



Financing needs in agriculture and agri-food sectors in Poland

Miglena Dobрева, Financial Instruments Advisor,
European Investment Bank

Michal Deuzkiewicz, Researcher, Ecorys

 #ficompass





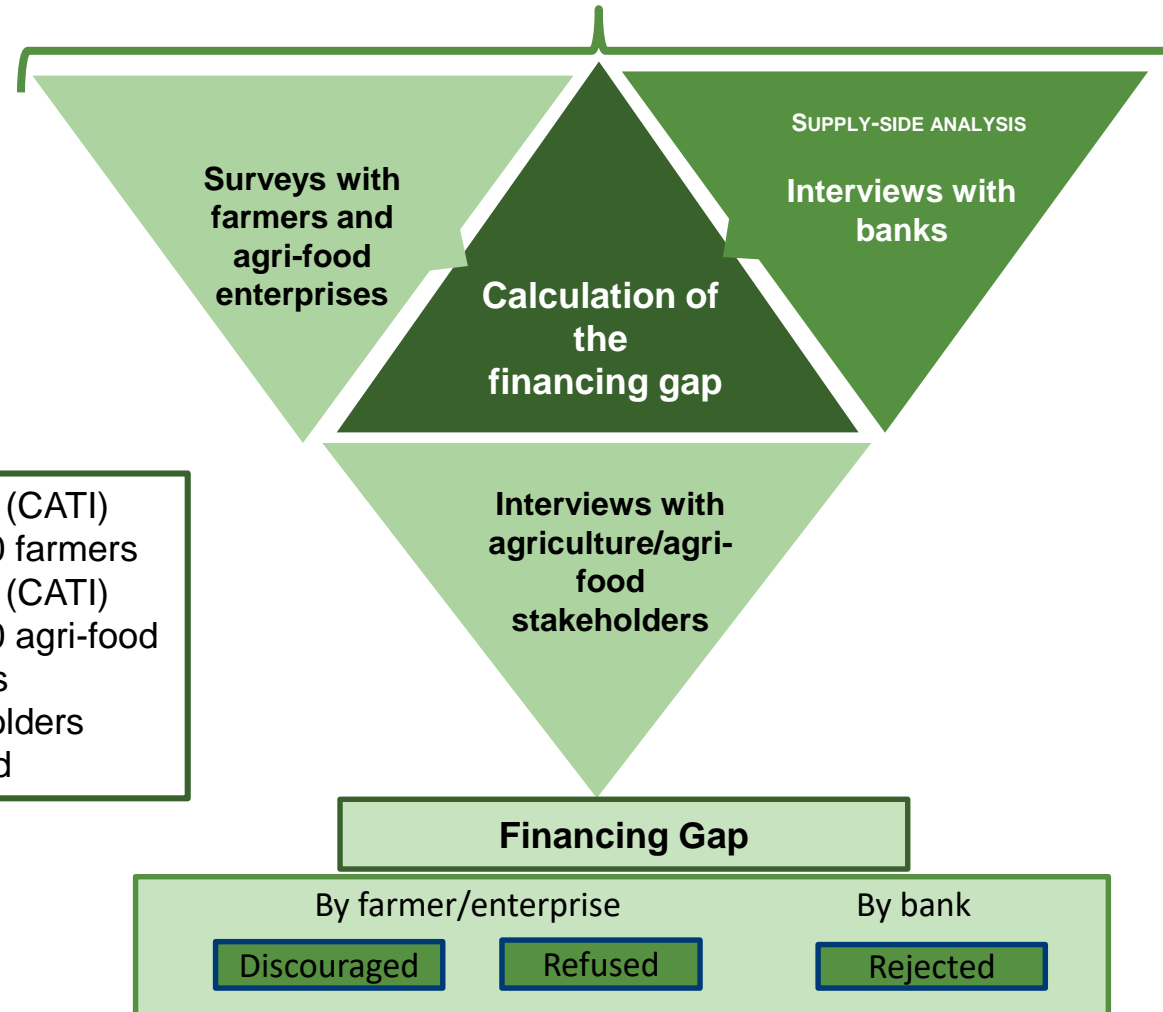
Financing needs in agriculture and agri-food sectors in Poland

