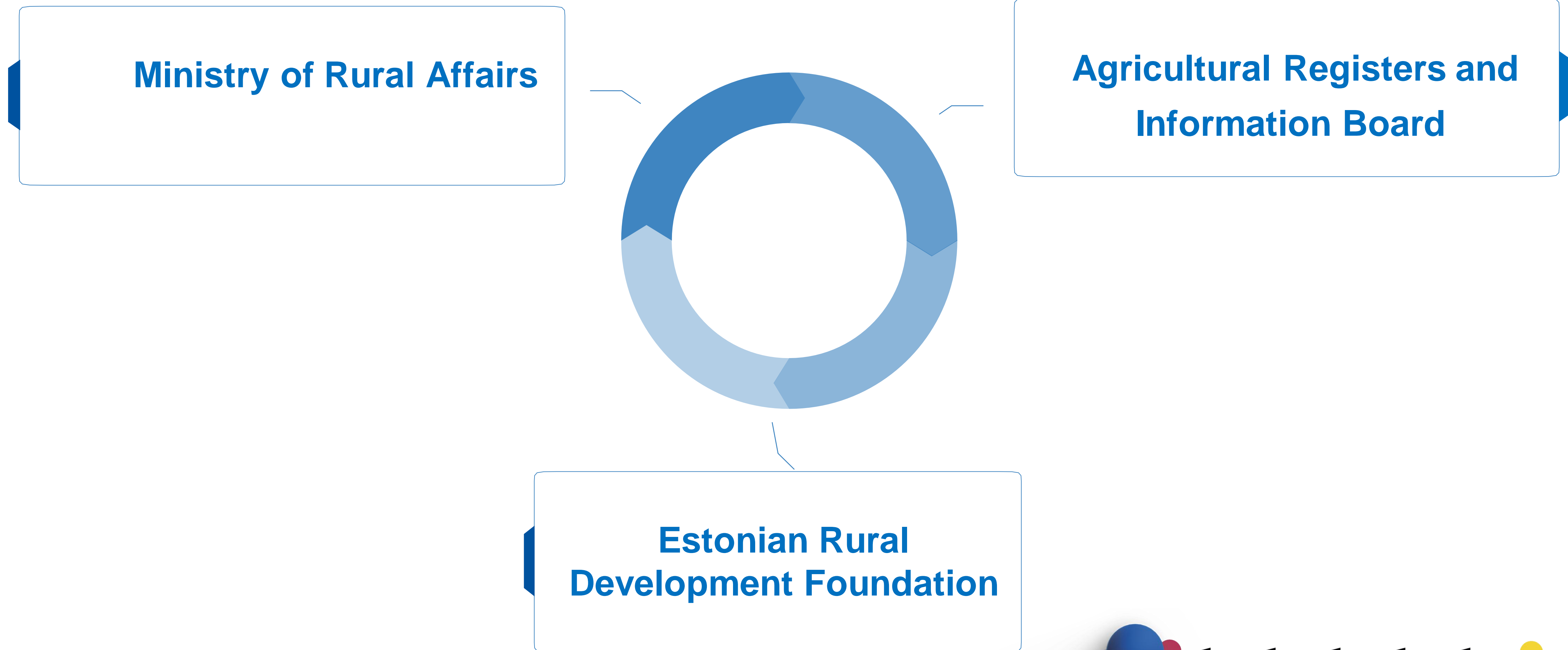
Line Manager of Producing and Marketing of Living Aquatic Resources - Ministry of Rural Affairs
Estonia



Supporting sustainable fisheries and aquaculture through financial instruments

- Implementation
- European Fisheries Fund 2007-2013 (EFF)
- European Maritime and Fisheries Fund 2014-2020 (EMFF)
- European Maritime, Fisheries and Aquaculture Fund 2021-2027 (EMFAF)
- Ex-ante assessment





FIs for the fisheries and aquaculture sector supported through the EFF 2007-2013

Loan for aquaculture development

- Max EUR 500 000
- SMEs
- Co-financing with banks (diminish banks risks)
- Market based rate

