



**Financial instruments for agriculture under the
EAFRD in the 2014-2020 programming period –
state of play and policy guidelines**

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EAFRD Financial Instruments 2014-2020

State of Play & The Future

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Targeted Coaching on FIs for EAFRD managing authorities



Launched by Commissioner Hogan in Riga, October 2015

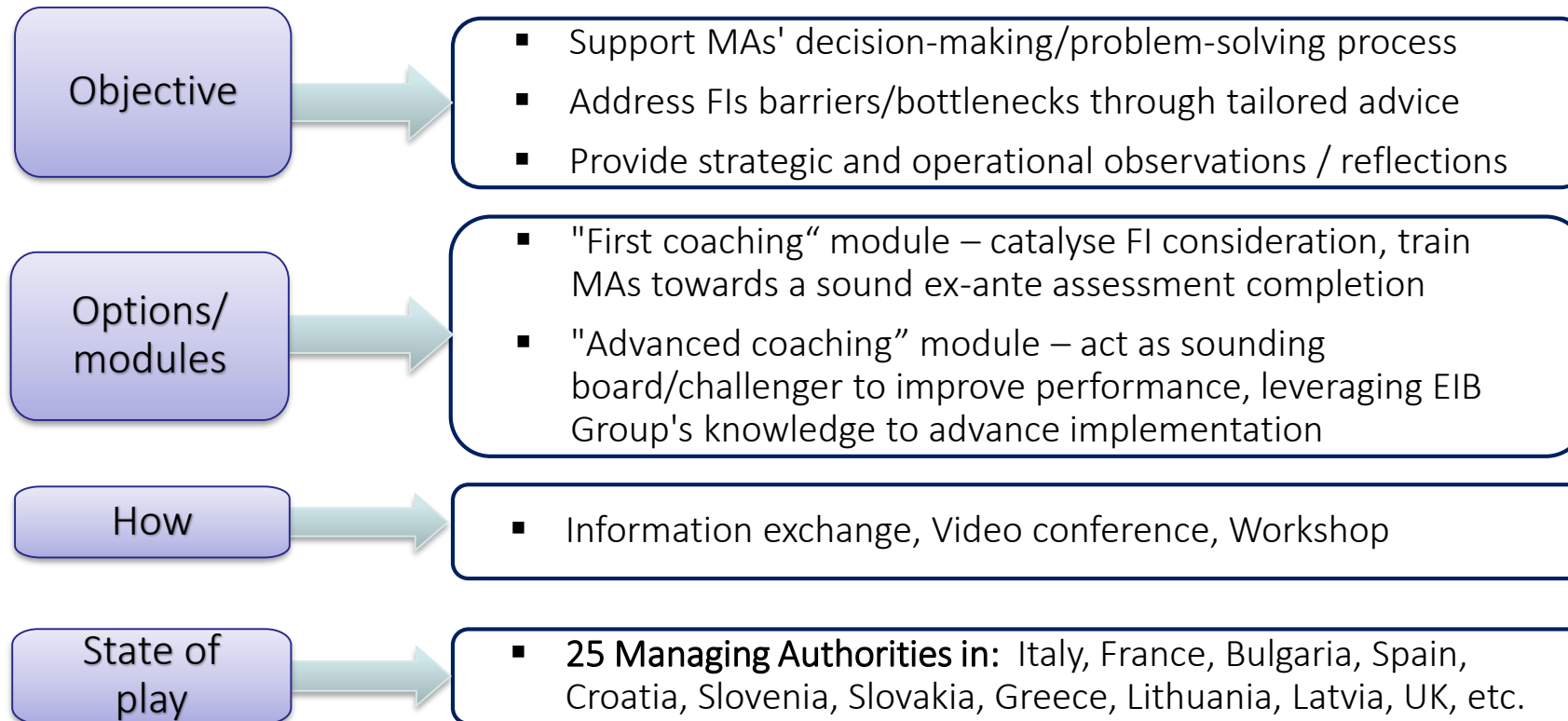
- ✓ *Support MAs decision-making/problem-solving process*
- ✓ *Towards FIs barriers/bottlenecks through*
- ✓ *Provision of strategic and operational observations/reflections*

Options/modules:

