



# **Financial instruments under the European Structural and Investment Funds**

**Summaries of the data on the progress made in financing and implementing  
the financial instruments for the programming period 2014-2020  
in accordance with Article 46 of Regulation (EU) No 1303/2013  
of the European Parliament and of the Council**

**Situation as of 31 December 2023**





EUROPEAN COMMISSION

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**EAFRD**

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## 1. EXECUTIVE SUMMARY

The implementation of financial instruments under the European Agricultural Fund for Rural Development (EAFRD) achieved continued progress by the end of 2023 and results surpassed those from the previous year for both, loan and guarantee funds. The demand for access to finance remained stable and many managing authorities focused additional efforts towards the programming and creation of new financial instruments for the period 2023-2027. The EAFRD transitional period will end on 31 December 2025.

By the end of the reporting period (31<sup>st</sup> December 2023)<sup>1</sup>, the EAFRD Managing Authorities have set up financial instruments under 32 RDPs in 13 Member States with total public allocation amounting to EUR 819 million (out of which EUR 638 million EAFRD).

44 Managing Authorities have completed their ex-ante assessments<sup>2</sup>. Under 35 RDPs the selection or designation process has been started, and under 30<sup>3</sup> RDPs were signed 34 Funding Agreements. In total 29 FIs were created in accordance with Article 38(1)(b) of the CPR, while another 5 FIs (Portugal, Greece, and the region of Nouvelle Aquitaine in France covering 3 RDPs) combine resources of EFSI and EAFRD in accordance with Article 38(1)(c) of the CPR. EAFRD Managing Authorities did not contribute to the SME Initiative or other EU level instruments under Article 38(1)(a) of the CPR.

All EAFRD MAs have decided to entrust the implementation tasks, either through a direct award of a contract (22 FIs) or through entrustment to a body under public or private law (12 cases). EIF has been entrusted to implement 15 FIs out of the 34, while EIB manages 2.

The implementation is arranged through a Fund of Funds structure under 21 FIs (EUR 420 million of RDP commitment, out of which EUR 357 million is EAFRD), having 26 Specific Funds (SF/FoF). Single-layer Specific Funds are entrusted for the implementation of 13 FIs (EUR 400 million RDP resources, out of which EUR 294 million is EAFRD).

The EAFRD FI committed EUR 581 million RDP support to final recipients, which is an increase of EUR 32 million compared to 2022. Disbursements – or in the case of guarantees, amounts set aside for guaranteeing disbursed loans - to final recipients increased to a similar extent reaching

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<sup>1</sup> The data in this report is based on the Annual implementation reports as they were in SFC 11.10.2024. For those RDPs for which updated data was received in time for this report, these have been included.

<sup>2</sup> excluding UK

<sup>3</sup> The Netherlands no longer report a signed Funding Agreement

EUR 536 million of RDP resources. This overall RDP disbursement equals almost 83% of the total RDP payments made to all financial instruments.

By the end of 2023, the number of final recipients supported by the EAFRD FIs increased by ca. 52% to reach 19 704 (through 25 140 signed financing contracts, an increase by 55%), continuing the growing trend from the previous years. Almost all final recipients of the EAFRD FIs are SMEs (99.9%) and 93 % are, in fact, micro-enterprises according to the SME definition, though farms are not measured normally in this way, but rather via the land they cultivate and various assets, such as animal heads.

Compared to 2022, there has been a significant and rather important changes in the allocation of support among the different farm size categories. More than half of the supported final recipients (55%) fall under the largest farm-size category (50 ha+; as measured by number of projects), and they received 60 % of the financial support, an increase by 5 % p.p. compared to year 2022. About 14 % of the FI support was for final recipients between 20-50ha and 25 % for final recipients of size below 20ha.

Both types of products, Loan FIs and Guarantee FI performed very well. Loan FIs' achieved leverage value varied between 1 and 3.01<sup>4</sup>, with a median achieved leverage of 1.99, which is a slight decline compared to year 2022. The achieved leverage value of the Guarantee FIs (both uncapped and capped) varied between 1.47 and 13.47<sup>5</sup>, with a median achieved leverage of 7.64. It is worth noting that from the reported 23 guarantee funds (excl. PACA, France), 16 had a leverage above 6x and 8 funds had a higher than 8x. Only in two cases was the leverage below 4.6x.

Loan FIs provided EUR 308 million RDP resources (including national co-finance) via loans to final recipients, out of which the EAFRD contribution is EUR 253 million. RDP guarantees generated a loan portfolio of EUR 1.318 billion (including national co-finance) with EUR 150 million from EAFRD resources. In total, EUR 402 million EAFRD contributions generated EUR 1.765 billion<sup>6</sup> reimbursable financing paid to final recipients by the end of 2023.

With regards the distribution of EAFRD resources according to focus areas, there is a clear dominance of the financing under focus areas 2A (competitiveness of primary production; 62%) and 3A (competitiveness of processing; 28%), which continues from previous years and shows the attention paid to the agro-food supply chain needs and financing. The distribution under Thematic

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<sup>4</sup> The only exception being the fully public loan fund of IT FVG reached a very high leverage value of 17.32 due to additional national financing in addition to its RDP resources.

<sup>5</sup> The leverage for PACA (France) is excluded as it is an outlier

<sup>6</sup> after having corrected for the double counted national co-finance but adding the non-ESIF resources mobilized in addition to the ESIF resources

objectives also remains like previous years with 92% falling under TO3 “Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD)”.



## 2. SUMMARY OF DATA COLLECTED ON THE SET-UP OF FINANCIAL INSTRUMENTS UNDER EAFRD

### 2.1 PROGRESS IN SET-UP OF FINANCIAL INSTRUMENTS AND IN SELECTION OF THE IMPLEMENTING BODIES

#### **Programming, ex-ante assessment, selection procedure and funding agreements**

By the end of 2023, 30 RDPs in 13 Member States had allocations for FI type of support amounting to EUR 819 million (out of which EUR 638 million EAFRD), which is less than in 2022. With approaching the end of the eligibility period, Member States are focused on the final implementation phase of the instruments rather than programming new resources, also because investment budgets from RDPs are getting exhausted. In total, 34 funding agreements<sup>7</sup> were signed for both loan and guarantee funds.

By the end of 2023, 44<sup>8</sup> Managing Authorities have completed their ex-ante assessments. Under 35 RDPs the selection or designation process has been started, and under 30 RDPs were signed 34 Funding Agreements.

Unlike the past years, there was a fall in the commitments to the FIs made by Managing Authorities. By the end of 2023, a total of EUR 819 million RDP money was committed in funding agreements (100% of all programmed resources), of which EUR 638 million was EAFRD (for comparison, the figures by end 2022 were respectively EUR 827 and EUR 655 million). For details per RDP, see Table 1 RDP amounts programmed to FIs and committed in funding agreements as of end of 2023 (in million EUR)

MS	RDP	RDP programmed for FIs	out of which EAFRD	RDP amounts committed to FIs	out of which EAFRD
BG	Bulgaria	20	17	20	17
DE	Mecklenburg-Vorpommern	5,88	5,01	5,88	5,01
EE	Estonia	54,46	50,51	54,46	50,51
EL	Greece*	80	80	101,5	101,5
ES	Andalucia*	23	19,55	50	42,5
	Asturias	0	0	0	0
	Castilla la Mancha	18,5	17	0	0
	Castilla y León	29,48	19,26	29,48	19,26
	Extremadura*	5,74	4,79	5,82	4,79
	Galicia	3	2,25	3	2,25
FR	Poitou-Charentes*	5,39	4,72	7,39	4,72

<sup>7</sup> For instance, Croatia and FR PACA had two funding agreements.

<sup>8</sup> See footnote 1

	Aquitaine*	13,09	9,73	21,4	9,73
	Midi-Pyrénées	19,9	10,55	19	10,07
	Limousin*	5,5	5,09	6,17	5,25
	Languedoc-Roussillon	15	9,45	15	9,45
	PACA*	8	5,04	10	5,04
HR	Croatia*	125,84	106,97	130,54	110,96
IT	Emilia Romagna*	0,8	0,35	6	2,59
	FVG	22,61	9,75	16,1	6,94
	Lombardia*	31,39	13,53	31,39	13,53
	Piemonte	1,25	0,54	0,32	0,14
	Toscana	5,7	2,45	1,31	0,56
	Umbria	1,25	0,5	0,04	0,02
	Veneto	15,07	6,5	0,64	0,27
	Basilicata	5	3,02	0	0
	Calabria	10	6,05	0,7	0,42
	Campania	10	6,05	0,38	0,38
	Puglia	4,5	2,72	4,5	2,72
LT	Lithuania	16	13,6	16	13,6
LV	Latvia*	30	23,6	30	30
PL	Poland	119	75,72	118,23	75,23
PT	Continente*	20,06	18,52	20,09	18,52
RO	Romania	94	87,77	93,88	87,77
	Total	819,41	637,59	819,22	650,73

Under the signed Funding Agreements, MAs reported to have paid out to the implementing bodies EUR 648 million (or 79 %) of the committed RDP resources till end of 2023 (of which EUR 489 million EAFRD).

