



## Financial needs in Greek agriculture and the role of financial instruments

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 #ficompass



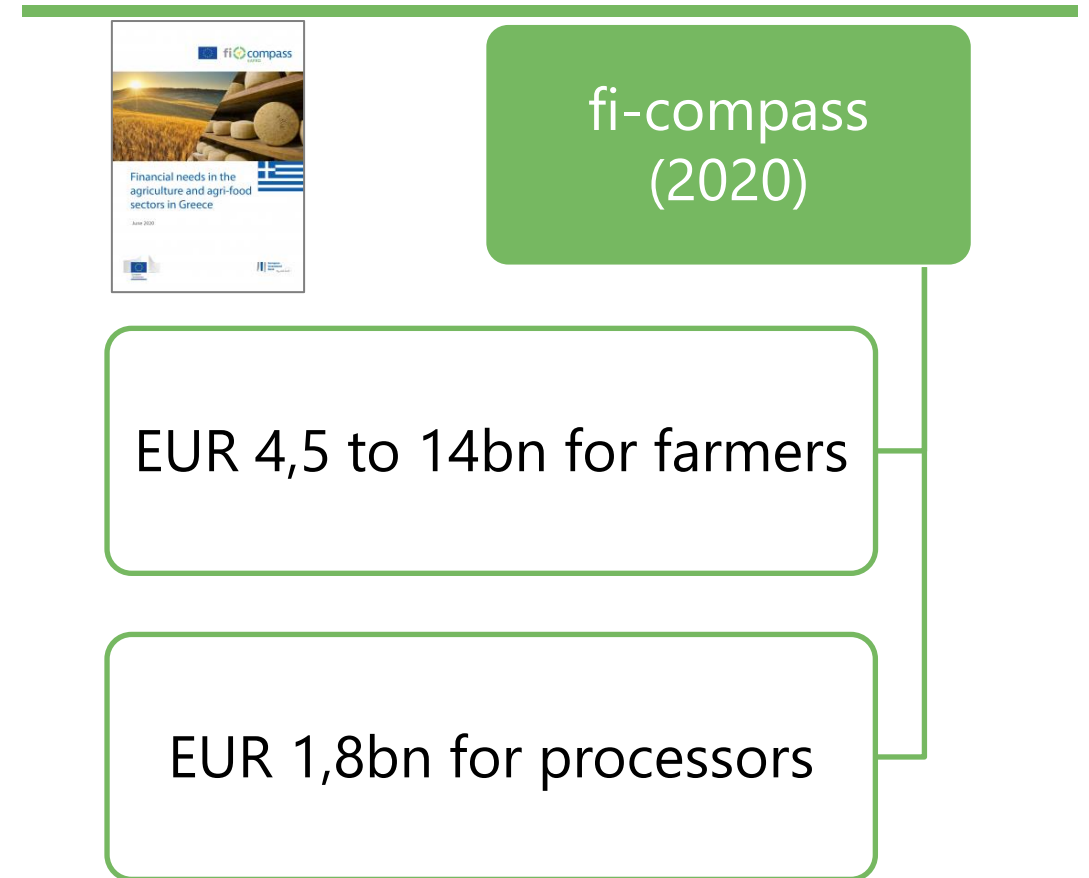
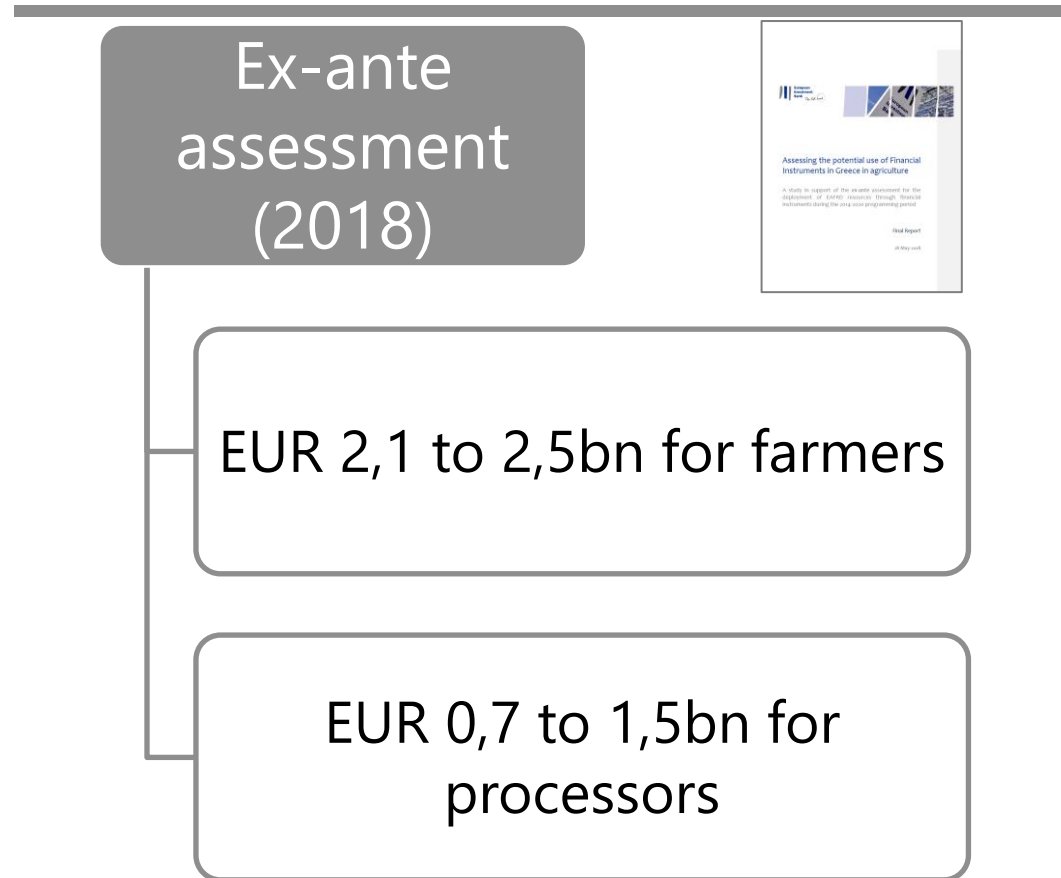
# Outline



