



European
Commission

EAFRD Financial Instruments in 2014 – 2020

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DG AGRI / H1

EAFRD fi-compass macro-regional seminar
Madrid, 31 May, 2016

Agriculture
and Rural
Development



EAFRD and Financial Instruments

Policy aim:

➤ Increase substantially the use of FIs in terms of:

- Budget
- Geographical coverage
- Supported types of investment (SMEs, infrastructure)

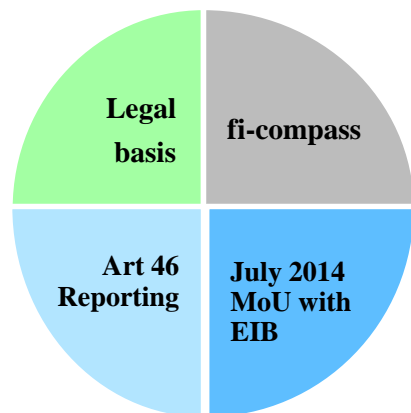
ESIF objective: at least doubling the 2007-2013 amounts for FIs

DG AGRI aim: go beyond and do more

Operational aims:

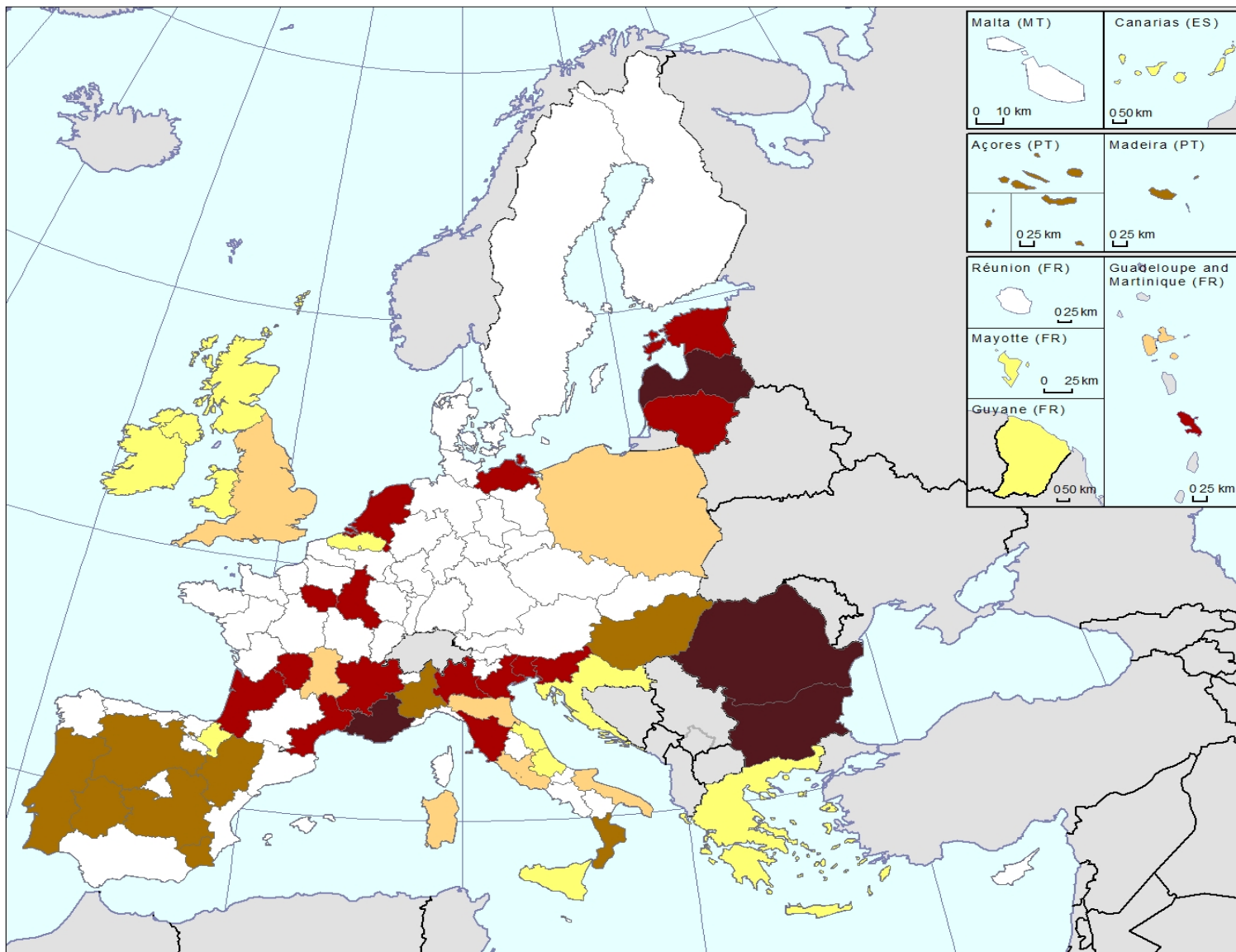
- Ex-ante assessments on FIs for every programme area
 - ECA recommendation on FI 2014-2020
- July 2014 MoU with EIB
 - EIF AGRI Guarantee scheme
 - EIF AGRI Risk-sharing loan scheme
 - Forestry scheme
- Setting up of FIs and implementation
 - EIB (fi-compass)/targeted coaching/methodologies/case studies – solving bottlenecks