The distribution of the RDP (and EAFRD) commitments in funding agreements per measure show a similar split throughout the whole programming period. About 93.6% of the RDP commitments were made under Measure 4 “Investments” (EUR 602.7 million EAFRD), while 5.1 % were allocated to Measure 6, “Business start-up and development” (EUR 38.4 million EAFRD), 1.0% was allocated to Measure 8, “Investments in forestry (EUR 7.0 million EAFRD) and 0.4% under Measure 19 “Support for leader local development” (EUR 2.5 million EAFRD).

**Table 1 RDP amounts programmed to FIs and committed in funding agreements as of end of 2023 (in million EUR)**

MS	RDP	RDP programmed for FIs	out of which EAFRD	RDP amounts committed to FIs	out of which EAFRD
BG	Bulgaria	20	17	20	17
DE	Mecklenburg-Vorpommern	5,88	5,01	5,88	5,01
EE	Estonia	54,46	50,51	54,46	50,51
EL	Greece*	80	80	101,5	101,5
ES	Andalucia*	23	19,55	50	42,5
	Asturias	0	0	0	0
	Castilla la Mancha	18,5	17	0	0
	Castilla y León	29,48	19,26	29,48	19,26
	Extremadura*	5,74	4,79	5,82	4,79
	Galicia	3	2,25	3	2,25
FR	Poitou-Charentes*	5,39	4,72	7,39	4,72
	Aquitaine*	13,09	9,73	21,4	9,73
	Midi-Pyrénées	19,9	10,55	19	10,07
	Limousin*	5,5	5,09	6,17	5,25
	Languedoc-Roussillon	15	9,45	15	9,45
	PACA*	8	5,04	10	5,04
HR	Croatia*	125,84	106,97	130,54	110,96
IT	Emilia Romagna*	0,8	0,35	6	2,59
	FVG	22,61	9,75	16,1	6,94
	Lombardia*	31,39	13,53	31,39	13,53
	Piemonte	1,25	0,54	0,32	0,14
	Toscana	5,7	2,45	1,31	0,56
	Umbria	1,25	0,5	0,04	0,02
	Veneto	15,07	6,5	0,64	0,27
	Basilicata	5	3,02	0	0
	Calabria	10	6,05	0,7	0,42
	Campania	10	6,05	0,38	0,38
Puglia	4,5	2,72	4,5	2,72	
LT	Lithuania	16	13,6	16	13,6
LV	Latvia*	30	23,6	30	30
PL	Poland	119	75,72	118,23	75,23
PT	Continente*	20,06	18,52	20,09	18,52
RO	Romania	94	87,77	93,88	87,77
	Total	819,41	637,59	819,22	650,73

Note:

\* The figures in the first two columns for these RDPs diverge from the figures in the last two columns due to a time lag in re-aligning the values of money programmed with those committed to the FI and vice versa. It is expected that this will be corrected in AIRs for 2024. Some Managing Authorities like Croatia and Limousin did so already partially (Limousin) or completely (Croatia).

- **Implementation arrangements and legal status of FIs**

All EAFRD FIs are set up at either at national or at regional level. In total 29 FIs were created in accordance with Article 38(1)(b) of the CPR, while another 5 FIs (Portugal, Greece, and the region of Nouvelle Aquitaine in France) combine resources of EFSI and EAFRD in accordance with Article 38(1)(c) of the CPR. EAFRD Managing Authorities did not contribute to the SME Initiative or other EU level instruments under Article 38(1)(a) of the CPR.

All EAFRD MAs have decided to entrust the implementation tasks, either through a direct award of a contract (22 FIs, and 5 of them used direct award of contract to combine EFSI-EAFRD resources), or through entrustment to a body under public or private law (12 cases).

EIF has been entrusted to implement 15 FIs out of the 34, while another 9 FIs are implemented by bodies governed by public or private law, 8 FIs are implemented by publicly owned bank or institution, and 2 FIs are implemented by the EIB.

The implementation is arranged through a Fund of Funds structure under 21 FIs (EUR 420 million of RDP commitment, out of which EUR 357 million is EAFRD), having 26 Specific Funds (SF/FoF). Single-layer Specific Funds are entrusted for the implementation of 13 FIs (EUR 400 million RDP resources, out of which EUR 294 million is EAFRD).

In terms of implementation modes, for instance, Croatia implements its FIs both through Fund of Funds and through Specific Funds (SFs), while the French region of PACA implements two SFs.

## 2.2 INVESTMENTS IN FINAL RECIPIENTS AND PERFORMANCE OF FINANCIAL INSTRUMENTS

In 2023, the FIs under the RDP committed EUR 581 million (out of which EUR 439 million EAFRD) support to final recipients. Disbursements – or in the case of guarantees, amounts set aside for guaranteeing disbursed loans - to final recipients increased, reaching EUR 536 million of RDP (out of which EUR 402 million EAFRD) resources (see Table 2). This overall RDP disbursement equals 83% of the total RDP payments made to all financial instruments, while compared to the total commitment to financial instruments the disbursement rate to final recipients reached 65% (16% p.p increase compared to end 2022).

In year 2023 Managing authorities continued to implement their FIs, moved funds to different measures or re-programme unused resources back to the rural development programmes<sup>9</sup>. As a result, and as example, we saw Greece establishing a new FI (a Fund of Fund) with RDP amounts of EUR 21.5 million committed to it.

In terms of amounts invested in final recipients, the best performing financial instruments as measured by resources invested in or set aside for final recipients are in Croatia and Poland, followed by Romania and Estonia to name the biggest ones.

As already pointed out previously the financial instruments in Bulgaria, Lithuania and Galicia and Extremadura show a low implementation. The Italian guarantee platform based on guarantee funds under few Italian regions stopped its implementation and no further development is expected as budgets got returned to the RDPs.

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<sup>9</sup> In some instances some figures reported for 2023 are therefore lower than in 2022

Table 2 Take-up of FIs, investments in final recipients as of end of 2023 (in million EUR)

MS	RDP	RDP amounts committed to FIs	out of which EAFRD	RDP amounts paid to FIs	out of which EAFRD	Payment rate to FIs (vs total RDP commitments)	RDP amount committed to final recipients or set aside for guarantees	out of which EAFRD	RDP amount invested in final recipients or set aside for guarantees	out of which EAFRD	Disbursement rate		
											vs. RDP commitments to FIs	vs. RDP payments to FIs	vs. commitments to final recipients
BG	Bulgaria	20	17	5	4,2	25%	0,5	0,4	0,5	0,4	3%	10%	100%
DE	Mecklenburg-Vorpommern	5,88	5,01	3	2,5	51%	1,6	1,4	1,6	1,3	27%	53%	100%
EE	Estonia	54,46	50,51	52,6	48,6	97%	49,2	45,2	48,2	44,3	89%	92%	98%
EL	Greece**	101,5	101,5	36,1	36,1	36%	27,1	27,1	21,8	21,8	21%	60%	80%
ES	Andalucia**	50	42,5	12,5	10,6	25%	20,0	17,0	3,5	2,9	7%	28%	18%
	Castilla y León	29,48	19,26	29,4	19,1	100%	24,7	15,9	24,7	15,9	84%	84%	100%
	Extremadura**	5,82	4,79	2,5	2,1	43%	1,0	0,8	1,0	0,8	17%	40%	100%
	Galicia	3	2,25	3,00	2,25	100%	1,0	0,8	1,0	0,7	33%	33%	100%
FR	Poitou-Charentes**	7,39	4,72	7,39	4,7	100%	7,6	3,9	6,8	3,9	92%	92%	89%
	Aquitaine**	21,4	9,73	21,4	9,73	100%	16,0	9,2	14,8	9,2	69%	69%	93%
	Midi-Pyrénées	19	10,07	19	10,07	100%	12,1	6,4	11,8	6,2	62%	62%	98%
	Limousin**	6,17	5,25	6,17	5,25	100%	5,7	5,2	5,1	4,7	83%	83%	89%
	Languedoc-Roussillon	15	9,45	15	9,45	100%	13,3	8,3	12,8	8,1	85%	85%	96%
	PACA**	10	5,04	4,15	1,45	42%	3,9	1,4	3,7	1,4	37%	89%	95%
HR	Croatia**	130,54	110,96	130,54	110,96	100%	129,2	109,8	129,1	109,7	99%	99%	100%

IT	Emilia Romagna**	6	2,59	1,5	0,65	25%	1,30	0,3	0,7	0,3	12%	47%	54%
	FVG	16,1	6,94	16,1	6,94	100%	16,1	6,9	16,1	6,9	100%	100%	100%
	Lombardia**	31,39	13,53	25,44	10,97	81%	32,1	13,8	25,2	10,9	80%	99%	79%
	Piemonte	0,32	0,14	0,32	0,14	100%	0,2	0,1	0,2	0,1	53%	53%	100%
	Toscana	1,31	0,56	1,31	0,56	100%	0,5	0,2	0,5	0,2	35%	35%	100%
	Umbria	0,04	0,02	0,04	0,02	100%	0,0	0,0	0,0	0,0	0%	0%	0%
	Veneto	0,64	0,27	0,64	0,27	100%	0,3	0,1	0,3	0,1	39%	39%	100%
	Calabria	0,7	0,42	0,7	0,42	100%	0,5	0,3	0,5	0,3	74%	74%	100%
	Campania	0,38	0,38	0,29	0,17	76%	0,2	0,1	0,2	0,1	42%	55%	100%
	Puglia	4,5	2,72	2,25	1,36	50%	1,2	0,7	1,2	0,7	27%	53%	100%
LT	Lithuania	16	13,6	4	3,4	25%	3,0	2,6	1,9	1,6	12%	48%	63%
PL	Latvia**	30	30	15	10,2	50%	11,2	7,6	10,1	6,9	34%	67%	90%
	Poland	118,23	75,23	118,23	75,23	100%	115,7	73,6	115,7	73,6	98%	98%	100%
PT	Continente**	20,09	18,52	20,07	13,89	100%	18,0	16,6	12,4	8,6	62%	62%	69%
RO	Romania	93,88	87,77	93,88	87,71	100%	67,3	62,7	65,0	60,5	69%	69%	97%
	<b>Total</b>	<b>819,2</b>	<b>650,8</b>	<b>647,5</b>	<b>489,1</b>	<b>79%</b>	<b>580,5</b>	<b>447,7</b>	<b>536,3</b>	<b>402,5</b>	<b>65%</b>	<b>83%</b>	<b>92%</b>