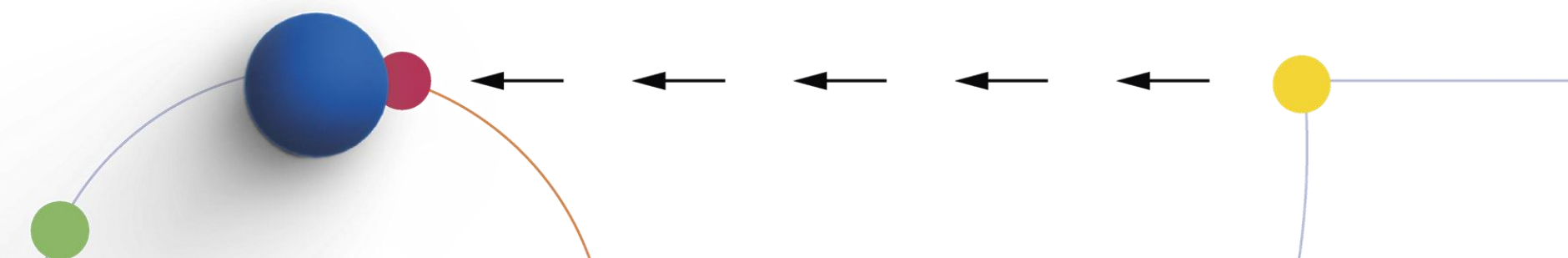


Working capital loan for aquaculture (from the resources returned after EFF programming period)

- Per applicant: EUR 75 000 – 150 000
- Micro/small/medium enterprises
- At least 50% collateral
- Period: 3 years
- Interest from 4%

Loan for producers organizations

- Max EUR 500 000
- SMEs
- Co-financing with banks (diminish banks risks)
- Market based rate



FIs for the fisheries and aquaculture sector supported through the EMFF 2014-2020

Growth loan for for the fish processors

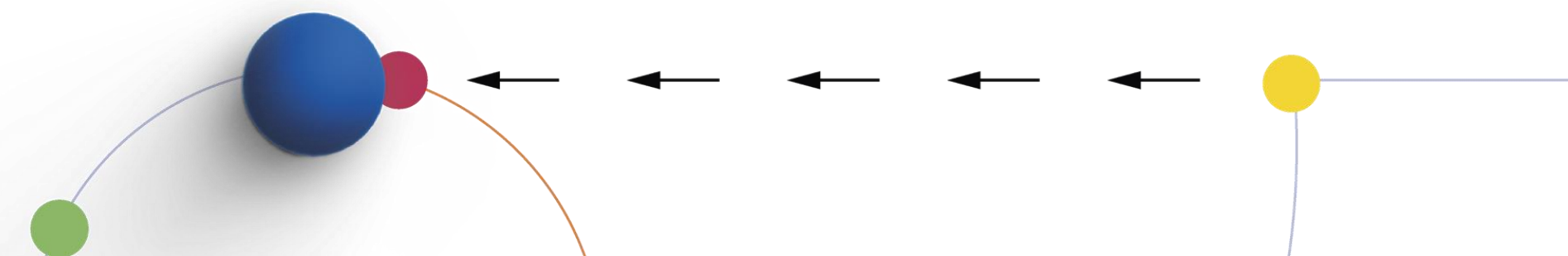
- Per applicant: EUR 10 000 – 100 000
- Micro/small enterprises
- At least 50% collateral
- Period: 5 years
- Subsidised rates from 2%

Long – term investment loan for the fish processors

- Per applicant: EUR 100 000 – 500 000
- Micro/small/medium enterprises
- 30/70 co – financing with banks (diminish banks risks)
- At least 80% collateral
- Period: 15 years
- Market based rate