- Financial needs in the Greek agri-food sector
- Design and set-up of the Rural Development Guarantee instrument
- Implementation of the instrument
- Lessons learned and future planning

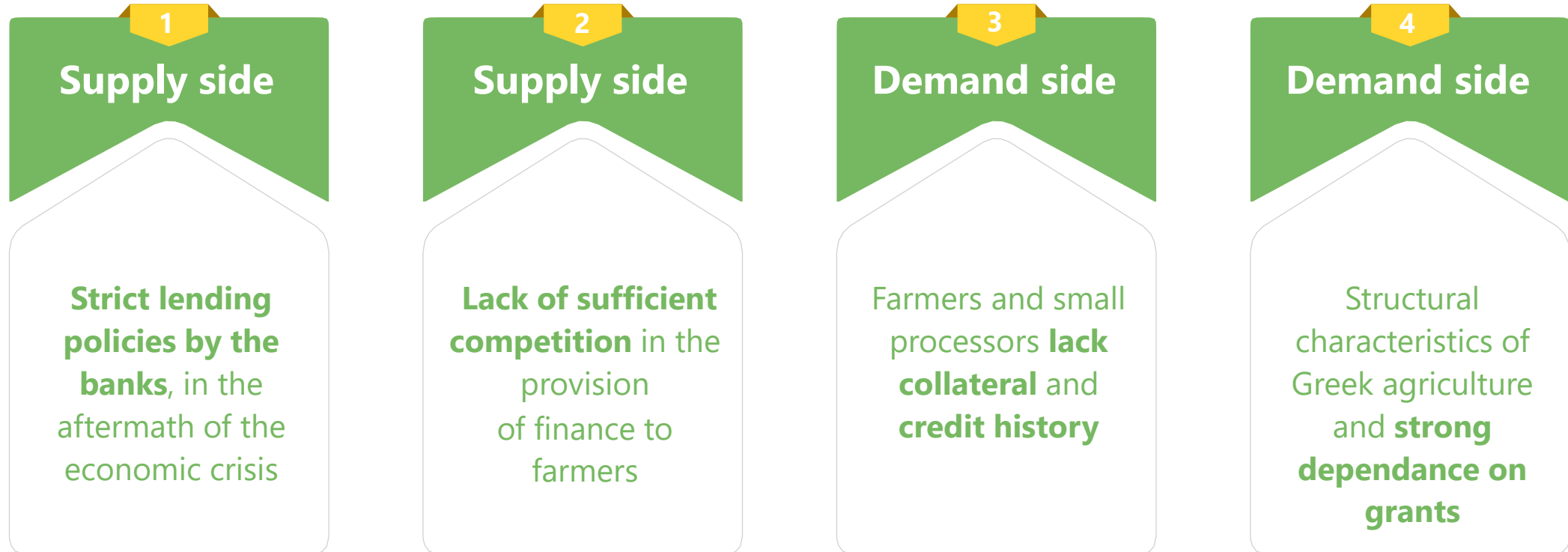
# Financial needs in the Greek agri-food sector