**Note**

\*\* Some MAs had not realigned by 31.12.2023 via amendments what has been committed to FIs ( including the subcategory "out of which EAFRD") with what has been paid to FIs (including the subcategory "out of which EAFRD") and or with the amounts committed to final recipients or set aside for final recipients (including the sub-category "out of which for EAFRD"). Limousin did so partially and Croatia completely by October 2024. It is expected that the realignment takes place in time to be reported in AIRs for 2024.

By the end of 2022, the number of final recipients supported by the EAFRD FIs increased by ca. 52% to reach 19704 (through 25 140 signed financing contracts, an increase by 55%), continuing the growing trend from the previous years. As expected, and similarly to previous years, guarantee products have a higher impact on the final total figure given that they are many more than Loan products, have higher total budget and have the implementation specificity for attracting more financing and final recipients (e.g. when designed as portfolio guarantees). In this context, guarantee products account for 78% of all signed contracts (see Table 3). This will remain the case until the end of the eligibility period. However, this shall not be understood as underassessment of the value-added from having Loan funds. Loan funds may not reach so many final recipients as they provide EAFRD resources directly to the final recipient, but, at the same time, may significantly reduce the interest rate of any loan. As a conclusion, the ratio between guarantee and loan products for the overall signed contracts (and some other indicators like leverage, overall volume of supported loans, etc.) is only a statistical and a reporting aspect. Attention needs to be paid to each product separately, to its design, economic situation for which it has been developed, and many other additional factors to allow for its correct assessment as well as of its impact and value-added.

**Table 3 Final recipients supported by EAFRD FIs, by end of 2023**

RDP	large enterprises A	SMEs B	out of which are micro-enterprises	Total nr of final recipients supported A+B	Total nr of loan contracts signed with final recipients	total nr of guarantee contracts for final recipients	Total nr of financing contracts signed
Bulgaria	0	3	2	3	4	0	4
Mecklenburg-Vorpommern	0	3	3	3	6	0	6
Estonia	0	293	268	293	326	0	326
Greece	0	1,960	1,928	1960	1417	618	2035
Andalucia	0	90	0	90	0	90	90
Castilla y León	4	821	715	825	0	1,019	1019
Extremadura	0	50	50	50	0	50	50
Galicia	0	75	27	75	0	81	81
Poitou-Charentes	0	299	299	299	0	392	392
Aquitaine	0	631	631	631	0	805	805
Midi-Pyrénées	0	425	416	425	0	547	547
Limousin	0	268	268	268	0	370	370
Languedoc-Roussillon	0	483	434	483	0	594	594
PACA	0	192	0	192	141	62	203
Croatia	0	2,042	1,929	2,042	2,118	17	2135
Emilia Romagna	0	10	2	10	0	12	12
FVG	0	57	31	57	57	0	57
Lombardia	8	10	0	18	21	0	21
Piemonte	0	3	1	3	0	3	3
Toscana	0	12	9	12	0	13	13
Umbria	0	0	0	0	0	0	0
Veneto	0	3	2	3	0	3	3
Calabria	0	6	3	6	0	8	8



<b>Campania</b>	0	2	0	<b>2</b>	0	2	<b>2</b>
<b>Puglia</b>	0	33	28	<b>33</b>	0	33	<b>33</b>
<b>Latvia</b>	0	334	330	<b>334</b>	391	3	<b>394</b>
<b>Lithuania</b>	0	51	51	<b>51</b>	64	0	<b>64</b>
<b>Poland</b>	0	10,631	10,254	<b>10631</b>	0	14,574	<b>14574</b>
<b>Portugal Continente</b>	1	233	166	<b>234</b>	0	342	<b>342</b>
<b>Romania</b>	2	669	513	<b>671</b>	957	0	<b>957</b>
<b>Total</b>	<b>15</b>	<b>19689</b>	<b>18360</b>	<b>19704</b>	<b>5502</b>	<b>19638</b>	<b>25140</b>

Across the EU, where EAFRD financial instruments are operational, Poland has the financial instrument with the highest number of final recipients reaching 10 631 (54% of all supported final recipients under the EAFRD FIs and a 52% increase compared to year 2022) with 14 574 signed guarantee contracts (58% of all signed financing contracts and an increase of 63 % compared to year 2022). Croatia, Greece and Castilla y Leon are the next biggest FIs as measured by the number of final recipients supported.

Almost all final recipients of the EAFRD FIs are SMEs (99.9%) and 93.2% are, in fact, micro-enterprises. This is a normal reflection of the criteria behind the SMEs categories and the fact that agriculture is normally not measured in this way, but rather with regards its size in terms of cultivated land and various assets, such as animal heads. Only 15 large enterprises have received support, which is negligible and is spread across various Member States (e.g., IT Lombardia with 8 as it had a specific food supply chain FI, followed ES Castilla y Leon and Romania).

The average loan amount provided by loan EAFRD FIs varied between EUR 10 023 in Greece and EUR 1 200 766 in IT Lombardia, where a specific FI was deployed. Across all RDPs and measures, the median value of average loan amounts was EUR 71 426. Only 25.7% of RDPs gave an average loan amount of up to EUR 50,000.

Under guarantee EAFRD FIs, the average loan amount (backed by an EAFRD guarantee) varied between EUR 40 340 (Poland) and EUR 828 679 (Croatia). The median value across all RDPs and measures was EUR 159 676.

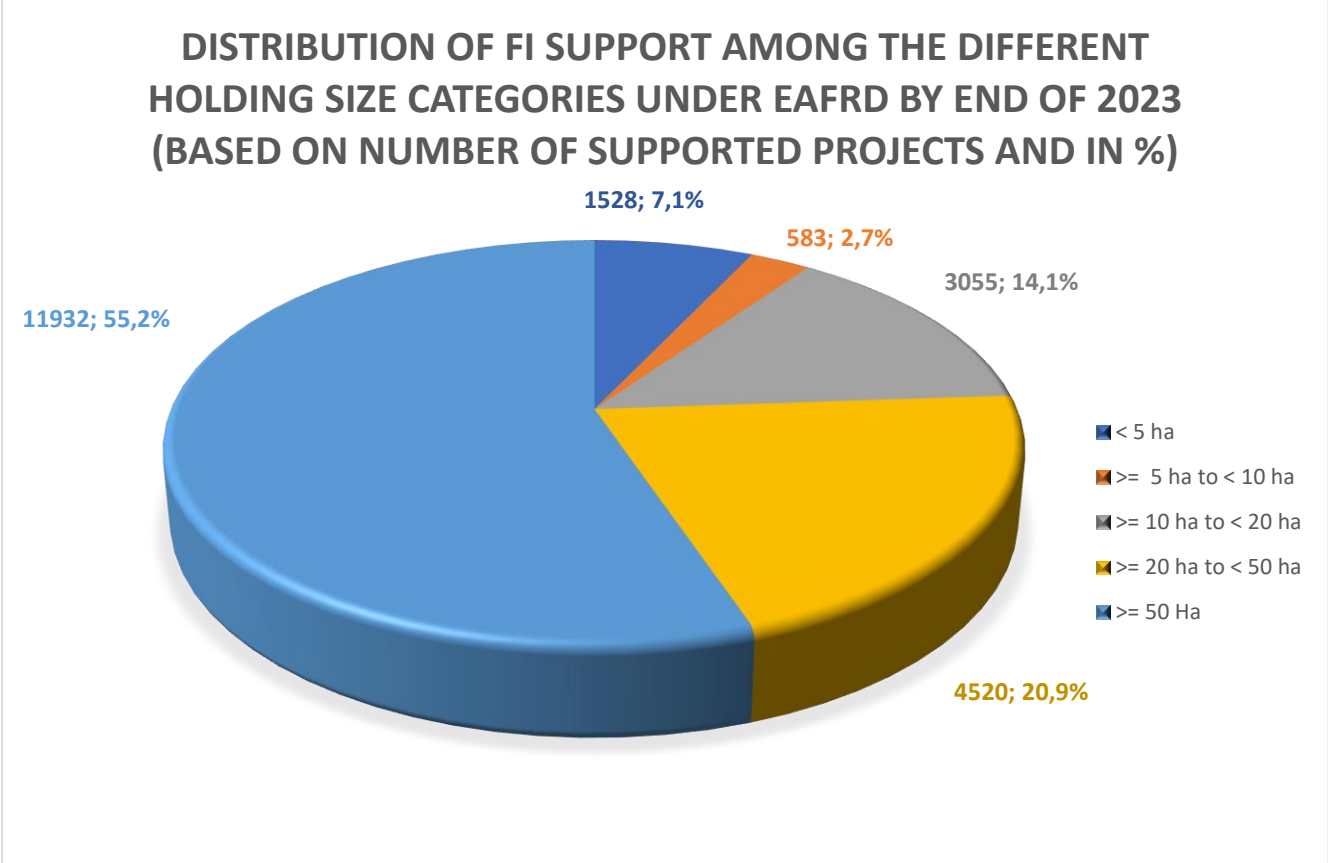
Due to the EAFRD-specific monitoring framework, the MAs are also required to report on the sub-sector and size category of the final recipients supported by their FIs under Measure 4, “Investments” and Measure 6, “Business start-up and development”.