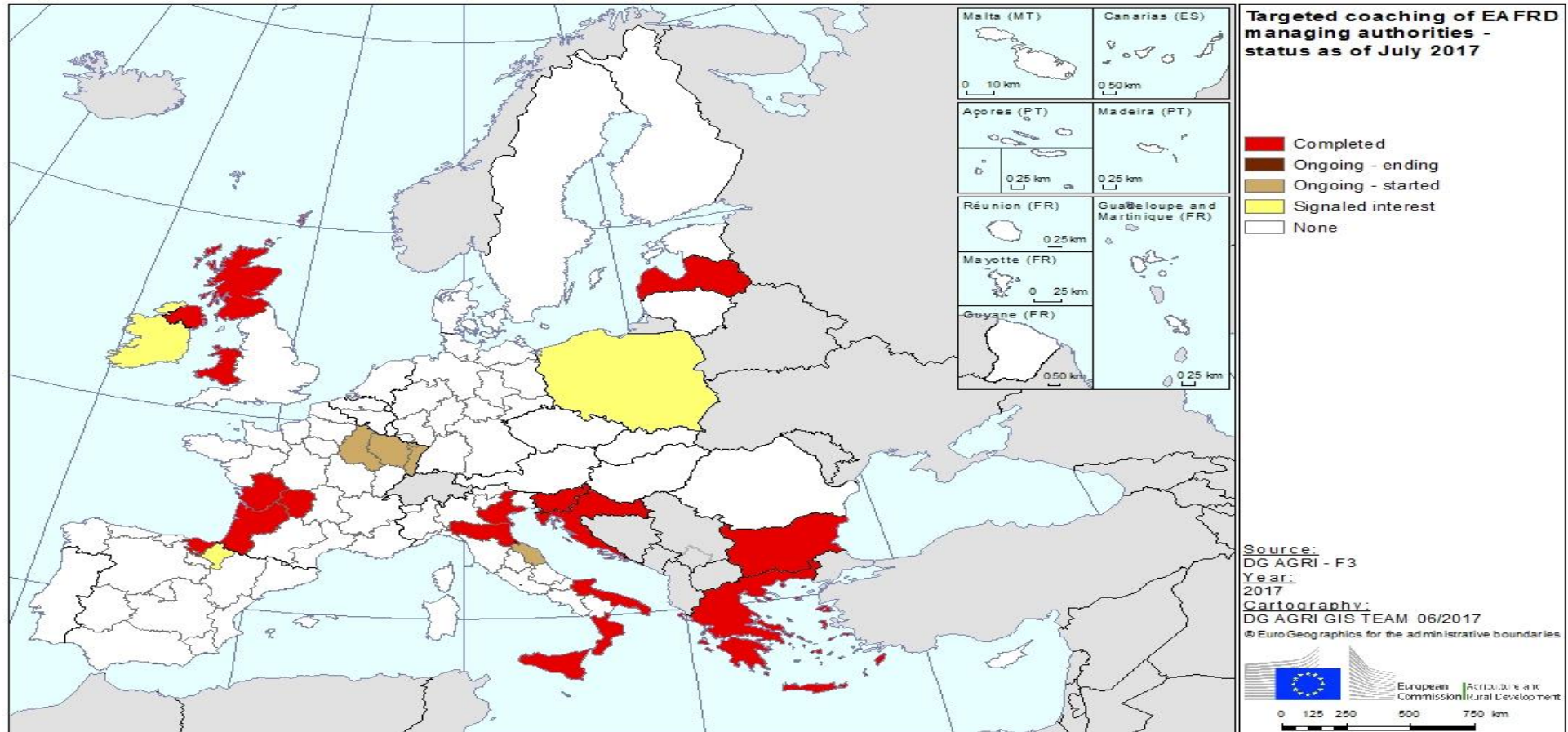
- I. "First coaching"** module – catalyse FI consideration, coach MAs towards a sound ex-ante assessment completion
- II. "Advanced coaching"** module – act as sounding board/challenger to improve performance, leveraging EIB Group knowledge to advance implementation

