



Main findings from *fi-compass* ‘Study on financial needs in the agriculture and agrifood sectors in Spain’

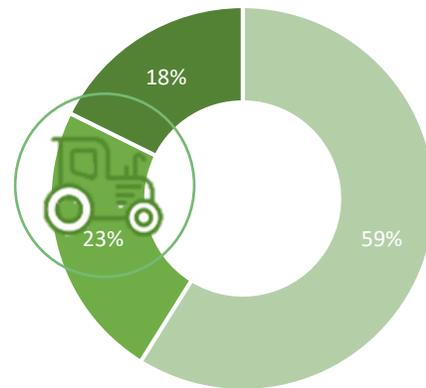
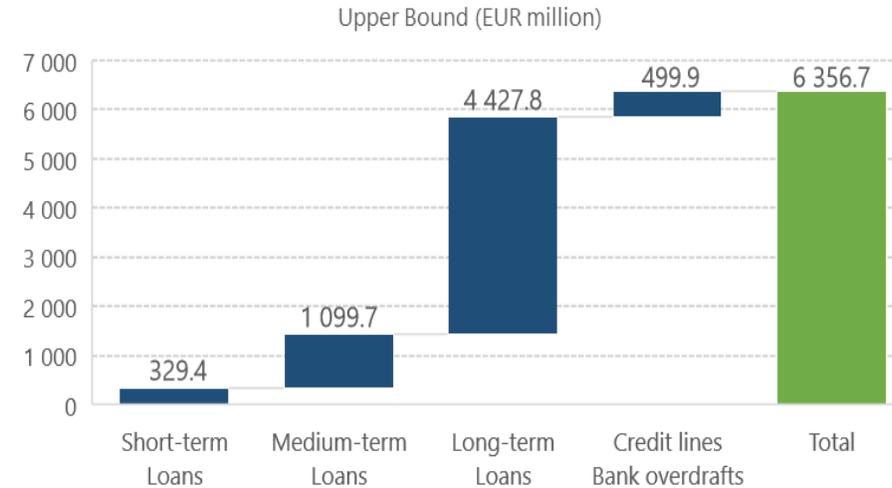
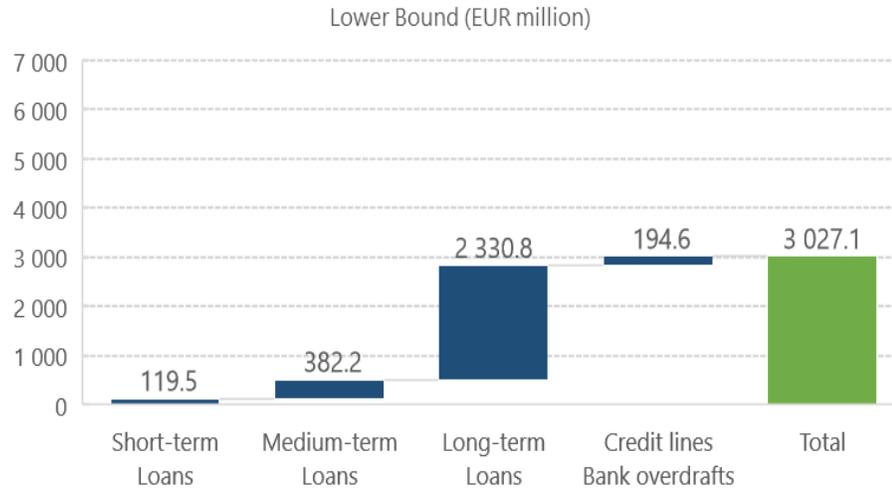
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Financing gap - Spanish agriculture sector



Key results:

- Financing gap estimated at EUR 3.0-6.4 billion
- 87% of the gap is due to constrained access to medium- and long-term loans
- 59% of the gap affects small-sized farmers
- 35% of the gap concerns young farmers



