

EAFRD financial instruments in Spain

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Spanish centralised management financial instrument IFGC

ABOUT THE ACTORS....



- Common procedures for all regions; Common features for all loans
- 'Centralised management' means coordinated management between National and regional administration
- Open to all regions of Spain willing to participate
- All financial institutions invited to offer this loans



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Spanish centralised management financial instrument IFGC

Governance in the CAP SP regarding FI

- National Management Authority: Ministry of Agriculture, Fisheries and Food.
 - **Monitoring** the contributions, portfolios, fiduciary accounts and FI execution, reporting
 - **Coordination** and support to the remaining participants.
- Implementing Institution: SAECA, State corporation of agrarian guarantee
 - **Guarantees formalisations**
 - Provides subsidies combined in a single FI operation.
 - In case of default, enforcement of guarantees.
- Regional Management Authority.
 - **Choose the interventions**, conditions and the recipients who receive financial support.
- Financial Institutions
 - Provide guaranteed loans by the IFGC.



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Spanish Centralised Management Financial Instrument IFGC



ABOUT THE PRODUCTS...

- **Guarantee instrument, capped portfolio.**
- 6,25 multiplier
- Structured as a set of specific funds with no mediation of a fund of funds or holding fund.
- Financial resources are used exclusively within the territorial scope of that region
- Possibility of combination with grants in one or two operations:
 - ✓ In **one operation**: with **interest rate subsidies**
 - ✓ In **two operations**: with **capital grants**



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Spanish centralised management financial instrument IFGC

IFGC 2014-2022

Castilla y León, Extremadura and Galicia

GDP PROGRAMMED: EUR 38.296.054,76

INVESTMENTS (6,25 multiplier): EUR 239.350.342,25

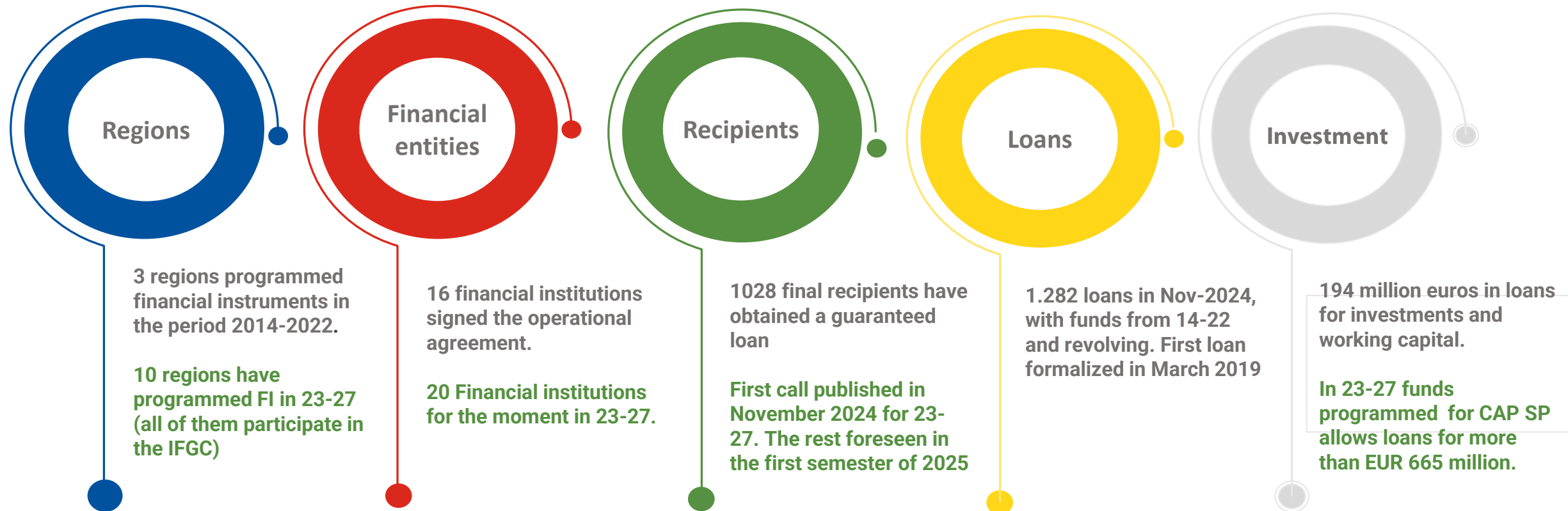
IFGC 2023-2027

Castilla y León, Extremadura, Galicia + Aragón, Baleares, Canarias,

Cantabria, Castilla la Mancha and Valencia

GDP PROGRAMMED: EUR 106.440.742

INVESTMENTS (6,25 multiplier): EUR 665.254.636



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Spanish centralised management financial instrument IFGC-G

Advantages of FIs

- The public expenditure retained for guarantees returns as the loans are repaid and the revolving is reused in new investments.
- FIs encourage efficient investments, since they target financially viable projects. They can be combined with subsidies.
- The guaranteed loan arrives before the expense is incurred, thus allowing the project to start. FIs finance both investments and working capital.
- Less demanding in terms of requirements. Less administrative burden. Simpler support.
- Greater agility for the applicant: It can take only a month from the application to the formalization of the loan. Many final recipients choose to apply only for the FI instead of combining FI and subsidy.
- FIs allow supporting wider range of investments (e.g. purchasing second-hand equipment).