Compared to 2022, there has been a significant and rather important changes in the allocation of support among the different farm size categories. More than half of the supported final recipients (55%) fall under the largest farm-size category (50 ha+; as measured by number of projects), and they received 60 % of the financial support, an increase by 5 % p.p. compared to

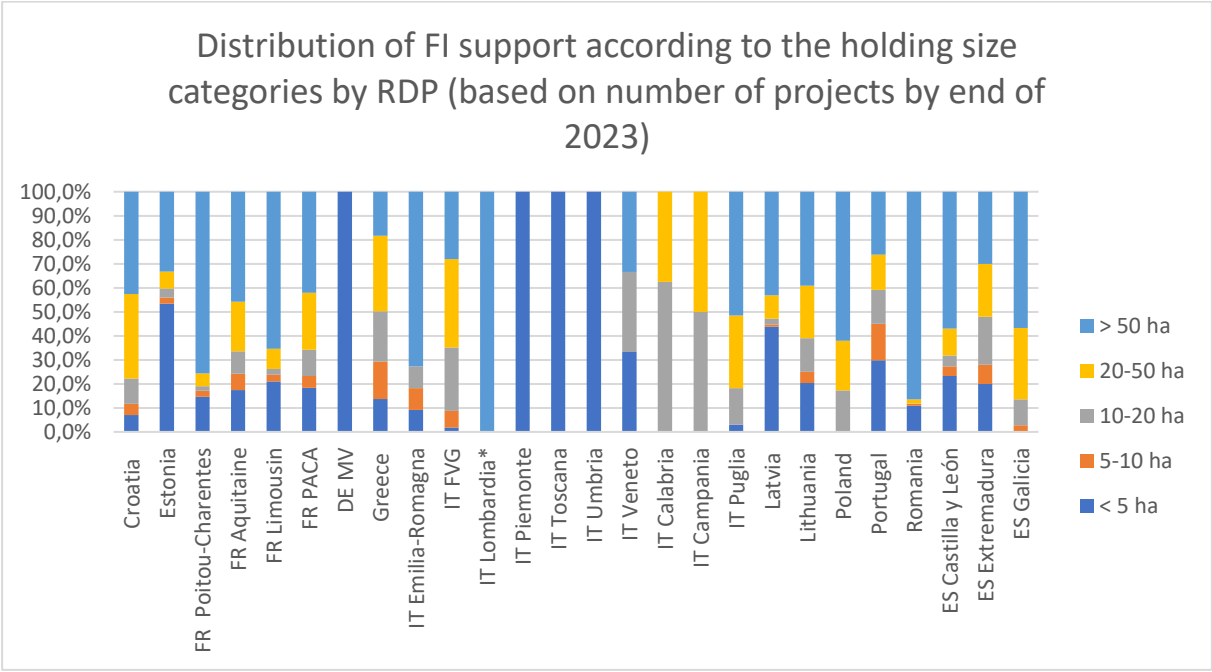
year 2022. About 14 % of the FI support was for final recipients between 20-50ha and 25% for final recipients of size below 20ha.

(see Figures 1, 2 and 3).

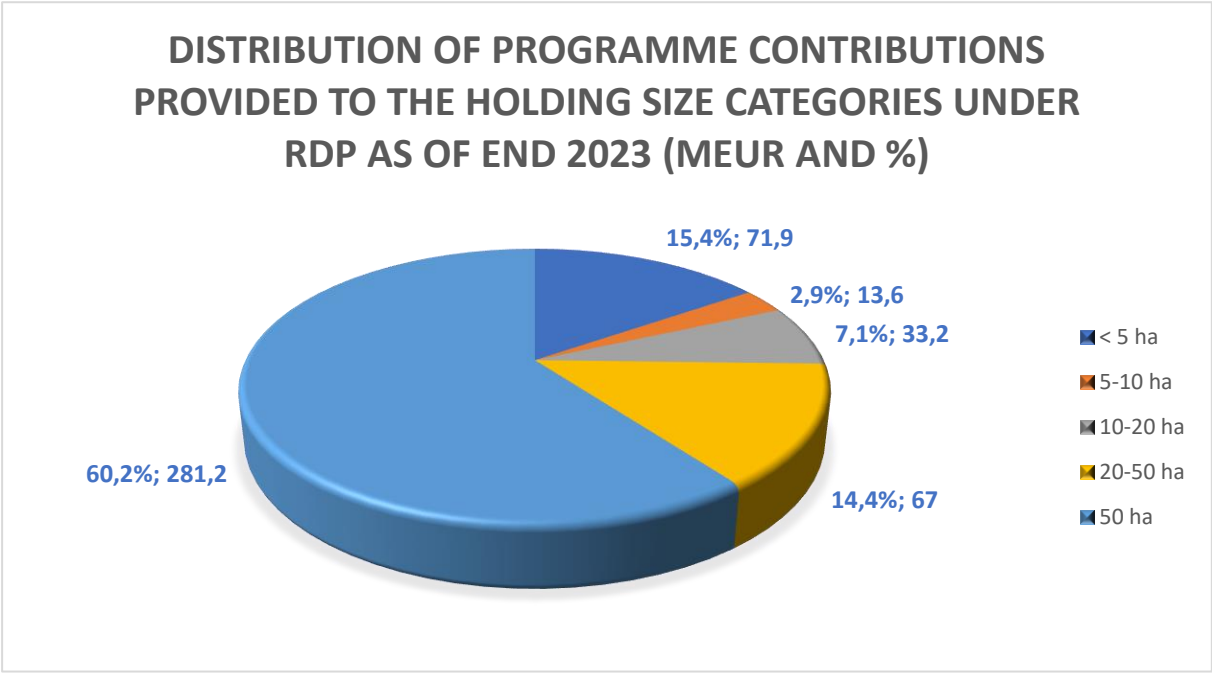
**Figure 1 Distribution of FI support among the different holding size categories under EAFRD, by end of 2023 (based on number of supported projects)**



**Figure 2 Distribution of FI support according to the holding size categories, by RDP, by end 2023 (based on the number of supported projects)**



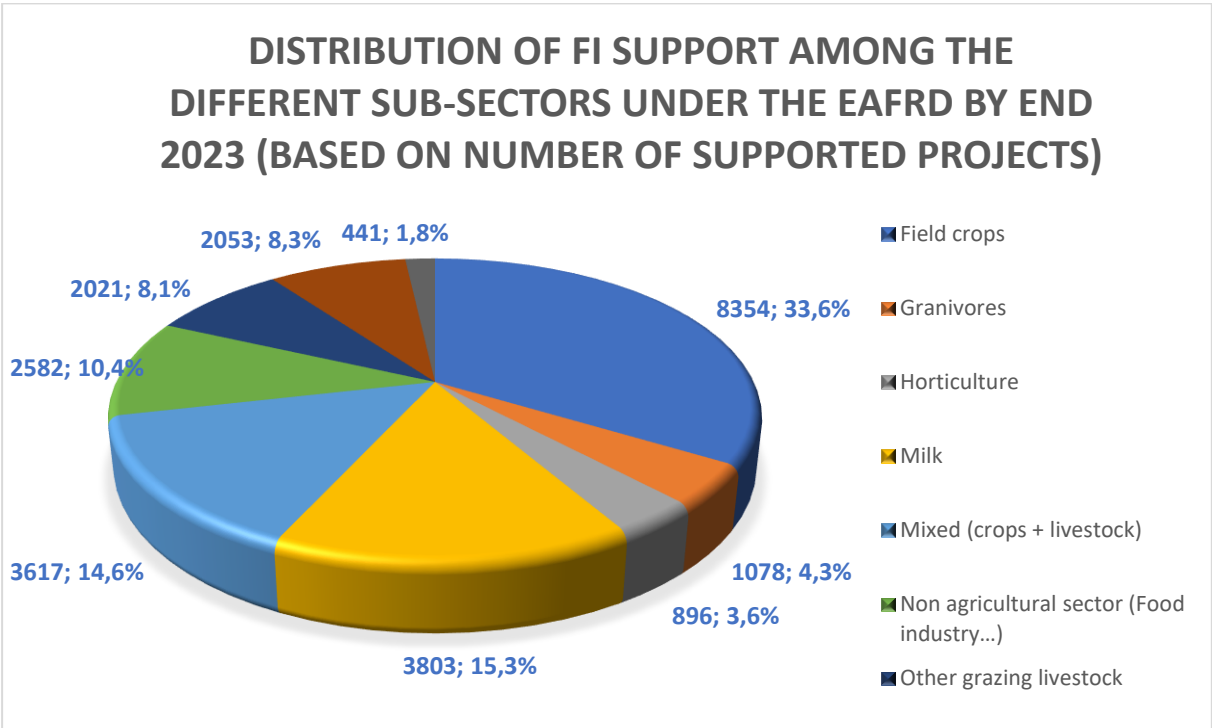
**Figure 3 Distribution of programme contributions provided to the different holding size categories under EAFRD, as of end of 2023 (MEUR and %)**



