



Support for Young Farmers in the EU

Michael Pielke, Head of Unit, DG Agriculture and Rural Development, European Commission



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*Young Farmers in the EU:
major challenges*



Major challenges for EU Young Farmers

- ❑ Insufficient start-up capital
- ❑ Difficult access to land
- ❑ Limited market reward

... but



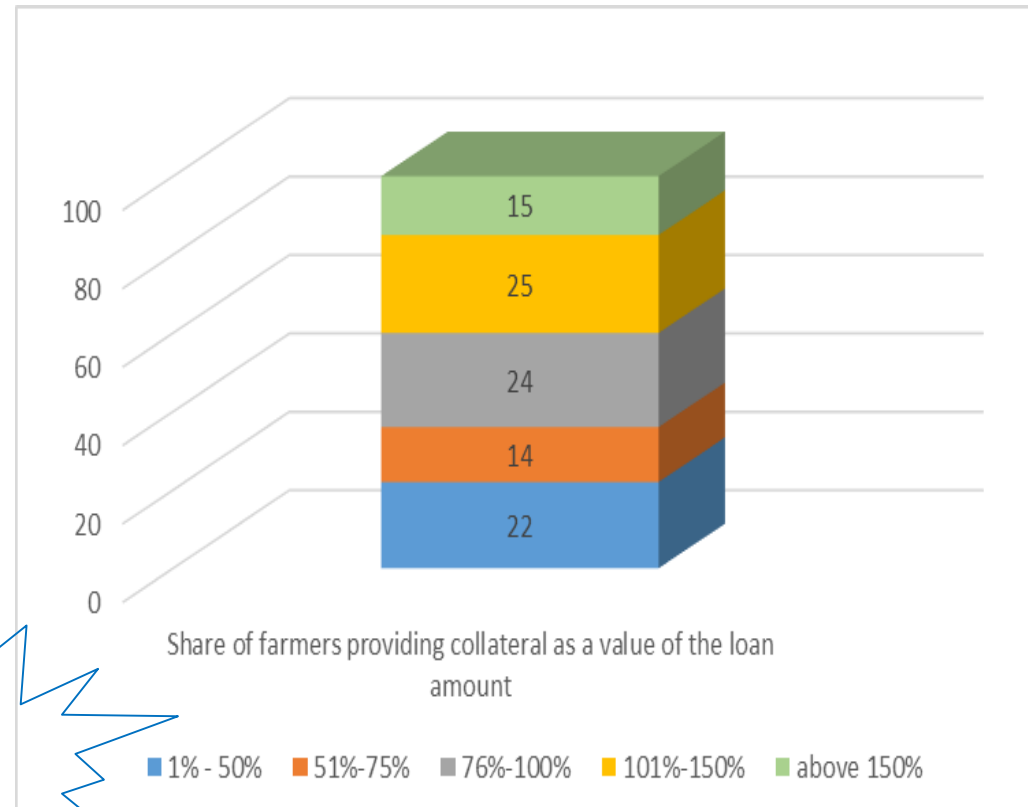


Major challenges for EU Young Farmers (2017)

- ❑ 23% of YF are afraid to apply for a loan
- ❑ 35% of YF have no movable or immovable assets for collateral
- ❑ 27% of YF applications are rejected by banks

