



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

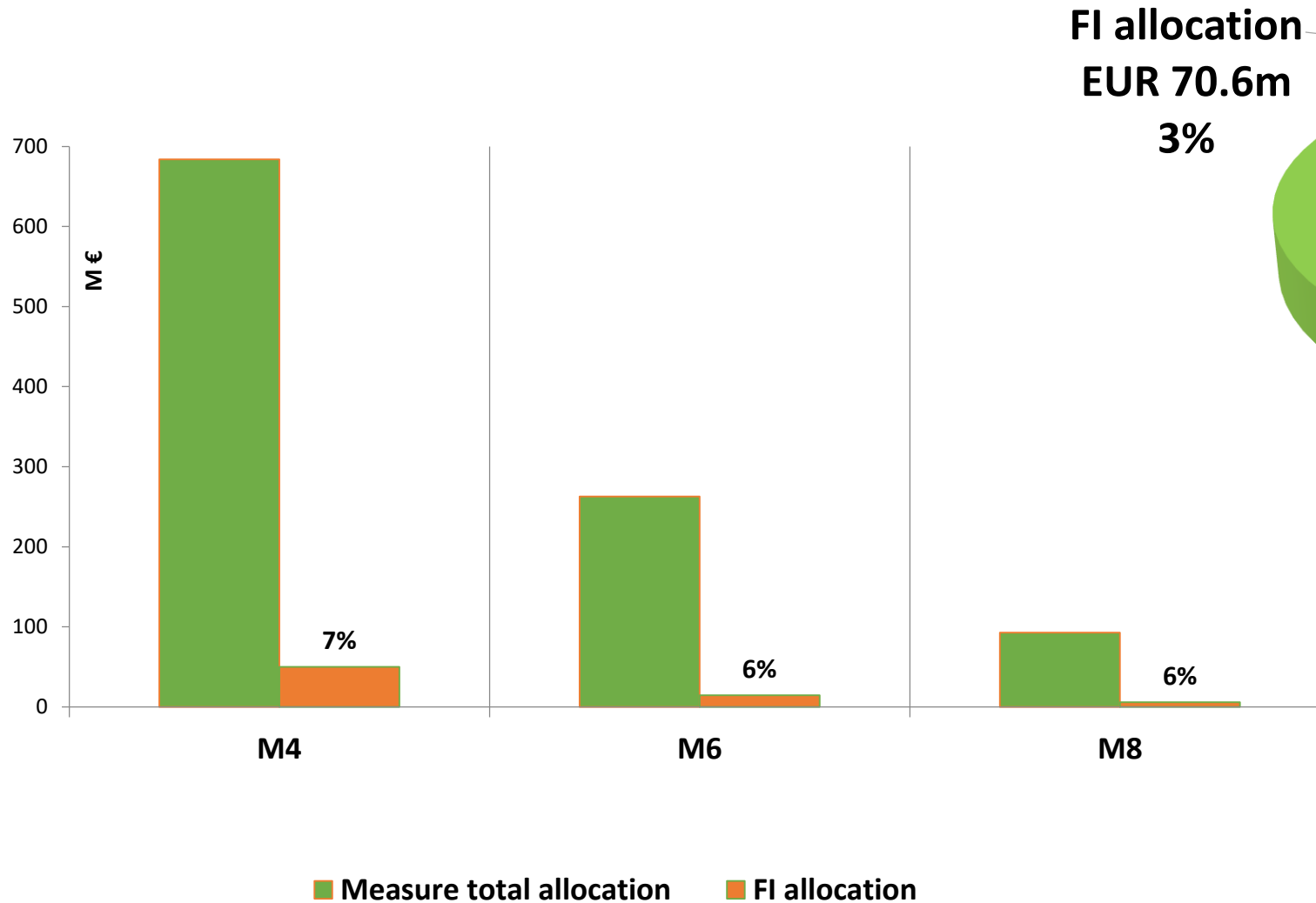
Krešimir Ivančić, Assistant Minister, Croatian Ministry of Agriculture, Croatia