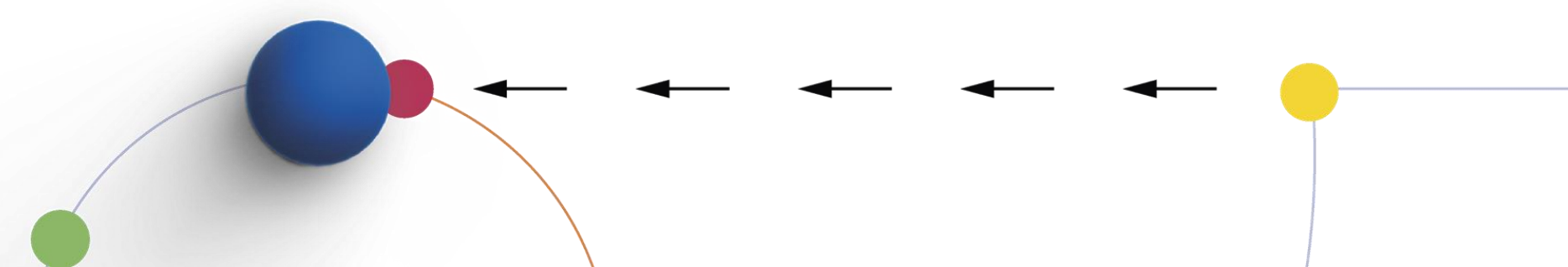
Investment loan for aquaculture development

- Per applicant: EUR 10 000 – 400 000
- Micro/small/medium enterprises
- At least 50% collateral
- Period: 15 years
- Subsidised rates from 2%



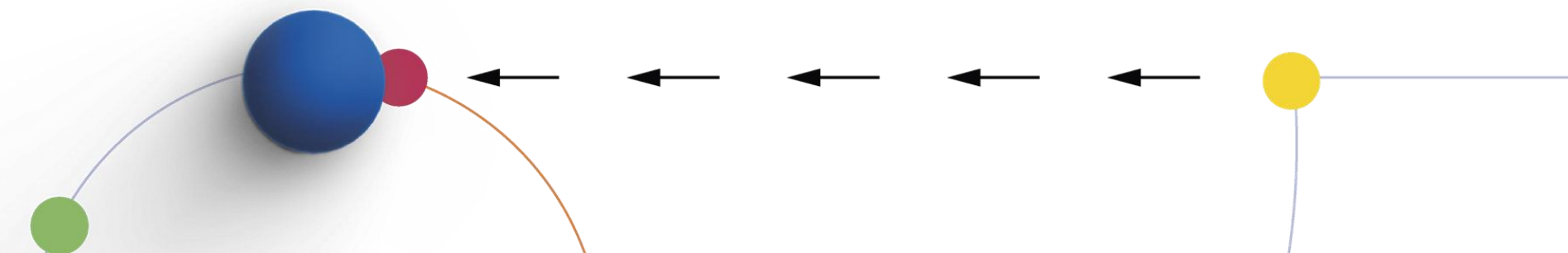
EFF 2007-2013 and EMFF 2014-2020

| Implementation in 2022 | EFF 2007-2013 | | | EMFF 2014-2020 | | |
|--|---------------|---------------|---|-----------------------------|-------------|---------------------------------|
| | Aquaculture | Loan for PO-s | Aquaculture (from the resources returned after EFF programming period) | Long – term investment loan | Growth loan | Investment loan for aquaculture |
| Fund budget (€) | 4 900 000 | 1 077 520 | 735 850 | 4 205 941 | 732 855 | 1 053 286 |
| Loans issued (€) | 5 048 802 | 1 077 520 | 930 976 | 3 483 941 | 732 855 | 820 836 |
| Signed contracts | 17 | 1 | 15 | 7 | 11 | 6 |
| Unused resources paid back to FI (includes interest) € | 1 631 898 | 204 935 | 314 580 | 1 014 414 | 440 357 | 62 267 |