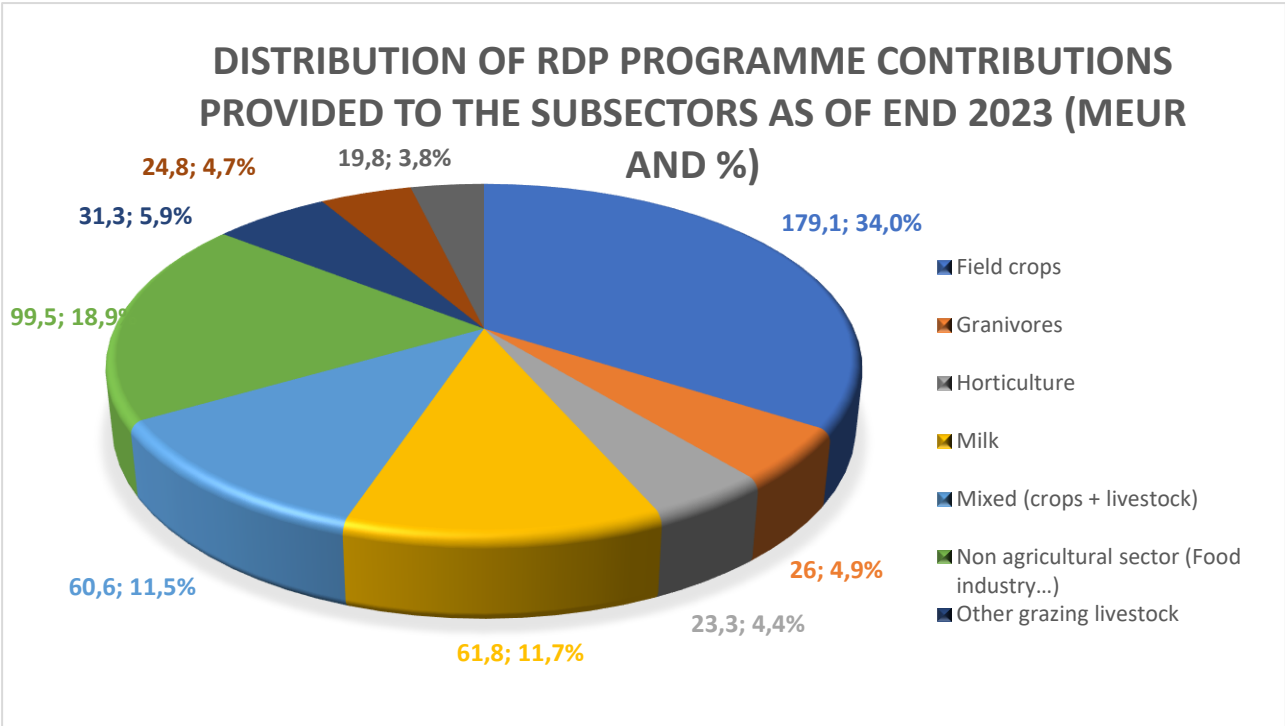
In 2023, 81% of all support given to final recipients (as measured by the total public expenditure) went to agricultural enterprises, a result that reflects the targeting of the EAFRD FIs. The reported data broken down for the subsectors receiving support shows a big diversity in their production specialization. Field crops (34% of all support), dairy (12%) and mixed farms (12%) are the leading categories. Horticulture and wine producers remain with the lowest shares of just 4% slightly outraced by those specialized in granivores (5%) and other permanent

crops (5%) and grazing livestock farmers (with 6%). Non-agricultural enterprises make up the remaining 19%.

**Figure 4 Distribution of FI support among the different sub-sectors under the EAFRD, by end of 2023 (based on the number of supported projects)**