Source: DG AGRI *fi-compass* survey

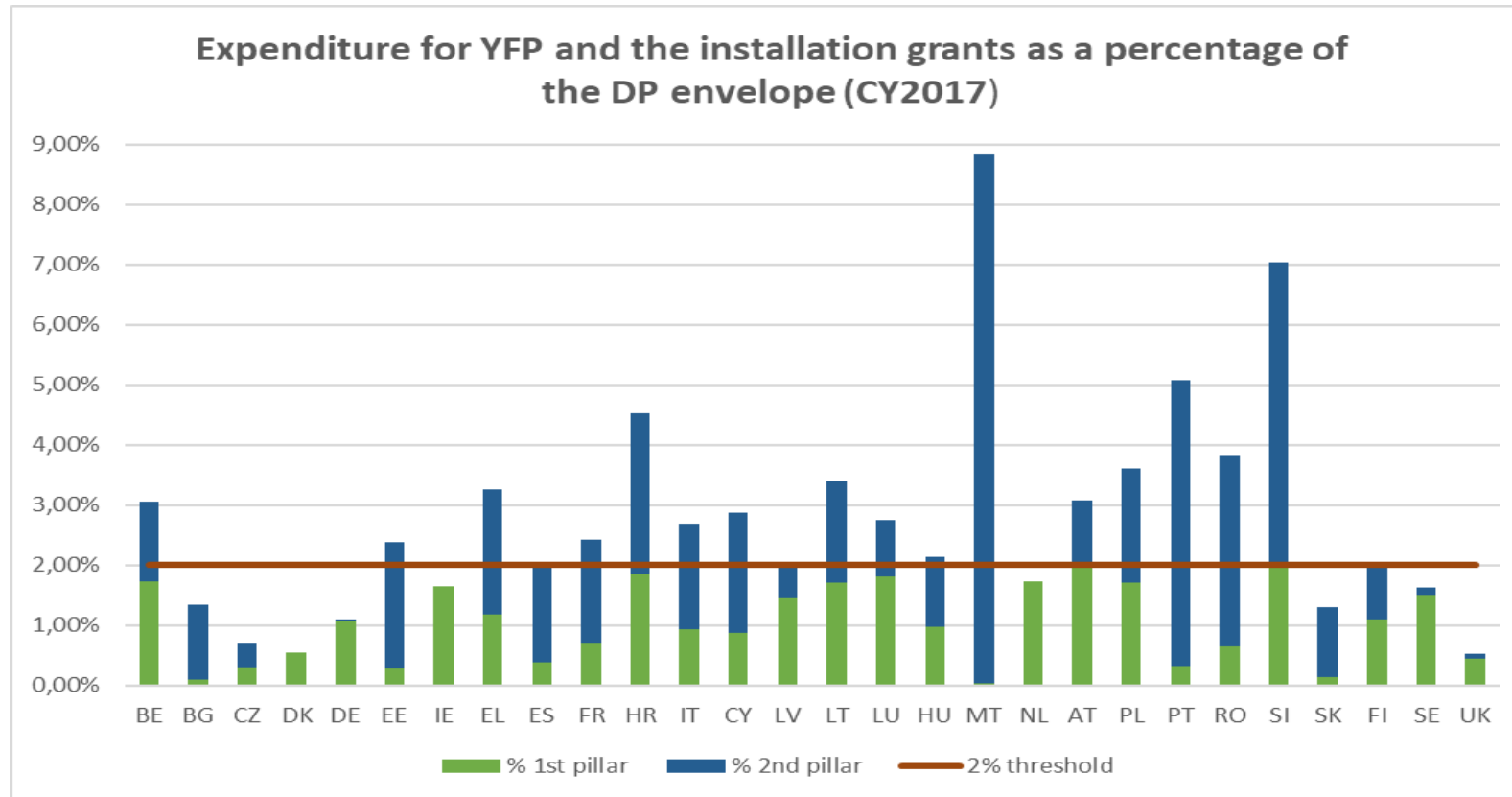
**Clear
Market
failure**



Current CAP support for EU Young Farmers



CAP financial support for Young Farmers (2017)



EAFRD support for Young Farmers

EUR 5.4 billion

178,000
young farmers

- Business start-up
- Investments in physical assets
- Knowledge transfer & information actions; advisory
- Co-operation
- EIP
- Financial Instruments

