

EAFRD

Financial Instruments for Agriculture and Rural Development

SIAGI (FRA), a guarantee scheme adapted to agriculture

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Brussels 25/11/2016

- Financial institution regulated by the French Monetary authority (ACPR)
- Capital held by Chambers of craft 60%, the 7 French bank groups : Crédit Agricole, LCL, BNPParibas, SG, Crédit Mutuel CIC, BPCE, La Banque Postale, 25%, and BPIfrance, the French public bank 15%.
- 50 year smes risk taker
- Pure guarantee player
- Only redeemable loans
- Amount from 15 k€ to 4 millions €
- Maturity from 2 to 15 years
- Focused on small and independant enterprises
- 90 people 26 branches and offices

- 8 000 projects analysed, 4 000 contracts
- 620 millions € investments for the economy on which
 - 60% in transfers
 - 30% in growth
 - 10% in creation

- Handcrafts (artisans) 40%
- Retail 40%
- Liberal professions (regulated activities) 10%
- Agriculture 10%

A long term risk sharing policy with other risk takers

- on regional level with all french regions
- on national level with Bpifrance
- on bank level with insurance subsidiaries of bank group as Crédit Agricole and BPCE
- on European level with EIF (G&E, MAP, CIP, COSME)
- on sectors of activity level (providers of a sector, in retail, in industry, in agriculture)