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EAFRD Financial Instrument in SPAIN Centralised management Financial Instrument (IFGC): SAECA's role

Pablo Pombo, President, Sociedad Anónima Estatal
de Caución Agraria (SAECA), Spain

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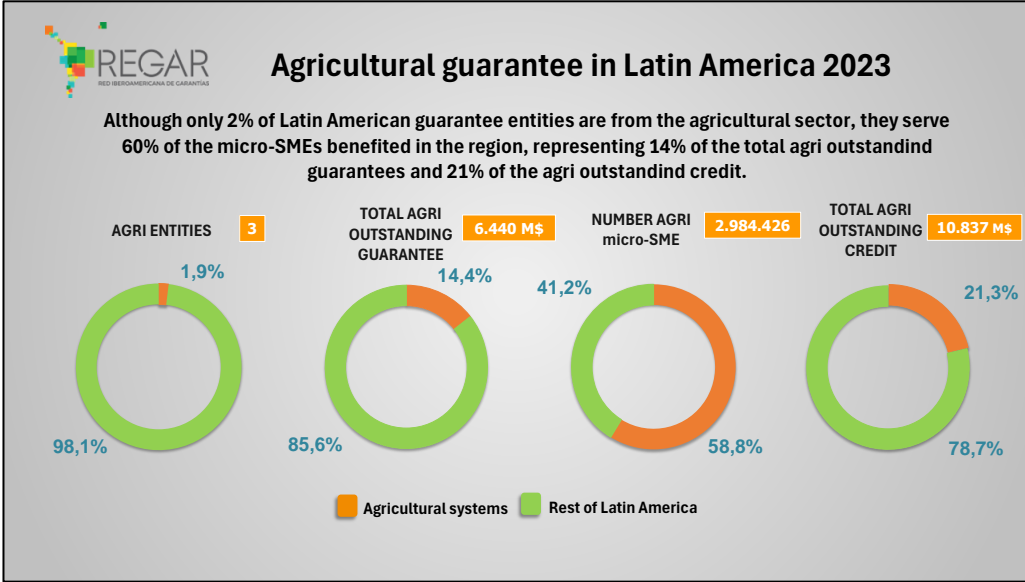
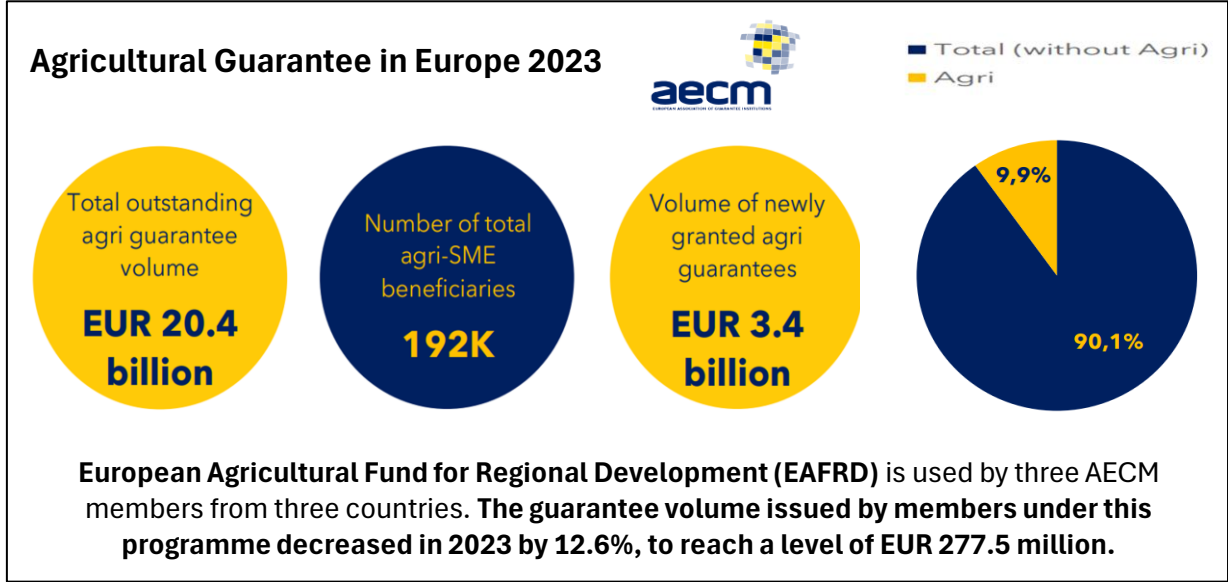


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IFGC-G: The activity of guarantee schemes in Europe (AECM) and Latin America

- Sectoral guarantee schemes for the primary sector have an important specific weight in their regional environments



- Guarantee schemes and their implementation are heterogeneous, as are their business models, influenced by their environments.

Land registration

Agricultural insurance

Financial system

Environment legislation

Natural disasters





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IFGC-G Financing of the agricultural, agri-food and fishing sectors