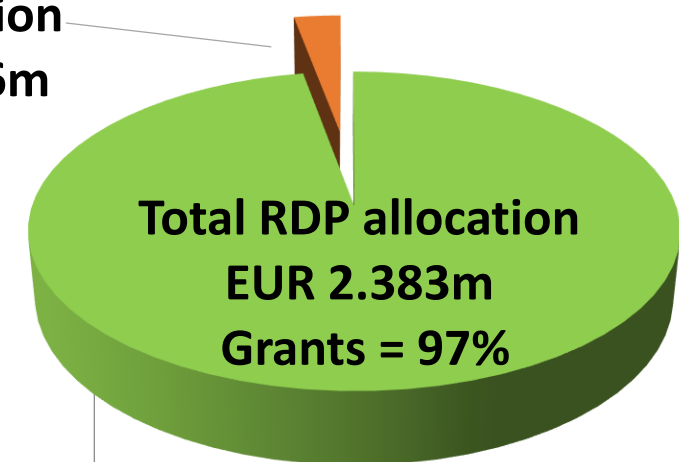
 #ficompass



RDP & FI allocations



FI allocation
EUR 70.6m
3%



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*



 #ficompass



RDP FI's



FINANCIAL INSTRUMENT	INDIVIDUAL GUARANTEES FOR RURAL DEVELOPMENT	MICRO AND SMALL LOANS FOR RURAL DEVELOPMENT	INVESTMENT LOANS FOR RURAL DEVELOPMENT
IMPLEMENTED BY	HAMAG-BICRO & financial institutions	HAMAG-BICRO	HBOR & selected commercial banks
EAFRD ALLOCATION	EUR 15m	EUR 15m	EUR 30m
NATIONAL CO-FINANCING	EUR 2.65m	EUR 2.65m	EUR 5.3m



 #ficompass



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



Individual Guarantees for Rural Development



UP & RUNNING
02/2019

Investment Loans for Rural Development



UP & RUNNING
06/2019



#ficompass



Launching RDP FIs: steps taken



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



Ex-ante assessment
Modification of the RDP
Signing Financing agreements

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

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)

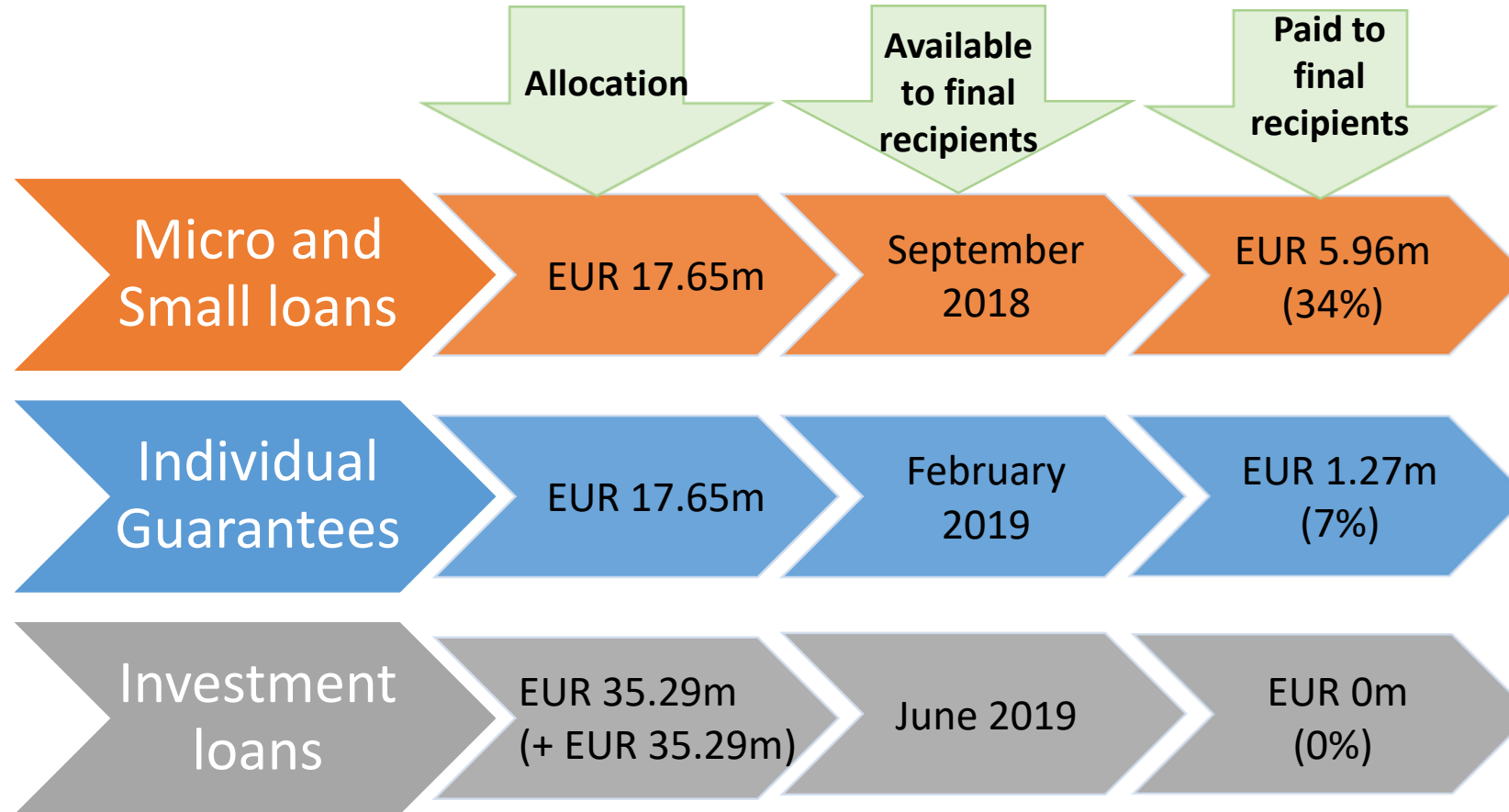
INVESTMENT LOANS:

