



Experiences of the Portuguese EAFRD Managing Authority in using financial instruments

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The Financial Instrument in the RDP 2020

The Financial Instrument in the RDP 2020

Objective

Financing of investment in agricultural holdings and agro-industrial units

Final recipients

Farming and agribusiness companies, including young farmers

Farming within RDP 2020

- Operation 3.1.3 Investment of Young Farmers in agricultural holdings supported by a financial instrument
- Operation 3.2.3. Investment in agricultural business supported by a financial instrument
- Operation 3.3.3 Investment in the transformation and marketing of agriculture products supported by a financial instrument





The Financial Instrument in the RDP 2020

Product

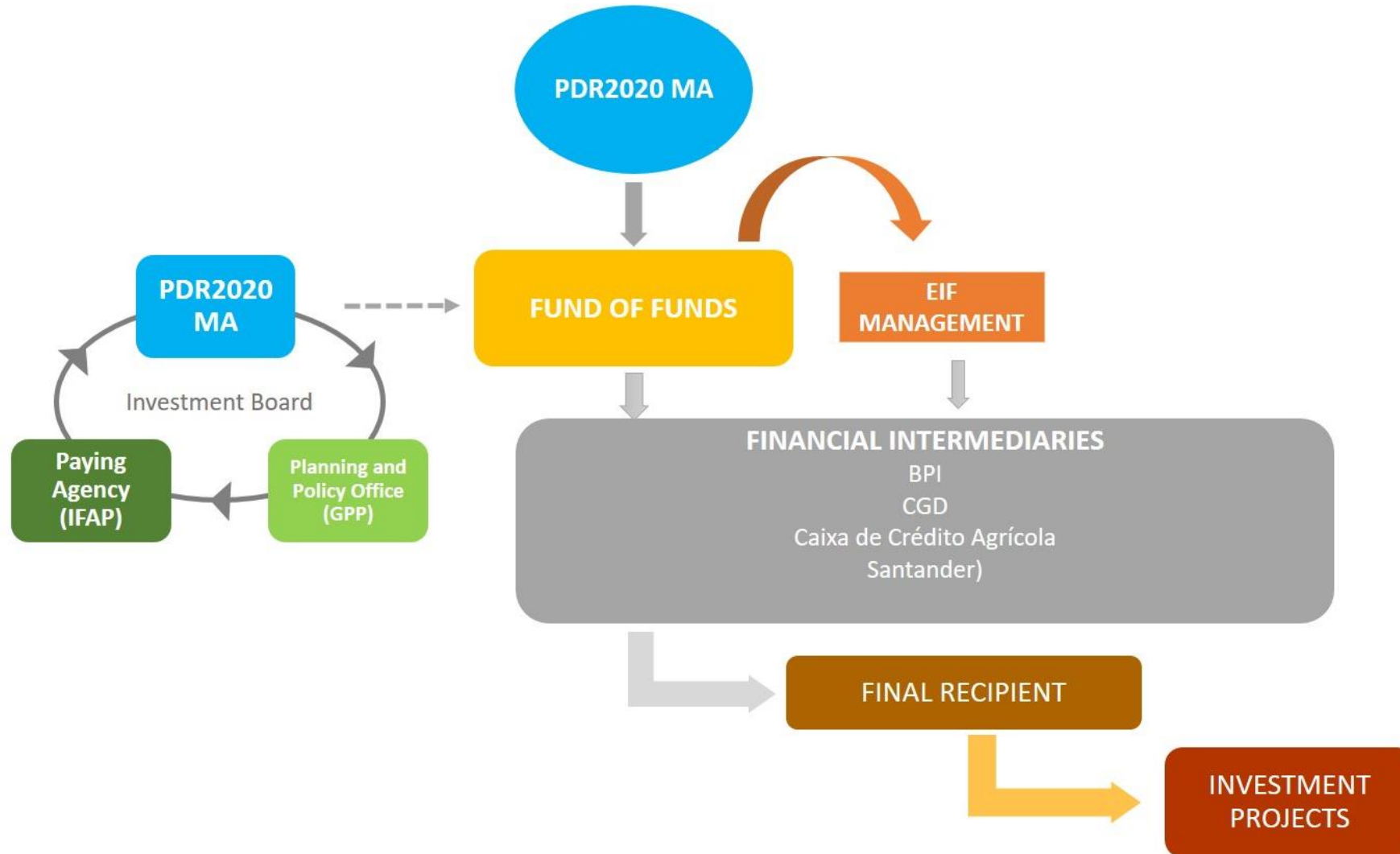
- Capped portfolio guarantee
- Guarantee rate: 70% per loan
- Maximum portfolio guarantee: 15% to 25% per portfolio
- Overall portfolio amount: EUR 300 million
- Guarantee cost: 0%
- This financial instrument allows access to credit at more favorable conditions, namely longer maturities (up to 15 years), longer grace periods, and reduced interest rates when compared with market rates