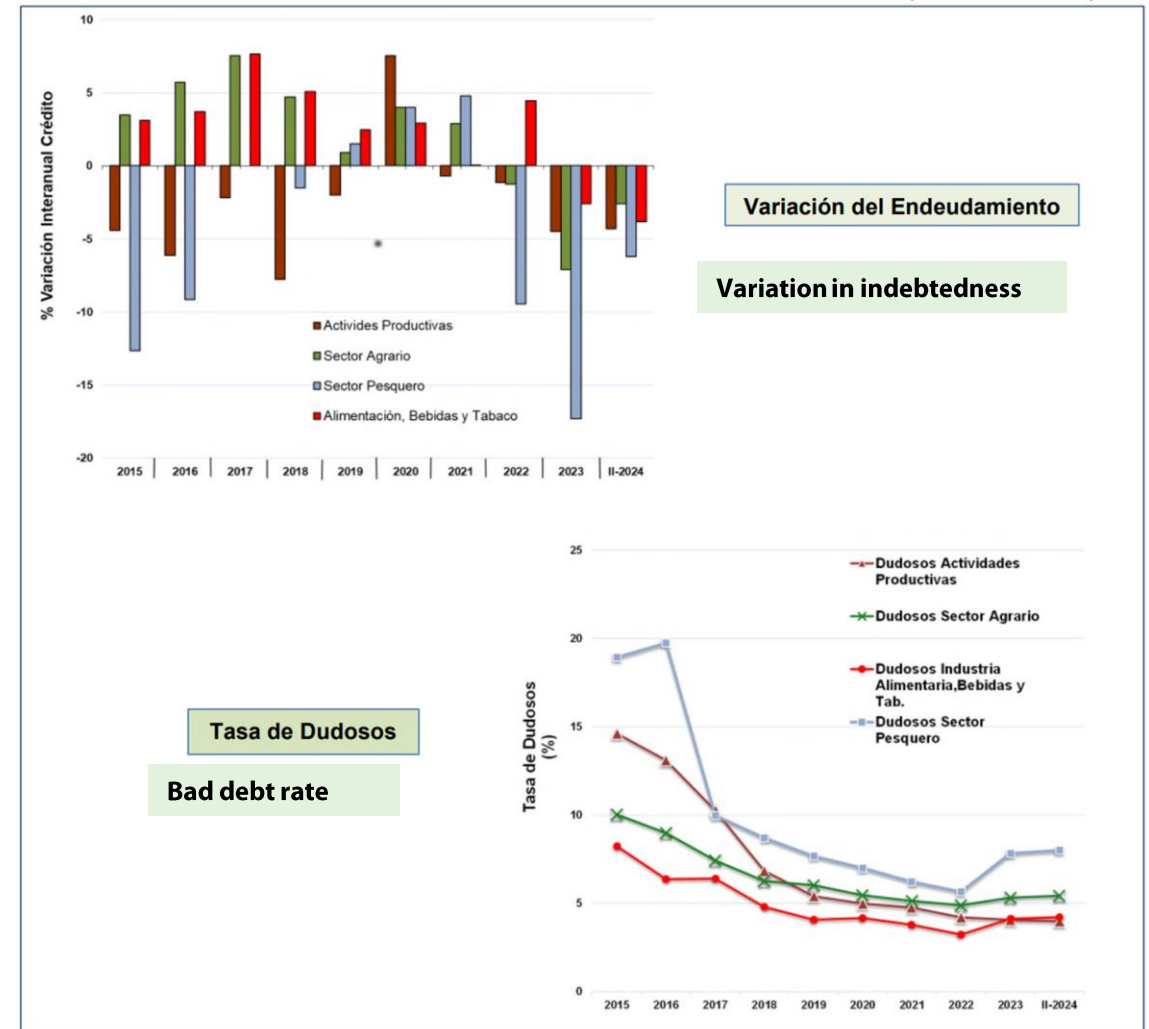
Financing of the agricultural, agri-food and fishing sectors 2T 2024

EVOLUCIÓN DEL CRÉDITO AGROALIMENTARIO y PESQUERO - 2º TRIMESTRE 2024

Sectores	Indebtedness		doubtful loans		Tasa de dudosos (%)	
	Millones €	% variación		Millones €	II - 2024	
		trimestral	interanual		II - 2024	II - 2023
Agrario	19.906	↓ 0,3	↓ -2,6	1.080	5,4	5,2
Pesquero	812	↓ -0,3	↓ -6,2	65	8,0	7,7
I. Alimentación, Bebidas y Tabaco	24.162	↑ 0,3	↓ -3,8	1.018	4,2	3,3
Total Actividades Productivas	544.223	↑ 1,3	↓ -0,6	21.670	4,0	4,1

Fuente: Boletín Estadístico del Banco de España. Elaboración Propia

- 2,6% decrease in debt in the primary sector and 6.2% in the fishing sector. From 20.443 M€ in 2T 2023 to 19.906 M€ in 2T 2024 the primary sector and from 816 M€ in 2T 2023 to 812 M€ in the fishing sector by 2T 2024.
- 0,6% of the credits of the total productive activities in 2T 2024
- The total doubtful loans has increased in 18 million euros
- The default ratio fell to 0.2% in the agricultural sector and 0.3% in the fishing sector. It stands at 5.4% in agriculture and 8.0% in fishing.



