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EAFRD – EFSI Initiative for agriculture

Pilot project in Poland



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- ❖ Rural Development Programme 2014-2020 budget amounts up to 13,6 bln EUR (8,7 bln EAFRD).
- ❖ Programme consists of 15 measures divided in 35 sub-measures and 42 types of operation.
- ❖ Minister of Agriculture and Rural Development is the Managing Authority of the Programme.





- ❖ Financial instruments co-financed from EU funds will be introduced to Polish RDP for the first time.
- ❖ In the option combining EAFRD and EFSI funds - in compliance with OMNIBUS regulation.
- ❖ Due to the new approach and the advanced stage of the EU perspective 2014 – 2020, financial instruments will have a pilot character.



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Justification for introducing new form of support into the RDP outcomes from the initial FI ex-ante assessment.

Main results of the initial ex-ante assessment:	
Estimated financial gap:	between 300 mln EUR and 1,5 bln EUR
Suggested RDP contribution to FI:	25 mln EUR
Final recipients (target group):	Small and medium holdings covering the RDP's sub-measure 4.1 „Support for investments in agricultural holdings”
Type of instrument:	loan instrument (only RDP resources) with a maximum size of 125 000 EUR per loan
Loan period:	up to 7 years
Grace period:	6 months

Main assumptions to update the ex-ante assessment



- to join to the EAFRD-EFSI Initiative and benefit from EFSI financing,
- to increase potential RDP contribution to FI from 25 mln EUR to 50 mln EUR,
- to extend the scope of potential targeted beneficiaries also to food processing plants (Sub-measure 4.2 of the RDP),
- not to apply a cap to a loan amount and economic value of final recipients holdings/enterprises.

Study is now carried out by EIB under an advisory agreement concluded between the MA and the EIB - at no cost for the MA (funding provided by the *fi-compass* platform).





- ❖ The process of updating the ex-ante assessment will be completed by the end of June.
- ❖ As part of the study, updated market assessment and new investment strategy will be developed.
- ❖ Basis for changing of the RDP will then be established.





Areas of potential use of financial instruments identified in the ongoing ex-ante assessment review

Agricultural holdings	Food processing sector enterprises
Investments also in holdings above 300 ha and 200 000 EUR standard output	Investments of large agri-food processing enterprises
Purchase of farm animals	Construction / modernization of large slaughter and cutting plants
Purchase of land (within allowed limits)	Purchase of transport modes
Construction and modernization of farm buildings	Construction of maneuvering roads
	Purchase, construction and modernization of buildings

Types of investments financed from the financial instrument will be defined as broadly as possible.



Types of financial products best conformed with identified problems for example the loan collaterals and insufficient guarantee offer:

- «Uncapped» Portfolio Guarantee
- First Loss («Capped») Portfolio Guarantee

Such instruments will allow to create substantial leverage. An additional credit action of at least 200 million EUR will be expected, assuming 50 million EUR RDP contribution.



MA benefited from detailed targeted coaching in FI, organised for institutions that will be involved in the FI implementation, including also:

- Paying Agency,
- Certification Body,
- Implementing Body.

The training conducted by experts from the EIB and EC, carried out in Warsaw, was also funded by the *fi-compass* platform.



Steps remaining in the FI preparation process



1.	Review of ex ante assessment	ongoing	June 2018
2.	Amendment of RDP	<ul style="list-style-type: none">• describing the financial instrument and its major elements• specifying eligibility criteria (investment type, target group)	Summer/Autumn 2018
3.	Adaptation of the national law	introduction of applicable adjustments to the national law regulating the rural development and agriculture sector	IV Q 2018
4.	Funding Agreement	<ul style="list-style-type: none">• includes investment strategy and business plan• signed between MA and EIF regulating all aspects of the FI	End of 2018
5.	Selection of Financial Intermediaries	<ul style="list-style-type: none">• upon call for expression of interest and due diligence• operational agreements signed with each Financial Intermediary	I Q 2019

Launching the instrument understood as making the offer available to the final recipients is planned for the mid 2019.



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financial instruments capacity building Farming
 Rural development funding agreement EU guidance
 added technical support co-financing ex-ante assessment final
 value seminars governance intermediaries recipients
 leverage EAFRD fi-compass investments
 Agriculture thematic objectives Targeted coaching
 business plan **Thank you** equity
 advisory services private investors
 RDP guarantees life cycle combination of support
 conferences banks revolving
 fund of funds loans microfinance CAP
 manuals managing authorities factsheets
 DG AGRI Agricultural products investment strategy EIB Group