Financial Instrument Implementation

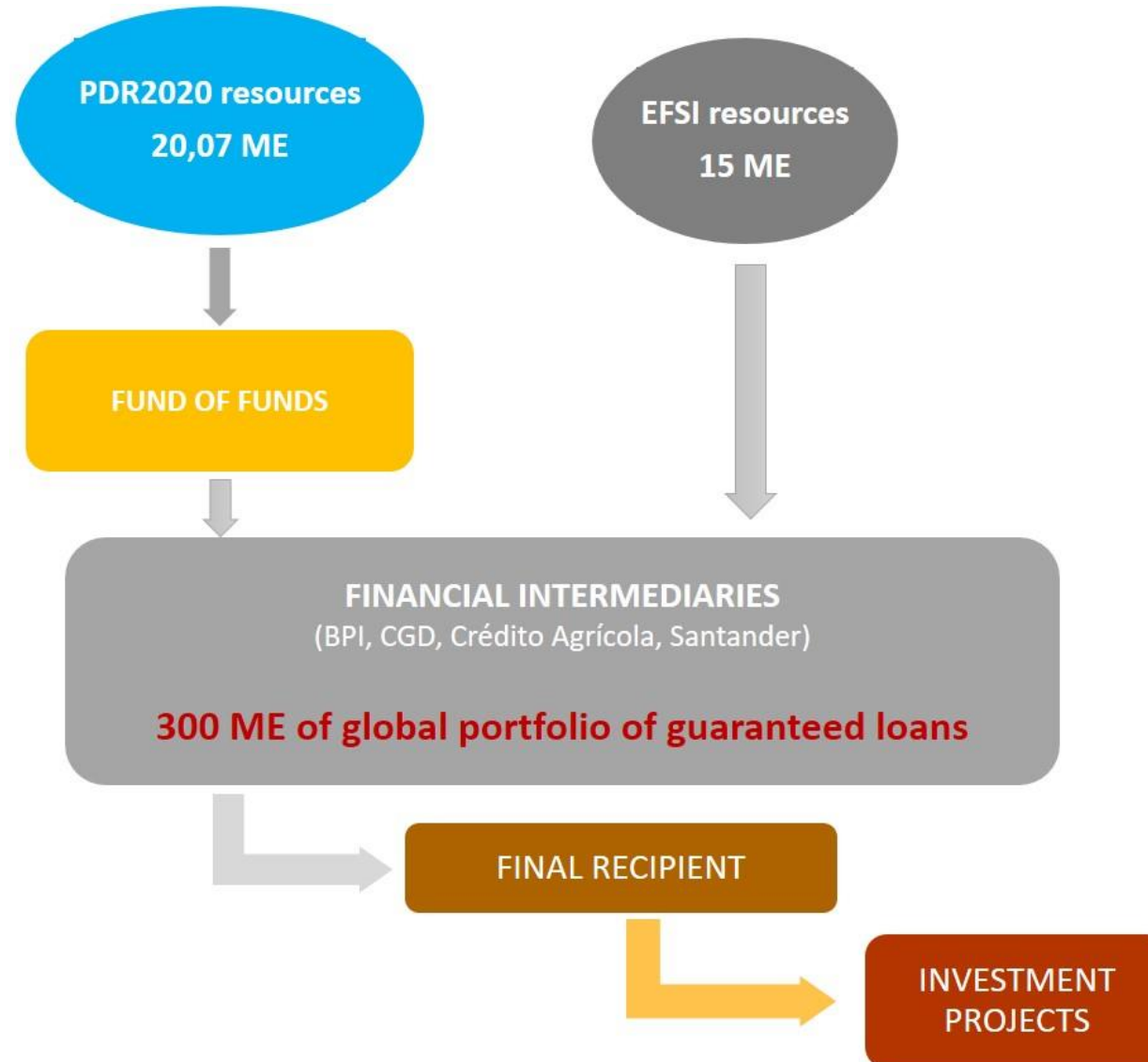
Financial Instrument Implementation

Stakeholders (EIF, Banks, MA, Investment Board, Paying Agency)



Financial Instrument Implementation

Financing (EAFRD, State Budget, ESI Funds)





Financial Instrument access modalities

FI guarantee without combination with RDP 2020 grant support

- 1 Gross Grant equivalent (GGE) of the guarantee provided by the FI shall not exceed the maximum aid intensity for each RDP 2020 Operation.

COVID-19 working capital loan

- 3 FI is able to finance, until June 30th 2022, stand alone working capital loan (not linked to an investment) up to 200 000 euros, to beneficiaries whose activity has been affected by the COVID-19 pandemic.

FI guarantee combined with grant support from RDP 2020 Operations

- 2
- ✓ 3.1.2. Investment of Young Farmers in agricultural holdings
 - ✓ 3.2.1. Investment in agricultural business
 - ✓ 3.2.2. Small investments in agricultural business
 - ✓ 3.3.1. Investments in the transformation and marketing of agriculture products
 - ✓ 3.3.2. Small investments in the transformation and marketing of agriculture products

FI guarantee is combined with projects previously approved by RDP 2020, in the scope of these Operations.

The sum of the GGE from FI guarantee and the approved grant support from the RDP 2020 cannot exceed the maximum aid intensity allowed for those measures, as defined in **Annex II of Regulation (EU) No 1305/2013**.

The maximum aid intensity varies according to the project's framing within the criteria determining the level of support, as defined in Annex II.



RDP 2020 FI Operations

Operation 3.1.3 Investment of Young Farmers in agricultural holdings supported by a financial instrument

Operation 3.2.3 Investment in agricultural business supported by a financial instrument