A substantial financing gap identified



# Financial needs in the Greek agri-food sector

Main reasons hindering access to finance according to the ex-ante assessment and fi-compass study



# The Rural Development Guarantee Fund

## Design principles



1

### Reduce the gap

Leverage RDP resources as much as possible

2

### Improve terms of financing

Minimise Financial Intermediaries' risk by covering their expected losses

3

### Improve competition

Attract as many Financial Intermediaries as possible

4

### Targeted but flexible

Target those most in need but give flexibility to combine with grants



# The Rural Development Guarantee Fund

## The investment strategy

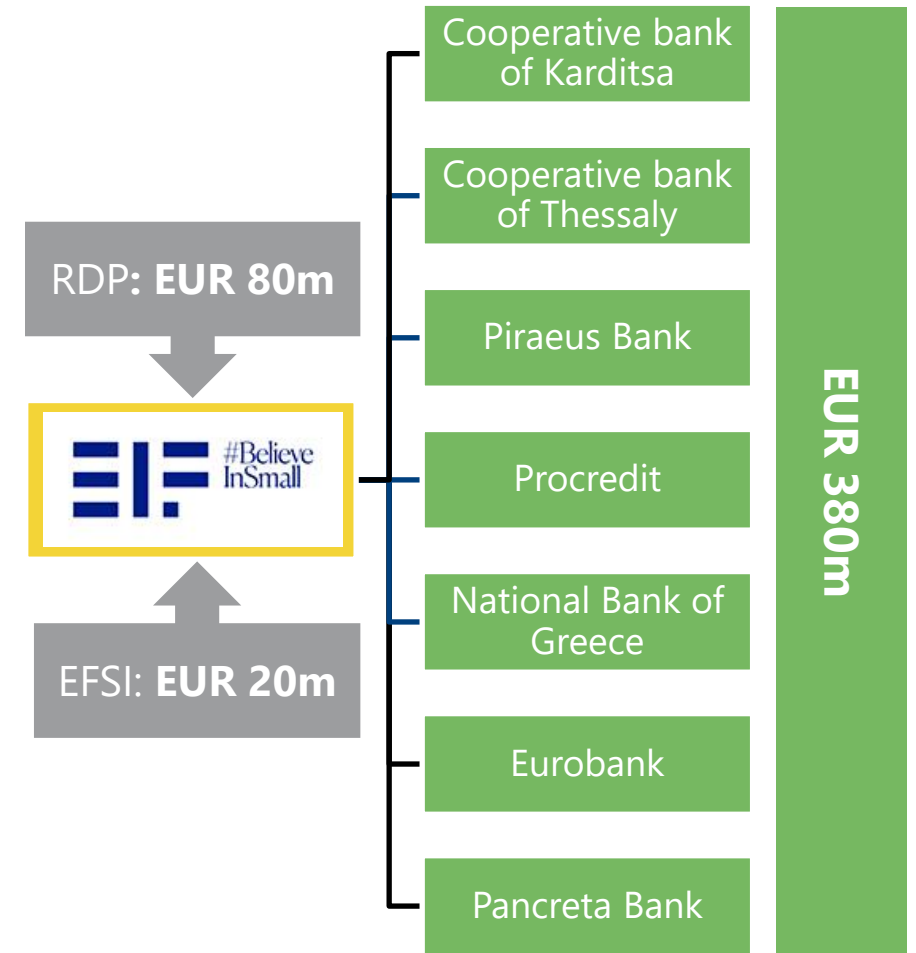


- A first-loss capped portfolio guarantee instrument under sub-measures 4.1 and 4.2
- Loan amount between EUR 10 000 and EUR 5 000 000
- Cap rate: up to 35%
- Guarantee rate: up to 80% of each loan
- Final recipients:
  - Farmers (natural or legal persons, young farmers) with minimum economic size  $\geq$  EUR 8 000 or collective farmers schemes
  - Processors of specific agricultural products with a final product included in Annex I TFEU
- Combination with grants (4.1, 4.2, projects in processing of agricultural products under 19.2, national grant schemes) in two separate operations