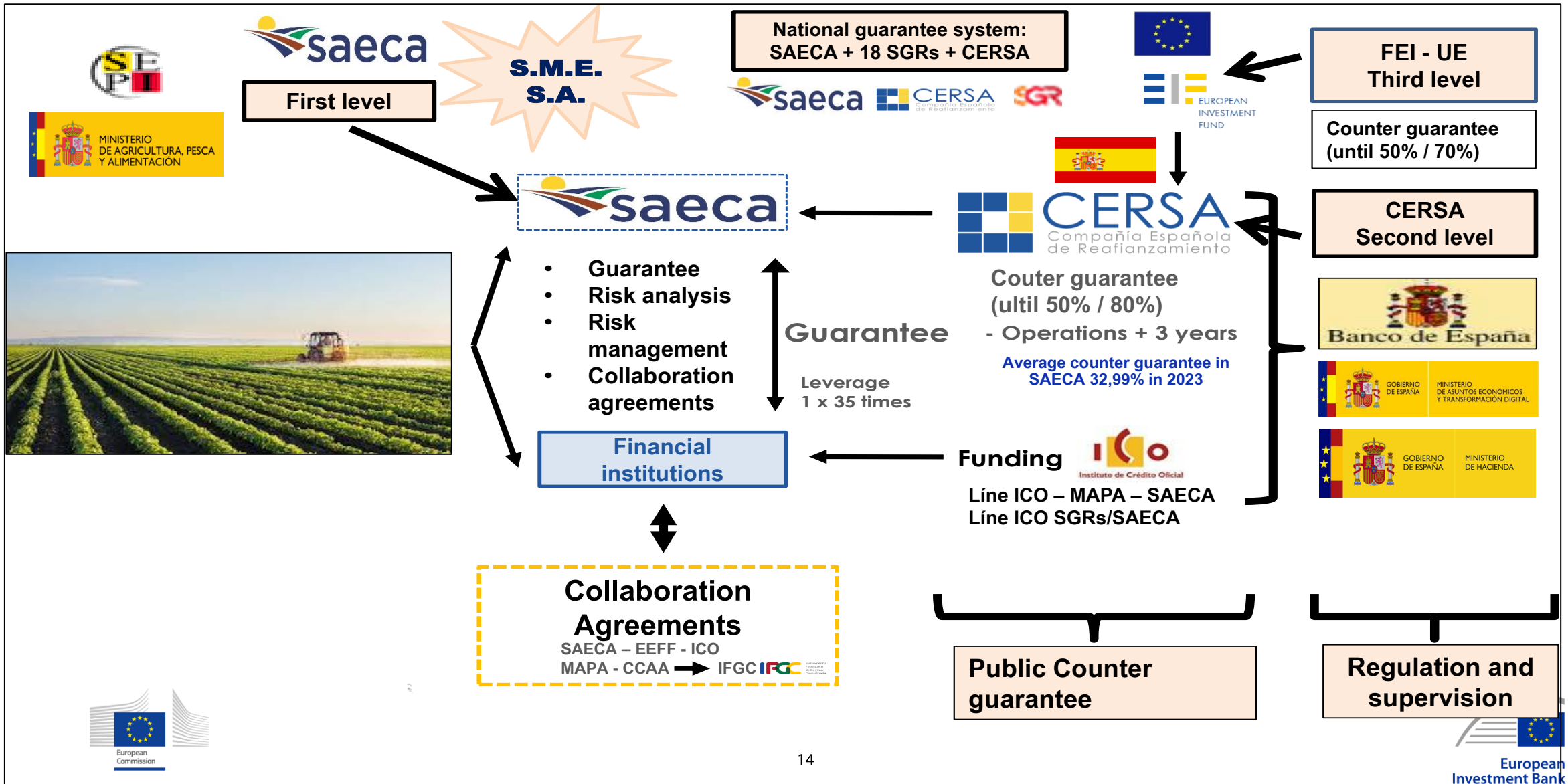


State Corporation of Agrarian Guarantee (SAECA) S.M.E.



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IFGC-G: The role of SAECA – SAECA and the Spanish Guarantee System



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IFGC-G: The role of SAECA – SAECA STATE COMPANY VS IFGC



State Corporation of Agrarian Guarantee (SAECA) S.M.E. is a Spanish public company, whose shareholders are State Company of Industrial Holdings (SEPI) and Spanish Agricultural Guarantee Fund (FEGA).

Tutored by the Ministry of Agriculture, Fisheries and Food



80% SEPI

- State Society of Industrial Participations



20% FEGA

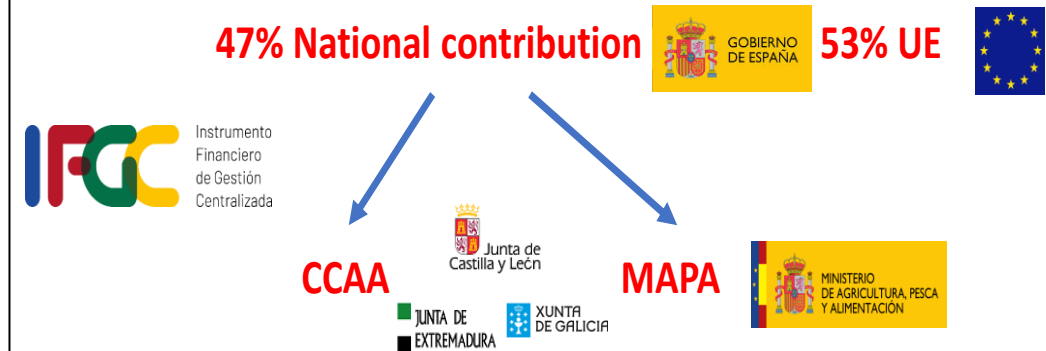
- Spanish Agricultural Guarantee Fund



SAECA's corporate purpose is to facilitate access to financing under the best conditions through guarantee coverage to any person, whether natural or legal, in relation to all types of operations aimed at financing activities for the creation, conservation or improvement of forestry, agricultural, livestock or fishing wealth and, in general, all those activities that, directly or indirectly, result in the improvement of the rural environment, preferably those that are demanded by small and medium-sized enterprises and associative entities.



The Centralized Financial Management Instrument (IFGC) Financing Agreement establishes that a trust fund will be created where the Autonomous Communities will make their contributions to the instrument, providing it with resources and establishing its formal existence, together with the MAPA and the EU.