- Small-sized Farms
- Medium-sized Farms
- Large-sized Farms

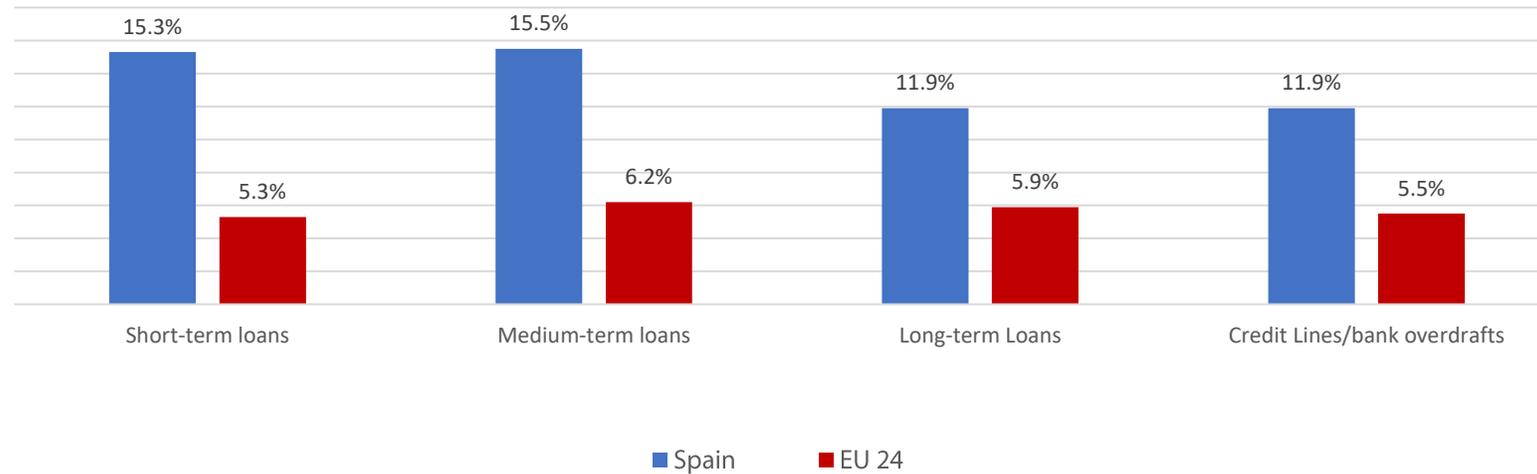
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Demand for finance



✓ Financial products applied for in 2017



Very strong demand for finance among Spanish farmers:

