Technical support for developing CAP financial instruments

Bruno Robino, Head of fi-compass, European Investment Bank
Events
Awareness raising and capacity building

**Flagship events**
- ✓ 7 Annual conferences on EAFRD FIs
- ✓ 2 FI Campus editions

**22 Thematic or country-specific events**
- ✓ Macro-regional conferences
- ✓ Thematic events on: programming FIs in CAP SP, price volatility, young farmers and rural infrastructures
- ✓ Dedicated seminars in various MSs
- ✓ Country specific webinars on financial needs in the agriculture and agri-food sectors

31 events with more than 4,200 participants
Targeted coaching for EAFRD managing authorities
State of play and achievements

39 EAFRD MAs benefitted from the coaching since launch of this service in 2016 in 16 MSs:

Bulgaria, Italy, Croatia, Spain, Slovenia, Latvia, Greece, France, Lithuania, Poland, Portugal, Slovakia, Czech Republic, Belgium, UK

Impact:

- 12 MAs started the process to implement FIs after the Targeted Coaching

Feedback from MAs:

✓ It ...brought us very valuable issues to think about and further develop.
✓ We thank you for the great support and making us feel wiser.
Guidance material
Study reports, factsheets, brochures and videos

Exploring new opportunities and preparing for future EAFRD FIs

- As well as methodological guidance

8 major studies on:
- Financial gap in agri-sector and market assessment on the financial needs in EU agriculture and agri-food sectors
- FIs for agri&rural infrastructures
- Price volatility flexible loans for farmers
- Guarantee & counter-guarantees market

Taking stock of best practices

11 Case studies (brochures and videos) on EAFRD FIs, e.g. for Poland, Greece, Portugal, Romania, Italy, etc.
Information material including: brochures, leaflets, videos, podcasts

Available here: https://www.fi-compass.eu/esif/eafrd
fi-compass Study on financial needs in EU agriculture and agri-food sectors

- **EU Summary report**
- **Reports by country**
  - Austria
  - Belgium
  - Bulgaria
  - Croatia
  - Czech Republic
  - Denmark
  - Estonia
  - Finland
  - Germany
  - Greece
  - Hungary
  - Ireland
  - Italy
  - Latvia
  - Lithuania
  - Poland
  - Portugal
  - Romania
  - Slovakia
  - Slovenia
  - Spain
  - Sweden

- **24 Country reports published** 11 June 2020
- **EU wide summary report** published 16 November 2020

**Financing gap:**

EUR 19.7 – 46.6 bn for agriculture and more than EUR 12.8 bn for the agri-food sector

EAFRD-EFSI Initiative

Background

Joint DG AGRI and EIB Group Initiative for combining EAFRD and EFSI resources:

✓ EIB Advisory Services through *fi-compass* for MAs - feasibility study in support of the implementation of FIs for agriculture sector combining EAFRD and EFSI resources – delivered in collaboration with EIF;

✓ EIF offers fund management expertise for MAs interested to implement FI under the Initiative;

✓ Complemented with targeted coaching, especially helpful for MAs with no experience in using financial instruments.
EAFRD-EFSI Initiative

What has been achieved

4 fi-compass feasibility studies completed

- Nouvelle-Aquitaine
- Poland
- Andalucia
- Slovakia

3 EAFRD FIs combining EAFRD and EFSI resources

- Nouvelle Aquitaine, France
- Portugal
- Greece

Support provided in the form of:
- Targeted coaching
- Feasibility studies/ex-antes
- Implementation support

2 EAFRD FIs not involving EFSI, originated under the initiative

- Poland
- Andalusia, Spain

Total market impact of more than EUR 1bn
EAFRD MA survey – preliminary results

MAs perception on access to credit conditions (1)

MAs’ evaluation of the current financial market for the agriculture sector
(based on personal knowledge/available statistics/and studies)

- A. There is no problem with access to finance for the sector
- B. Enterprises do have problems to access finance, but current FIs work well and are helping the sector
- C. Enterprises struggle to obtain finance and need additional public support
EAFRD MA survey – preliminary results

MAs perception on access to credit conditions (2)

More affected target groups (Multiple answers)

- Young farmers
- Micro and small farms
- Agriculture in general
- Non-agricultural enterprises
- Agri-food enterprises
- Large farms
- Co-operatives

0%  20%  40%  60%  80%  100%
EAFRD MA survey – preliminary results

MAs perception on access to credit conditions (3)

Main problems in the market (Multiple answers)

- Too high collateral requirements: 75%
- Insufficient maturity of the loans for certain types of investments: 60%
- Insufficient availability of long term finance: 40%
- Insufficient availability of short term finance: 30%
- Availability of an adequate grace period for the loan repayment: 25%
- Limited knowledge of the sector from banks: 15%
- Too high interest rates: 10%
EAFRD MA survey – preliminary results

Main areas for support (1)

Key topics on which fi-compass support should focus in view of the new programming period (1 not important – 5 very important)
EAFRD MA survey – preliminary results

Main areas for support (2)

Types of new financial instruments MAs would you like to explore with the support of fi-compass?

- Microcredit: 41%
- Equity: 29%
- Crowdfunding: 30%
### Topics for new studies and analysis (1 not useful – 5 very useful)

<table>
<thead>
<tr>
<th>Topic</th>
<th>Score Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Update of the data / estimates used in the reports on access to credit conditions in 24 EU Members States published in 2021</td>
<td></td>
</tr>
<tr>
<td>The impact of the COVID-19 pandemic on farmers’ incomes and access to finance</td>
<td></td>
</tr>
<tr>
<td>Difficulties for young farmers to take credits and to start in the sector</td>
<td></td>
</tr>
<tr>
<td>Small farms constraints in access to finance</td>
<td></td>
</tr>
<tr>
<td>Surveys on financial matters per sub-sector</td>
<td></td>
</tr>
<tr>
<td>Banks policies and assessment of projects</td>
<td></td>
</tr>
<tr>
<td>Financial needs for green transition</td>
<td></td>
</tr>
<tr>
<td>Financial needs for introducing digital technologies on the farm</td>
<td></td>
</tr>
</tbody>
</table>
What’s next for 2022-2023?
The new fi-compass offer: continuity and innovation

- **Awareness raising and capacity building events, delivered face to face and via digital platforms**
  - Targeting MAs but also financial intermediaries and other stakeholders in the private sector
  - Raise awareness on the new legal framework
  - Address specific topics, targets or policy areas
  - Facilitate knowledge sharing and peer-to-peer exchanges

- **Studies**
  - Access to credit and market assessment
  - Potential for new types of financial instruments
  - Focus on new policy priorities, such as climate action and green finance

- **Other guidance material**
  - Case studies
  - Factsheets and brochures
  - Videos and podcasts
Offer and features of the new fi-compass edition
Targeted coaching for EAFRD MAs 2022-2023

Scope of the coaching:
Support MAs in the preparation of the new CAP plans, e.g.:
- How to assess needs for FIs;
- Main features, pros & cons of different types of FIs;
- Showcase current experiences to inspire MAs;
- Explore new features and advantages of new legal framework (FIs in combination with grants, new eligibility rules, InvestEU, etc.)

How:
- Information exchange
- Video conferences
- Workshops

Targeted sessions based on:
- Level of knowledge/experience
- Specific areas of interest
- Preliminary analysis conducted by MAs