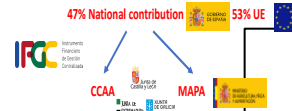
The main objective of the IFGC Centralized Financial Management Instrument is to facilitate access to private financing in response to the difficulties faced by people and companies whose economic activity is linked to the rural environment, in addition to the granting of non-repayable aid and subsidies, supporting those investments and working capital needs that, being economically viable, cannot be financed through the market.



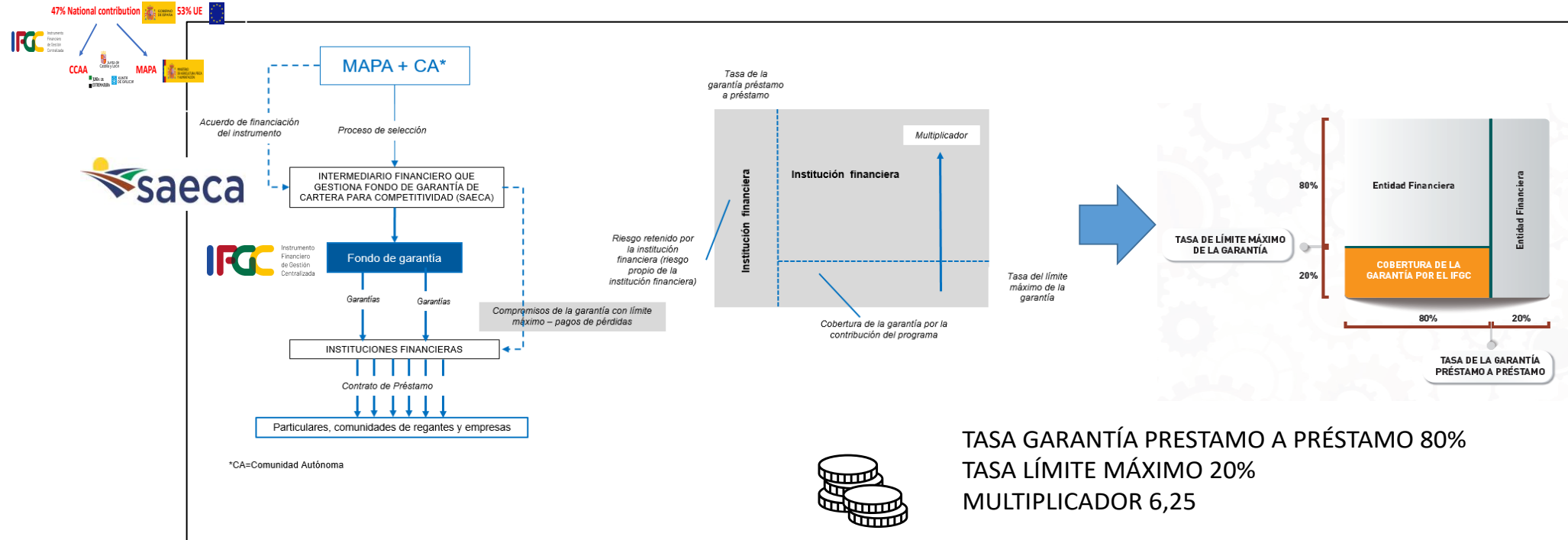
EAFRD financial instrument in Spain

IFGC-G: The role of SAECA

The IFGC Financing Agreement establishes that a trust fund will be created where the Autonomous Communities will make their contributions to the instrument, providing it with resources and establishing its formal existence, together with the MAPA and the EU.



CENTRALISED MANAGEMENT FINANTIAL INSTRUMENT IFGC



- **The centralized managed financial instrument IFGC** consists of an autonomous liquid monetary fund, with resources provided by the Autonomous Communities, together with the MAPA and the EU, through its rural development programmes, which is centralized managed by the MAPA through the DGDR.
- **The centralised managed financial instrument IFGC** aims to facilitate the financing of primary sector projects, providing guarantee coverage of 80%, with a limit of 20% of the portfolio, in the event of default.
- **SAECA's role** is to manage the guarantees of the investment and working capital projects included in the financial instrument and, in the event of default, to manage the monetary fund, in addition to processing the recovery procedures.



