



Financing needs in agriculture and agri-food sectors in France

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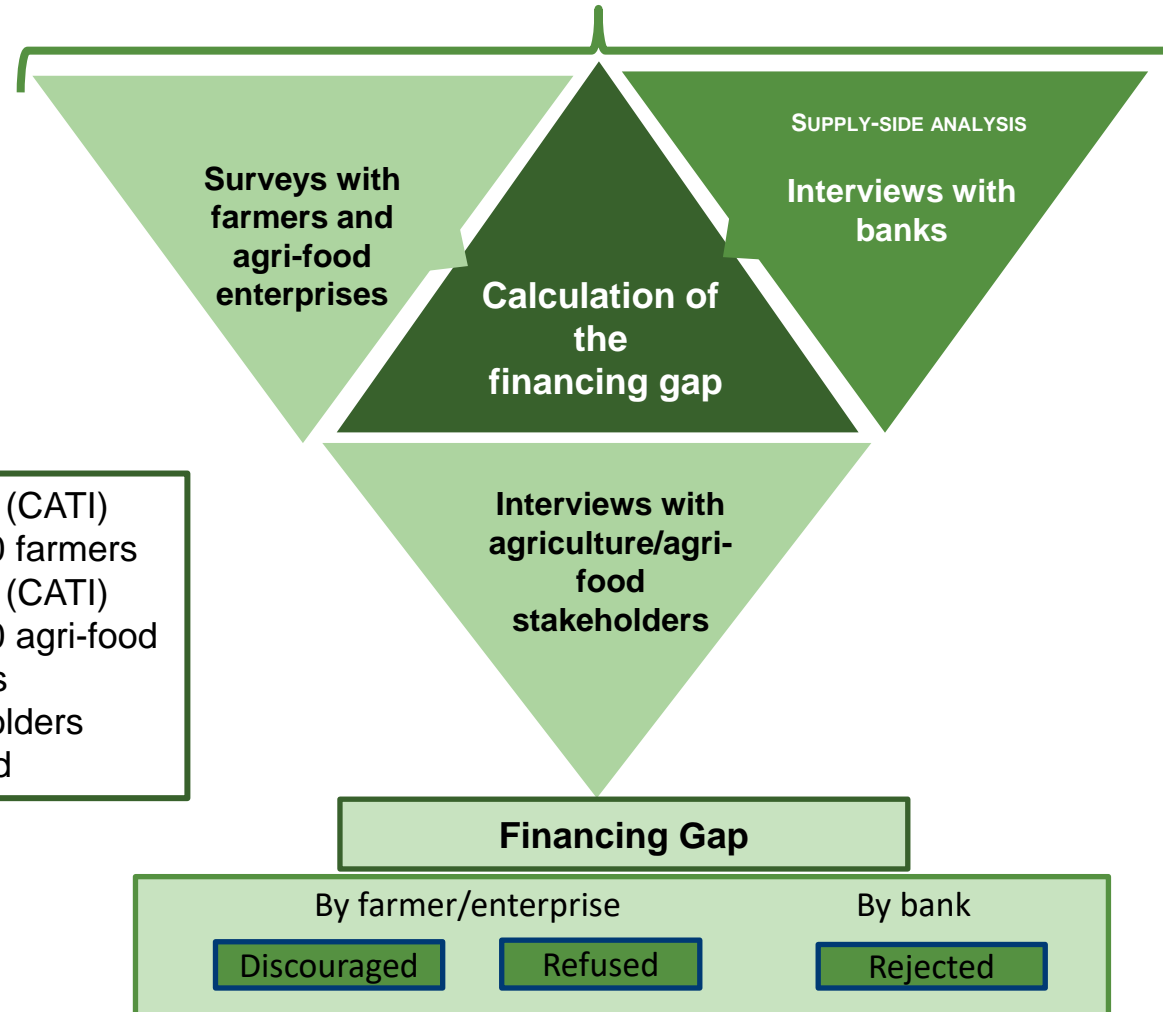
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Methodology



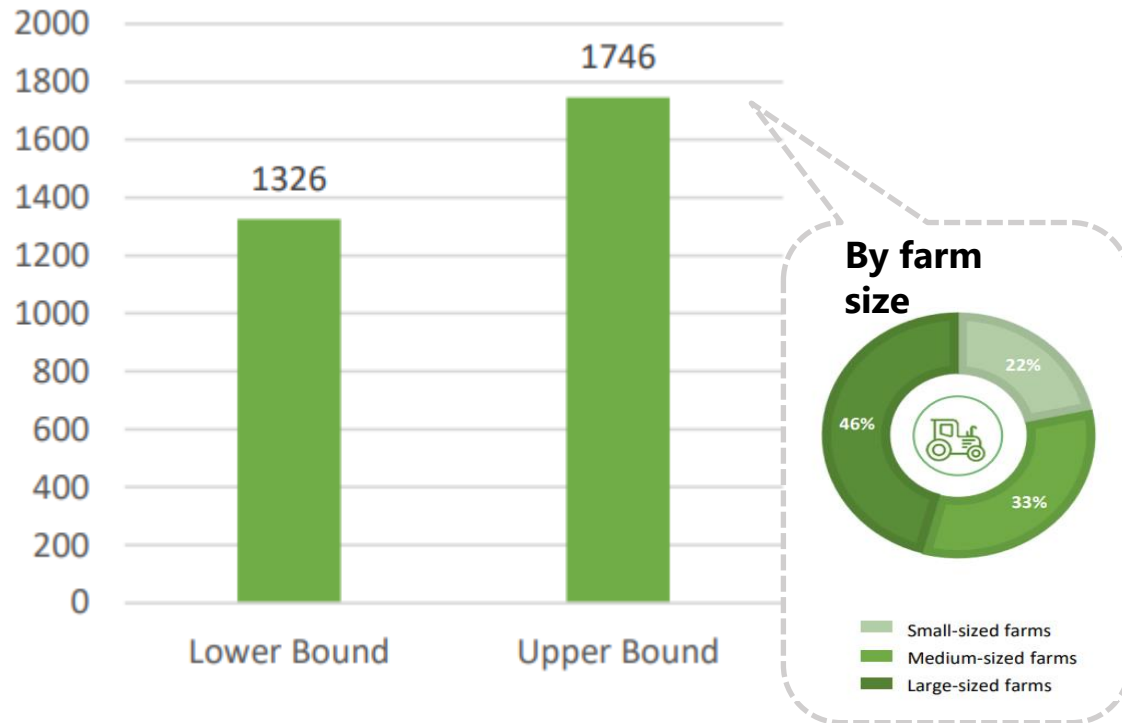
- ✓ Telephone (CATI) survey 350 farmers
- ✓ Telephone (CATI) survey 180 agri-food enterprises
- ✓ 24 stakeholders interviewed