EAFRD Financial Instruments 2014-2020



By now:

- Only 1 operational FI (EE)
- Limited # of programmed FIs (7 RDPs)
- No transfers to EU-level FIs



**Status of ex-ante
assessments for financial
instruments under the
EAFRD undertaken by
May 2016**

- Completed
- Completed, reassessment
- Final stages
- Started
- Expressed interest
- Not considered

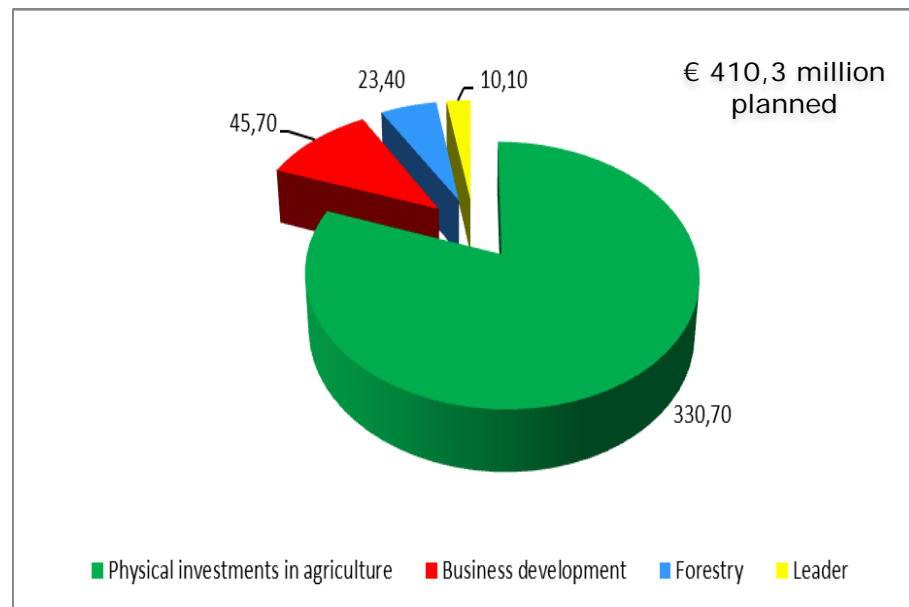
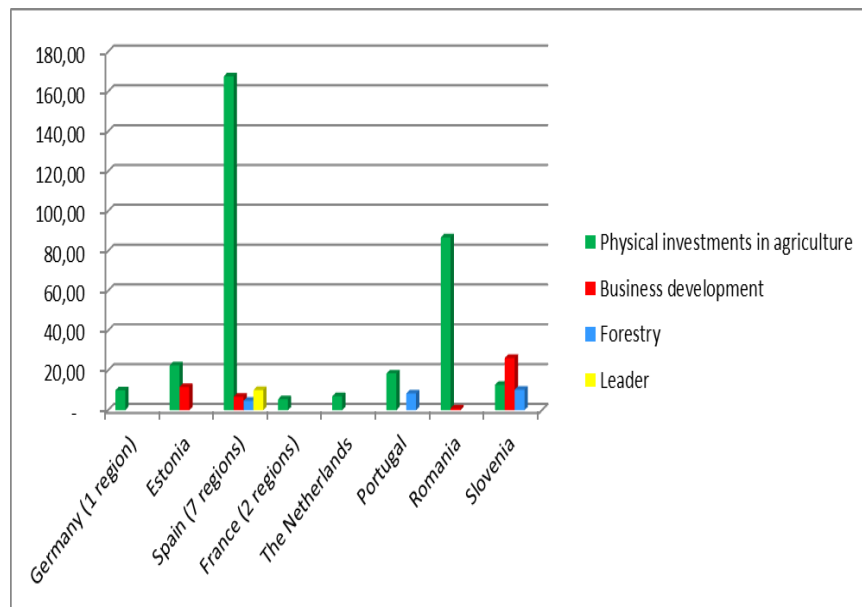
Source:
DG AGRI based upon information by
Member States