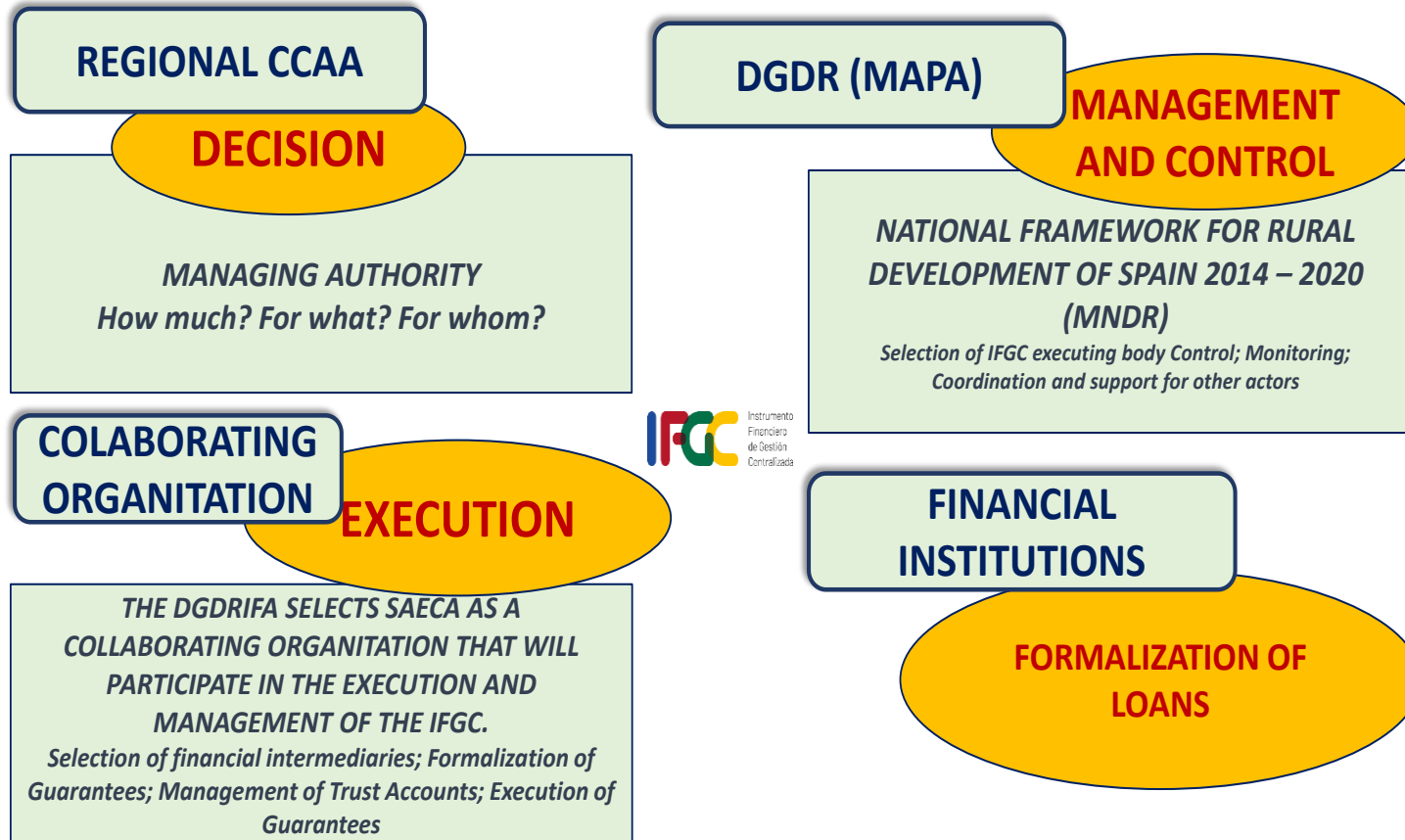
EAFRD financial instrument in Spain

IFGC-G - IFGC Governance - The role of SAECA - Collaborating Organisation

The IFGC Financing Agreement establishes that a trust fund will be created where the Autonomous Communities will make their contributions to the instrument, providing it with resources and establishing its formal existence, together with the MAPA and the EU.



IFGC Governance of Portfolio Guarantee with maximum limit



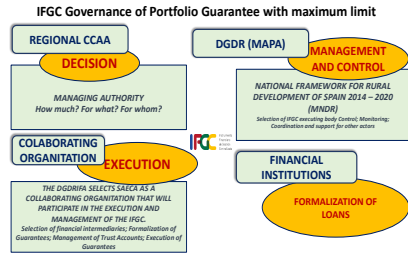
- The DGDRIFA selects SAECA as a collaborating entity that will participate in the implementation and management of the Instrument.
- Specifically, within the framework of the IFGC, SAECA will be responsible for the management of the trust accounts necessary for the operation of the instrument, as well as for the formalisation of guarantees and their recovery in the event of execution.





EAFRD financial instrument in Spain

IFGC-G: Description of SAECA's role in the IFGC - Collaborating Organisation



Given its experience in the rural world and in the financial sector for more than 36 years, the Ministry of Agriculture, Fisheries and Food included SAECA in the management of the specific centralized financial instrument for the rural sector, financed with European funds, and which is part of the rural development programmes. In this instrument, SAECA began as a collaborating entity, which contributed its knowledge of guarantees and the agricultural sector. It therefore manages the guarantees of the loans that are backed by a fund endowed with resources from rural development programmes. Here, SAECA does not assume any risk, the risk is assumed by the fund and part of it by the financial institutions, but SAECA's role in this instrument was fundamental since it is responsible for reporting on operations, as well as the operational process of formalisations and payments and collections of guarantees.



EAFRD financial instrument in Spain

IFGC-G: IFGC and SAECA statistics

EVOLUTION OF FORMALISATIONS 2019-2023-2024



Thousand EUR	SAECA		IFGC		TOTAL	
	Nº	amount	Nº	amount	Nº	amount
YEAR						
2019	3.590	67.635	205	37.268	3.795	104.903
2020	6.023	109.195	198	38.810	6.221	148.005
2021	6.742	167.564	353	44.553	7.095	212.117
2022	7.490	240.910	223	25.773	7.713	266.683
2023	7.202	252.391	171	20.610	7.373	273.001
TOTAL (1)	31.047	837.695	1.150	167.014	32.197	1.004.709
2024	9.000	400.000	170	20.000	9.170	420.000
TOTAL (2)	40.047	1.237.695	1.320	187.014	41.367	1.424.709

SAECA & IFGC activity impacts 5% of the primary sector's indebtedness

SAECA & IFGC activity impacts 2,2% of agricultural farms



SAECA: State Stock Company of Agrarian Guarantee, (State legal society)
CFMI: Centralized Financial Management Instrument (CFMI)





Thank you!

