The financial instrument of the Rural Development Programme of Castile and Leon (Spain)

Juan José Lozano Barriuso, Managing Authority, Castilla y León, Spain
CASTILLA Y LEÓN

Area: 94,220 km²

Population: 2.5 million people
The FI is a new tool to promote investments in the agriculture and the agri-food and forestry industrial sectors.
Programa de Desarrollo Rural de Castilla y León 2014-2020

THE FINANCIAL INSTRUMENT OF THE RDP OF CASTILE AND LEON

Basic principles of the financial instrument (FI)

1. Adaptation to the needs of final recipients
2. Simplified procedure
3. Efficient granting process
4. Liaison with financial institutions
5. Transferable method

#ficompas
• A transferable method to any other territories...

• ... and extendable to other aims

- Risk management
- Adverse weather conditions
**Aim:** Supporting investment projects through loans granted by private financial institutions to farmers and industrial entrepreneurs under special conditions. These loans will be guaranteed with public funds by the FI.

The FI guarantees 80% of each loan.
Our FI is giving support to investment projects under the following measures of our RDP:

- Investments in agricultural holdings (Measure 4.1)
- Investments in agri-food industries (Measure 4.2)
- Investments in forestry industries (Measure 8.6)

In addition, our FI will support for the measure the setting up of young farmers (measure 6.1)
The loans are compatible with these non-refundable grants.

Investment projects that do not have any non-refundable grants may be accepted as well.

Our FI will guarantee 80% on a loan by loan basis, with the rest being financed by the financial institutions.
Announcement in our Official Regional Journal (BOCYL)

It regulates:

1. The procedure for the potential recipients to request the recognition of the right to be supported by the FI with loan guarantees.
2. This announcement opens the period to request for this recognition. It is a permanent call, with no deadline.
3. The procedure for these Financial Institutions to be considered as "Collaborating Entities" in the management of the applications.

#ficompass
For the Financial Institutions to be considered as "Collaborating Entities" it is necessary:

1. For any financial institution to have previously subscribed to a collaboration agreement with the national Ministry of Agriculture to get loans guaranteed by the Spanish FI of centralized management.
2. Afterwards, the financial institution have to formalize another agreement with the Regional Ministry of Agriculture.
THE FINANCIAL INSTRUMENT OF THE RDP OF CASTILE AND LEON

FINAL RECIPIENTS:

Those applicants who have obtained:
- a favourable credit report from SAECA
- the recognition of the right to be supported by the FI with loan guarantees by the regional Ministry

Finally, they need to formalise a loan with a financial institution.
STEPS TO OBTAIN LOANS GUARANTEED BY THE FI (1):

1. Potential recipients must submit their application for recognition of the right to loan guarantees to the regional Ministry, through these “collaborating financial entities”.
2. The financial institution requests SAECA to inform about the credit solvency of the applicant.
3. SAECA issues a credit viability report.
4. If favourable, and the applicant fulfils all the requirements for recipients and the eligibility criteria for investments, the regional Ministry recognises the right to loan guarantees.
5. In order to **formalise the loan** with the financial institution, the **recipient** must present the resolution of the recognition of the right to loan guarantees to a financial institution.

6. Finally, **SAECA** will **formalise the guarantees for the loans** with the financial institutions.
THE FINANCIAL INSTRUMENT OF THE RDP OF CASTILE AND LEON

WORKING CAPITAL

- It is always linked to a new investment

- Maximum amount for working capital: EUR 200,000 or 30% of the investment

EXCEPTION:
YOUNG FARMERS UNDER MEASURE 6.1 WILL NOT REQUIRE INVESTMENT
### Programa de Desarrollo Rural de Castilla y León 2014-2020

#### THE FINANCIAL INSTRUMENT OF THE RDP OF CASTILE AND LEON

<table>
<thead>
<tr>
<th></th>
<th>investments in agricultural holdings</th>
<th>investments in agri-food industries</th>
<th>investments in forestry industries</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Target group</strong></td>
<td>Natural and legal persons</td>
<td>Enterprises</td>
<td>SMEs</td>
</tr>
<tr>
<td><strong>Minimum amount of loan</strong></td>
<td>€ 10,000</td>
<td>€ 50,000</td>
<td>€ 50,000</td>
</tr>
<tr>
<td><strong>Maximum amount of loan</strong></td>
<td>€ 400,000 per natural person</td>
<td>€ 5,000,000</td>
<td>€ 5,000,000</td>
</tr>
<tr>
<td></td>
<td>€ 1,000,000 per legal person</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Duration</strong></td>
<td>3, 5, 8, 10, 12, 15 or 20 years (possibility of 1, 2, 3 or 4 years of waiting period)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Guarantee rate on a loan by loan basis</strong></td>
<td>80% financed by the Fi</td>
<td>20% financial institution</td>
<td></td>
</tr>
<tr>
<td><strong>Guarantee cap rate at portfolio level</strong></td>
<td>20% financed by the Fi</td>
<td>80% financial institution</td>
<td></td>
</tr>
<tr>
<td><strong>Working capital</strong></td>
<td>€ 200,000 or 30% of the investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interest rate and commissions</strong></td>
<td>o Interest: annual EURIBOR rate + 2%</td>
<td>o Opening commission: maximum 1%</td>
<td>o Early cancellation: No commission</td>
</tr>
</tbody>
</table>
Programa de Desarrollo Rural de Castilla y León 2014-2020

THANK YOU FOR YOUR ATTENTION

Should you have any questions, please contact us at: auge.pdrcyl@jcyl.es