Year:
2016

Cartography:
DG AGRI GIS-Team 05/2016

© EuroGeographics for the administrative boundaries

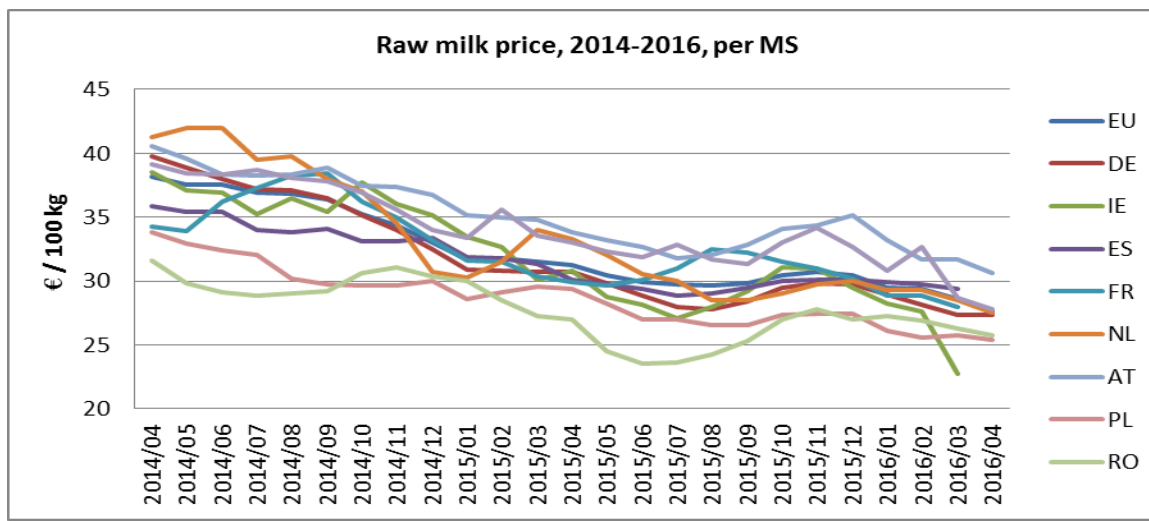
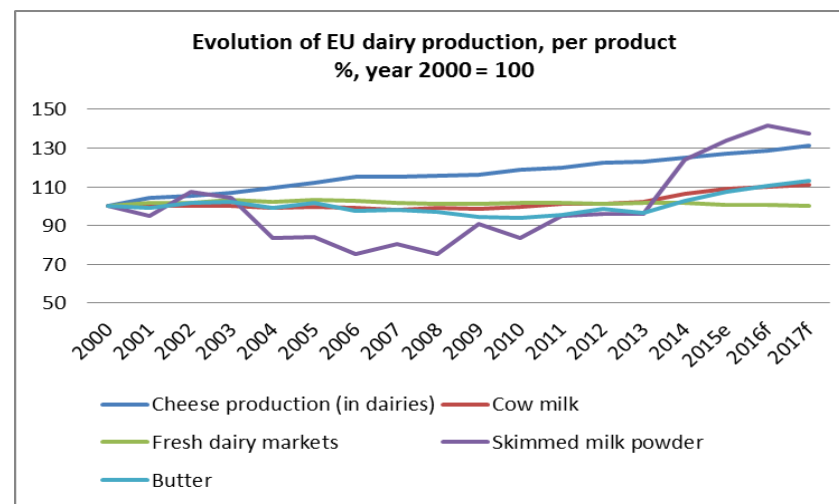
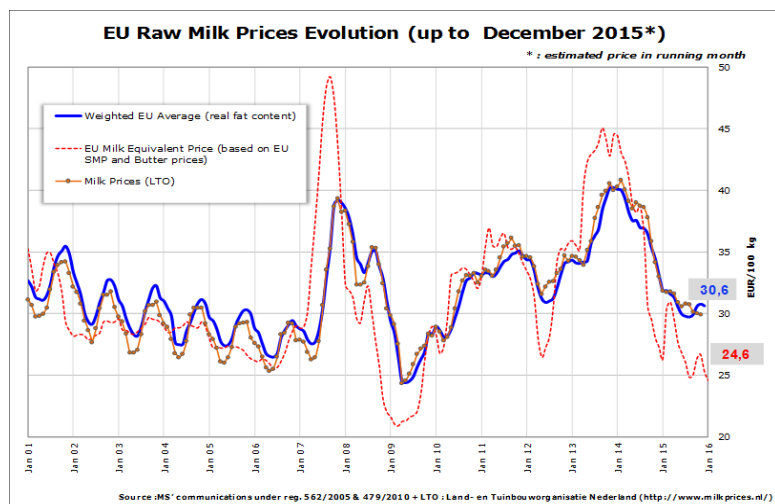
Planned EAFRD budget for FIs, per MS and Measure (SFC data, 2016, mln €)