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CAJAMAR AND THE IFGC – Spanish centralised management financial instrument

Jose Antonio Guerrero García, Director, Corporate Banking Area, Cajamar, Spain

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IFGC – a model of operation and institutional collaboration

Spanish Centralised Management financial instrument is an example of collaboration and coordination between administrations.

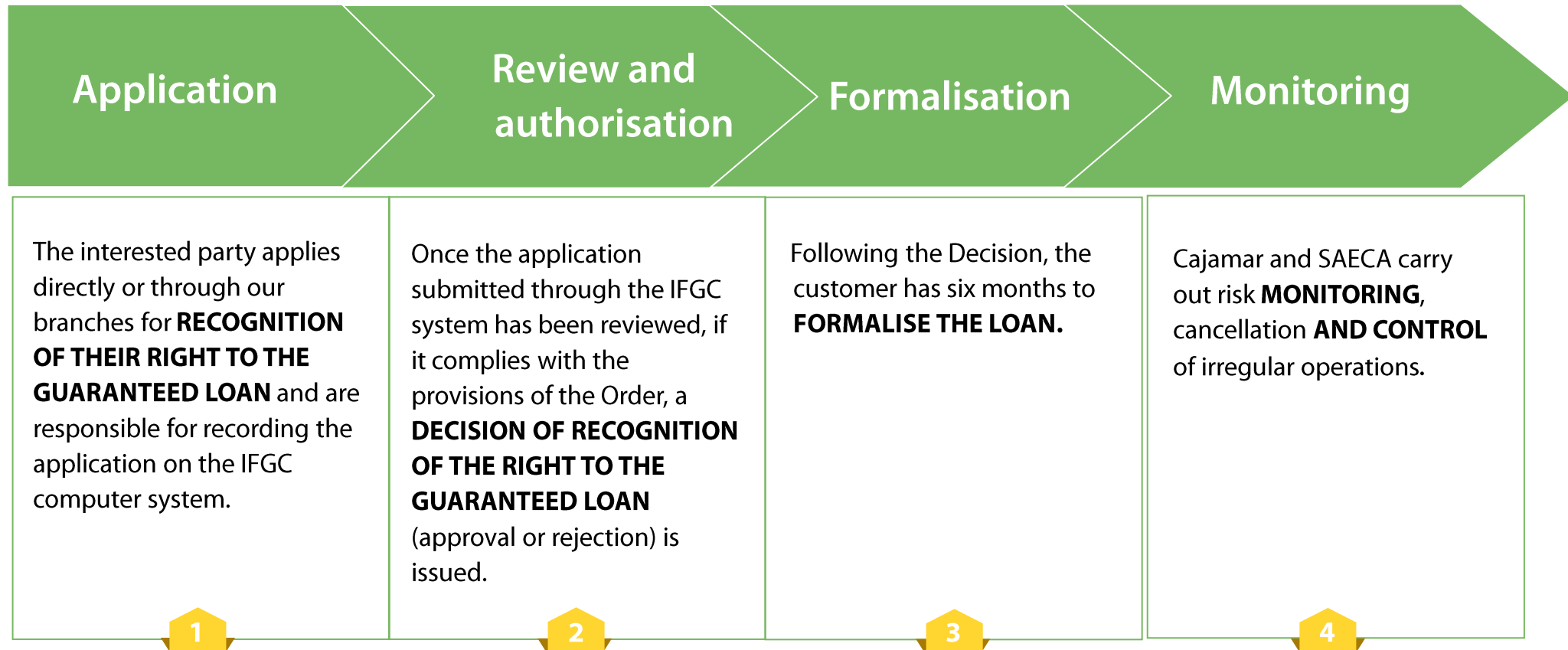


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The beneficiary at the heart of the process

