



Estonian experience with FI for the fisheries and aquaculture sector supported through the EMFF 2014-2020

Eduard Koitmaa

Head of the Market Regulation and Trade Bureau

Ministry of Rural Affairs of the Republic of Estonia

 #ficompass



Financial instruments supported through the EMFF 2014-2020



- Ex-ante assessment completed in 2014 by external consultant;
- Market failure and sub-optimal investment situations identified in Estonia's fisheries and aquaculture sectors;
- Decision taken to use EMFF financial instrument to fill gaps in access to finance for sustainable investments in fisheries and aquaculture.



 #ficompass



Ex-ante assessment:



- covered both the Ministry's EMFF Operational Programme and its EAFRD Rural Development Programme for the 2014-2020 programming period;
- carried out within the relevant regulatory framework;
- looked in detail at potential opportunities and demand for different types of financing products;
- provided proposals for programming and implementation as well as advised on planning the instrument's investment strategy.



Ex-ante assessment conclusions



- No big difference in financial market gaps for different sectors (fisheries, agriculture)
- Banks are not interested in: new enterprises; micro enterprises; investment loans under 100 000 EUR
- No access to loans (microfinance)
- Long-term investment loans not offered
- No sector-specific knowledge in banks
- Alternative financial market (risk capital *etc*) is missing
- Different opinion of valuating collateral fairly (from view of the sector)



FI for the fisheries and aquaculture sector supported through the EFF 2007-2013



Loan for producers organizations

- Max 500 000 EUR
- SMEs
- Co-financing with banks (diminish banks risks)
- Market based rate
- Fund: 1 077 520 EUR
- Loans provided: 1 077 520 EUR

Loan for aquaculture development

- Max 500 000 EUR
- SMEs
- Co-financing with banks (diminish banks risks)
- Market based rate
- Fund: 4 900 000 EUR
- Loans provided: 5 048 802 EUR



FI for the fish processors supported through the EMFF 2014-2020



Long – term investment loan

- Fund: 4 000 000 EUR
- Per applicant: 100 000 – 500 000 EUR
- Micro/small/medium enterprises
- 30/70 co – financing with banks
- At least 80% collateral
- Market based rate
- Loan period: up to 15 years
- Available from March 2017



 #ficompass



FI for the fish processors supported through the EMFF 2014-2020



Growth loan

- Fund: 3 200 000 EUR
- Per applicant: 10 000 – 100 000 EUR
- Micro/small enterprises
- At least 50% collateral
- Subsidised rates from 2%
- Loan period: up to 5 years
- Available from March 2017



 #ficompass



FI for the aquaculture sector supported through the EMFF 2014-2020



Investment loan for aquaculture development

- Fund: 4 000 000 EUR
- Per applicant: 10 000 – 400 000 EUR
- Micro/small/medium enterprises
- At least 50% collateral
- Loan period: up to 15 years
- Subsidised rates from 2%
- Available from June 2017



 #ficompass



Conclusions



- Grant system is still much more popular in the fisheries sector than FI
- FI is not always alternative to a grant
- Point of view of individual enterprise vs fisheries sector or taxpayer
- More beneficiaries when implementing FI
- For a fair competition FI-s are better
- Wisely and thoroughly planned operations
- Fair evaluation of collateral can be more important than low interest rate



Toolbox



 #ficompass



The importance of using the right tools



FI



GRANT



 #ficompass