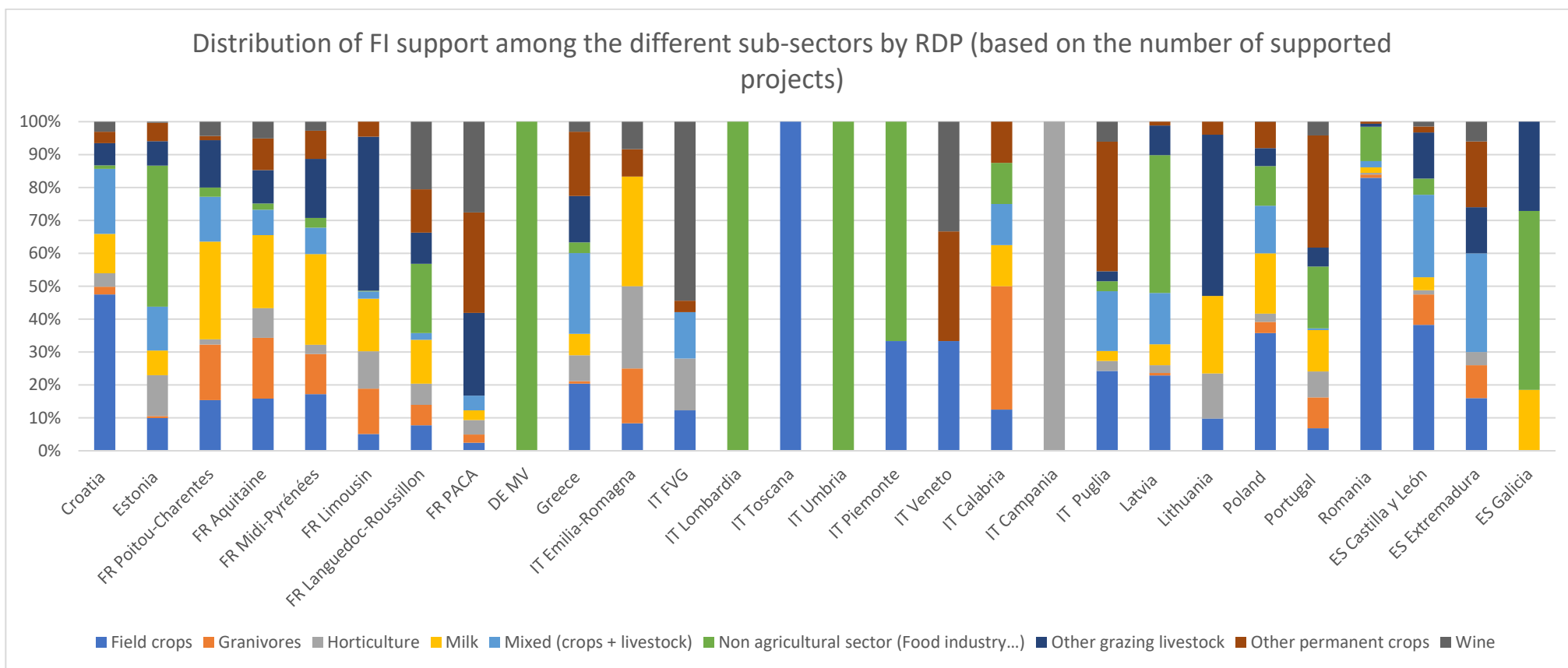


**Figure 5 Distribution of RDP programme contributions provided to the subsectors, as of end of 2023 (MEUR and %)**



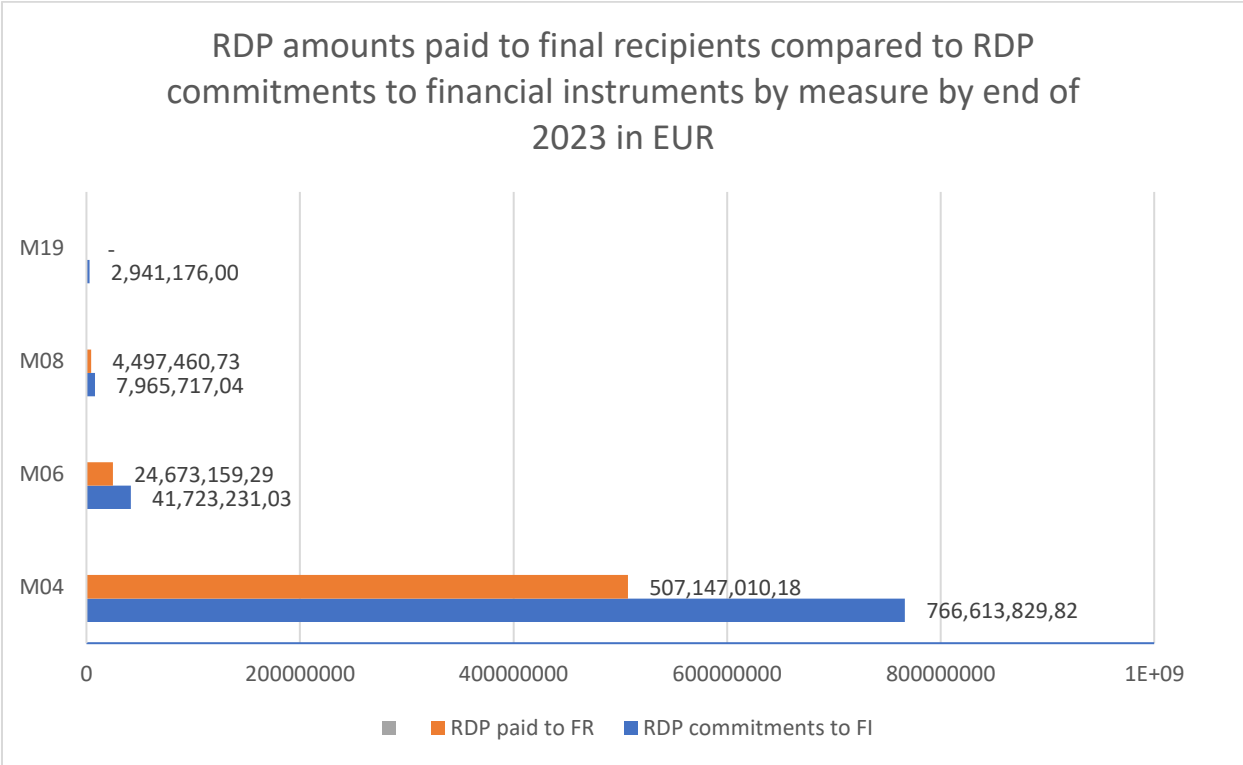
On the other hand, when it comes to support measured by the number of projects being supported, 90% of all support went to agricultural enterprises. Out of which field crops, milk and mixed (livestock + crop) were the biggest sectors whereas the smallest were wine (2 %), horticulture and granivores (4 % each).

**Figure 6 Distribution of FI support among the different sub-sectors by RDP, by end 2023 (based on nr of supported projects)**



When it comes to payments to final recipients, those under Measure 4 (Investments in agricultural holdings) amounted to EUR 507 million total RDP resources (out of which EUR 377 million EAFRD), EUR 128 million more than in year 2022. Payments to final recipients under Measure 6 (supporting business start-up and mostly the setting-up of young farmers) amounted to EUR 25 million total RDP resources (out of which EUR 22 million EAFRD), an increase by 5 million compared to year 2022. Payments to final recipients under Measure 8 (investments in forestry) amounted to EUR 4.5 million total RDP resources (out of which EUR 3.8 million EAFRD), which is an increase by half. As in year 2022, there were no payments to final recipients under Measure 19 (LEADER; see Figures 7 and 8).

**Figure 7 Amounts paid to final recipient (FR) as percentage of commitments per measure, by end 2023 (RDP)**



**Figure 8 Amounts paid to final recipient (FR) as percentage of commitments per measure, by end 2023 (EAFRD)**

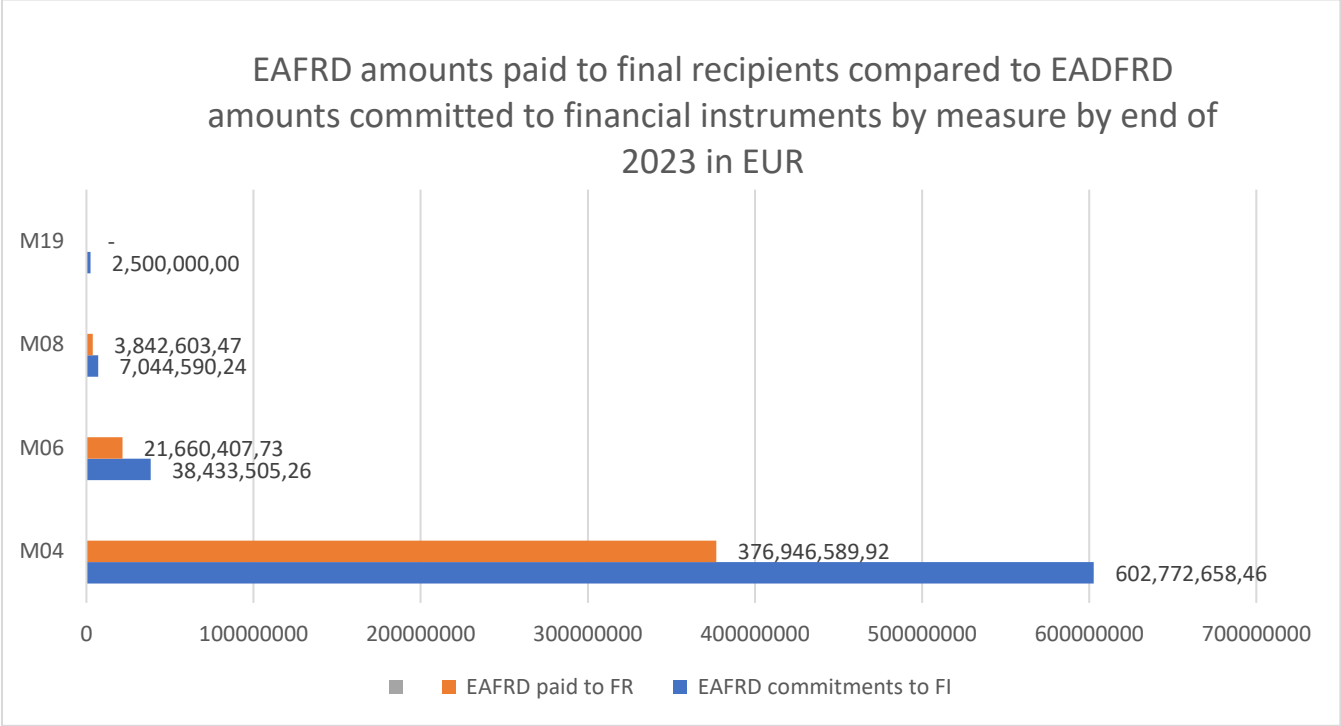
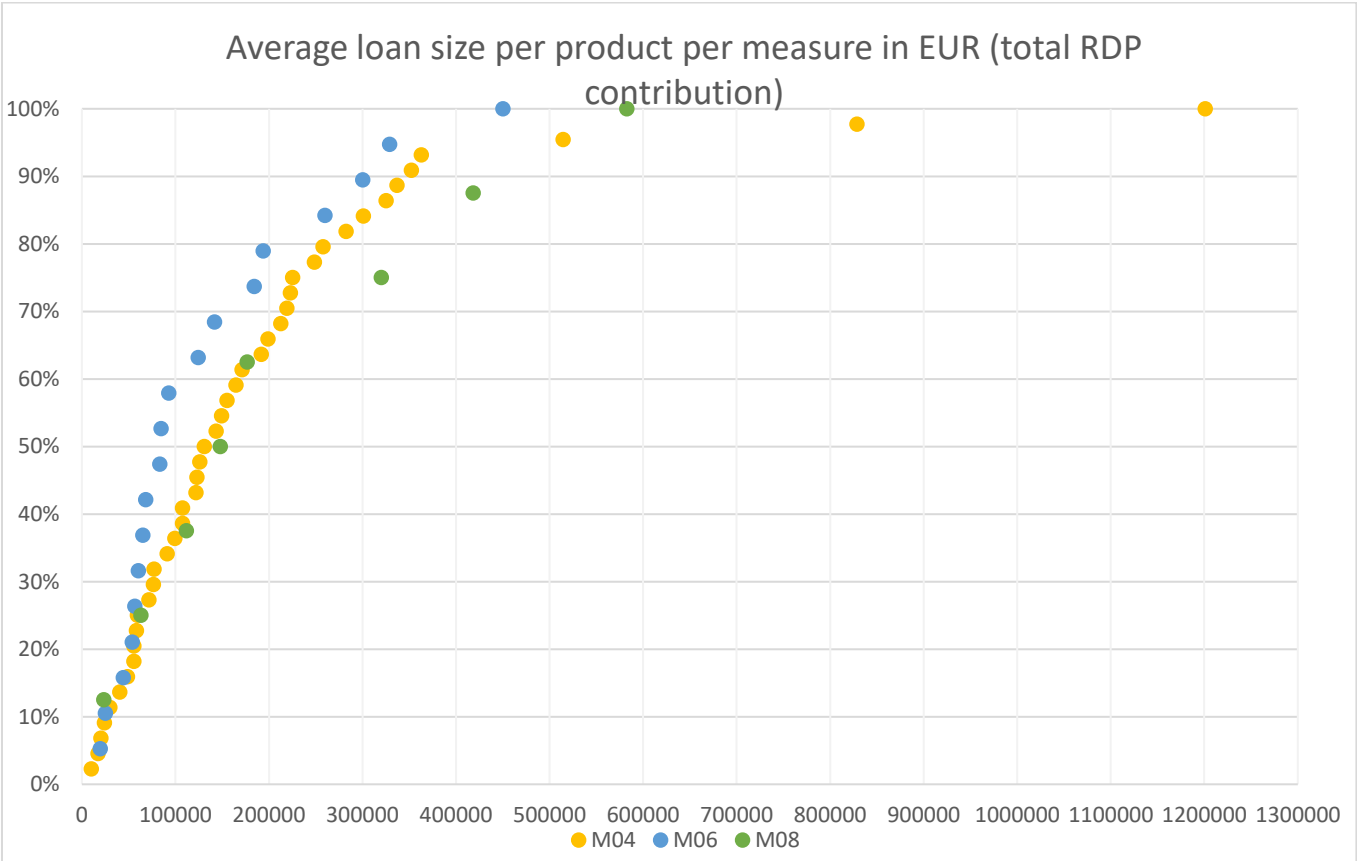


Figure 9 shows the average financing amount under the different measures under the different FIs (in the case of loan FIs it shows the average amount of the loans, while in case of guarantee FIs it shows the average loan amount that is guaranteed). There is a clear trend showing that farmers need to invest significant amounts going, on average, beyond the 100,000 threshold in the majority of the cases. This is just an additional indication, as discussed in the previous subsection, that agriculture is need of strong financial support to achieve its investment targets towards its contribution to the economic development and green transition in the EU. What characterizes the financing at the lower end close to the beginning of the axes (i.e. below 50,000 euro) is in most of the cases short-term financing for working capital needs.

