EAFRD financial instruments: Croatian Experience
Loan and Guarantee Fund in Croatia

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RDP & FI allocations

FI allocation
EUR 70.6m
3%

Total RDP allocation
EUR 2.383m
Grants = 97%

Measure total allocation
FI allocation

<table>
<thead>
<tr>
<th>Measure total allocation</th>
<th>FI allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>7%</td>
<td>6%</td>
</tr>
<tr>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>0</td>
<td>3%</td>
</tr>
</tbody>
</table>
Selection of bodies implementing FIs: relying on national capacities

Croatian Agency for SMEs, Innovations and Investments (HAMAG-BICRO)
- As per CPR Art 38 (4b) iii (national public SME agency)
- 2 years experience in ERDF FIs: Micro and Small Loans, Individual and Portfolio Guarantees (EUR 150m ERDF contribution)
- Vast experience in providing loans & guarantees from national schemes to agricultural sector

Croatian Bank for Reconstruction and Development (HBOR)
- As per CPR Art 38 (4b) ii (national public development bank)
- 2 years experience in ERDF FIs: Growth & Expansion Loans (EUR 110m ERDF contribution)
- Vast experience in providing loans from national schemes to agricultural sector
## RDP FI’s

<table>
<thead>
<tr>
<th>FINANCIAL INSTRUMENT</th>
<th>INDIVIDUAL GUARANTEES FOR RURAL DEVELOPMENT</th>
<th>MICRO AND SMALL LOANS FOR RURAL DEVELOPMENT</th>
<th>INVESTMENT LOANS FOR RURAL DEVELOPMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMPLEMENTED BY</td>
<td>HAMAG-BICRO &amp; financial institutions</td>
<td>HAMAG-BICRO</td>
<td>HBOR &amp; selected commercial banks</td>
</tr>
<tr>
<td>EAFRD ALLOCATION</td>
<td>EUR 15m</td>
<td>EUR 15m</td>
<td>EUR 30m</td>
</tr>
<tr>
<td>NATIONAL CO-FINANCING</td>
<td>EUR 2.65m</td>
<td>EUR 2.65m</td>
<td>EUR 5.3m</td>
</tr>
</tbody>
</table>
FI's for growth and development of agricultural producers, food processors and forestry sector

Micro and Small Loans for Rural Development
UP & RUNNING 09/2018

Investment Loans for Rural Development
UP & RUNNING 06/2019

Individual Guarantees for Rural Development
UP & RUNNING 02/2019

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Launching RDP FIs: steps taken

Ex-ante assessment
Modification of the RDP
Signing Financing agreements

**Strong promotional campaign:**
workshops, TV, radio, www, social media, leaflets

**INVESTMENT LOANS:**
- Public procurement (06/2018)
- Signing Financing agreements with banks (06/2019)

**LOANS:**
- Small loan scheme made available (09/2018)

**GUARANTEES:**
- Open call for expression of interest (06/2018)
- Signing Financing agreements with banks/leasing companies (01/2019)
- Individual guarantees made available (02/2019)

**OPERATIONAL SET UP – HBOR**
09/2018 – 06/2019

**OPERATIONAL SET UP – HAMAG-BICRO**
09/2018 – 02/2019

MA – 05/2018 – today

**MA – 1st half of 2018**
Payment to final recipients (until 05/2019)

- **Micro and Small loans**
  - Allocation: EUR 17.65m
  - Available to final recipients: September 2018
  - Paid to final recipients: EUR 5.96m (34%)

- **Individual Guarantees**
  - Allocation: EUR 17.65m
  - Available to final recipients: February 2019
  - Paid to final recipients: EUR 1.27m (7%)

- **Investment loans**
  - Allocation: EUR 35.29m (+ EUR 35.29m)
  - Available to final recipients: June 2019
  - Paid to final recipients: EUR 0m (0%)
Progress in absorbing the FI allocation (micro/small loans & individual guarantees)
FIs addressing vulnerable sector

MILK SECTOR PROJECTS

MANDATORY LINK OF FI PROJECT WITH MILK SECTOR (min 50%)

- FATTENING OF THE ANIMALS
- AGRICULTURAL MACHINERY
- CEREAL PRODUCTION

- BREEDING HERD EXPANSION
- STABLE INVESTMENTS
- MILKING EQUIPMENT

- PRIMARY MILK PRODUCTION
  - BOVINES
  - GOATS
  - SHEEPS

- MILK PROCESSING
  - DAIRY PRODUCTION FACILITIES
  - CHEESE PRODUCTION FACILITIES

0.1% interest rate for loans
80% intensity rate for guarantees
Some facts in progress...(1/2)

N° of loans with same interest rate

- Dairy sector given privileged 0.1% interest rate - 6.47% share of loans paid
- 511 live animals purchased under paid loans

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Some facts in progress...(2/2)

Young farmers* supported by 12% of total loans paid (every 7th loan supports YF)

* In RoC 13% from farmer population are YF

Young farmers are investing in ....

- 29% Fieldcrops
- 6% Horticulture
- 3% Other permanent crops
- 3% Milk
- 3% Other grazing livestock
- 57% Mixed crops-livestock

In FI guarantees
Max. intensity rate for YF = 80%

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Key features of implementation so far

- Faster delivery and faster realisation of investments
- Eligible costs: live animals, annual plants, used machinery, working capital
- Less administrative burden for final recipients

- Limitations (land purchase, working capital, combination)
- Collateral
Food for thought

**GRANT ineligible costs**
(i.e. live animals, working capital)

**GRANT eligible costs**
(i.e. building cost, equipment, services etc)

**FINANCIAL INSTRUMENT**

- RDP contribution
  (50%, Annex 2 1305/2013)
- Private contribution
  (Beneficiary own resources, commercial loan)

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Conclusions

- 2014-2020 - **test of the FI functioning** with a view to implement larger scale FIs in the future
- Set up phase of FIs seem to be **most difficult part**
- Potential final recipients are willing to finance their projects by **FIs regardless of grant schemes**
- **Think of future – simplicity, flexibility, new opportunities, young farmers**
  
  *P. Hogan: “We need to finance the business needs of young farmers, and reiterate their importance for EU agriculture and the future of the CAP.”*
Thank you!
Merci!
Mulţumesc!
Hvala!

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