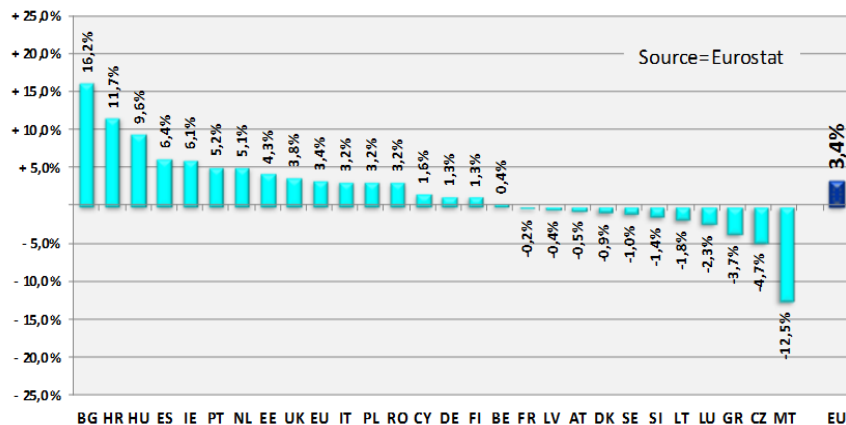
Financial instruments Agricultural economics, and Price volatility

Evolution of dairy production and volatility of prices

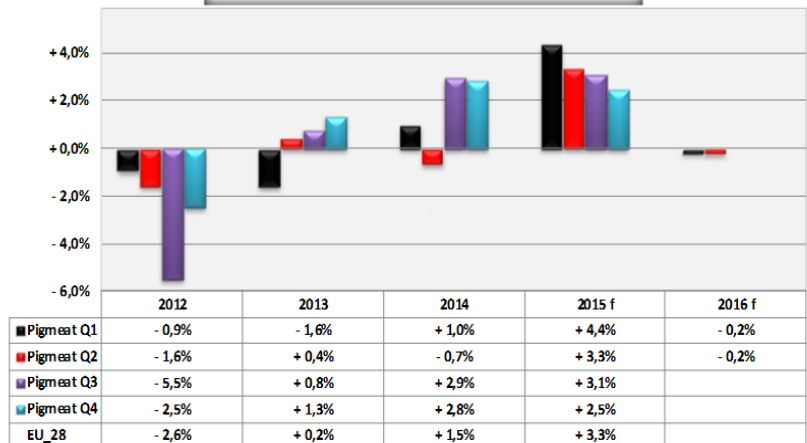


Evolution of some pigmeat indicators and volatility of prices

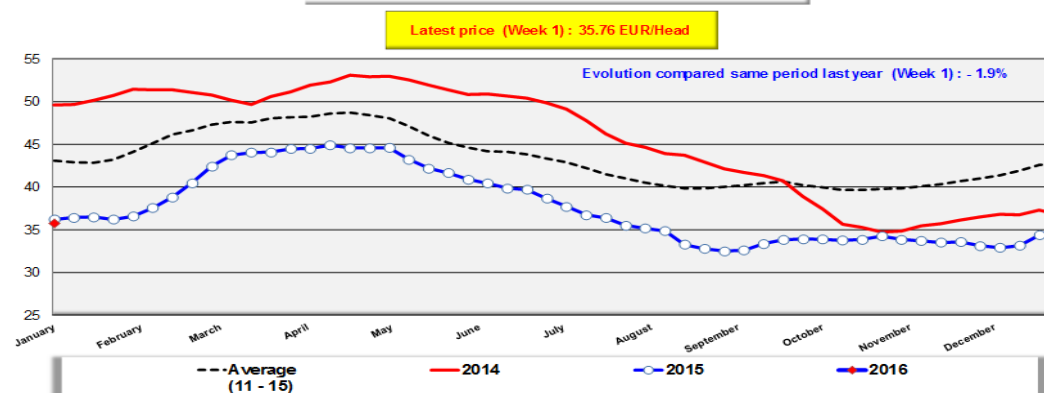
Change in Pig Slaughter (in heads)
Jan-Oct. 2015 compared to Jan-Oct. 2014