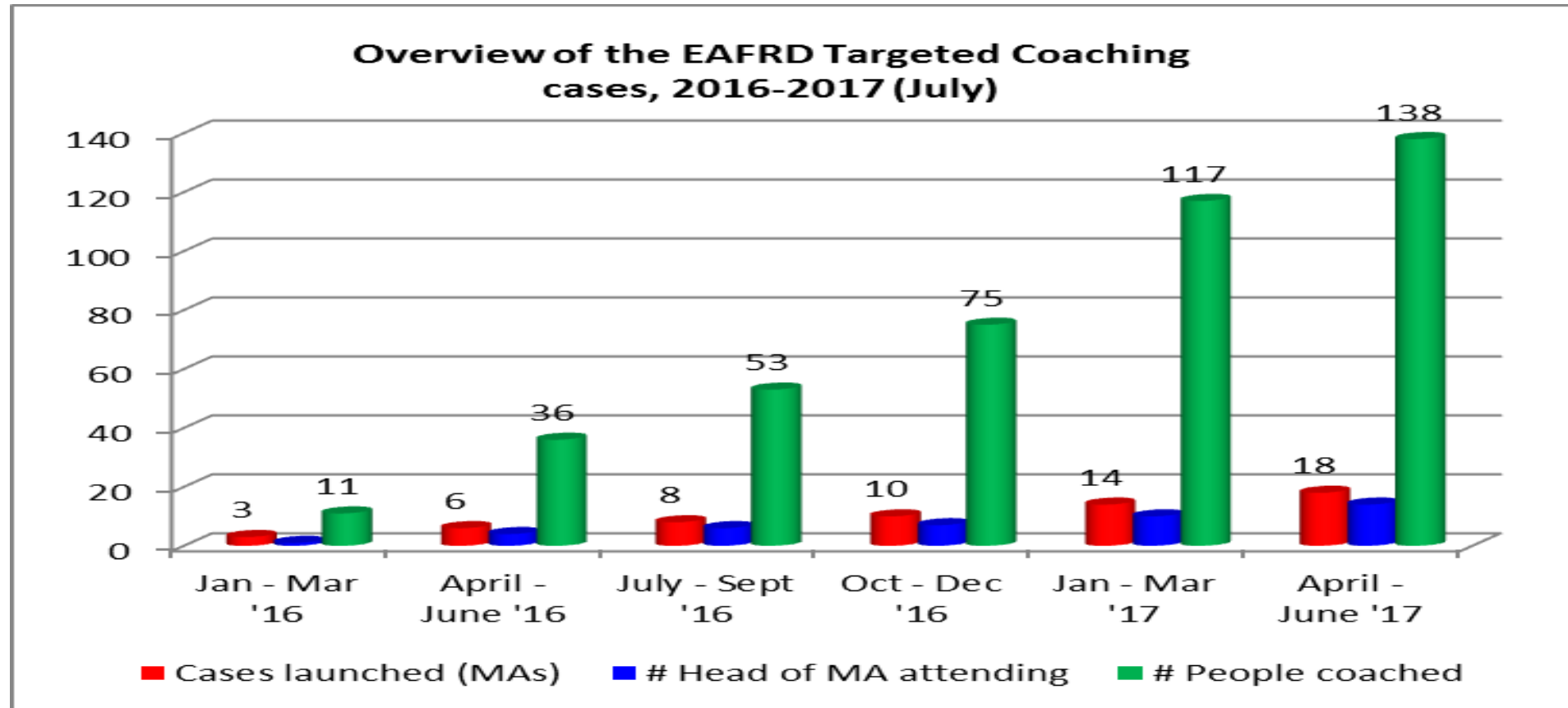


fi-compass targeted coaching for EAFRD MAs



Targeted Coaching on FIs for EAFRD







Financial Instruments' advantages

- Voluntary choice adjustable to any national or regional market situation
- A single set of rules with minimum eligibility restrictions
- Working capital financing
- Combination with grants
- Preparatory works facilitated by COM support through fi-compass including planned market assessments in 2019-2020

fi-compass studies - overview

Chartering new territories for EAFRD FIs and exploring future opportunities

Financial gap in EU agriculture

- ▶ Estimate of EU agricultural sector financial gap, both short-term and long-term
- ▶ Based on SME initiative methodology



Published

Programming of FIs in EAFRD RDPs

- ▶ provides information about the implementation of the European Agricultural Fund for Rural Development through financial instruments and is based on experience in Member States during the current programming period



Published

FIs for agri & rural infrastructure

- ▶ Assessing the existing gap related to infrastructure investments in rural areas and how financial instruments might help increase the EAFRD impact



Ongoing

Price volatility "flexible" loans for farmers

- ▶ Phase I: First analysis of the potential for a FI embedding 'flexible' mechanism for the repayment schedule of the underlying financial products
- ▶ Phase II: Scoping of 'flexible' financial products already available on the market and analysis of the possible role of public support to promote such instruments