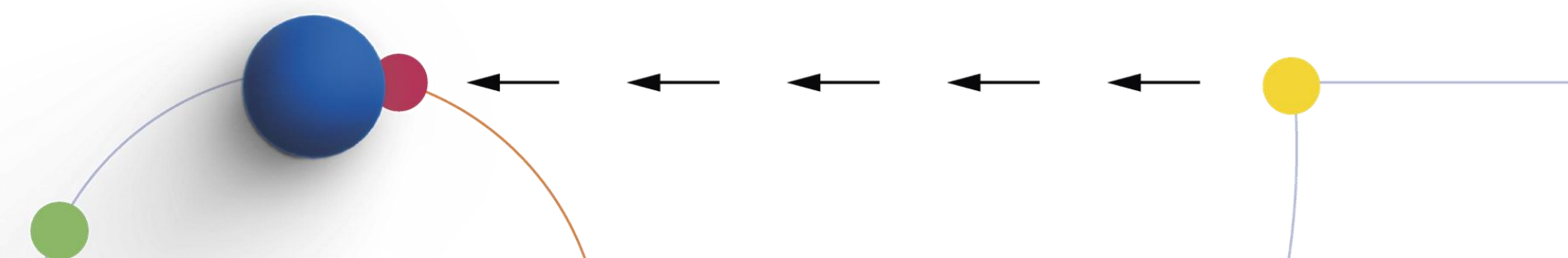
Main conclusions of the ex-ante assessment 2021-2027

- Loans should have lower interest rates;
- Need for long-term investments;
- Start-ups and young entrepreneurs find it difficult to obtain loans;
- No sector-specific knowledge in banks (PO-s operating mechanism; aquaculture, etc);
- Different opinion of valuating collateral fairly;
- Market failure in vessel modernizations (hinders Energy Transition of the EU Fisheries)
- Etc.



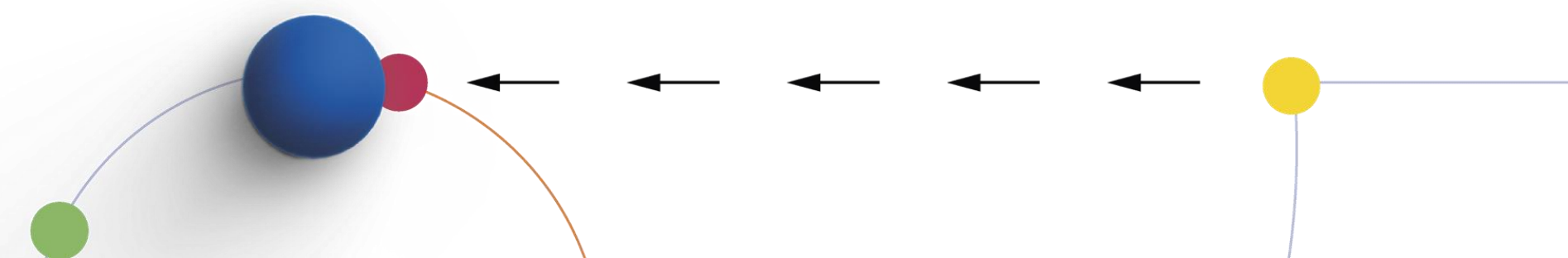
Long-term investment in the fishing fleet usually requires additional financial resources. At the same time, due to the instability of the economy and of the fisheries sector, the banking sector does not offer suitable products to operators. There is therefore a need for financial instruments. However, in view of the specific requirements in EMFAF regulation with regard of support to the fishing fleet is difficult to verify in practice.

Capacity ceilings - capacity rules in some regions are considered a barrier for the uptake of clean, renewable, or low-carbon energy sources. This is because clean, renewable, or low-carbon technologies may require more space and vessel capacity than conventional diesel engines.



The planned use of financial instruments under the EMFAF 2021-2027

- FIs will be available to aquaculture farms and processing enterprises for productive investments, while, as a general rule, grants will be used in case of investments with more limited economical return (i.e. investments related to environment, renewable energy, climate change mitigation or higher risk investments)
- **Priority: 2.** Fostering sustainable aquaculture activities, and processing and marketing of fisheries and aquaculture products, thus contributing to food security in the Union EUR 2 000 000
- **Priority: 2.** Fostering sustainable aquaculture activities, and processing and marketing of fisheries and aquaculture products, thus contributing to food security in the Union EUR 5 000 000