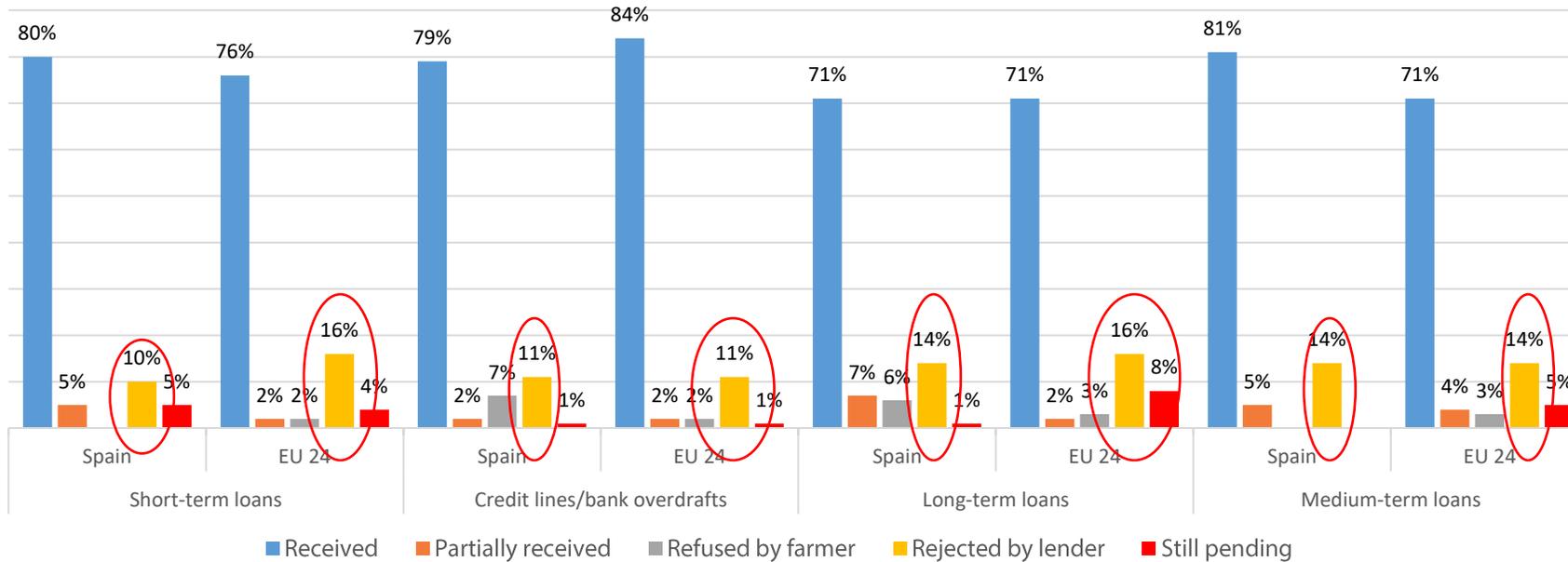
- Almost 70% demanded finance in 2017 compared to 30% for the EU 24
- Almost 30% of Spanish farmers asked friends and family for loans compared to 11% for EU 24
- Credit to the agriculture sector is growing, whereas credit to other economic sectors in Spain is decreasing (2014-2018)



Access to finance



✓ Results of applications



- Rejections are in line with or lower than the EU 24 average for all loan products
- Between 5-7% of Spanish farmers were discouraged from applying for loans due to the fear of being rejected (EU 24 average 9-10%)



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Main gap drivers



The existence of a gap is not a result of a dysfunctional market, but likely to be due to the potential for further expansion

Lack of collateral



- Small-sized farms with limited assets
- Young farmers & new entrants
- Banks give strong importance to the availability of guarantees

Lack of credit history



- Young farmers & new entrants
- Lack of business history and experience

Lack of financial knowledge



- Both a problem of lack of general financial knowledge and of business management



Recommendations



1
Facilitate access to finance for **small-sized farms, young farmers, and new entrants through the provision of guarantee instruments**