Ongoing

Guarantee & counter-guarantees needs

- ▶ Interest and needs for EU funded guarantee and counter-guarantee products



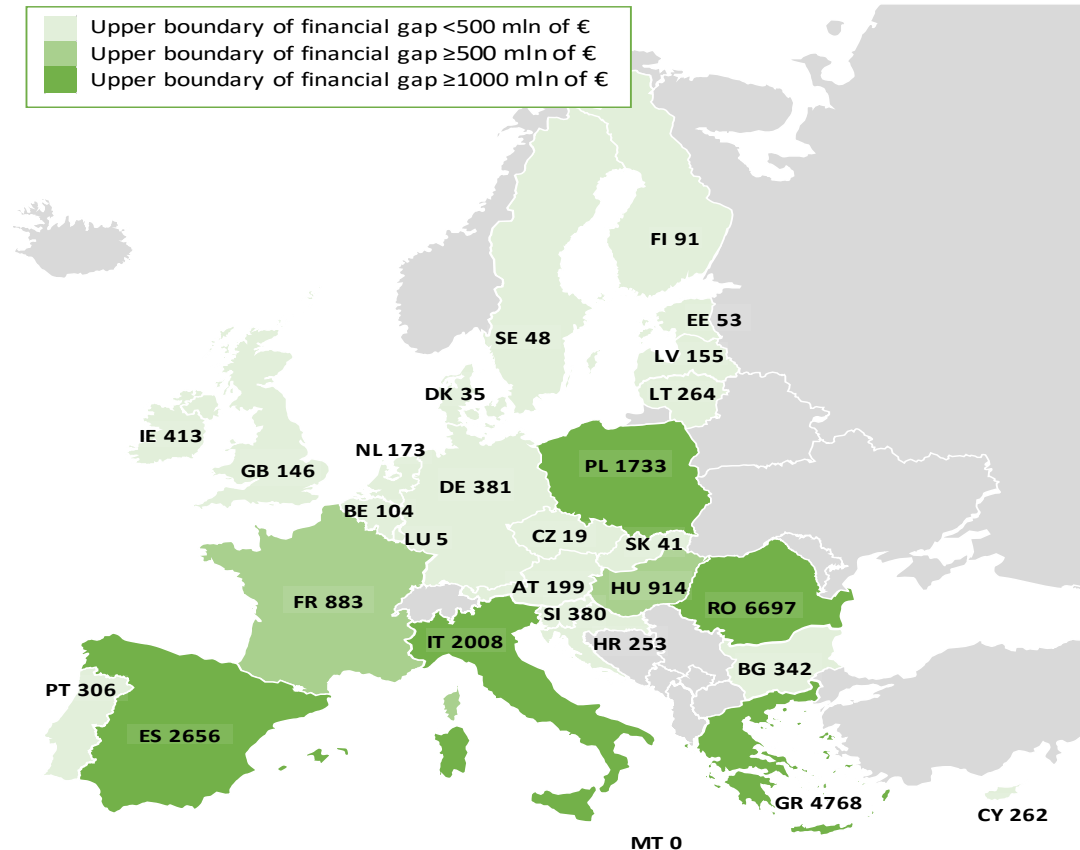
Ongoing

Financial gap estimate – Total by MS

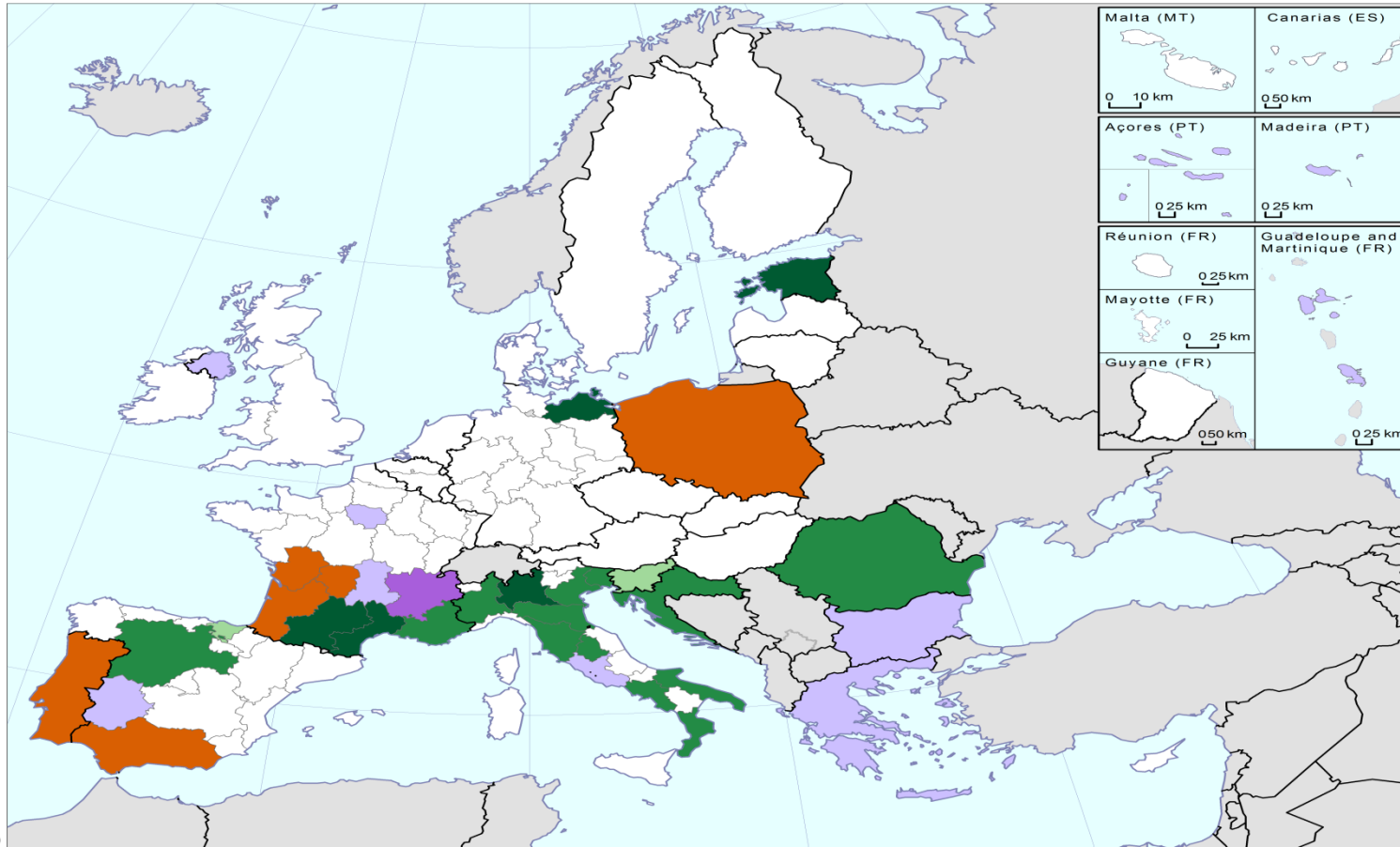
The estimated EU agricultural sector financial gap is:

- for short-term loans EUR 1.56 billion - EUR 4.12 billion;
- for medium and long-term loans EUR 5.50 billion - EUR 14.48 billion.

The total financial gap, therefore, is between EUR 7.06 billion and EUR 18.60 billion.



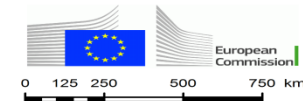
EAFRD FIs (May 2018)



Status of EAFRD Financial Instruments 2014-2020 (by May 2018)