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Thank you

eduard.koitmaa@agri.ee



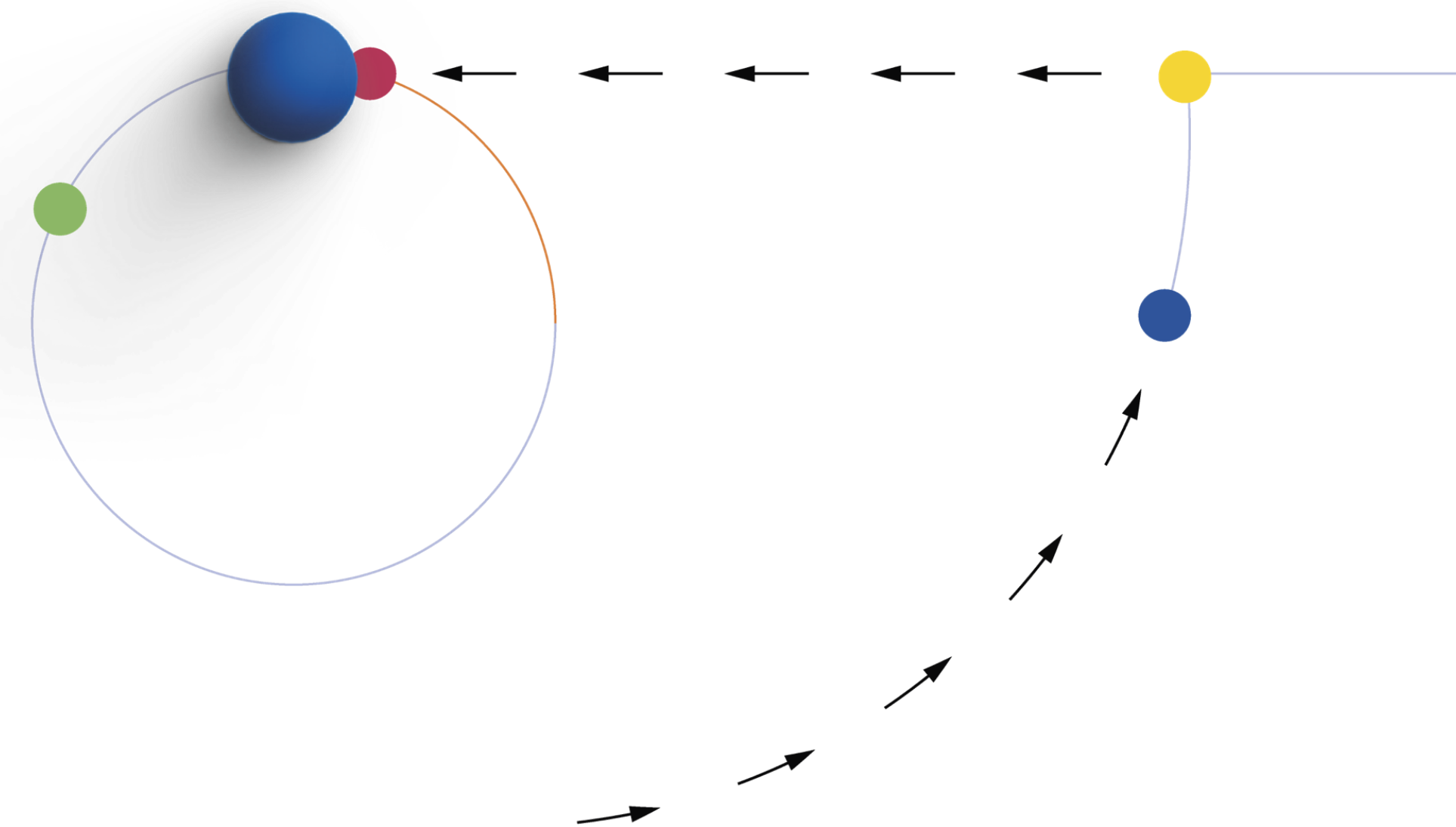


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EMFAF and FI's – Experiences from the Finnish MA