2
Additional assessments of **needs at regional level would be beneficial**

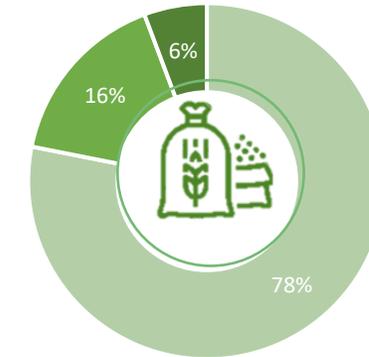
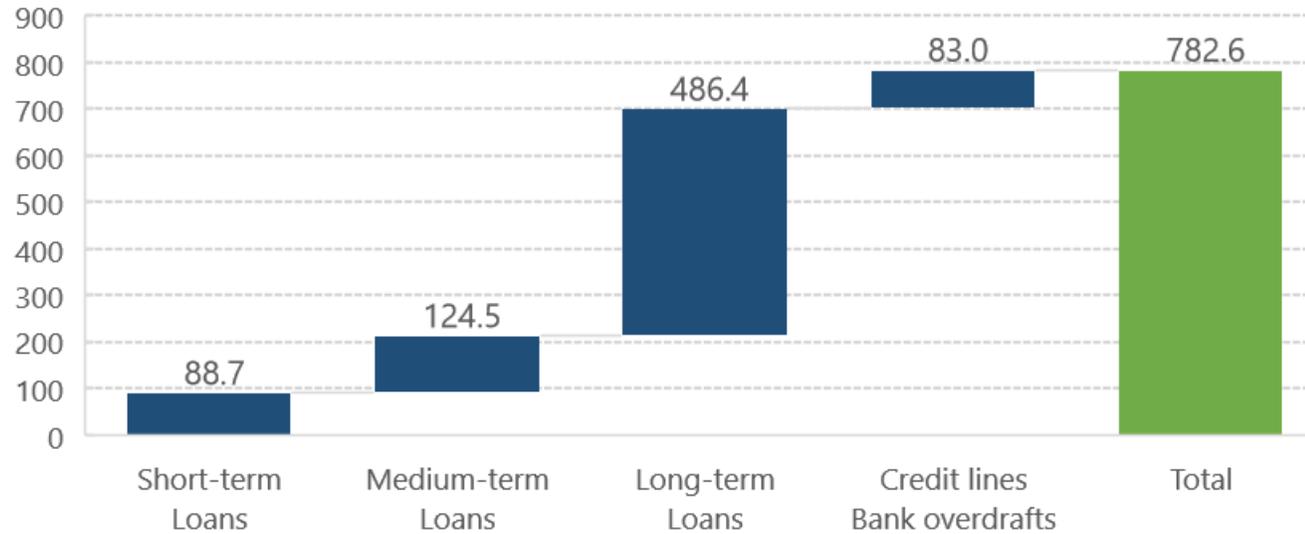
3
Facilitate access to finance for investments aimed at adapting to and/or mitigate impacts on climate change, for example **investments in irrigation infrastructures**

4
Technical support to develop business plans and improve financial management of farmers.

New rules under the new CAP offer the opportunity to design a more targeted support package for young farmers, new entrants and small-sized enterprises through the combination of FIs and grant support, and the possibility to finance purchase of land



Financing gap – Spanish agri-food sector



- Small-sized enterprises
- Medium-sized enterprises
- Large-sized enterprises

Key results:

- Financing gap estimated at EUR 783 million
- 62% of the gap is due to constrained access to long-term loans
- 78% of the gap affects small-sized enterprises



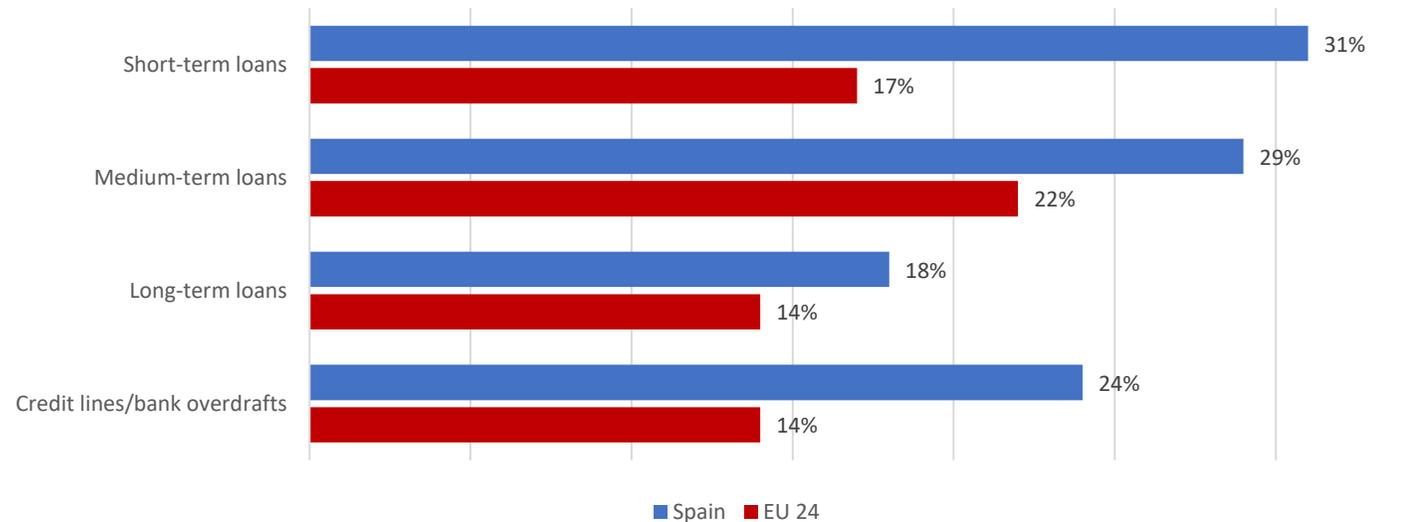
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Demand for finance