Miglena Dobрева, Financial Instruments Advisor,
European Investment Bank

 #ficompass



Methodology



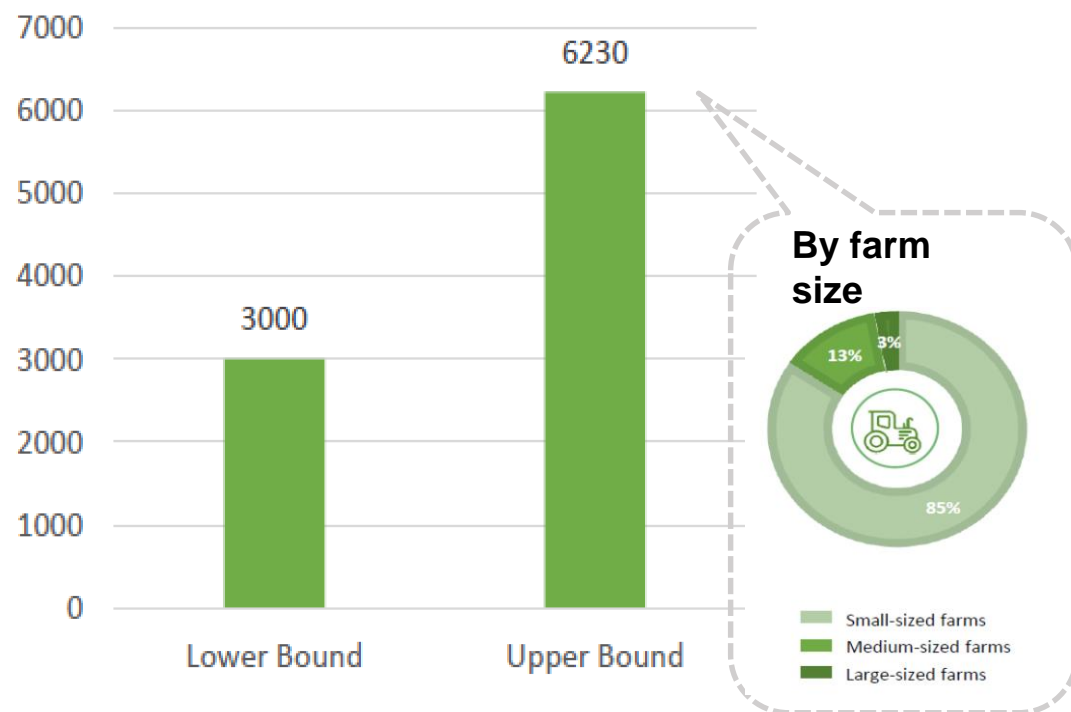
- ✓ Telephone (CATI) survey 320 farmers
- ✓ Telephone (CATI) survey 130 agri-food enterprises
- ✓ 24 stakeholders interviewed

