



## EAFRD financial instruments in the Region Provence-Alpes-Côte d'Azur

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Region

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# Ex-ante evaluation: a shared understanding of the difficult access of finding funding in agriculture

A limited attractive sector for private investment

- ✓ **Heaviness of capitals** to enter and develop in the agricultural sector
- ✓ **Low profitability of investments** (average of 1%)
- ✓ **Increased working capital needs**
- ✓ **Price instability**

A low culture of financing by financial instruments

- ✓ **Lack of financial stakeholders** (mutual guarantee companies, community network financing, etc.)
- ✓ **Lack of mobilisation of bank financing by project holders and farmers** (grants culture)

A decrease of public funding

- ✓ **Lack of visibility on the future CAP** (ex-ante done in 2016 and 2017)
- ✓ **Shortage of public budget**
- ✓ **Shortage of availability of grants** for some exploitations
- ✓ **Lack of funds**, in particular targeting grants for setting up by Young Farmers

# Two financial instruments since January 2019



**Interest  
free loan**

**Guarantee  
fund**

**Installation support for any project holder**

**Investment support for any project holder and any  
farmer**

→ Build up equity capital to mobilise bank loans for the creation or takeover of a business

→ Facilitate access to bank loans and improve their conditions

Loan included between EUR 5 000 and EUR 30 000 per project

Duration of up to 7 years

Deferred repayment between 12 months and 24 months

Amount of guaranteed loans:

EUR 15 000 to EUR 600 000

Duration of the co-guarantee: maximum of 15 years

Deferment of amortisation of 5 years maximum

Guaranteed amount: 60% co-guaranteed SIAGI /

Provence Alpes-Côte-d'Azur region

**Increase the leverage of the same available envelope**



# A difficult start in spite of simplified criteria



**Zero rate  
loan**

**Garantee  
fund**

**Installation support for any project holder**

**Investment support for any project holder and any  
farmer**

**Fund of EUR 4 000 000, EUR 1 260 000 from  
EAFRD**

**Fund of EUR 12 000 000, EUR 3 780 000 from  
EAFRD**

**03/02/2021:**

- 34 requests for loans
- 26 loans granted
- 14 loans released

**31/12/2021:**

- 9 guarantee released for a total of  
EUR 2 163 200 of loans

# Challenges for the future



## **Low acceptance by the agricultural world**

- Communication
- Complementarity with grants

## **Single financial intermediary**

- Lack of involvement from banks

**Regulation:** no more than 10% land, no more than 30% working capital

- limited interest and comprehension complexity for stakeholders



**Thank you!**

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