✓ Financial products applied for in 2018



Very strong demand for finance also among Spanish agri-food enterprises:

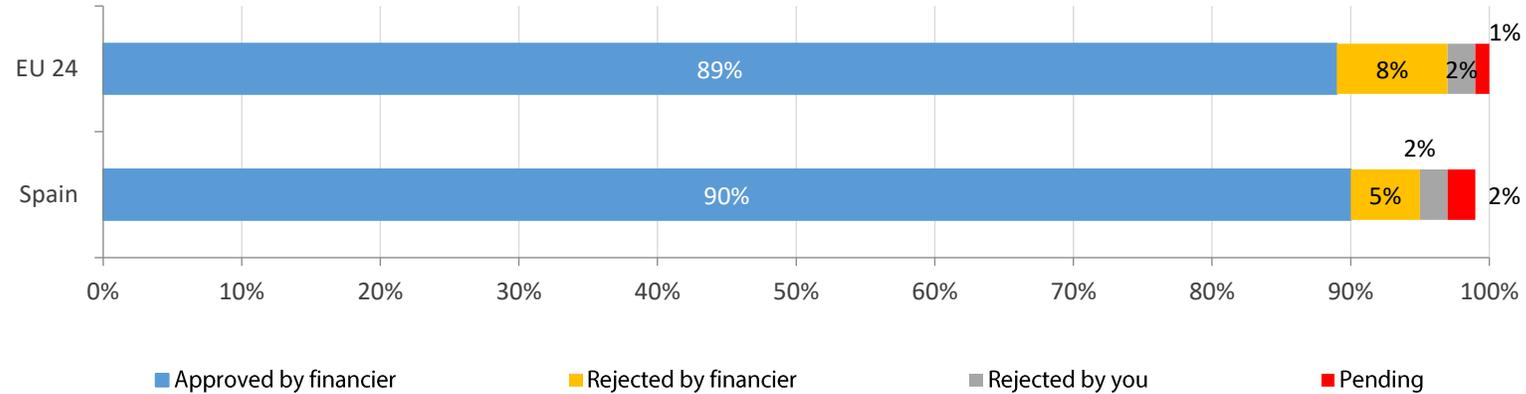
- 64% of Spanish agri-food firms applied for loans in 2018 compared to 46% for EU 24
- Credit to the agri-food sector is growing, whereas credit to other economic sectors in Spain is decreasing (2014-2018)



Access to finance



✓ Result of loan applications in 2018



- Rejections are about 5%, which is lower than the EU 24 average
- 4% of Spanish firms were discouraged from applying for loans due to the fear of being rejected (EU 24 average 8%)