- 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

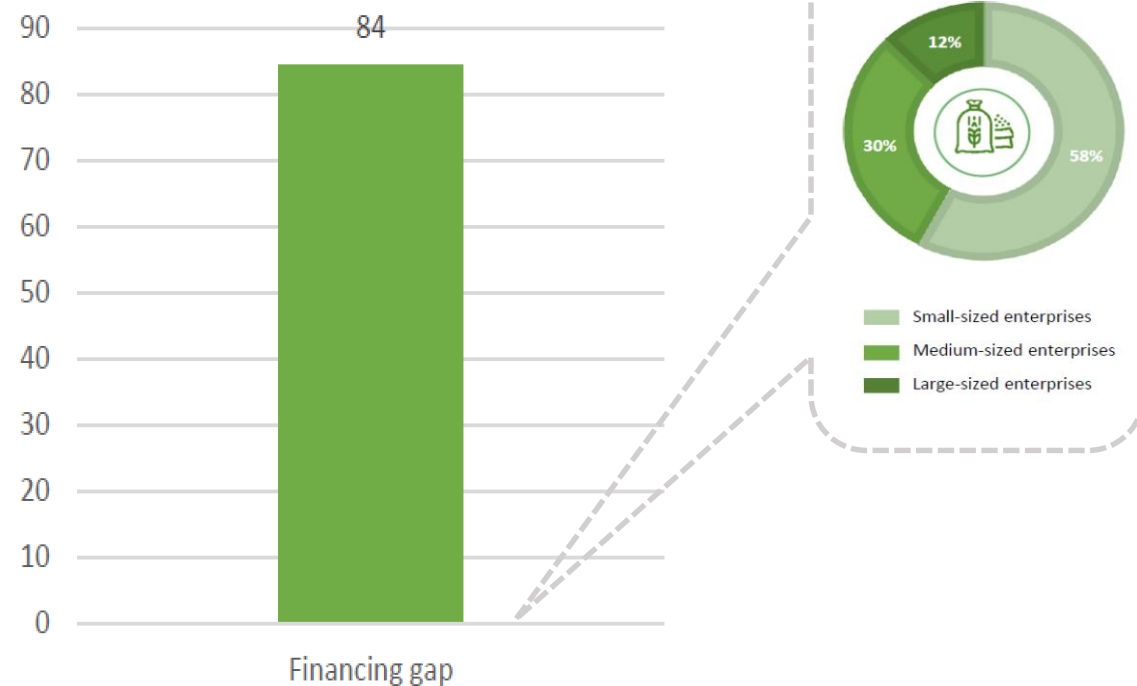
Financing gap (in EUR million)



AGRICULTURE SECTOR



AGRI-FOOD SECTOR



Source: *fi-compass*, 2020



Financing needs in agriculture and agri-food sectors in Poland

Michal Deuzkiewicz, Researcher, Ecorys

 #ficompass



Polish farmers and agri-food enterprises face obstacles in accessing finance



Demand for finance particularly high for investment purposes

- High need for modernising equipment and technology
- Working capital needs are commonly met by using own resources
- Particularly small farmers are both “discouraged” and “rejected”
- Farmers perceive the loan conditions offered as unfavourable and reject loans

... but interest to finance agriculture and agribusiness is low.

- Cooperative and commercial banks are the main suppliers
- Banks’ presence in rural areas is declining and transaction costs for assessing small loans are high
- Preferential loans are being provided from national funds
- EAFRD guarantee instrument launched in Dec 2019 to increase supply

Among the core challenges are...



Low and volatile economic margins

- Overall, low levels of productivity
- High fragmentation of the sector
- Shift from labour-intensive to capital-intensive agriculture on-going

Lack of business/credit history

- Young farmers / New entrants

Lack of assets/access to collateral

- Sufficient assets needed for collateral
- Low economic value of existing farm equipment

Absence of creditworthiness

- Weak accounting and business planning skills particularly among small farms

Recommendations



Take stock of existing FI

- Assess its reach, scope, and size
- Understand how it supported young farmers and small-sized enterprises

Explore combinations

- Combination of FIs with grant support

Assess the opportunity to set up a micro-credit instrument

- A guarantee or risk sharing loan fund also open to NBFIs and small credit providers might increase interest to lend to small-sized enterprises

Support capacity building

- Explore the option to provide training in financial management or accounting to farmers to present bankable investment projects
- Support agribusinesses in identifying investment opportunities



Thank you!

www.fi-compass.eu

Follow us:    



fi-compass is provided by the European Commission in partnership with the European Investment Bank
Copyright © European Investment Bank 2014-2021
events@fi-compass.eu | www.fi-compass.eu