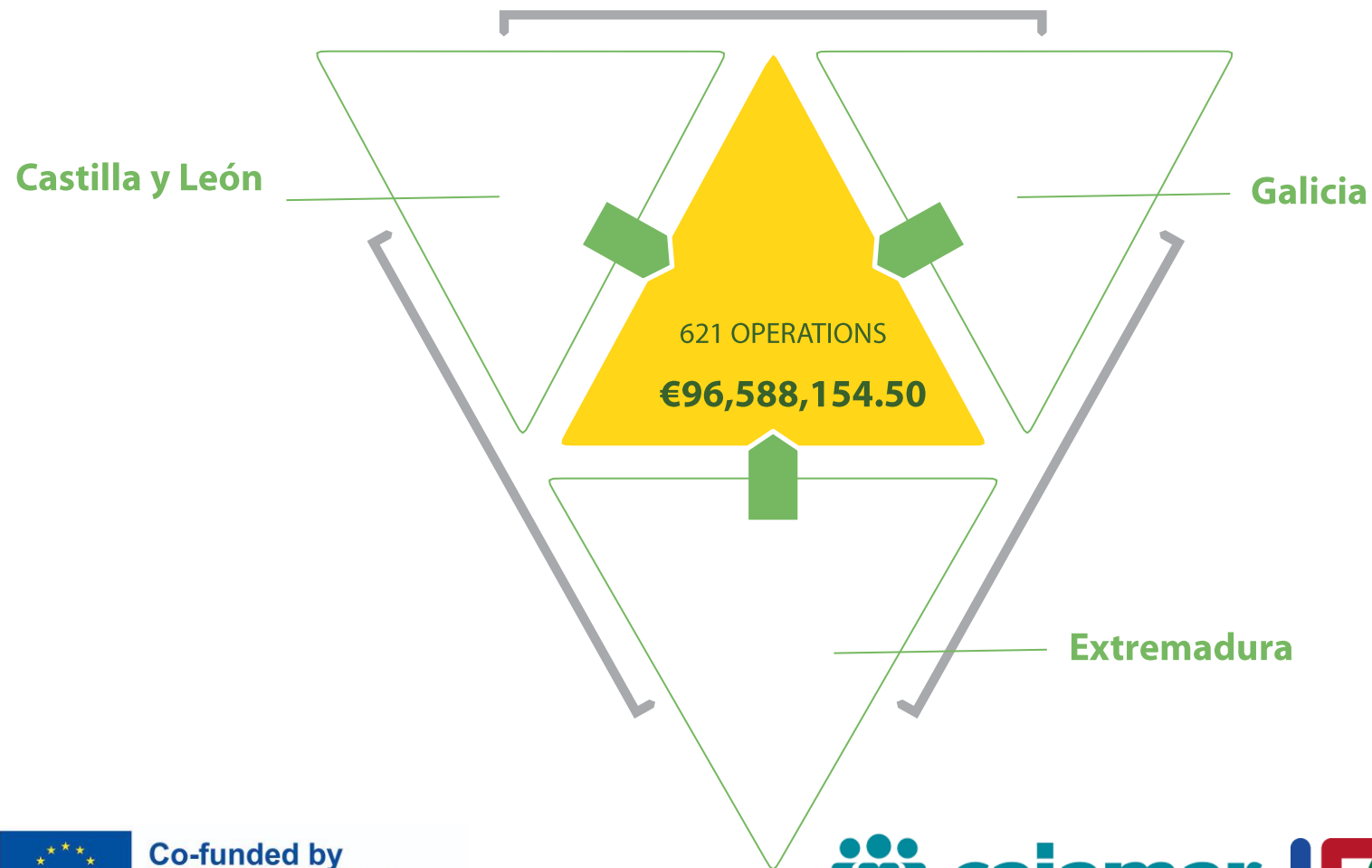
Summary of the application review and formalisation process





Cajamar's current situation

As mentioned above, Cajamar is one of the institutions that is affiliated to the Agreement with the highest amount and volume of operations processed, with Castilla y León registering the highest number of operations.



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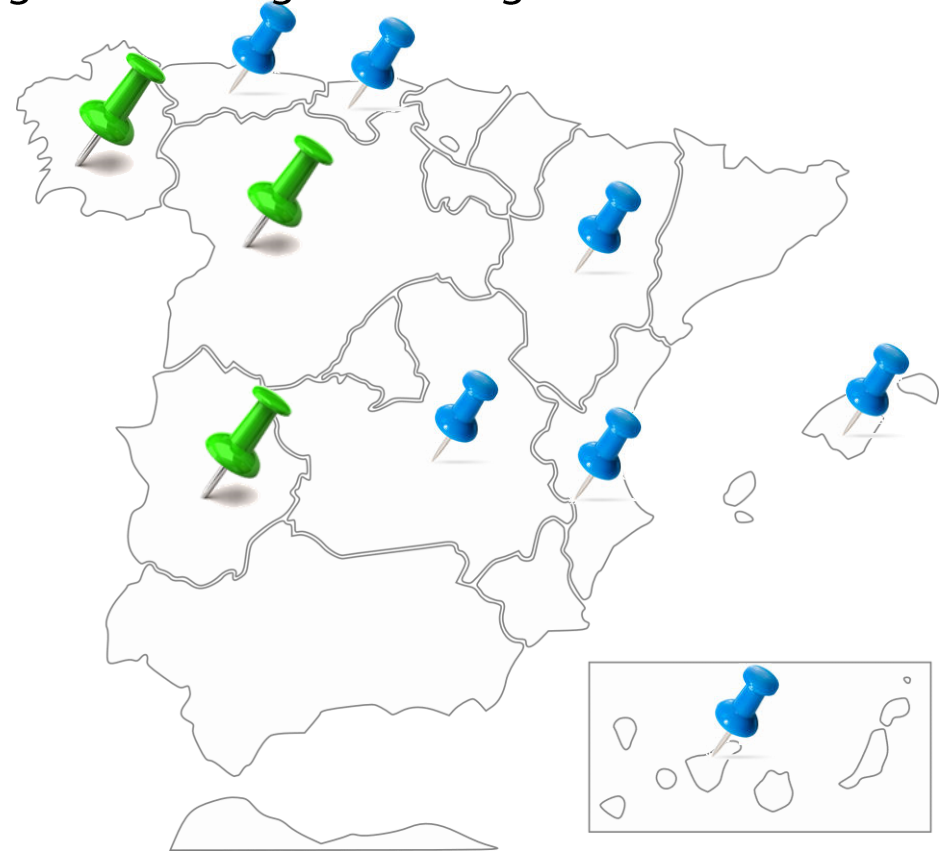


Next steps 2023-2027

Given the success of the plan, and based on Cajamar's rural origin, the objective is to join this agreement in other regions of Spain where our implementation in the agricultural segment is high and will allow us to continue growing.

- Joined from period 2014-2022
 - Castilla y León 
 - Extremadura
 - Galicia

- Joined from period 2023-2027 
 - Asturias
 - Cantabria
 - Aragón
 - Castilla la Mancha
 - Baleares
 - Canarias
 - Comunidad Valenciana



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