# The Rural Development Guarantee Fund

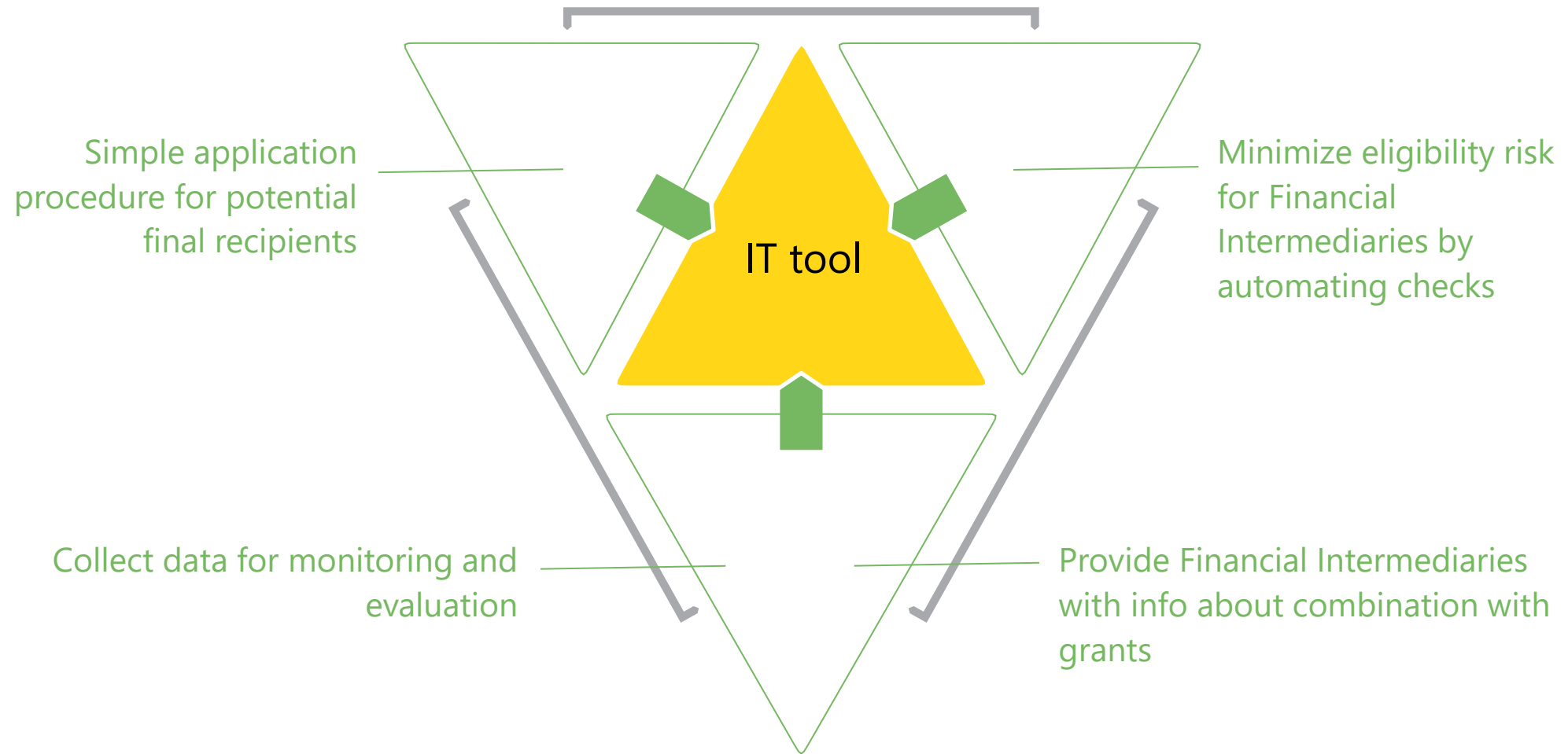
## The set-up

- **European Investment Fund** as Fund Manager
- **FoF** structure with **7 Financial Intermediaries**
- **RDP: EUR 80m, EFSI: EUR 20m**
- Total estimated portfolio **volume: EUR 480m**
- Expected **leverage** of RDP resources: **6x**
- **Transfer of benefit:**
  - 50% – 100% reduction in collateral requirements
  - 0.5 – 1.25 percentage units reduction in interest rates
  - 20% reduction in transaction fees