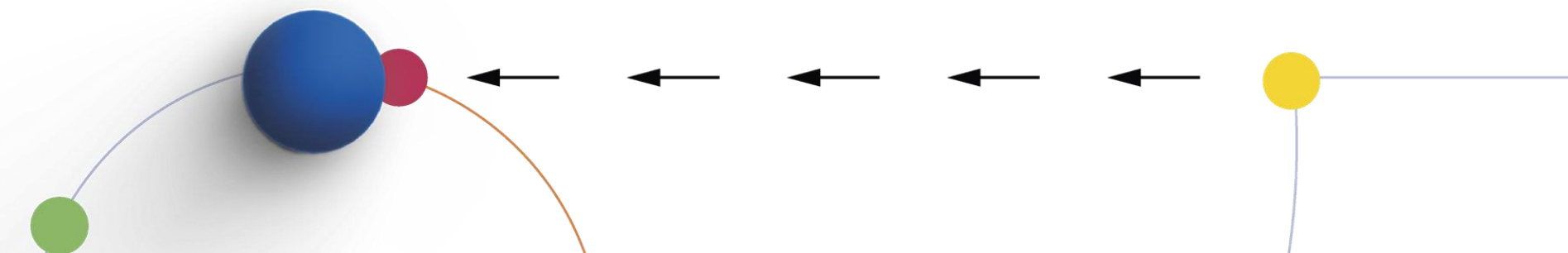
Antony Starr

Senior Specialist, Ministry of Agriculture and Forestry of Finland



The process so far

- Utilised EIB/fi-compass tailored training (Autumn 2021)
- Ex-ante reports completed (Autumn 2019 and 2022)
 - mismatch in demand and supply of finance within the fisheries/aquaculture sector
e.g. financial bodies and lack of knowledge of the sector.
- Allocate EUR 5-10 million for financial instruments to mobilise EUR 5-15 million of other finances.
- Discussions with Estonia about their experiences.

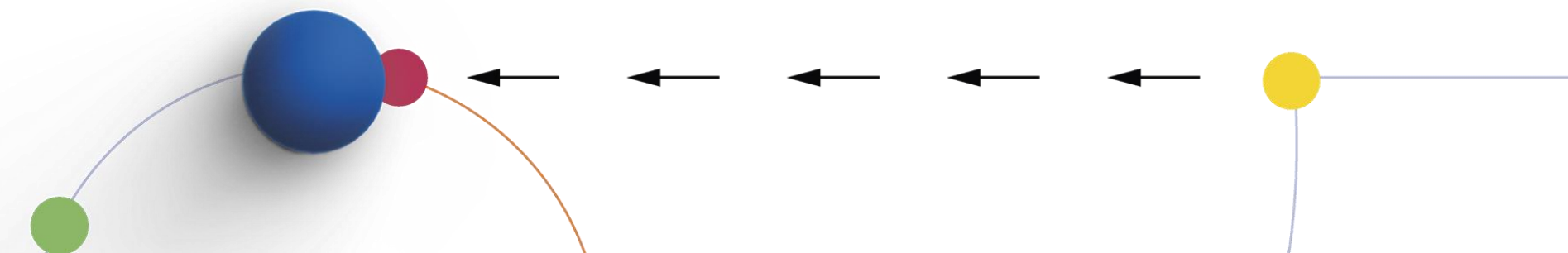


Capped guarantee portfolio

- Aimed at SME's and micro-enterprises.
- Help to solve bottlenecks in debt financing.
- Lack of guarantee/collateral was seen as a major problem in the sector, especially for starting fishers and aquaculture companies.

Risk-sharing loan instrument

- Aimed at SME's.
- To facilitate access to finance and improve loan terms.
- Lower interest-rates and longer repayment times.