**Figure 9 Average loan size per product per measure in EUR in year 2023 (total RDP contribution)**



- **Management costs and fees**

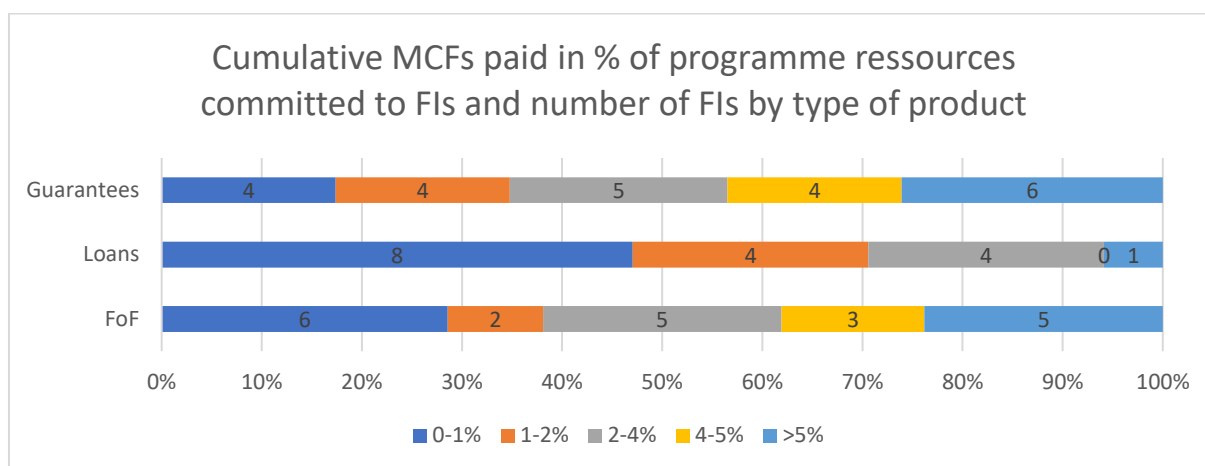
In total, MAs reported to have paid EUR 22.3 million for management costs and fees (MCF) out of which, EUR 12.2 million was reported to have been paid as base remuneration and EUR 10.1 million as performance-based remuneration. Compared to year 2022, the total amount for MCF has increased by 39%.

Though the regulatory ceilings are defined per annum by closure, it can be stated that the payments for management costs and fees for the EAFRD FIs remain far below the EU legal ceilings<sup>10</sup>, as of end of 2023 (see Figure 10). In addition, they seem distributed in a rather balanced way between FoF and specific funds, the former accounting for EUR 10.2 million.

<sup>10</sup> Defined in Article 13 of Commission Delegated Regulation (EU) No 480/2014.



**Figure 10 Number of FIs by type of financial product, and MCFs paid cumulatively as a share of programme resources committed to FIs, by end of 2023**



- **Interest and other gains generated by support from the EAFRD to the financial instrument, resources paid back to financial instrument and amounts repaid and reinvested**

There is a significant change in this category as the interest and gains generated by payments from ESI Funds to FIs have risen from EUR 5.7 million in year 2022 to EUR 18 million in 2023, i.e. more than 3 times. This, of course, is associated with the boost of implementation and the launch of the new FI in Greece.

The amounts repaid to FI attributable to support from ESFI Funds by end 2023 were reported to be EUR 107.3 million, almost EUR 50 million more than in 2022. From these resources, EUR 98.9 million were capital repayments and EUR 8.4 million gains, other earnings and yields. The amount of re-used EAFRD resources increased more than fivefold to EUR 33.7 million. The Managing Authorities in Croatia, Estonia and Friuli Venezia Giulia (IT), accounted for most of it, but PACA (Provence-Alps-Cote d’Azur, FR) and Castilla y Leon (ES), also re-used resources.

- **Performance of the EAFRD-supported financial instruments, including leverage**

In line with Article 2(38) of the Financial Regulation, “leverage effect” is defined as the amount of reimbursable financing provided to eligible final recipients divided by the amount of the Union contribution. Thus, the smaller the share of Union funding in a financial instrument and in the final financial product reaching the final recipient, the higher the potential leverage effect of the instrument. Consequently, the expected leverage of the capped portfolio guarantee of FIs are significantly higher than that of an uncapped guarantee FIs and much higher than any loan type FIs, because of the nature of the products.

Both types of products, Loan FIs and Guarantee FI performed very well. Loan FIs' achieved leverage value varied between 1 and 3.01<sup>11</sup>, with a median achieved leverage of 1.99, which is a slight decline compared to year 2022. The achieved leverage value of the Guarantee FIs (both uncapped and capped) varied between 1.47 and 13.47<sup>12</sup>, with a median<sup>13</sup> achieved leverage of 7.64. It is worth noting that from the reported 24 guarantee funds (excl. PACA, France), 16 had a leverage above 6x and 8 funds had a higher than 8x. Only in two cases was the leverage below 4.6x. The variations between the leverage values can be explained mostly by the product-specific design (portfolio guarantee or individual guarantee schemes; fully-funded or risk-sharing loans). Overall, it can easily be concluded that the performance was excellent for almost all guarantee funds, no matter whether managed by the EIF or national promotional institutions. For the loan funds, in 10 cases out of 20, the leverage was above 2x, which is also a positive result.

Loan FIs provided EUR 308 million RDP resources (including national co-finance) via loans to final recipients, out of which the EAFRD contribution is EUR 253 million. In addition to that, loans from non-ESIF resources provided another 272 million of loans to final recipients (also including national co-finance), leading to a total of 580 million of loan financing. RDP guarantees generated a loan portfolio of EUR 1 318 million with EUR 149 million of EAFRD resources. **In total, EUR 402 million EAFRD contributions generated EUR 1.765 billion reimbursable financing paid to final recipients by the end of 2023**<sup>14</sup> (see also figures 11 and 12).

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<sup>11</sup> The only exception being the fully public loan fund of IT FVG reached a very high leverage value of 17.32 due to its high national financing in addition to its RDP resources.

<sup>12</sup> The leverage for PACA (France) is excluded as it is an outlier

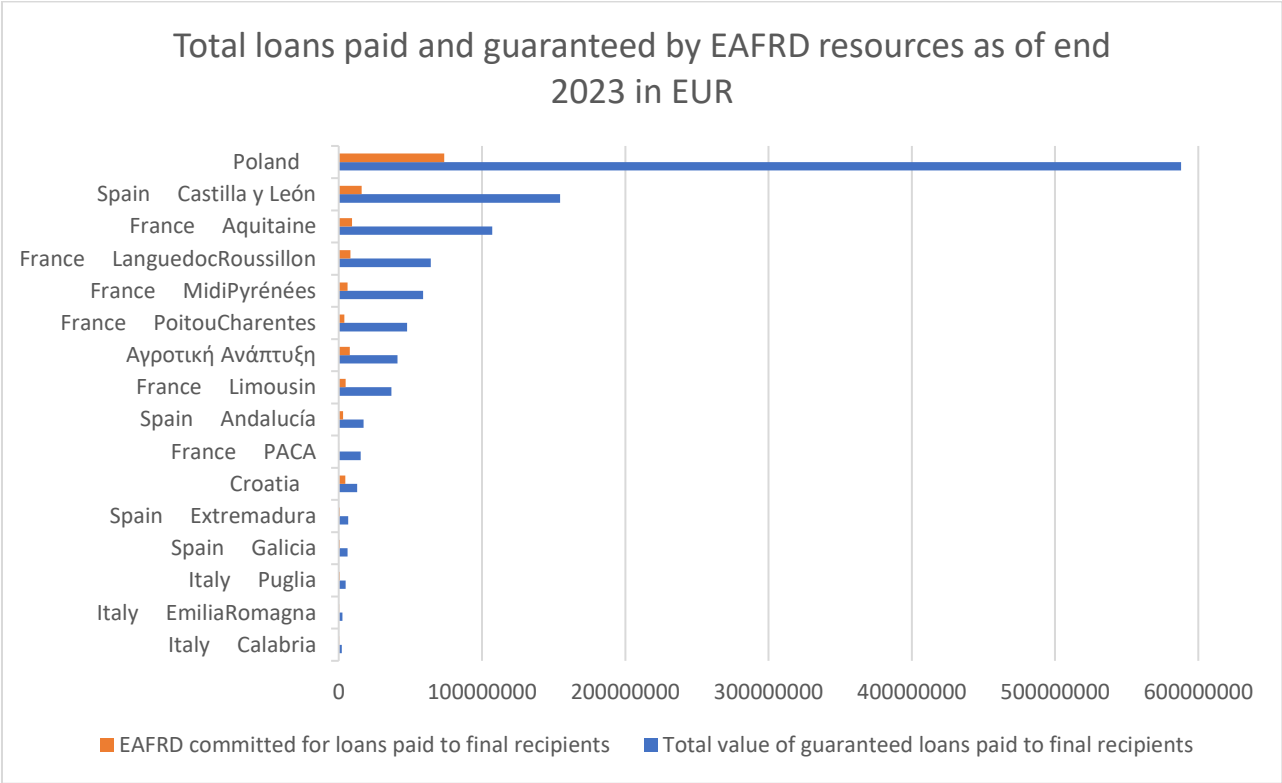
<sup>13</sup> The median is the middle number in a sorted list of values. In the case of the leverage of different sized and different structured instruments, the median of leverages can better demonstrate the overall picture.

