



Financial needs of EU agri-food sector

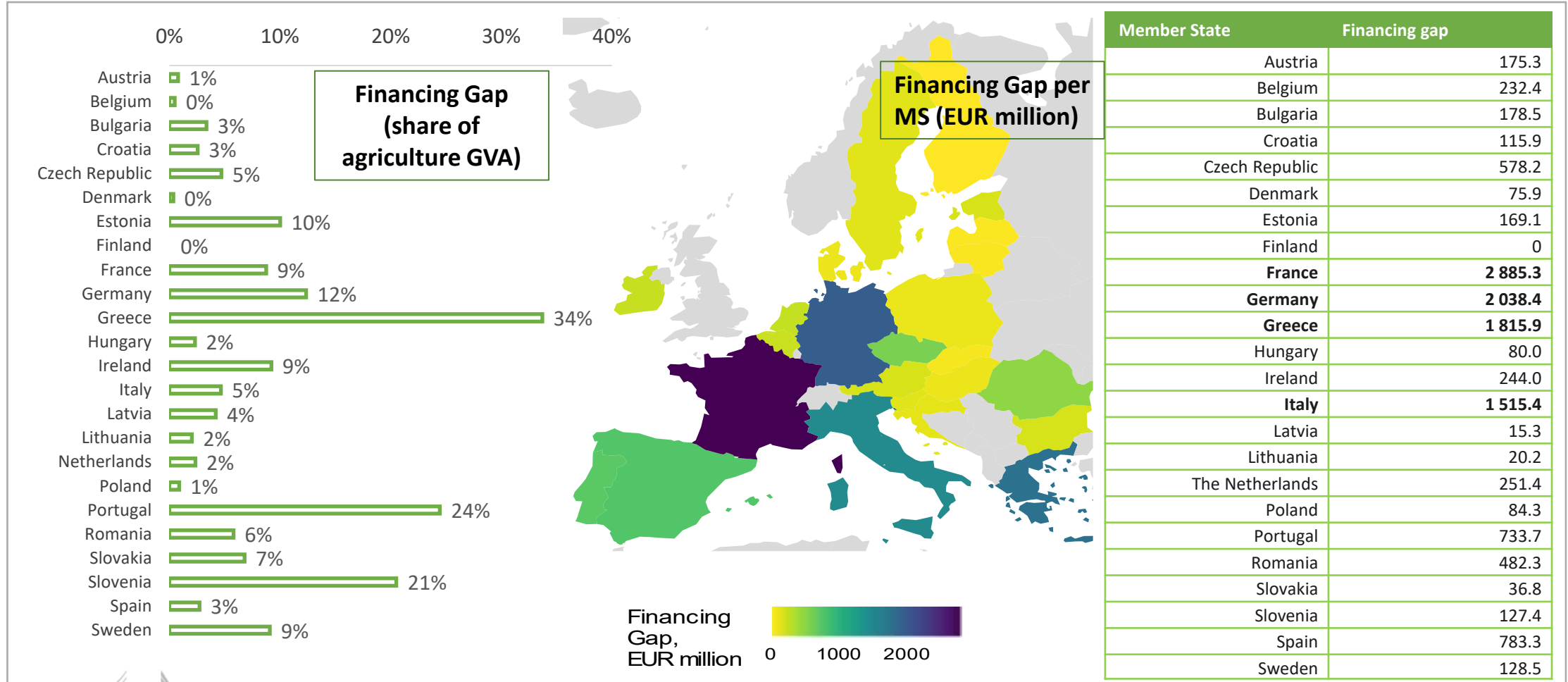
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Financing GAP estimate