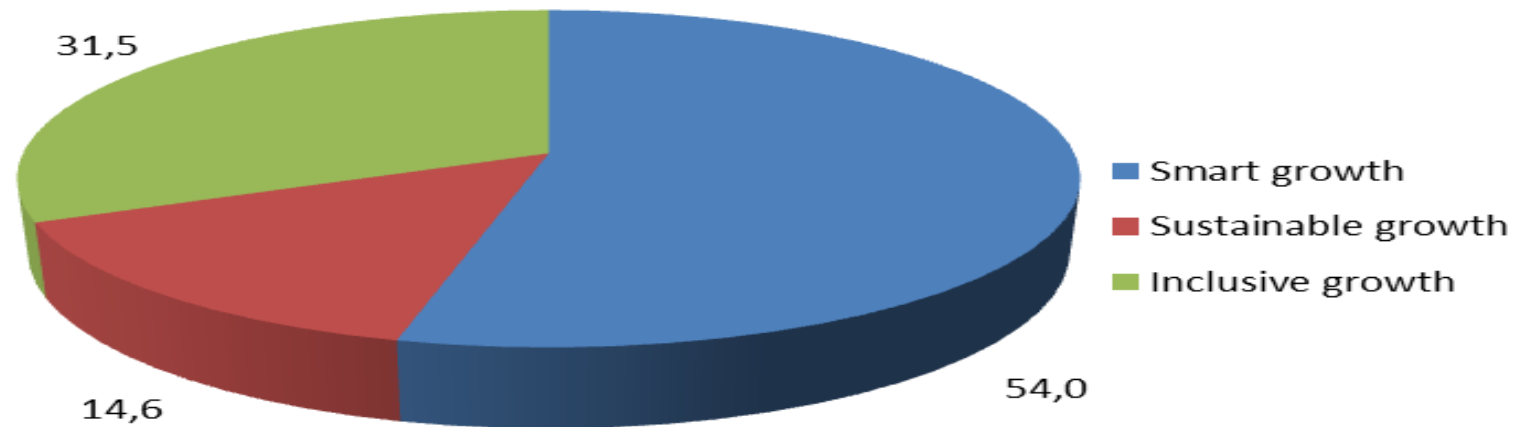
- Operational FIs
- Non-operational FIs with signed funding agreements
- FIs in a process of setting up (after ex-ante)
- EAFRD - EFSI Initiative
- FIs after ex-ante (no decision yet)
- FIs in preparation (ex-ante)
- Not considered

Source:
DG AGRI based on information by Member States
Year:
2018
Cartography:
DG AGRI GIS TEAM 05/2018
© EuroGeographics for the administrative boundaries



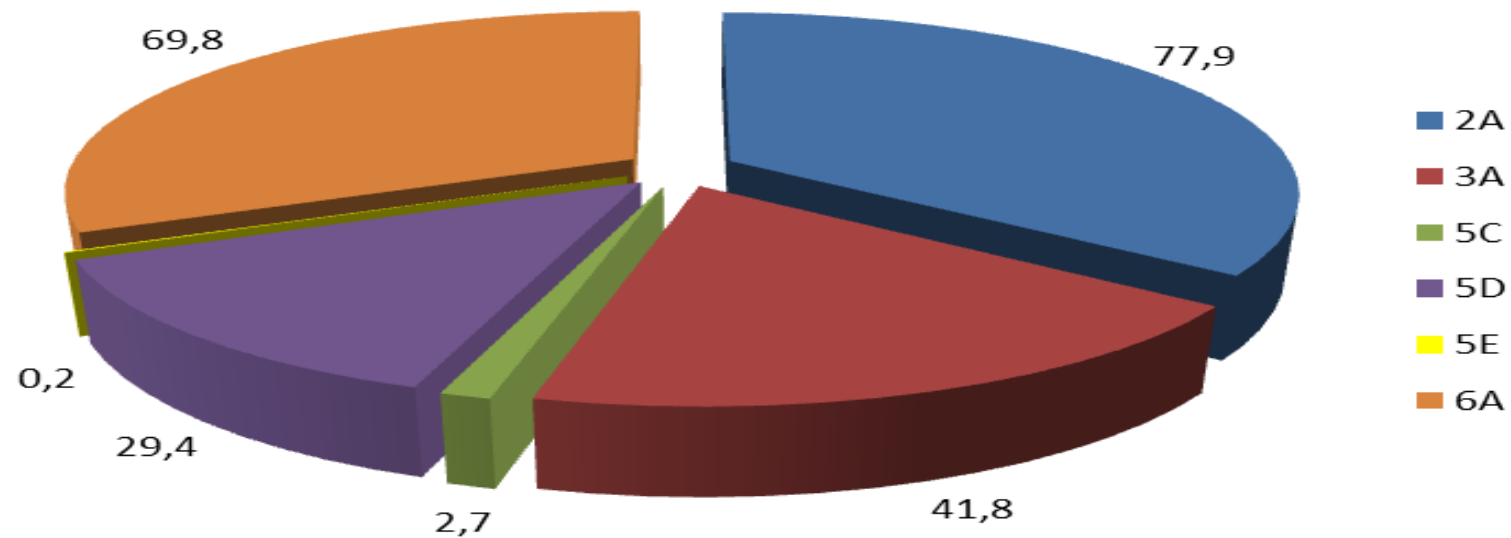
EAFRD FIs' budget distribution (1)