The interest of the guarantee : for the enterprise, for the bank

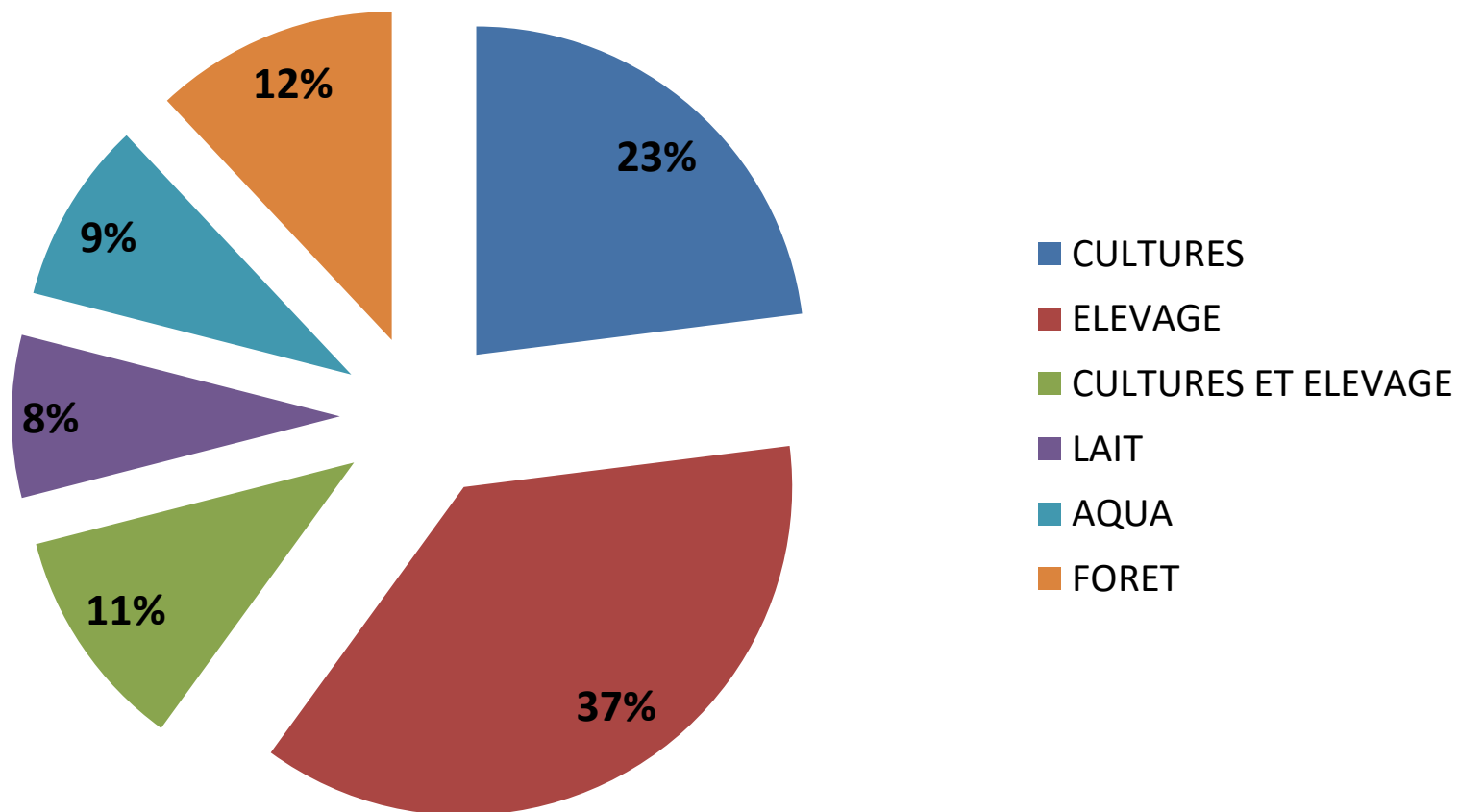
For the enterprise

- ➡ Facilitate loan granting
- ➡ Strengthen decision
- ➡ Cause a leverage for secondary or future needs (overdraft facility, investments)
- ➡ Relieve the personal guarantees even eliminates them in certain programs

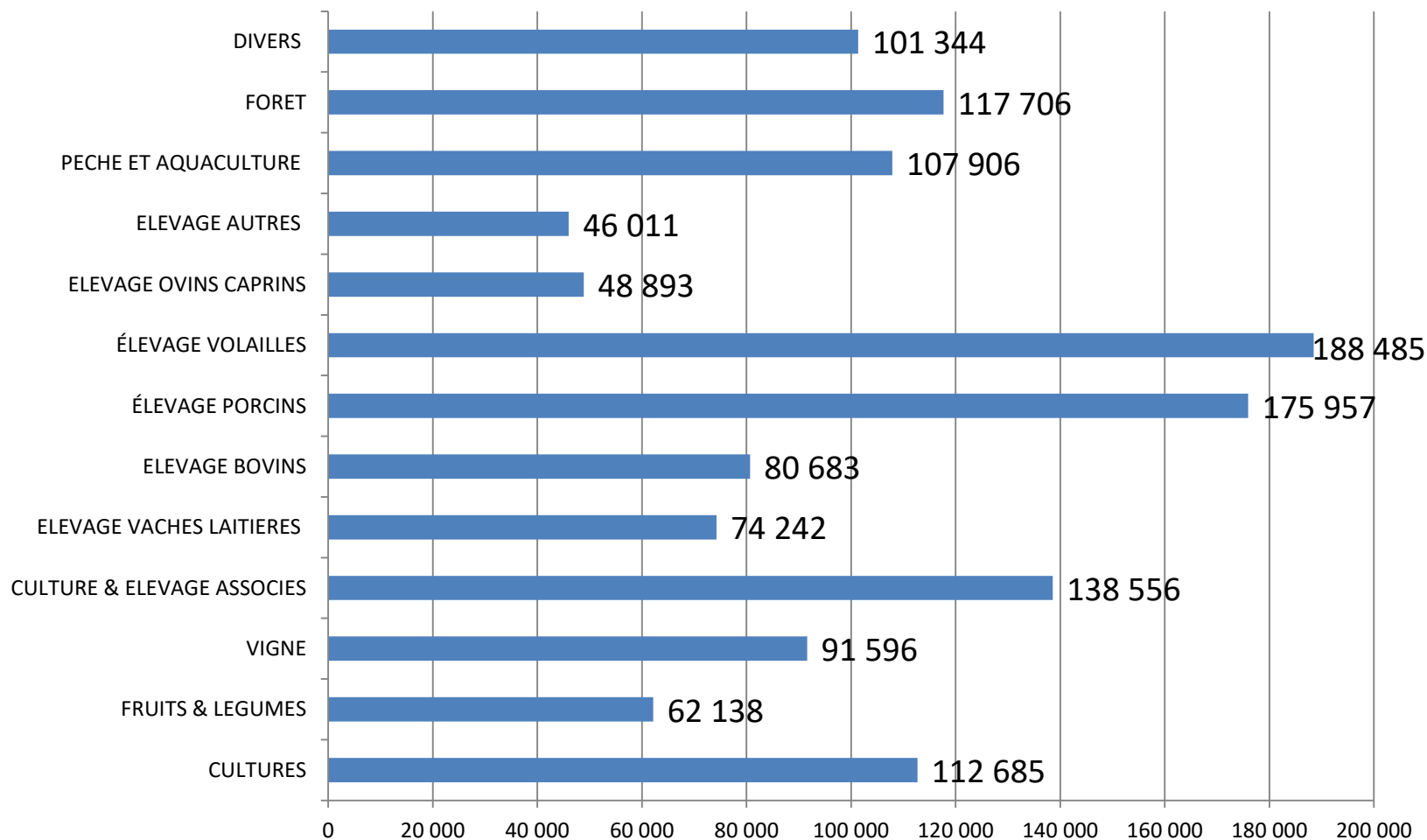
For the bank

- ➡ Reduced the risk of the bank and losses in case of default
- ➡ Improve the allocation of own funds (mainly equity)
- ➡ Strengthen decision