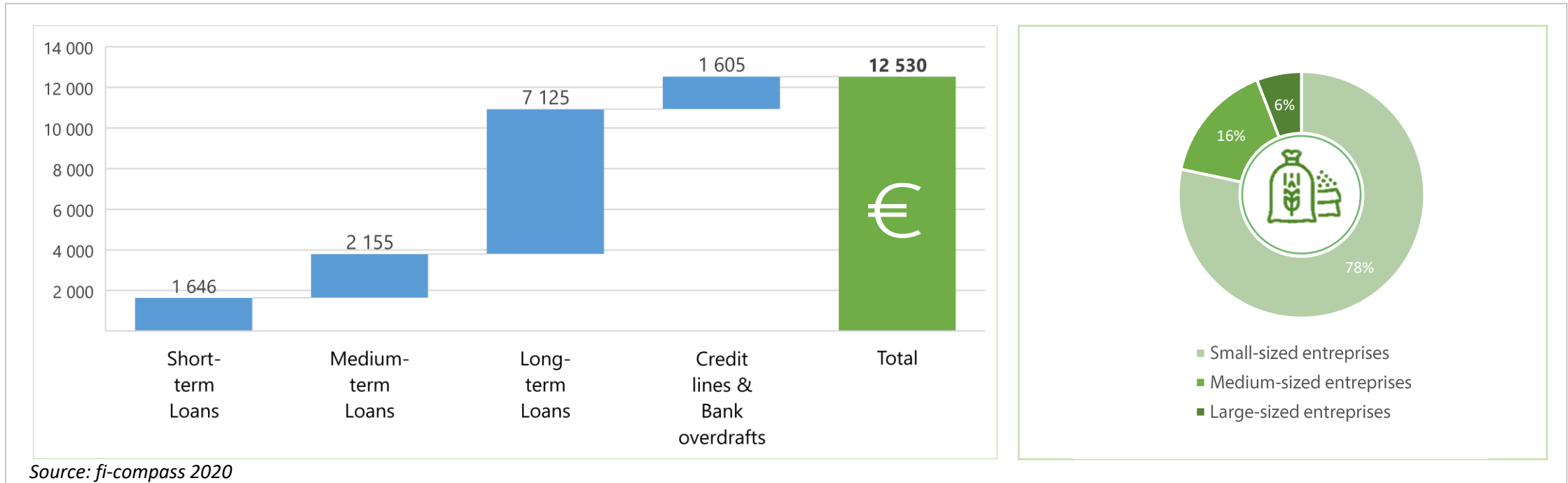


Source: fi-compass 2020

Total GAP – 24 EU MSs of 12.5 billion



Financing GAP by target group and product



Small-sized enterprises are most affected by the financing gap - 78% of the total financing gap equal to **EUR 9.87 billion**.



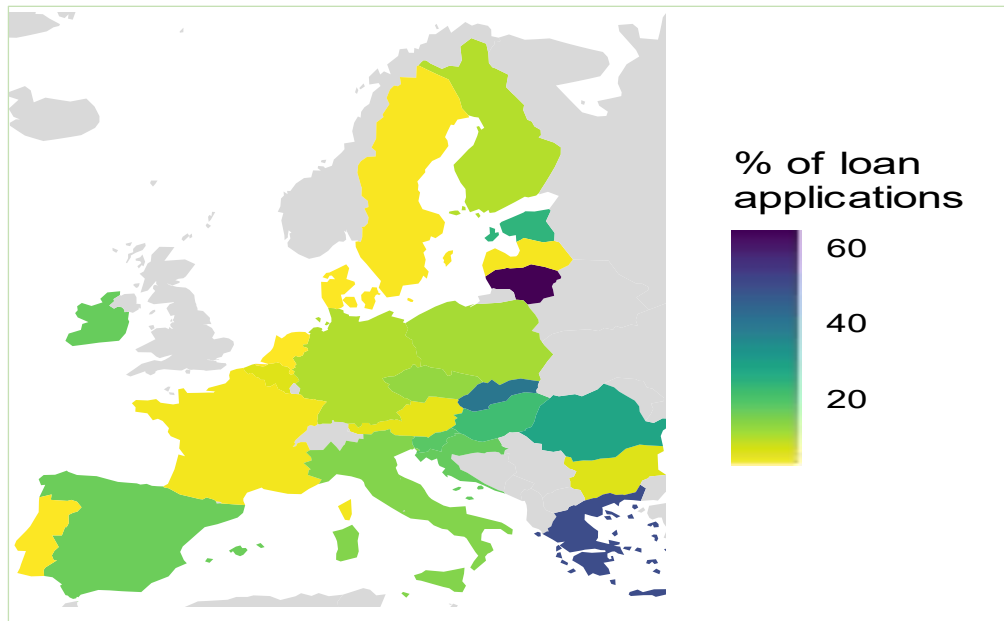
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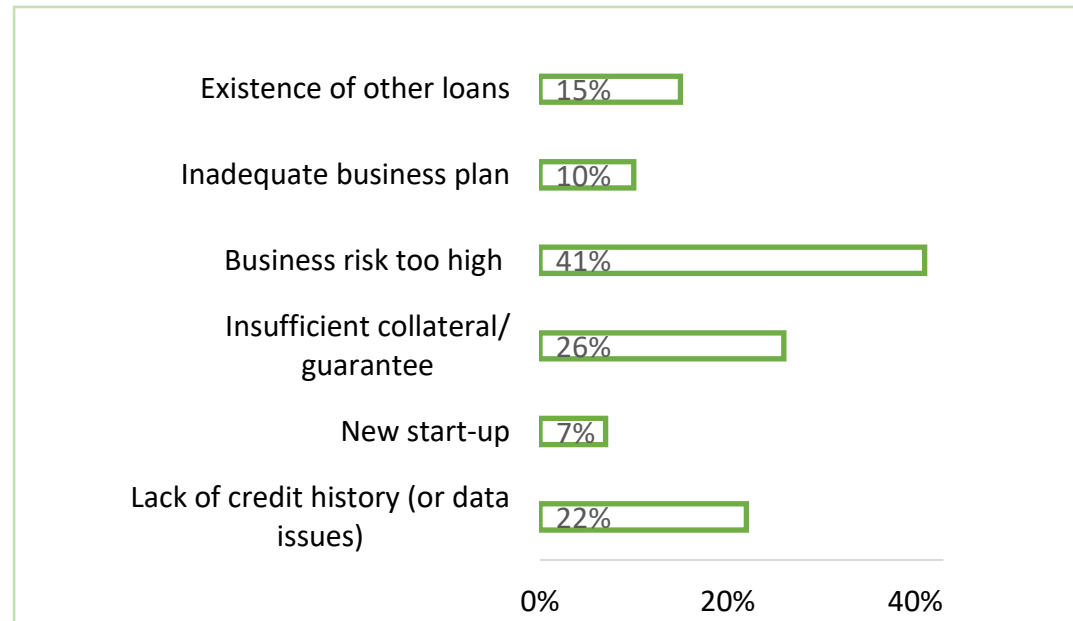
Application for bank finance