Operation 3.3.3 Investment in the transformation and marketing of agriculture products supported by a financial instrument

Operation 3.1.3 Investment of Young Farmers in agricultural holdings supported by a financial instrument



Final Recipients

- Young Farmers, aged between 18 and 40 years old, settling for the first time in an agricultural holding, in the last five years
- Legal persons, stating agriculture as the main social objective, as long as the managing partners are between 18 and 40 years old, collectively hold the majority of share capital, and, individually, each of them holds over 25% of the share capital.

(In either case, the final recipient must fit in the definition of micro or small enterprise, according to Commission Recommendation 2003/361/EC)

Eligible expenses

- Tangible and intangible investments, to improve the overall farm performance and sustainability
- Working capital up to 200 000 euros, or 30% of the total eligible amount (whichever is higher), as long as the final recipient's investment is supported by the financial instrument
- Purchase of land, as stated in article 4 of Commission Delegated Regulation (EU) No 480/2014, and purchase of live animals of autochthonous breed
- Investments aimed at the fulfillment of EU regulations requirements applicable to agriculture production, including safety at work, within 24 months since the settling date
- Purchase of second hand and replacement equipment
- Leasing (only finance lease)



Non-eligible expenses

- Financial costs, such as interest refinancing, insurance premiums and general expenses
- Purchase of agricultural production rights, payment rights, animals, with the exception of live animals of autochthonous breed, annual plants and its planting



Operation 3.2.3.