NOT
programmed
by
DK, IE, NL

***EAFRD Financial Instruments:
State of Play and Young Farmers' focus***

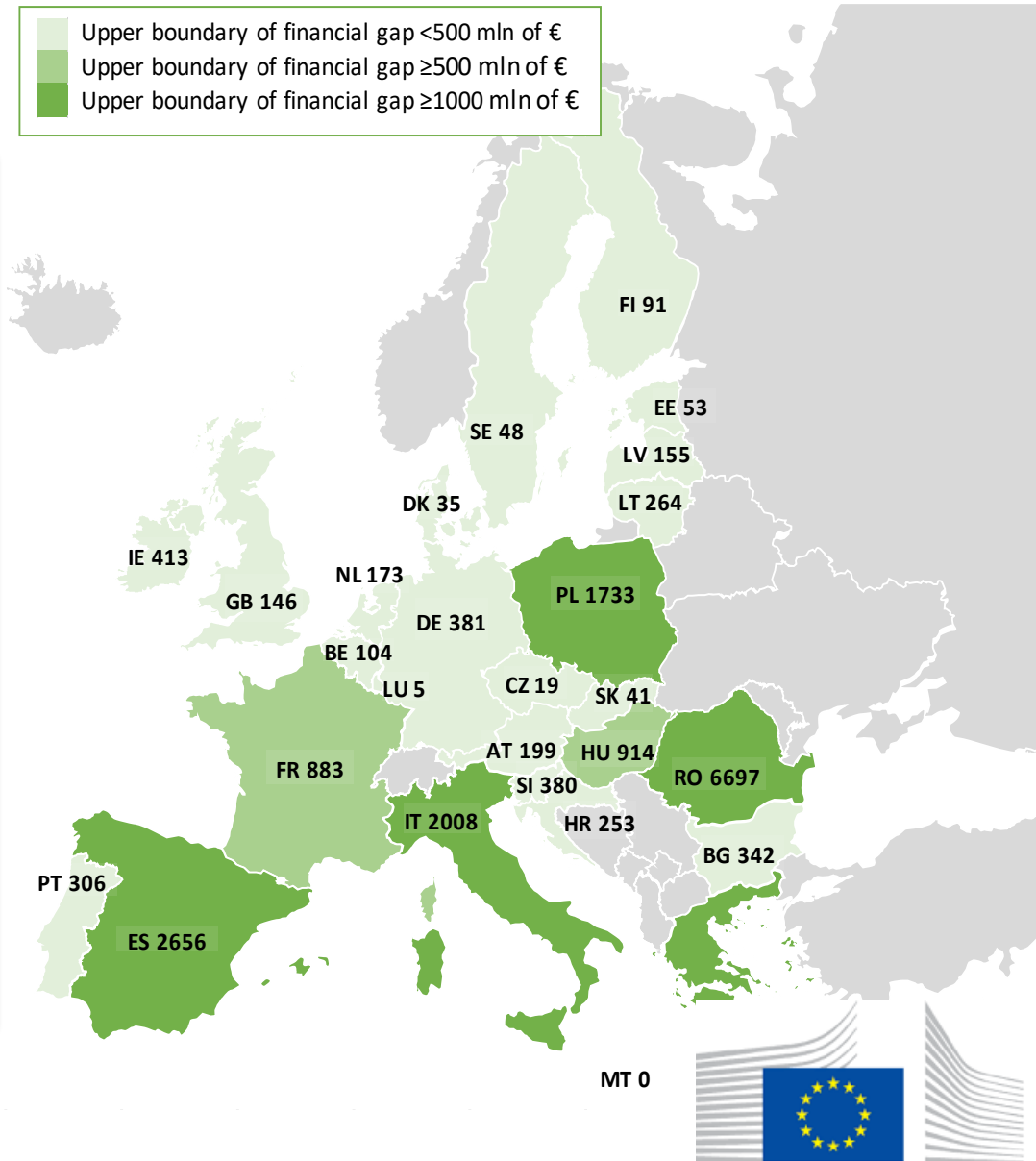


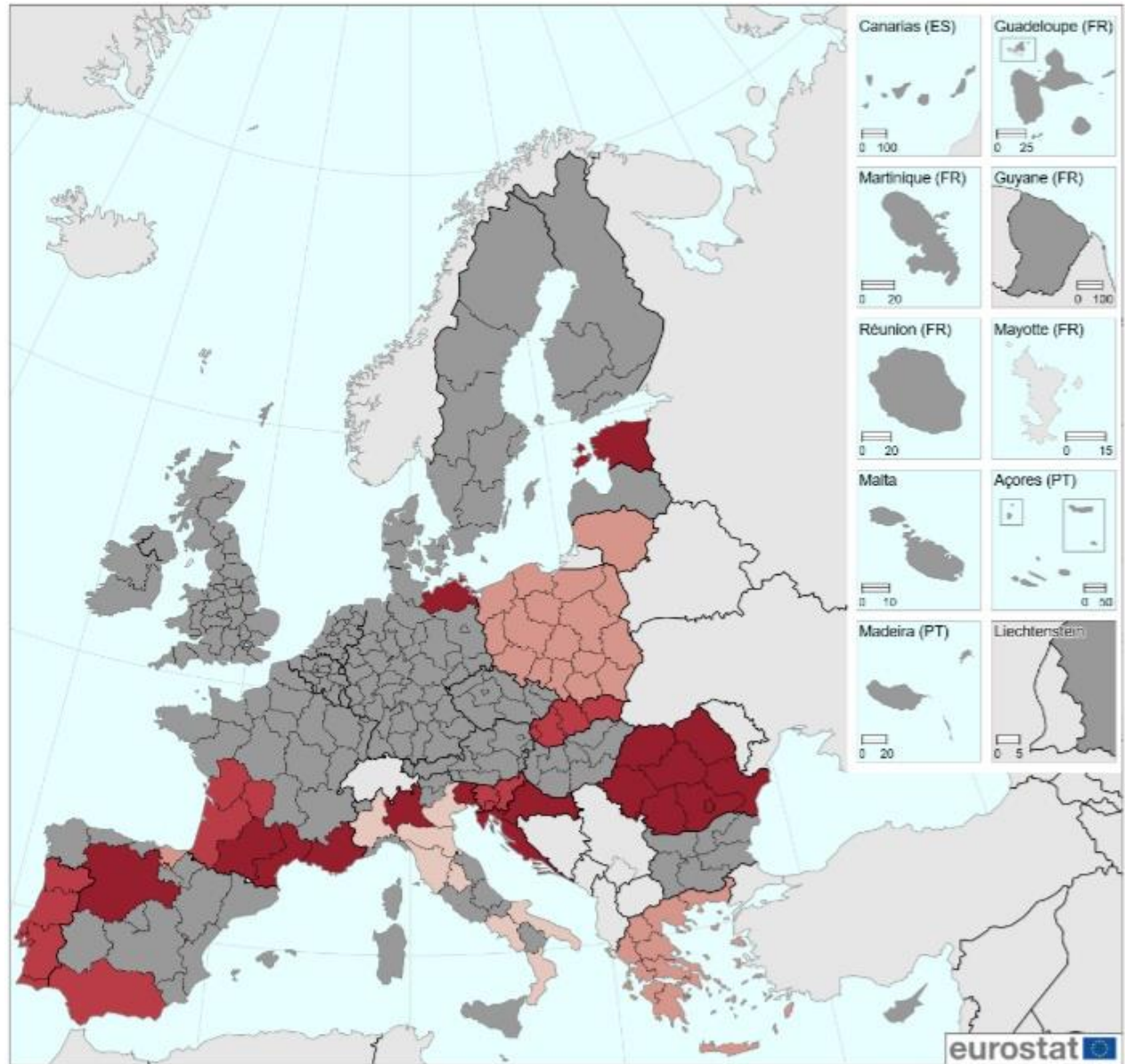
Financing gap estimate (Total by MS)

The estimated EU agricultural sector financial gap is:

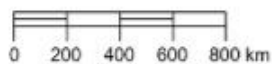
- For short-term loans: EUR 1.56bn - 4.12bn;
- For medium and long-term loans: EUR 5.50bn - 14.48bn.

The total financial gap, therefore, is between EUR 7.06bn - 18.60bn.





