Support under the Romanian EAFRD financial instrument – Portfolio Risk Sharing Loan

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Previous RO experience in using financial instruments for agriculture

NATIONAL FUNDED FARMER PROGRAMME
- Interest rate subsidies for investment loans in agriculture
- Guarantees
- Creditors became more familiar with the particularities of agriculture financing

RO RDP 2007-2013
- First experience in using European funds for FI
- Uncapped portfolio guarantees
- Available only for grant co-financing
SWOT analysis for the set up of financial instruments
2014-2020

Positive effect for Structural Funds in previous programming period
Revolving nature of the fund
Leverage effect
Previous experience of NRDP guarantee schemes

Low coverage of financial services in rural areas
Difficult access to finance for micro-enterprises and SMEs
Poor infrastructure in rural areas
Loan institutions reluctant to finance agri and rural business

Increase the impact of NRDP among final recipients
Specialised financial institutions, focusing on micro and SMEs in the agriculture
Combination with grants

Incidences of weather conditions on the performance of agricultural enterprises
Low value of agricultural land to be used as collateral
Lack of entrepreneurial experience
Lack of co-financing resources for grant projects
Implementation workflow
IF RO RDP 2014-2020 - mandate level

Managing Authority
• Ex-ante assessment
• Amendment of RO RDP

EIF
• Market testing exercise
• FI developed in line with the RDP and market needs

Managing Authority
• MoU for the signing of the Funding Agreement

Managing Authority & Paying Agency
• Funding agreement with EIF
## Portfolio Risk Sharing Loan (“PRSL”) features

| Stand-alone financial instrument, for the entire eligible expenditure of the project | Co-financing of RDP grants for agricultural and non-agricultural rural investments |
|FI|FI + Grant|
|Maximum amount for stand-alone loan 1M EUR|Co-financing loan can cover all eligible expenditure related to the private co-financing part|
|Working capital Livestock and annual plants purchase Investments in stand alone on-farm irrigation systems Land purchase under the conditions of R 1305/2013|4.1/4.1a agricultural/fruit-growing holdings 4.2/4.2a processing and marketing of agriculture/fruit products (Annex I) 6.4 creation and development of non-agricultural activities LEADER projects linked to the objectives of the sub-measures above|

**Special focus on:** small farms, young farmers, mountain areas

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PRSL workflow

**IF (stand-alone loan)**

- Ensure the legal framework *(de minimis* aid scheme for non-agricultural activities and non-agricultural products)
- Approval of CEoI drawn up by EIF
- Evaluates the loan request
- If approved, determines GGE of the loan
- Keep records of the support

**IF + grant**

- Ensure the legal framework (e.g. measure fiche, applicant’s guide, *de minimis* aid scheme)
- Approval of EIF CEoI
- Evaluates and selects the grant request
- Informs the applicant on the possibility to co-finance through PRSL
- Evaluates the loan request
- If approved, determines GGE of the loan
- Revises the project funding structure
- If the case, before the signing of contract, value of the grant will be reduced to ensure that the intensity rate for the cumulative support is respected
- Keep records of the support *(separate records for PRSL and grant)*

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