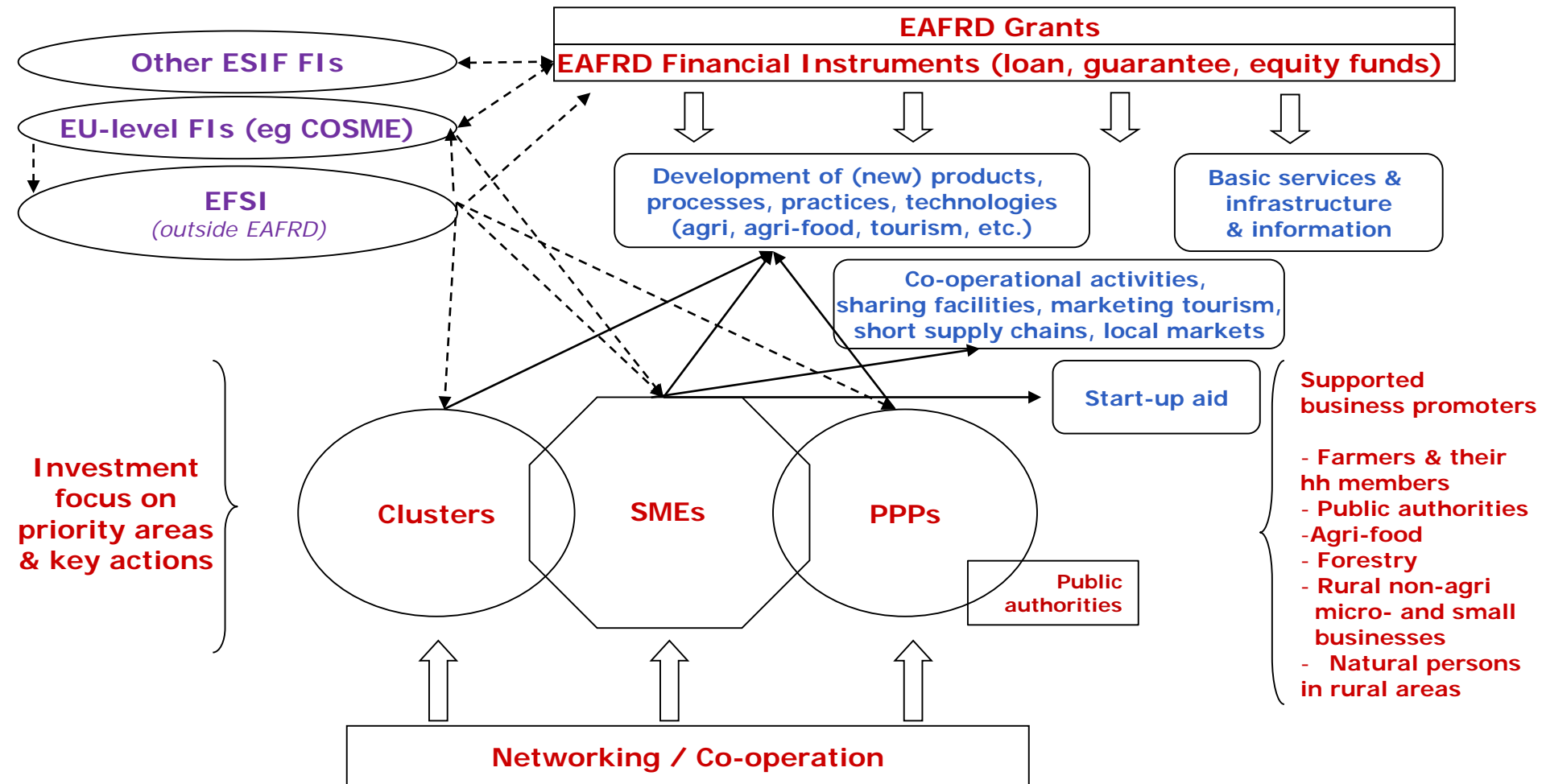
EU pigmeat slaughter (in heads) by quarter
(2015 Forecast from October 2015)
(Forecast based on GIP and Experts Estimations)