Administrative boundaries: © EuroGeographics © UN-FAO © Turkstat
Cartography: Eurostat – IMAGE, 03/2019



29 programmes
13 Member States

Expected loans
EUR 2.0bn – 2.5bn

EUR 600m
EAFRD

- Non-operational FIs with signed funding agreements
- FIs in a process of setting up (after ex-ante)
- EAFRD - EFSI Initiative
- Operational



European
Commission

Examples of approaches supporting YF in the current EAFRD Financial Instruments

- ❑ YF pay an interest rate fixed at 2% + ECB rate, which is lower than that charged for other businesses under an EAFRD FI [*Estonia*]
- ❑ Financial intermediaries are incentivised, through a management fee mechanism, to provide (more) funding to young farmers from the allocated EAFRD resources to the EAFRD FI [*Romania*]
- ❑ A higher guarantee rate (by 10%) foreseen for young farmers [*Croatia*]
- ❑ A higher aid intensity for young farmers – included also in the conditions offered under the EAFRD FI [*Midi-Pyrénées Region, FR*]
- ❑ Earmarked support for YF' investments in the FI [*Portugal*]

***DG AGRI – EIB Joint Initiative
for EU Young Farmers***



The Initiative

- ❑ EIB programme loan with focus on young farmers
- ❑ EAFRD Financial Instruments and grants for young farmers
- ❑ Technical assistance linked to FIs for young farmers
- ❑ EIB (*fi-compass*) advisory service

Combined support to YF could potentially be delivered through one body

*The future CAP Strategic Plans
and
Generation renewal*

THE 9 CAP OBJECTIVES and main policy principles



KNOWLEDGE & INNOVATION



SIMPLIFICATION

Reduce administrative burden

PERFORMANCE BASED SYSTEM

Ensure policy results

BETTER TARGETING

Rules with better links to local realities

KEEP STRONG COMMON ELEMENTS

Keep a level playing field

Enhanced ambition



OVERVIEW

Attract young farmers and facilitate business development in rural areas

- ✓ Summary of the SWOT analysis:
 - ✓ access to land, land mobility and land restructuring
 - ✓ access to finance and credits
 - ✓ access to knowledge and advice
- ✓ Overview of the generational renewal **strategy**, identifying a clear and coherent set of interventions, including the interplay with **national instruments** with a view of improving the consistency between Union and national actions

- Top-up income support (I pillar) and/or lump-sum payment (II pillar)



Ring-fencing of the budget

- Cooperation
- Investments and financial instruments
- Agricultural Knowledge and Innovation System (AKIS)
- Risk management
- Other relevant rural development interventions





A RING-FENCED BUDGET FOR THE TWO MAIN TOOLS

At least **2%** of the national envelope
of direct payments

Top-up:
Complementary
income support
for young farmers
(I pillar)

And / Or

Lump-sum:
Installation grant
for young farmers
up to EUR 100,000
(II pillar)

+ reserves for payment entitlements



EXAMPLE OF INTERVENTIONS

✓ INVESTMENTS

- **Preferential** conditions or priority via selection criteria may be set for young farmers and new entrants with higher risk profiles

✓ RISK MANAGEMENT

- **Working capital** to overcome crises and a more flexible toolkit to better target the needs

⇒ FINANCIAL INSTRUMENTS for young farmers

- Purchase of **land with no limitation** (exception for young farmers)
- Support for **working capital**: key for young farmers, whose start-up difficulties often lie with high investments and low returns
- **Preferential loan conditions** may be set for young farmers and new entrants with higher risk profiles, covering also **price volatility**

POTENTIAL NEXT STEPS

➤ Current period:

- Set up new FIs addressing YF and start-ups, or
- Create specific schemes for YF under existing FIs

➤ Post-2020

- Consider FIs in the preparation of 2021-2027 CAP Strategic Plans and ex-ante evaluation

➤ Technical assistance

- Use of *fi-compass* EAFRD analytical material
 - Studies and survey results on <http://www.fi-compass.eu>
 - Managing authorities can request targeted coaching
 - Specific financial market analyses per MS (by the end of 2019)