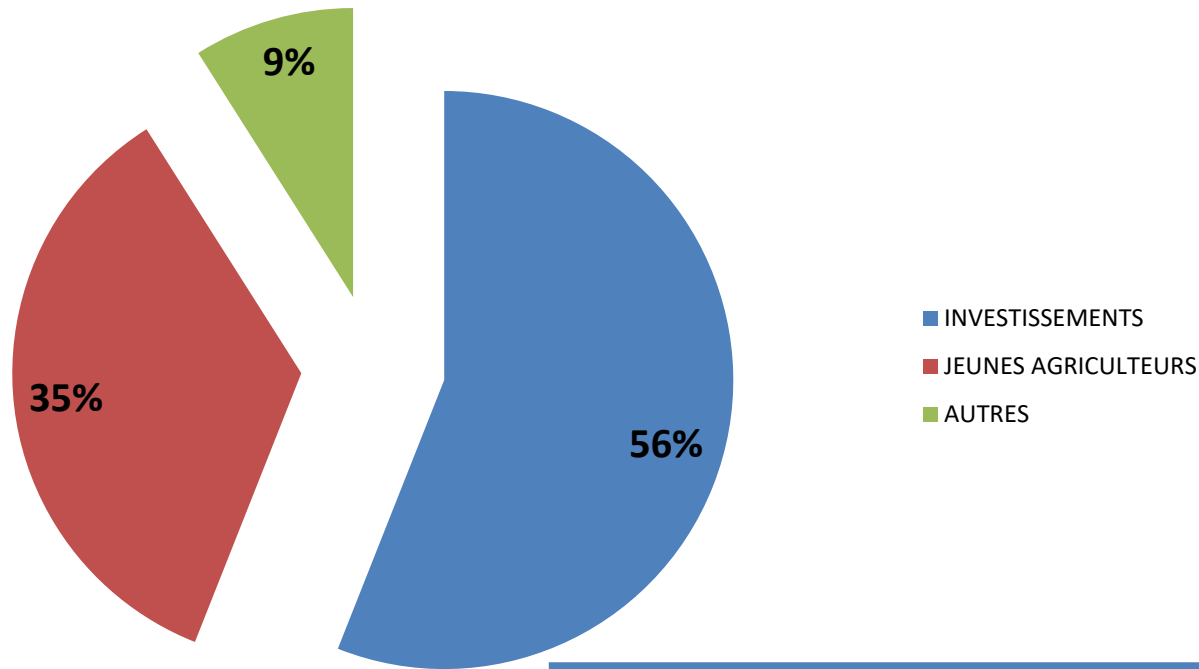
Agriculture : main sectors of intervention 2010-2016



Average amount loan by sectors



Types of financing period 2010-2016



Average amount loan

Investment existing enterprises	148 k€
Young farmers	80 k€
Other	80 k€

Enterprises

- Consolidation of farms (upsizing areas and down sizing numbers)
- Business model to adapt
- Generation transfer

Entrepreneurs

- new profile

Financial environment

- Strong increase of financing needs
- Market conditions : Low interest rates, long term loans, weak equity, poor collaterals, working capital needs, regular refinancing and consolidation
- One market leader Credit Agricole and 2 challengers Credit Mutuel et Banque Populaire

1. Implement external guarantees as a good practice for entreprises and banks :
 - Use stake holders as professional trade unions and associations to communicate
 - Extend general agreement with banks to agriculture
2. Increase both numbers and volumes of loans guaranteed
 - Improve the value for the money (increase percentage of guarantee, adapt the price)
 - Improve process of decision
3. Increase capacity of intervention
 - Invite other risk takers, other financial institutions
 - Best practices see next

EIF COSME Programm

- ✓ Large spectrum of loan including working capital loan
- ✓ A proportion of guarantee of 60%
- ✓ Maximum loan 150 k€
- ✓ A limited cost

Agreement with AVRIL group (leader in animal feeding)

- ✓ As an example of intervention : farm conversion to free range eggs
- ✓ Maximum loan 200 k€
- ✓ Counter guarantee of 25%

THANK YOU FOR YOUR ATTENTION