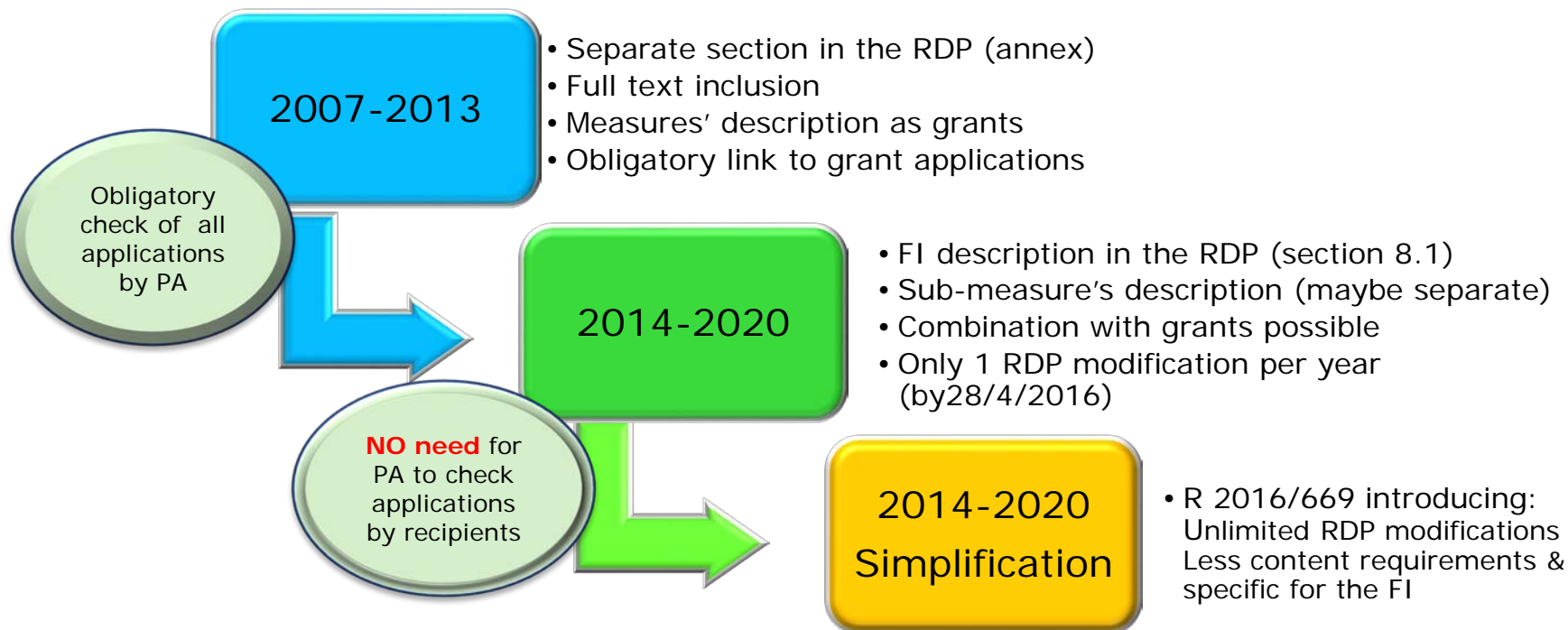
Evolution of the EU average piglet prices
€/head



EAFRD support for businesses in 2014-2020



Programming of FIs in RDPs





Simplification process – R 2016/669

[amending R 808/2014]

Annex I, point 8(2)c – description of measures:

“Where support is provided to a financial instrument implemented under points (a) and (b) of the first subparagraph of Article 38(4) of Regulation (EU) No 1303/2013:

- description of the type of financial instrument [section 8.1]*
- general categories of final recipients*
- general categories of eligible costs*
- maximum level of support, and*
- principles with regard to the setting of selection criteria” , [which could be different than those for grants due to the nature of the FI]*



EAFRD novelties and caveats

- *Increased scope of FIs*
 - Enterprises, infrastructure, services, farms, PPPs, co-ops, individuals, EIP groups, national bodies, etc., but defined per measure and/or sub-measure
 - Thematic FI can also be established ([eg renewable energy]
[in 2007-2013 only possible for enterprises])
- *Eligibility rules are important*
 - Eligibility rules related to small scale infrastructure, inputs, types of SMEs, etc.

Example business development: FI may support micro- and small- sized businesses in rural areas [sub-measure 6.4]. However, non-agricultural businesses by farmers and their household members can be supported no matter their location and size [also sub-measure 6.4].

Example infrastructure: FI may support all types of small-scale infrastructure in rural areas [measure 7]. However, FI may support large-scale broadband and renewable energy infrastructure.

EAFRD novelties and caveats

- *Investments [Art. 45(1), (2), (3) of R 1305/2013]*
 - Environmental impact assessment is required
 - Not allowed purchase of animals, annual plants and their planting, etc.
 - Limited # of eligible intangible investments (software, patents, licences, etc.)
- *Working capital [Art. 45(5) of R 1305/2013]*
 - Up to 30% from total eligible expenditure when linked and ancillary to investments supported by FI
 - Only applicable to agriculture and forestry
 - Not eligible for activities / investments outside agriculture and forestry
 - Max limit of 200,000 euro for forestry (per recipient per 3 years)

*Example: Working Capital = [max] $\frac{3}{7}$ * Total eligible investment costs*