EAFRD programmed amounts per Thematic Objective, %, end 2015

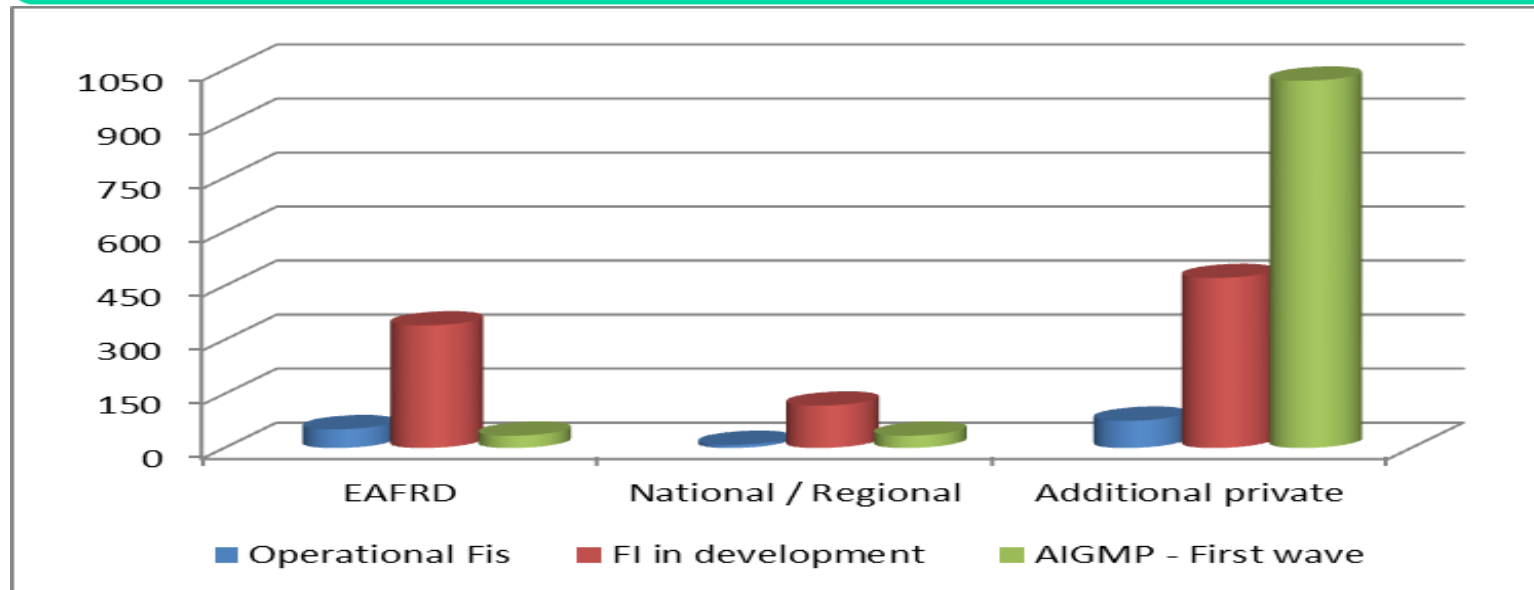


EAFRD FIs' budget distribution (2)

