



Financing Small Farms in Romania Agriculture Specific Solutions

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 #ficompass



Group snapshot



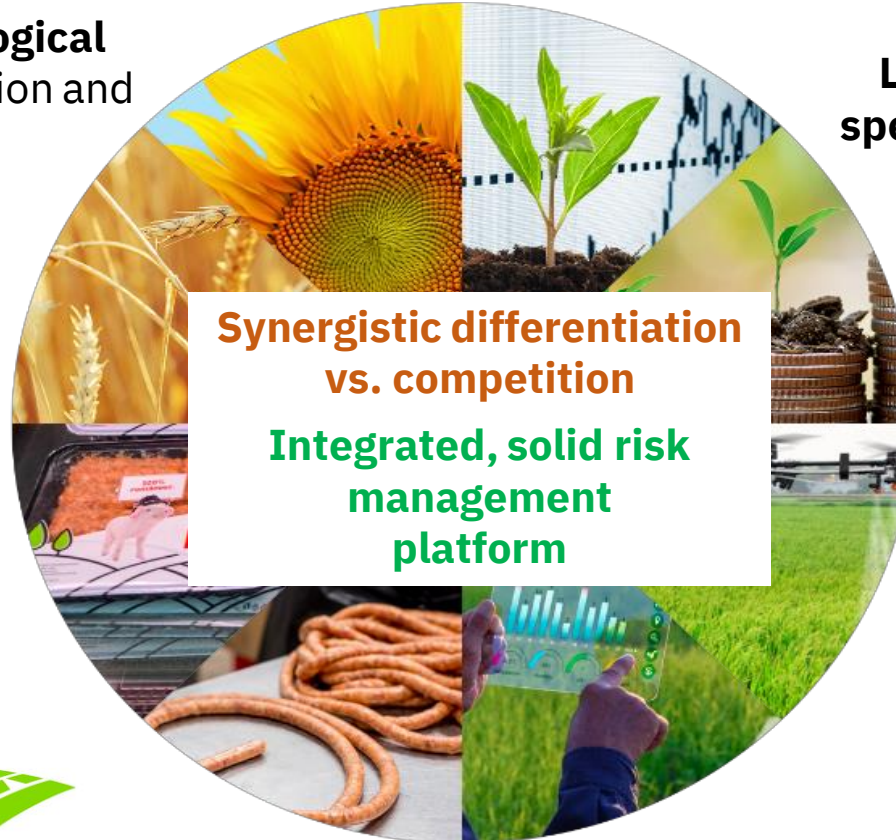
- With yearly revenues of 800 Million Euro and 21+ years of know how, **Agricover has become the leader of the Romanian agribusiness industry;**
- **Strategic player** providing farmers key resources to thrive - **high-performance technological inputs** (crop protection, crop nutrition, certified seeds and fuel), **specialized financing**, and **digital agriculture solutions**.
- **Entrepreneurial mindset** intertwined with **best-practice corporate governance and transparency**
- **Strategic investors:** 12,7% participation of **EBRD** in Agricover Holding and 10% participation of **Adama Agriculture BV (Syngenta Group)** in Agricover Distribution SA
- **Public interest entity** – Agricover Holding Corporate Bond listed on the Bucharest Stock Exchange and Agricover Credit regulated by the national Bank of Romania

Group's focus: effective solutions to key farmer needs



The largest distributor of technological inputs (crop protection, crop nutrition and certified seeds) and fuel.

Facilitating farmers' access to **high-performance agricultural technologies** expedited by Agri-financing solutions.



Largest Non-bank Financial Institution specialized in financing farmers (working capital, investment loans, factoring).

Facilitating farmers' access to **tailored financing** to accelerate technological progress in synergy with Agri-business operations.



“One-stop-shop” digital platform providing access to **digitally-enabled agriculture technologies**.

Innovative business model translating knowledge into sustainable competitive advantage



In 2021, Agricovert IFN financed 33% of farmers' purchases from Agricovert Distribution



Agricultural technologies bundled with financing solutions

Competitive advantage, versus other distributors, based on segregated funding that is faster and safer.



Financing products bundled with the sale of agricultural inputs

Competitive advantage, versus other lenders, based on financing tailored to the needs of the agricultural sector.



Digital technologies, big data, data driven business instruments

Competitive advantage by using data to enhance risk management and business development

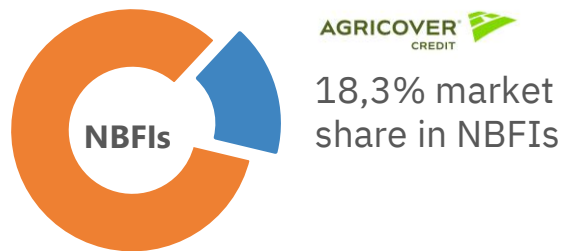
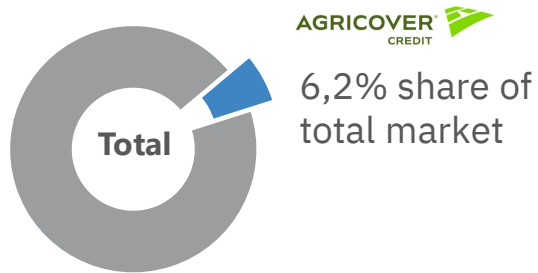
NBFI specialised in farmer financing



