



La Région
Auvergne-Rhône-Alpes



A guarantee fund to make farms in Auvergne Rhône Alpes more resilient to climate change

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Context

Climatic hazards more and more frequent

Drought in 2018, 2019, 2022: up to 14,000 farms (livestock) impacted

Late frost in 2019, 2020 and 2021: fruit industry heavily impacted (apricot of the Baronnies...)

Emergency interventions by the Region

Up to EUR 14 million per year to support affected farms

October 2020: A framework deliberation

Voted to support agriculture and forestry in the face of climate change

Ex-ante evaluation

Gaps in funding per year

Installations

- Financing difficulties in the installation phase, due to the size of the investments required. **Installations outside the family framework and in particular those carried out by new entrants to the market aged over 40 years** present the main financing difficulties.

Investment for climate change adaptation and energy transition

- Investments for climate change adaptation, including crop protection and water management projects, present financing difficulties. In particular, innovative projects with **long payback horizons** represent a potential risk for investors.
- Energy transition investments that are **considered non-productive**, i.e. do not improve the productivity of the farm, may have more difficult access to finance.

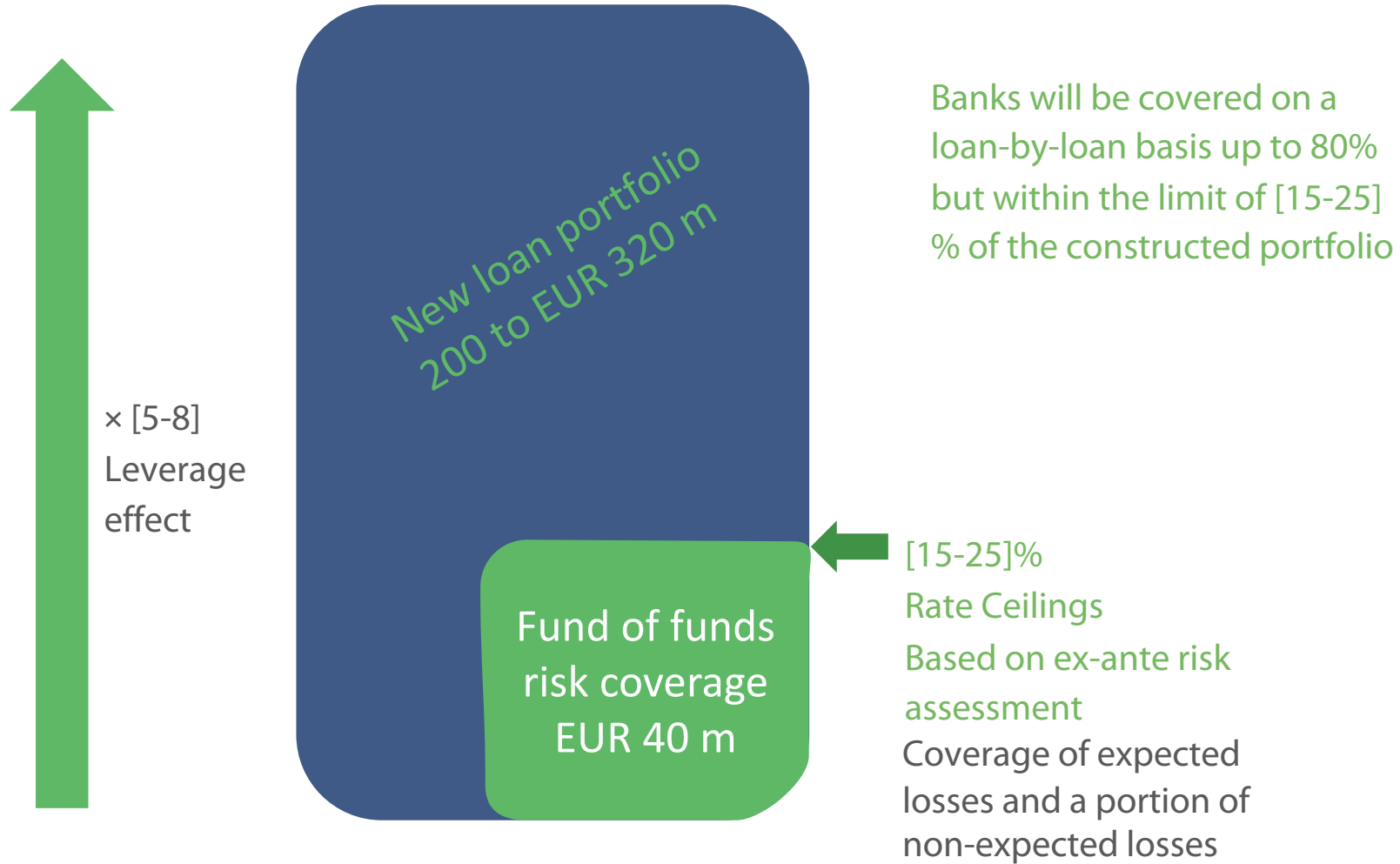
Non-productive investments to meet new consumer demands

- They include investments for changes in production practices and patterns.
- **The non-productivity of these investments coupled with a long profitability horizon** makes banks reluctant to finance them.

WCR related to climatic events

- Increasingly frequent **climatic events lead** to financing requirements for working capital. The insurance mechanisms deployed are increasingly difficult to contract due to the multiplication of these climatic events.
- Specific banking products meet the working capital requirements linked to the seasonality of production.

Capped portfolio guarantee



80% Guarantee rate
Loan by loan

Priorities for action

Priority 1: Facilitating the installation

Strengthen the financing plan, particularly by guaranteeing investments and working capital July: Meeting with EIF and elected officials of the Region

Priority 2: Supporting competitiveness in the face of climate change

Supporting investments and working capital needs for: (i) better resilience of farms in the face of climatic hazards; (ii) better management of the use of water resources; (iii) better environmental performance; (iv) the development of renewable energy (solar, wind, biomass) or the reduction of energy consumption, (v) the sustainability of the sectors by securing or developing new outlets and support for new sectors and (vi) the promotion of innovative practices

Priority 3: Supporting Farmers impacted by a climatic hazard

Guarantee the working capital for farmers who have been impacted by a climatic hazard

Calendar

2022

April/June: **Ex-ante** validation and **investment strategy**

July: Meeting with EIF and elected officials of the Region

July/Dec.: Prospecting of banks / Drafting of **financing agreement** EIF/Region

2023

Mid-January: Vote on the Financing Agreement EIF/Region

Feb: First **Steering Committee** to appoint members and validate the call for expression of interest

Feb/March: Consultation (min. 2 months)

April/June: Selection of intermediaries by the EIF; Signature of **Operational Agreements** and negotiation of terms; Steering Committee informed of progress, transfer of benefits, etc.

Sept. 2023/Dec. 2026

Portfolio construction

Jan. 2027/ Dec. 2038

Portfolio monitoring, default payments, amortisation, reporting, etc..



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