<sup>14</sup> Summing everything up yields EUR 1898 million from which the double counted national co-finance needs to be deducted (EUR 134 million), which leads to the EUR 1 764 million mentioned in the text.

**Figure 11 Total EAFRD and non-EAFRD contribution mobilised at the level of the final recipients under loan products as of end of 2023, EUR**



**Figure 12 Total loans paid and guaranteed by EAFRD resources as of end of 2023, EUR\***



Note: \*For better visibility, instruments with less than EUR 2 million disbursed loans are not displayed.

## 2.3 CONTRIBUTION OF FINANCIAL INSTRUMENTS TO FOCUS AREAS AND OBJECTIVES UNDER THE CAP

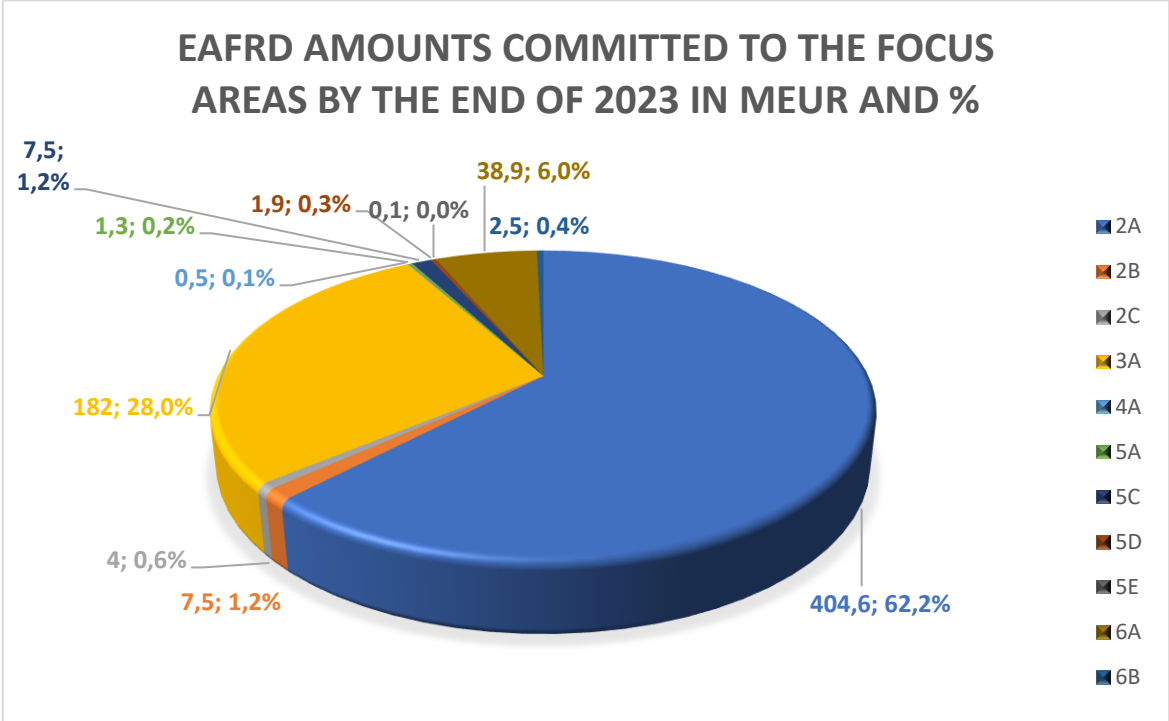
### 2.3.1 Contribution to rural development focus areas

Six EU Rural Development policy priorities covering 18 focus areas provide the basis for rolling out support from the European Agricultural Fund for Rural Development (EAFRD) to rural areas. By end of 2022, Member States signed Funding Agreements for the implementation of FIs with EAFRD commitments under the following priorities and focus areas:

- Union Priority 2 Farm Viability and Competitiveness:
  - FA 2A Improving the economic performance of all farms and facilitating farm restructuring and modernisation;
  - FA 2B Generational renewal;
  - FA 2C+ Improvement of the sustainability and competitiveness of forest enterprises;
- Union Priority 3 Food Chain Organisation and Risk Management:
  - FA 3A Improving competitiveness of primary producers by better integrating them into the agri-food chain;
- Union Priority 4 Restoring, preserving and enhancing ecosystems related to agriculture and forestry:
  - FA 4A Restoring, preserving and enhancing biodiversity and high nature value farming;
- Union Priority 5 Resource-efficient, Climate-resilient Economy:
  - FA 5A Increasing efficiency in water use by agriculture;
  - FA 5C Facilitating the supply and use of renewable sources of energy;
  - FA 5D Reducing green house gas and ammonia emissions from agriculture;
- Union Priority 6 Social Inclusion and Economic Development:
  - FA 6A Facilitating diversification, creation and development of small enterprises, as well as job creation;
  - FA 6B Fostering local development in rural areas.

The indicative allocations in Funding Agreements by end of 2023 shows a similar distribution as in the past year, with financing leading under FA 2A (competitiveness of primary production) and FA 3A (competitiveness of processing). Both together account for 90% of all EAFRD amounts under FIs committed by the end of year 2022 (see Figure 13).

Figure 13 EAFRD amounts committed under FIs funding agreements to rural development focus areas, end 2023 (%)



### 2.3.2 Contribution to thematic objectives

In order to contribute to the Union strategy for smart, sustainable and inclusive growth, including economic, social and territorial cohesion, each ESI Fund shall provide support to a number of thematic objectives defined in the Common Provisions Regulation. EAFRD FIs are reported to pursue the following thematic objectives, with TO9 being newly reported this year, whereas the use of TO5 was not reported anymore.

- TO3 - Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)
- TO4 - Supporting the shift towards a low-carbon economy in all sectors
- TO5 - Promoting climate change adaptation, risk prevention and management
- TO6 - Preserving and protecting the environment and promoting resource efficiency
- TO8 - Promoting sustainable and quality employment and supporting labour mobility
- TO9 –Social Inclusion

Similarly to the tendency demonstrated in relation to the RD focus areas, the EAFRD FI allocations are predominantly committed to competitiveness related SME financing (TO3) with EUR 598 million (92%). TO8 funding remains the one ahead of all others with its EUR 35.4 million (5.4%), but yet much behind the TO3 funding. (see Table 4).

**Table 4 EAFRD amounts committed to FIs by Thematic objective in million EUR and in % , as of end of 2023**

<b>Thematic Objective</b>	<b>EAFRD committed (MEUR)</b>	<b>Share (%)</b>
<b>TO3</b>	<b>598,099,343,77</b>	<b>91,91%</b>
<b>TO4</b>	<b>9,510,956,93</b>	<b>1,46%</b>
<b>TO5</b>	<b>500,000,00</b>	<b>0,08%</b>
<b>TO6</b>	<b>1,289,653,00</b>	<b>0,20%</b>
<b>TO8</b>	<b>35,350,030,26</b>	<b>5,43%</b>
<b>TO9</b>	<b>6,000,770,00</b>	<b>0,92%</b>
<b>Total</b>	<b>650,750,753,96</b>	<b>100,00%</b>

### 3. CONCLUSIONS

The data presented in this chapter represent the information on the progress of setting up and operating FIs under Rural Development Programmes by 31<sup>st</sup> December 2023. A significant progress in the implementation could be observed as financial instruments mature and implementation progresses. At the same time the economy continued to be difficult and had an impact on the agricultural sector. Farmers protests underlined that there are problems. However, the extended eligibility period until 2025 will help managing authorities to continue using these instruments to help farmer and also better deploy their resources. That being said, some FIs have already completely disbursed their initial budgets, which is a sign that the demand for financing exceeds the resources available under the CAP for investments through FIs. Member States where the FI could not find a reasonable ground for implementation, returned the resources to their RDPs to spend them as grants. In the meantime, the leverage of the EAFRD FIs remains very high. The priority for the EAFRD FIs remains agriculture and farm investments. They support all sub-sectors allowing for diversity in the final recipients and proving that they can be of help for the whole sector. Working capital finance is gaining share, but other products, when well designed and properly targeted reach their goals as well. Overall, the widespread use of financial instruments by almost half of the EU Member States is a clear signal that there is a lot of potential in this type of support for future investments and agricultural development in the EU.