- Financing GAP**
- Unmet financing demand, from viable enterprises:*
- ✓ (i) lending applied for but not obtained
 - ✓ (ii) lending offers refused by the potential borrower
 - ✓ (iii) lending not applied for due to expected rejection

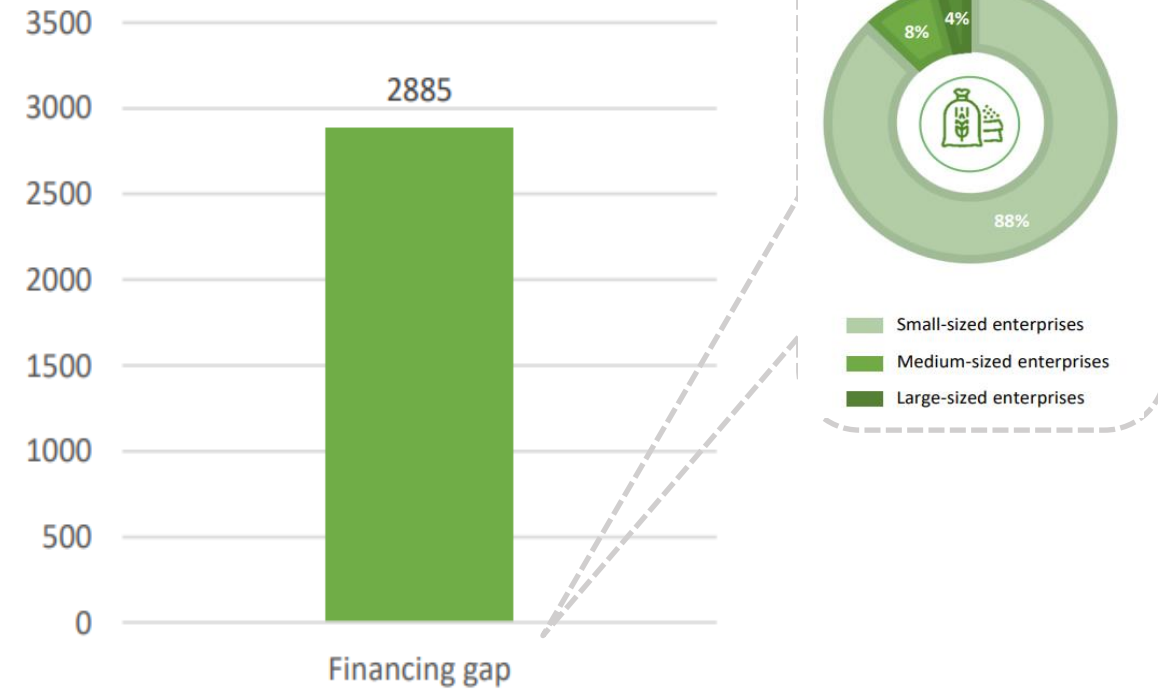
Financing gap (in EUR million)



AGRICULTURE SECTOR



AGRI-FOOD SECTOR





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France has one of the largest agri and agri-food credit markets in the EU...



A growing and informed demand

- Growing and evolving financial needs
- Farmers are informed
 - Largest share of the gap identified through the “discouraged” category

... addressed by a strong supply.

- High level of agricultural expertise
- Concentrated banking sector, but with a strong presence on the ground
- Multiple initiatives in place

...but some obstacles remain



Low and volatile economic margins

- Increased volatility of input and output markets
- Increased competition, lower margins
- Non-productive investments (sustainability, ...)

Lack of business/credit history

- New entrants/Start ups
- New production practices

Working capital finance

- Increasing demand for working capital finance

Lack of assets/access to collateral

- Sufficient assets needed for collateral
- There can also be a lack of own capital to invest in the project (leverage too high)

Innovation/intangible investments

- Investment in innovation and intangible assets more difficult to use as collateral
- More acute for smaller-firms

Recommendations



Take stock of existing FIs

- Assess their reach, scope, and size
- Build on successful experience of financing sustainable transitions

Explore combinations

- Combination of FIs (loans & guarantees), grant support and interest rate subsidies, or the possibility to finance land purchase

Assess potential for equity instruments

- Analyse the need to support start-ups and, in particular, young farmers and new entrants with innovative ideas

Support working capital finance

- Stand-alone working capital finance through EAFRD-funded financial instruments, which will be possible under the new legal framework

Support innovation

- Explore the financing of non-tangible assets for innovation
- Assess the possibility to set-up a pilot equity or quasi-equity financial instrument that supports start-ups with innovative projects



Thank you!

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