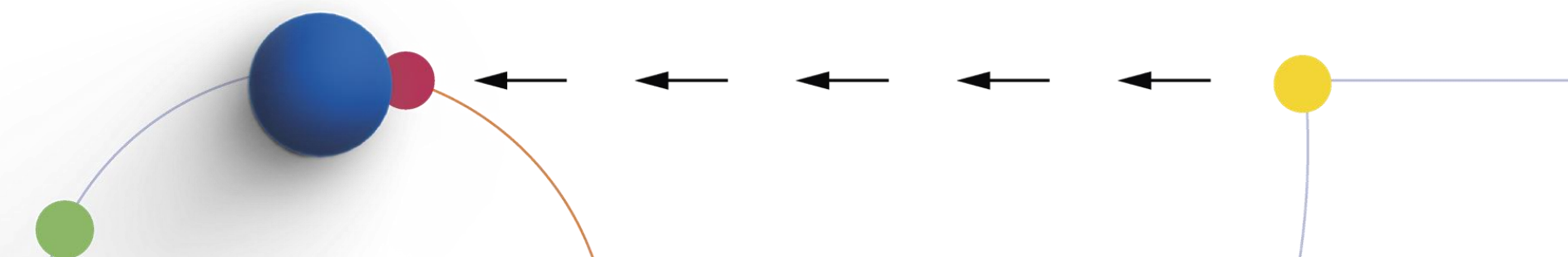


Identified financial instruments

Collective investment instrument

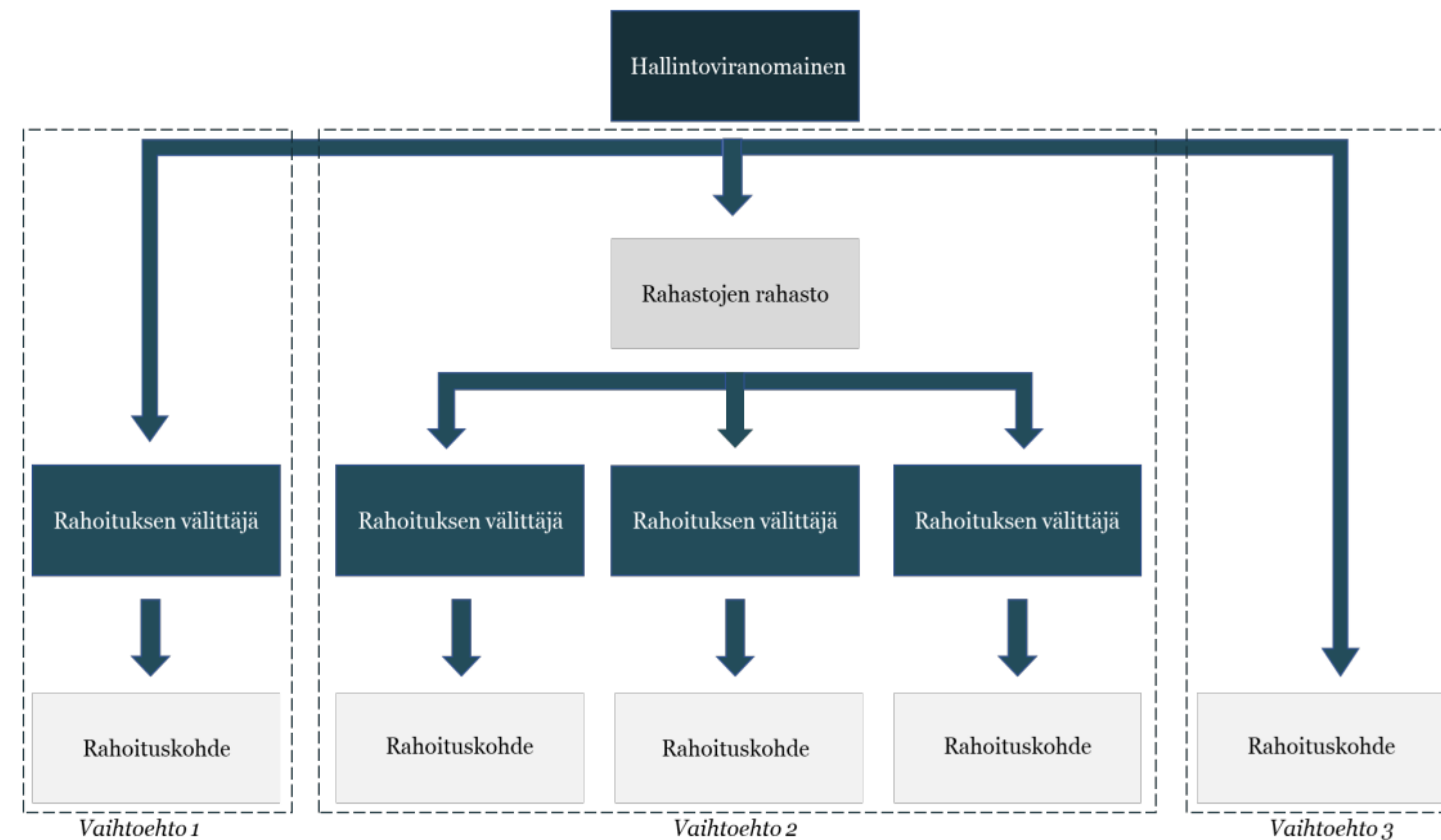
- Developing SME's with increased risk profiles.
- Strengthening of capital financing.
- Attracting other investors.
- Developing profitable business in the long-term.