EAFRD programmed amounts per Focus area, million €, end 2015

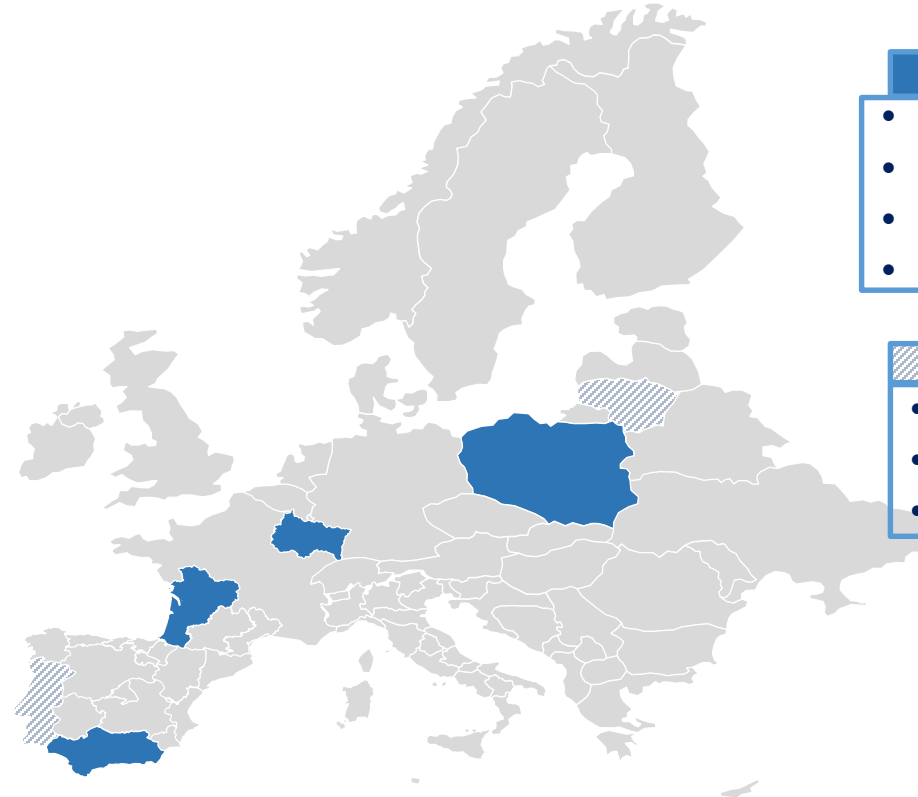
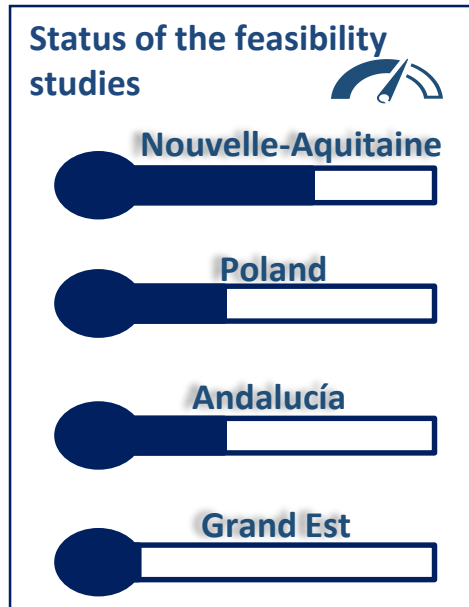


EAFRD FIs' expectations (as of 2017)



EAFRD-EFSI Initiative

Current state of play by MA



Joined the initiative

- FR Nouvelle-Aquitaine
- Poland
- ES Andalucía
- [FR Grand Est]

Potential candidates

- Portugal
- Bulgaria
- [Lithuania]

'Omnibus' and EAFRD FIs [COM proposals]



- Flexibility for investments with input being non-Annex I products [*Article 17(1)b*]
- Allowing the use of FIs for supporting start-ups by young farmers, also in combination with grants [*Article 19(4)*]
- Possibility of funding large-scale investments in rural infrastructure and services [*Article 20(4)*]



'Omnibus' and EAFRD FIs [COM proposals]



- Dropping for FIs the cross-link between legal obligations under the RD framework and environmental assessments [*Article 45(7)*]
- Flexibility to allow the purchase of animals, annual plants, etc. and giving up the need for listing eligible items [*Article 45(7)*]
- Allowing working capital support also for FI investments into non-agricultural businesses and infrastructure [*Article 45(5)*]
- No application of grant-specific selection criteria [*Article 49(4)*]





CAP Budget post-2020

&

Financial Instruments





CAP delivery wish list

- Streamline CAP policy design
- Change policy and management focus from compliance to result orientation
- Increase flexibility and subsidiarity for MS
- Reduce the EU-related administrative burden for beneficiaries and administrations



New sharing of roles – new delivery model

Shared management: new delimitation between EU and MS

EU: defining the **basic policy framework**

- Objectives
- Portfolio of interventions
- Basic EU requirements

MS: develop **policy configuration**

- Configure interventions
- Create compliance framework for beneficiaries
- Identify indicators and set targets
- Chose appropriate delivery instruments



CAP FINANCING FOR 2021-2027

ALLOCATION

- EUR 365 billion for EU-27
- 5% cut for CAP compared to 2020 allocation less UK envelopes

(in EUR million, current prices)

	2021	2022	2023	2024	2025	2026	2027	TOTAL
Pillar 1 - EAGF	40 300	40 527	40 791	40 931	41 072	41 214	41 357	286 195
Pillar 2 - EAFRD	11 259	11 259	11 259	11 259	11 259	11 259	11 259	78 811
CAP	51 559	51 786	52 050	52 190	52 331	52 473	52 616	365 006



Thank you!