Investment in agricultural business supported by a financial instrument



Final Recipients

Farmers and legal persons involved in agricultural business, including farmers, groups of farmers, agricultural and livestock cooperatives, and agricultural producer organizations.



Non-eligible expenses

- Financial costs, such as interest refinancing, insurance premiums and general expenses
- Purchase of agricultural production rights, payment rights, animals, annual plants and its planting

Eligible expenses

- Tangible and intangible investments, to improve the overall farm performance and sustainability
- Working capital up to 200 000 euros, or 30% of the total eligible amount (whichever is higher), as long as the final recipient's investment is supported by the financial instrument
- Purchase of land, as stated in article 4 of Commission Delegated Regulation (EU) No 480/2014
- Investments aimed at complying with EU regulations requirements applicable to agriculture production, within 12 months since they become mandatory for agricultural holdings, namely, the application of the Directive Nitrates, associated with the designation of new vulnerable zones, their expansion or the modification of the action plan
- Purchase of second hand and replacement equipment
- Leasing (only finance lease)

Operation 3.3.3 Investment in the transformation and marketing of agriculture products supported by a financial instrument



Final Recipients

Legal persons involved in the transformation and marketing of agriculture products, covered by Annex I to the Treaty for the Functioning of the European Union, with the exception of fishery products.



Non-eligible expenses

Financial costs, such as interest refinancing, insurance premiums and general expenses.

Eligible expenses

- Tangible and intangible investments, to improve the overall farm performance and sustainability
- Working capital up to 200 000 euros, or 30% of the total eligible amount (whichever is higher), as long as the final recipient's investment is supported by the financial instrument
- Purchase of second hand and replacement equipment
- Leasing (only finance lease)



MA Declaration of conformity for RDP 2020 Operations

- Registration in the Paying Agency (IFAP number)
- Regularized situation regarding repayments under financing from EAFRD and EAGF, or constitution of a guarantee in favor of Paying Agency
- No conviction in a criminal process regarding financial availabilities in the scope of EAFRD or EAGF
- When combined with a grant support from RDP 2020 Operations, the MA Declaration of conformity also includes information on the RDP 2020 approved investment, namely the eligible investment, grant support, as well as the maximum aid intensity allowed.



Additional information required for Operation 3.1.3 Investment of Young Farmers in agricultural holdings supported by a financial instrument

- Appropriate vocational training
- Start of farm activity

When no activity has yet been started, a certificate of "Start of Farm Activity" must be provided to the bank until the date of signing the loan agreement.



RDP 2020 | Declarations of Conformity for RDP sub-measures issued by MA 21-09-2021

Sub-measure	Number of requested Declarations	Number of Declarations issued			Number of non-compliant Declarations	Number of Declarations under analysis
		Not combined with RDP 2020	Combined with RDP 2020	COVID-19 working capital loan		
3.1.3 - Investment of Young Farmers in agricultural holdings supported by a financial instrument	112	19	27	8	55	3
3.2.3 - Investment in agricultural business supported by a financial instrument	239	186	25	28		
3.3.3 - Investment in the transformation and marketing of agriculture products supported by a financial instrument	43	35	5	3		
Total	394	240	57	39	55	3



State of Play at 30.06.2021

RDP 2020 | EAFRD Financial Instrument Implementation at 30.06.2021

Sub-measure	Number of Transactions	Total Amount Committed	Guarantee Cap Amount
3.1.3 Investment of Young Farmers in agricultural holdings supported by a financial instrument	18	2 248 500 €	236 093 €
3.2.3 Investment in agricultural business supported by a financial instrument	65	24 452 453 €	2 452 513 €
3.3.3 Investment in the transformation and marketing of agriculture products supported by a financial instrument	17	7 982 000 €	800 310 €
Total	100	34 682 953 €	3 488 916 €



Thank you!

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