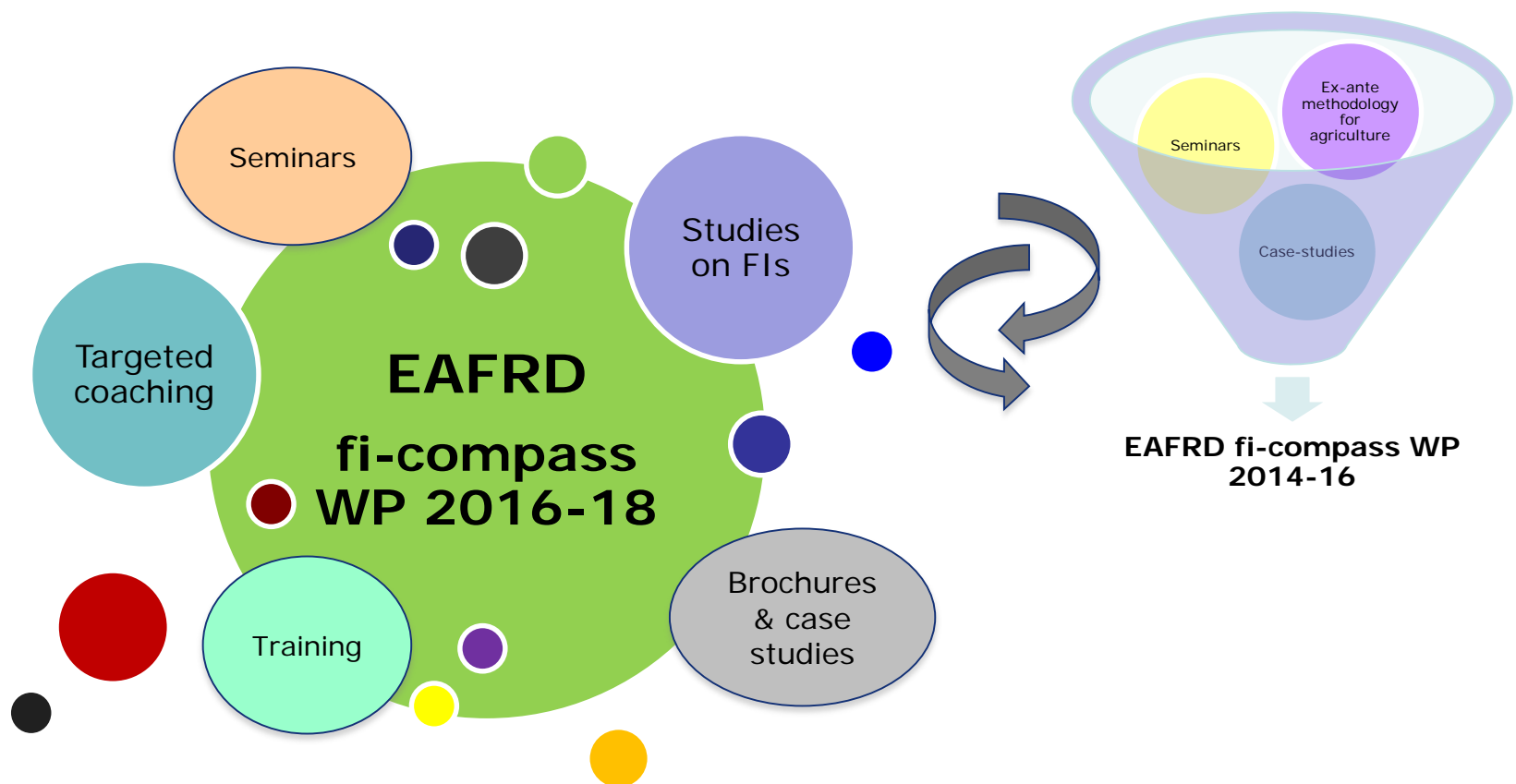
- *Irrigation requirements – efficiency aspects - [Art.46 of R 1305/2013]*
 - Water savings, combination with existing irrigation area, reduction of total water use on the holding, etc.