# The Rural Development Guarantee Fund

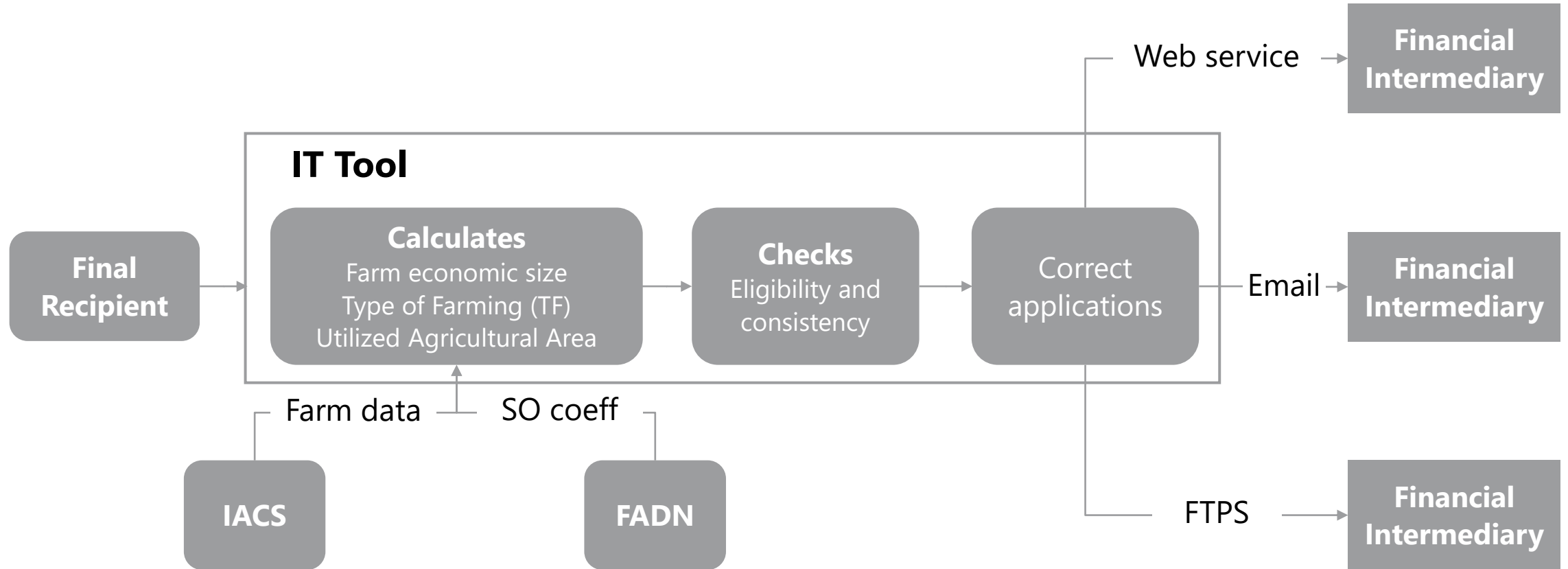
## Implementation arrangements





# The Rural Development Guarantee Fund

## The main functions of the IT tool

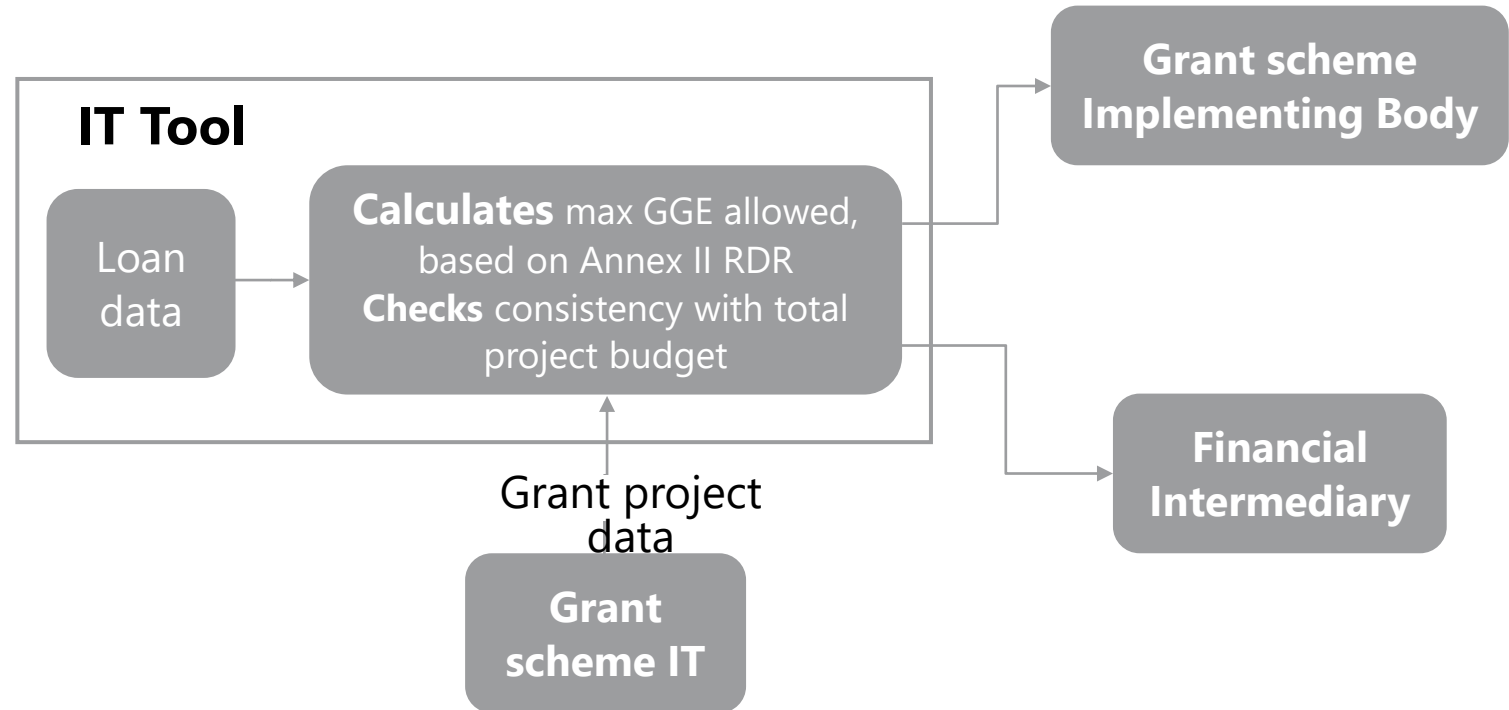


# The Rural Development Guarantee Fund

The combination functions of the IT tool



- Compiles data from loan application and combined grant project to generate useful information for both Implementing Bodies of the grant scheme and Financial Intermediaries



# The Rural Development Guarantee Fund

## Implementation results



### Number of applications

Demand

1045 unique applications

37% combined with grants.