Unsuccessful applications per MS



Key reasons for rejection of loan application



- ✓ Sizable demand for finance across EU 24 with 46% of agri-food enterprises applying for bank finance
- ✓ Medium-term loans were most demanded (47%)



Source: fi-compass 2020

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Main constraints on the demand side



High production costs and low equity ratios

Lack of collateral or guarantees to secure loans

Low level of financial literacy and management capacities

Lack of credit history limits access to finance for start-ups, new entrants and innovations

Unfavorable loan conditions and complicated loan application procedures



Supply of finance to the sector



Concentrated banking sector

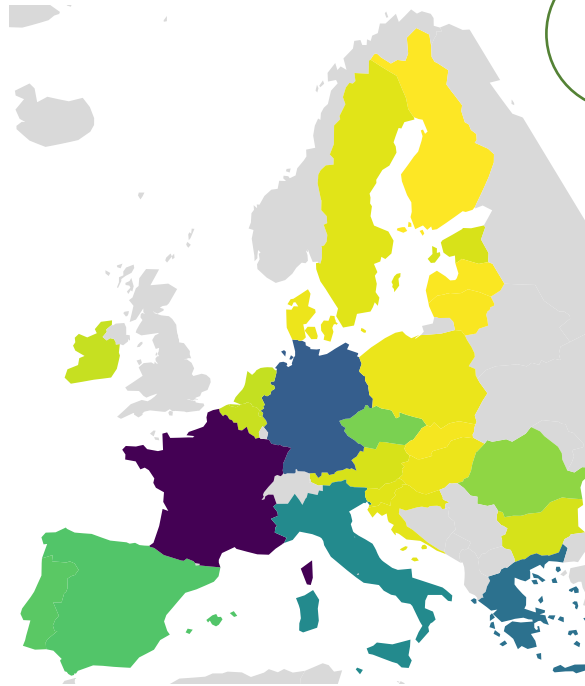
Banking sector lacks specialization in the sector and no offer of tailored finance products

Low equity ratios and insufficient credit guarantees

Higher interest rates for enterprises in early stage of development



Main recommendations



Financing Gap, EUR million
0 1000 2000

- Strengthen existing guarantee offer or create tailored guarantee instruments
- Use of loan funds with risk-sharing structure reflecting the specific market conditions
- Increase financial literacy of micro and small and medium-sized enterprises
- Develop equity or quasi-equity products targeted to the sector
- Use possibilities offered by the new legal framework allowing development of more targeted support to target groups



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