EAFRD novelties and caveats

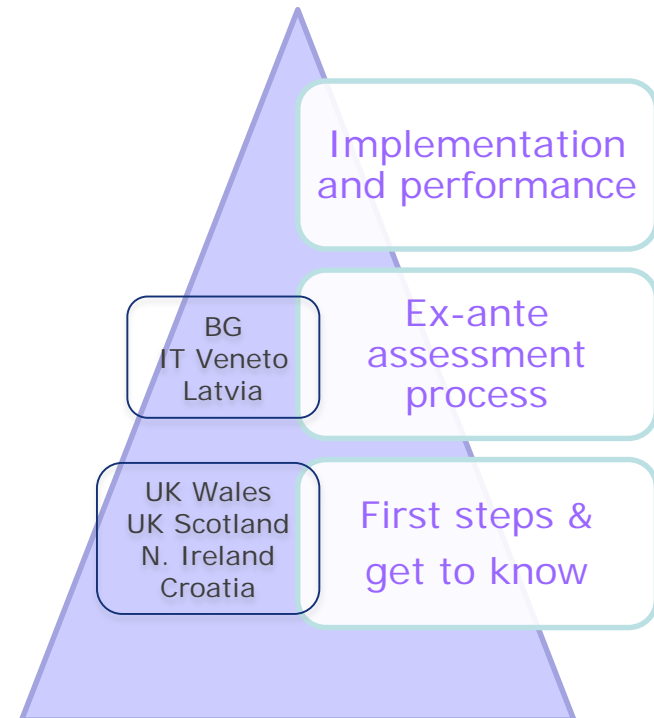
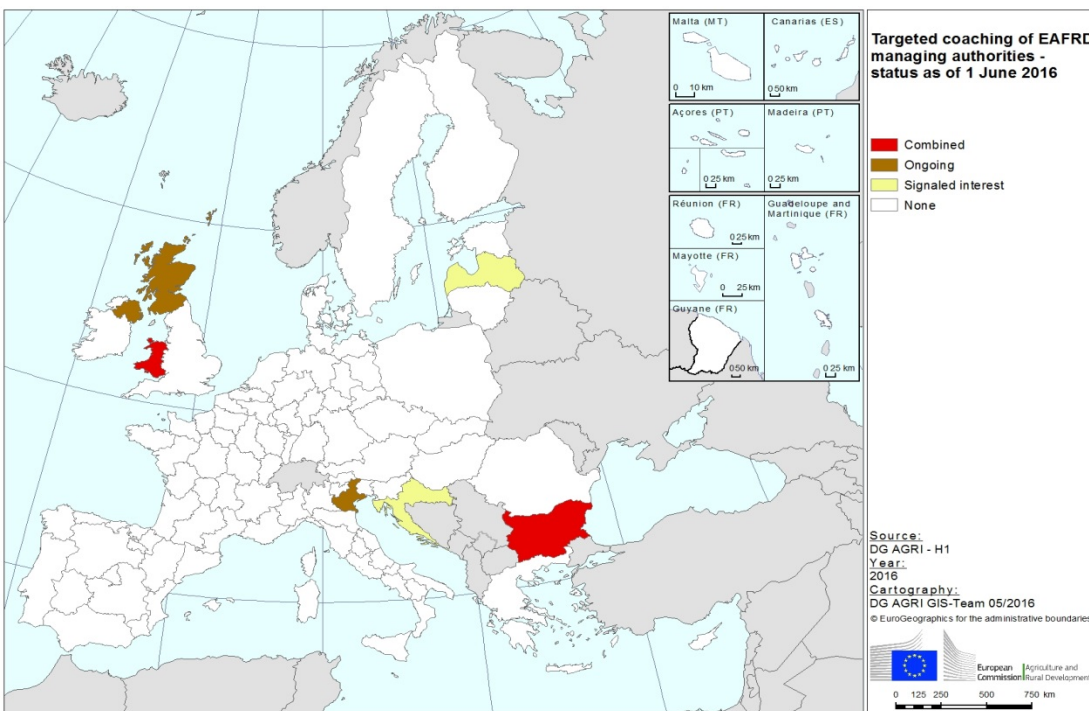
- *Renewable energy requirements [Art 13(1)c of R 807/2014]*
 - Minimum standards for energy efficiency (national)
- *Leasing limitations [Art 13(1)a of R 807/2014]*
 - Non-eligible expenditure is lessors' margin, interest refinancing costs, overheads, insurance charges
- *Second hand equipment [Art 13(1)b of R 807/2014]*
 - A choice for MA
- *Use of inputs for production of bioenergy [Art 13(1)e of R 807/2014]*
 - Rather complex set of thresholds for use of various inputs
- *Investments in installations for electricity production from biomass [Art 13(1)d of R 807/2014]*
 - Eligible if min % of heat energy is utilised (national)

EAFRD novelties and caveats

- *Higher EAFRD contribution rate [voluntary]*
 - By 10 percentage points for national / regional FI [shared management]
 - Up to 100% for contributions to EU-level FIs
- *Greater choice of Fund managers*
 - EIB Group, international bodies, etc.
- *Greater choice of FI structures*
 - FoF, Trans-national, cross-border, with other ESI Funds, etc.
- *Combination with EFSI*
 - Investment platforms



Targeted coaching for EAFRD managing authorities under *fi-compass*, Jan – June 2016





Thank you for your attention!
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