More complicated instrument and will take more time to set-up.

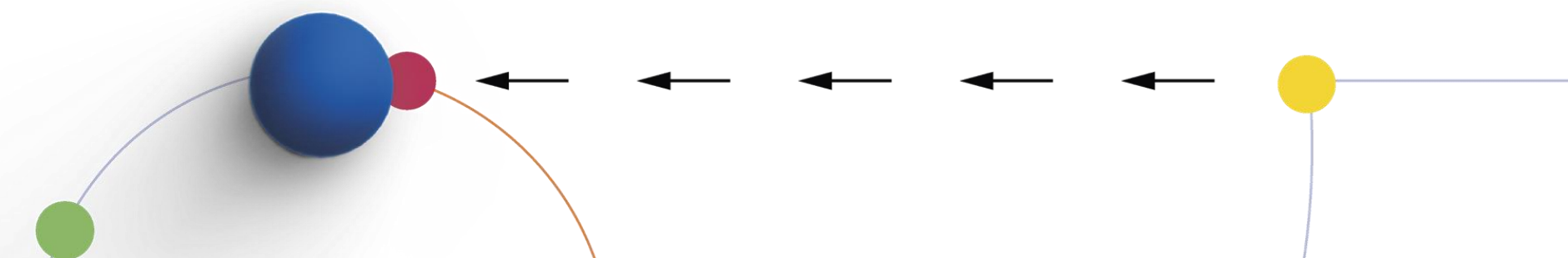


Next steps

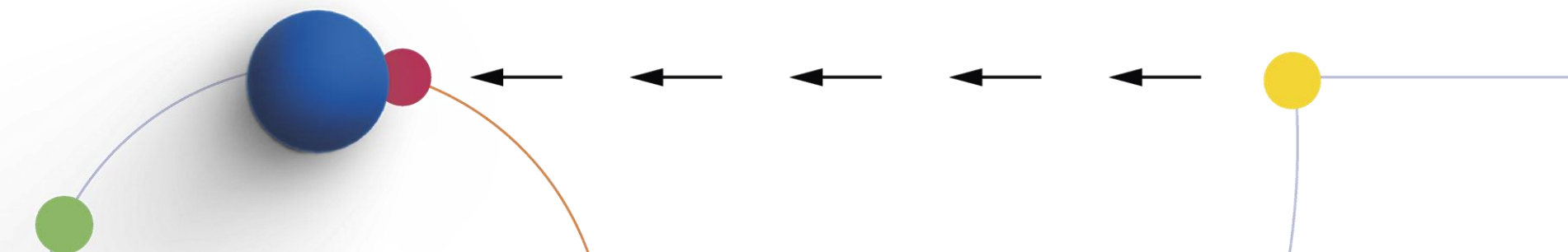
- Finnish EMFAF programme: instruments for fisheries, aquaculture and processing. Priority in SSCF, inland fisheries and new fishers.
- Setting up the management structure. Three options recognised by the ex-ante reports.
- Starting with capped guarantee portfolio and risk-sharing loan instruments.
- ITQ's as guarantee for loans?



Source: Ex-ante report by Gaia Consulting



- Supporting fisheries enterprises at different growth stages e.g. RAS aquaculture → big investments and capital needs.
- Interest in finding additional financial sources i.e. synergy and cooperation with other financial institutions e.g. Business Finland, Finnvera, Tesi (Finnish Industry Investment Ltd), Nordic Foodtech VC, etc.
- Trawl and coastal fisheries, EMFAF doesn't allow any exceptions relating to vessel investments.



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antony.starr@gov.fi

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