- Public procurement (06/2018)
- Signing Financing agreements with banks (06/2019)

#ficompass



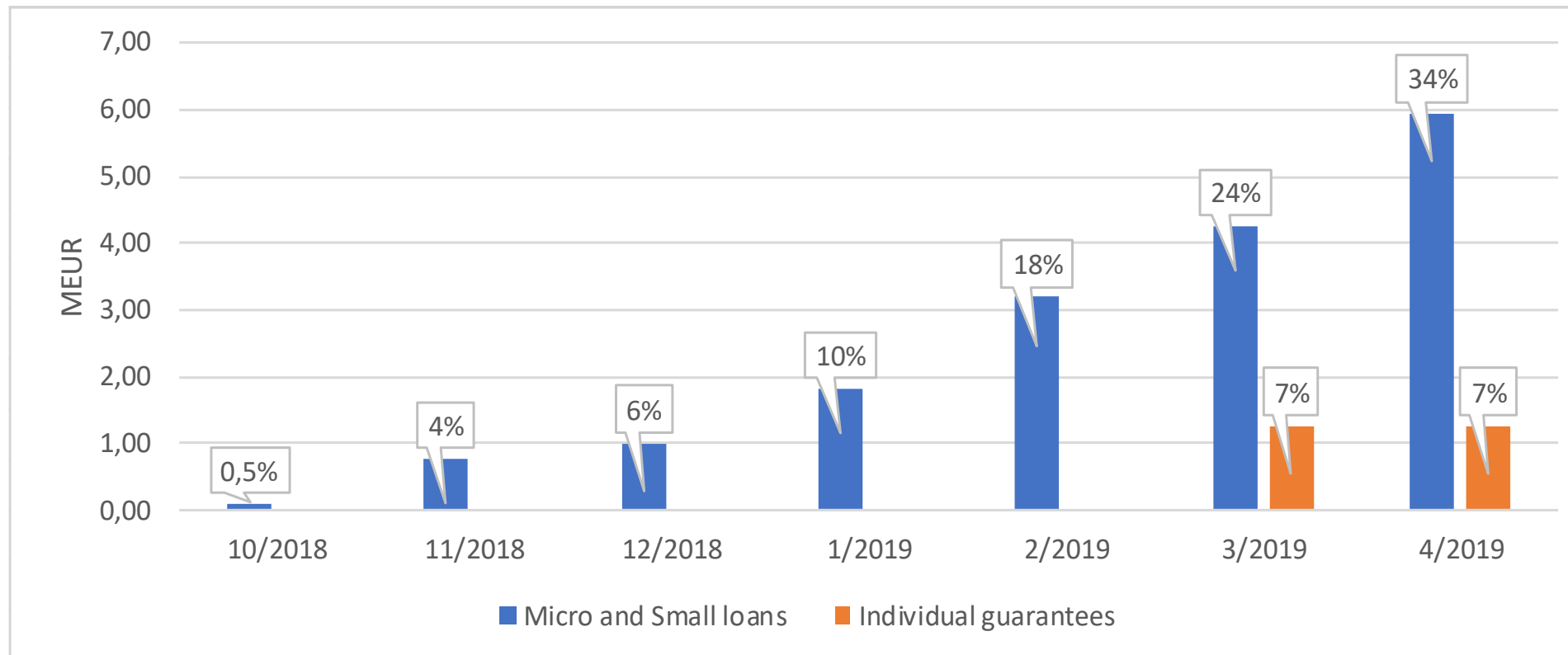
Payment to final recipients (until 05/2019)



#ficompass



Progress in absorbing the FI allocation (micro/small loans & individual guarantees)