19% request also working capital

88% for investments in agricultural holdings of which  
10% by young farmers

### Amount requested

EUR 86m

EUR 30 000 median investment amount

EUR 20 000 median working capital amount

63% for investments in agricultural holdings

### Number of loans

Supply

260 approved loans (unofficial data Oct. 2021)

More than 70% with no collateral requirements

98 months average maturity

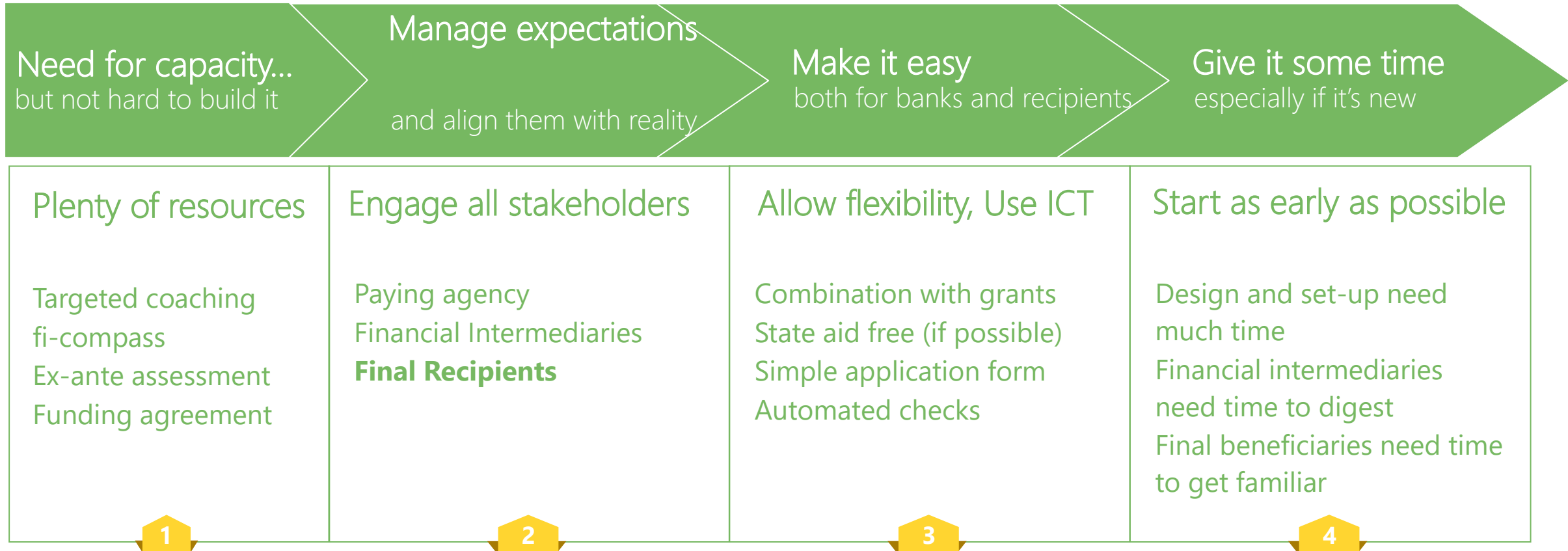
### Amount approved

EUR 14.2m

EUR 30 000 median principal amount

EUR 5 000 median Gross Grant Equivalent

# Some key lessons



# Forward looking

## Financial Instruments in the Greek CAP Strategic Plan



- Continuation of the Rural Development Guarantee Fund
- Capacity building for the novelties of the 2023 – 2027 period
  - Targeted coaching
- Explore
  - Making use of the new provisions for combination with grants in a single financial instrument operation



**Thank you!**

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