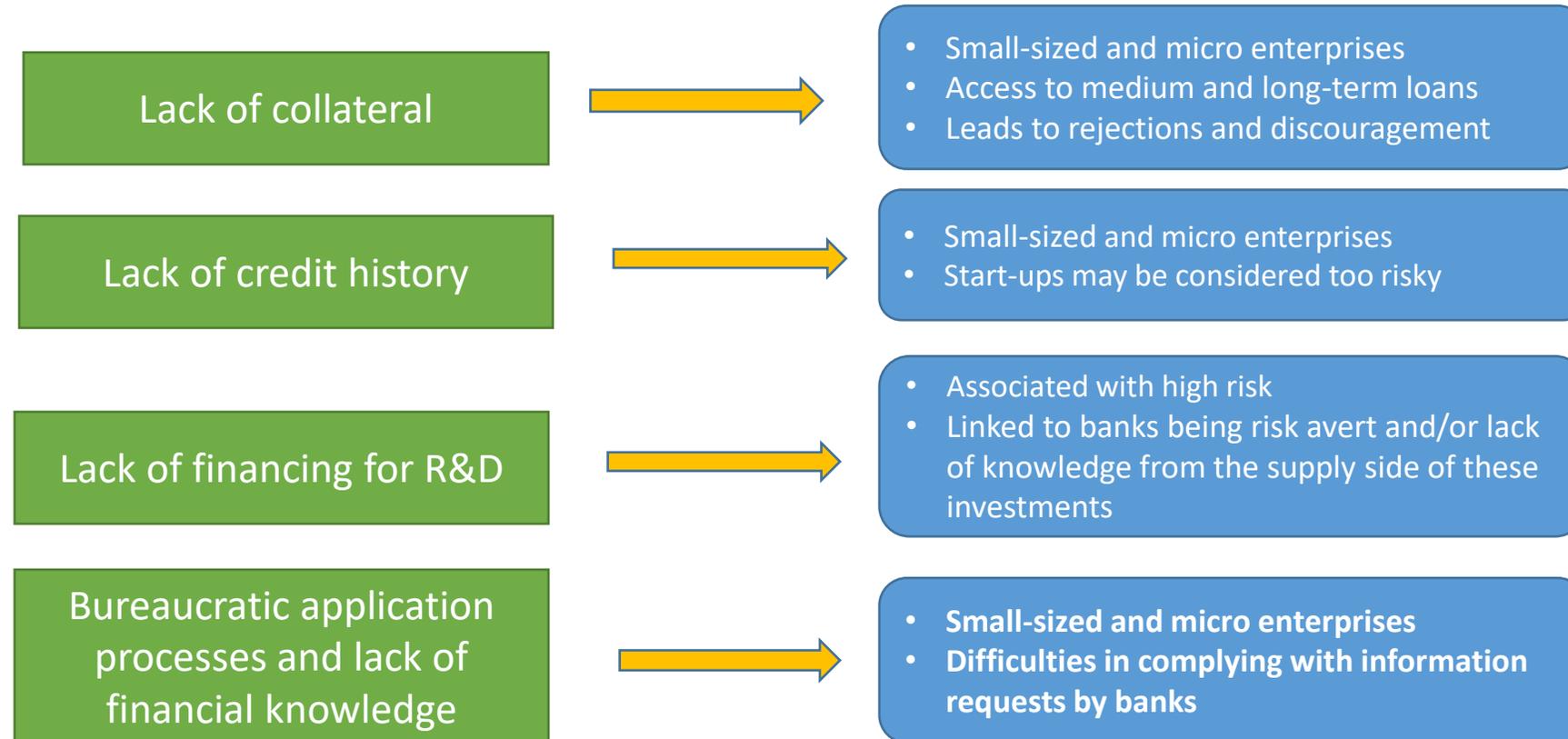
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Main gap drivers



The existence of a gap is not a result of a dysfunctional market, but likely to be due to the potential for further expansion.



Recommendations



1

Facilitate access to finance for **R&D investments, start-ups and young entrepreneurs** through the provision of **guarantee instruments**

2

Explore the possibilities for setting up specific and focused **equity fund(s)**

3

Technical support to small firms for developing business plans and improving financial management

4

Consider improving the specific financial instrument offer related to exports, e.g. **export credit insurance or export guarantee**