#ficompass



FIs addressing vulnerable sector



MILK SECTOR PROJECTS

0.1% interest rate for loans
80% intensity rate for guarantees

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

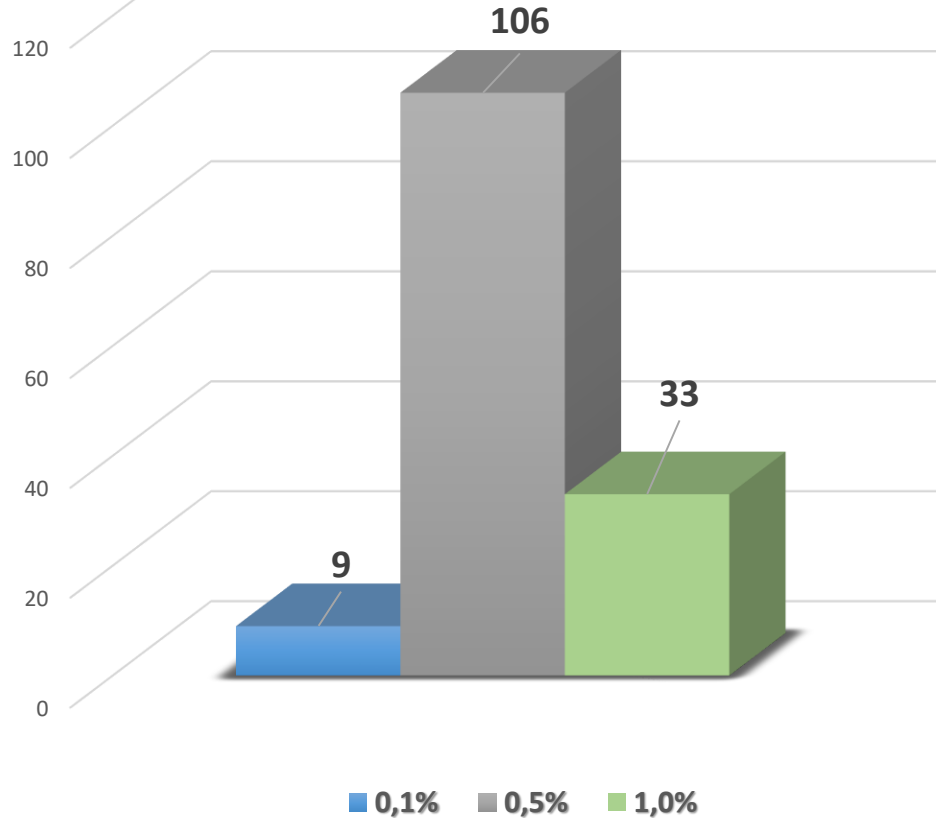
DAIRY PRODUCTION FACILITIES

CHEESE PRODUCTION FACILITIES

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

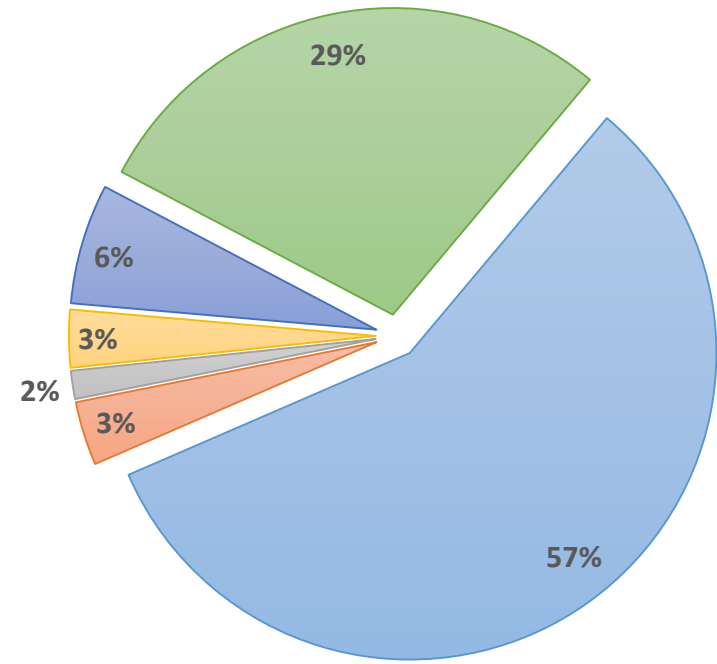
Some facts in progress...(2/2)



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



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

- Fieldcrops
- Horticulture
- Other permanent crops
- Milk
- Other grazing livestock
- Mixed crops-livestock



#ficompass



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



 #ficompass



Food for thought



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!
Mulțumesc!
Hvala!

Kresimir.Ivancic@mps.hr

Croatian EAFRD FI team: FI.PRR@mps.hr



 #ficompass