Equity:
80 Million Euro

Loan portfolio:
400 Million Euro

NPL:
2,66%



- Agriculture specialized financing products: working capital (overdrafts, factoring facilities) and CAPEX related (land and equipment acquisition)
- Historical top-down market approach resulting in high penetration rates for large and medium professional farmers segments.
- In the last 4 years the focus has shifted towards professional small farms (8% penetration rate and significant untapped growth potential)
- Business digitalization will create a route to market model for retail financing in agriculture

NBFI specialised in farmer financing



Lending products for small farmers:

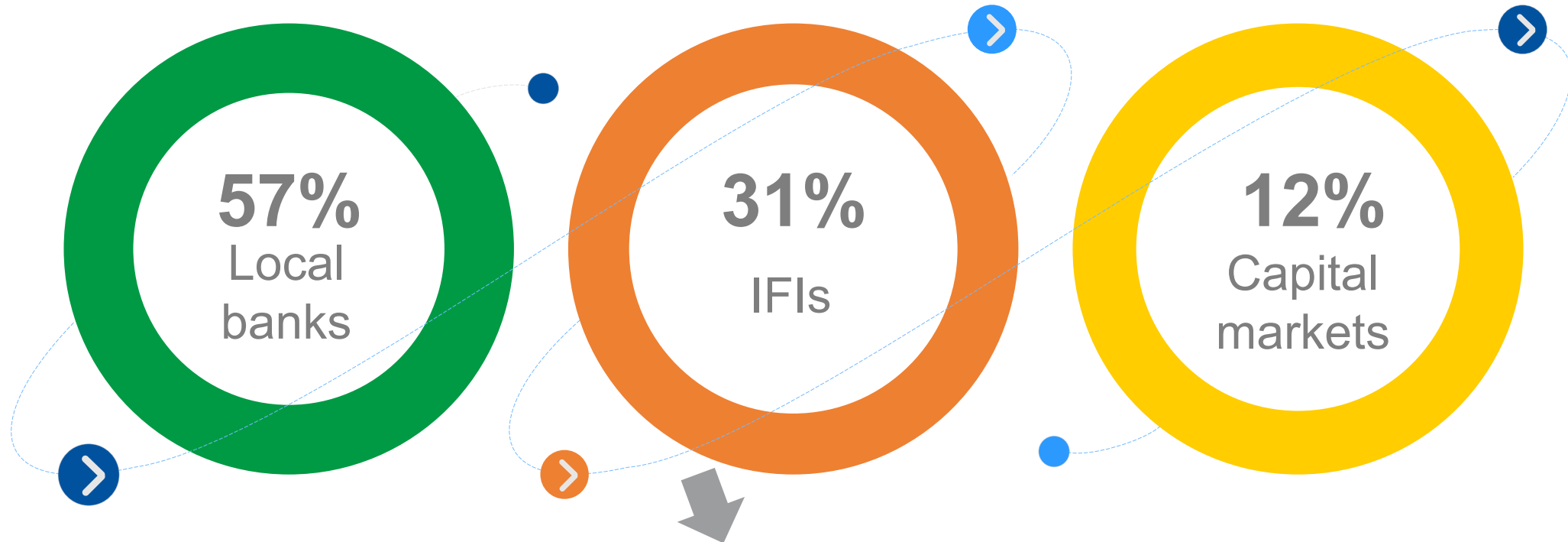
- First **business credit card** for Romanian farmers: Credit limit covering significant part of the production costs, special deals for inputs acquisition
- **Fast credits:** Medium term working capital with scheduled repayments (correlated with harvest)
- **Investment loans:** Medium term investment loans for land and equipment acquisitions.



Mixed commercial coverage model:

- Specialized mobile commercial team doing business in farmers' premises
- Digital distribution channels

Diversified structure of funding :



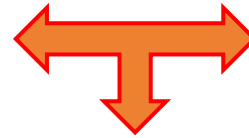
Funding programs with **EIB** and **EIF**:

- 2016, **EIB** and **EIF** (EREM CBSI): 10 Million Euro;
- 2016 and 2017, **EIB** (EFSD): 20 Million Euro;
- 2020, **EIF** (EaSI), 7 Million Euro;
- 2020 and 2021, **EIB** (EFSD) 15 Million Euro.

Challenges for financing smaller farms in Romania:



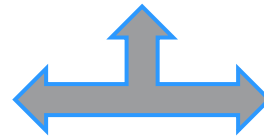
Access to finance is one of the main hurdles for the development of smaller farms.



Increasing prices of fertilizers and fuel inducing additional stress on farmers' cash-flows.

- Smaller farms performance (e.g., yields and financial) is already affected.
- A potential solution is to further increase the support given to specialised lenders enabling financial inclusion for small farms

The local banking sector has a limited appetite for this segment.



Main players are specialized NBFIs and microfinance entities with specific **funding needs**



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