



# EAFRD financial instruments in the post-2020 CAP

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 #ficompass



# Objectives in the CAP post-2020 communication related to Financial Instruments:

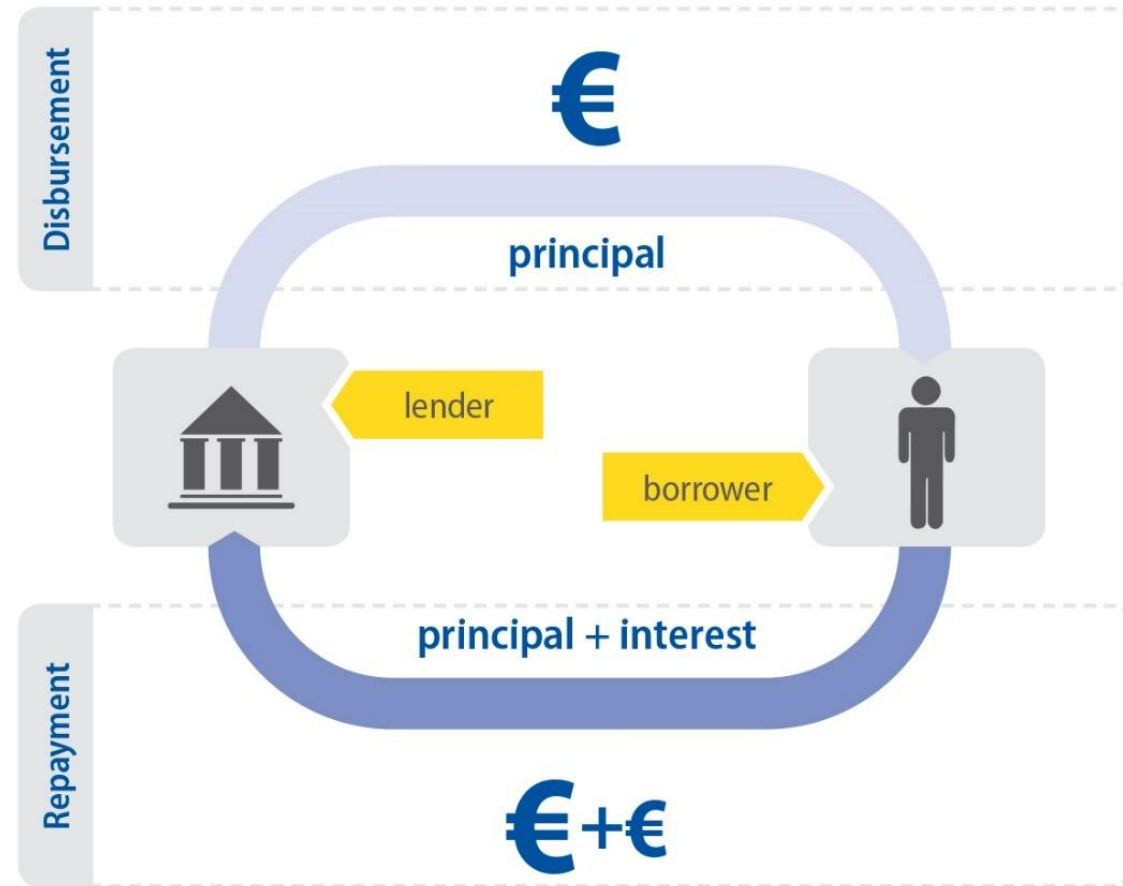
- **Income**
  - to address the current investment gap in food & farming sector
- **Generation renewal:**
  - support to farm investments and working capital / higher risk profiles of young farmers
- **Risk management:**
  - to overcome temporary cash flow difficulties of viable businesses (price volatility)
- **Rural development / smart villages:**
  - to leverage additional support to be invested in rural areas



# Advantages for farmers when using FIs

EAFRD FIs can offer, among others:

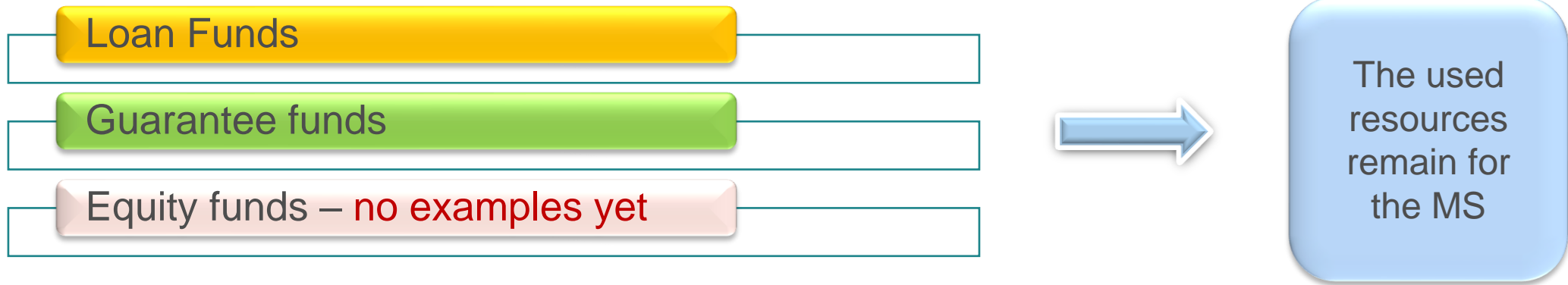
- **lower** than market **interest rates**
- **longer** repayment **periods** (incl. grace periods)
- **reduced** collateral requirements
- **working capital** finance



# Financial Instruments 2014-20

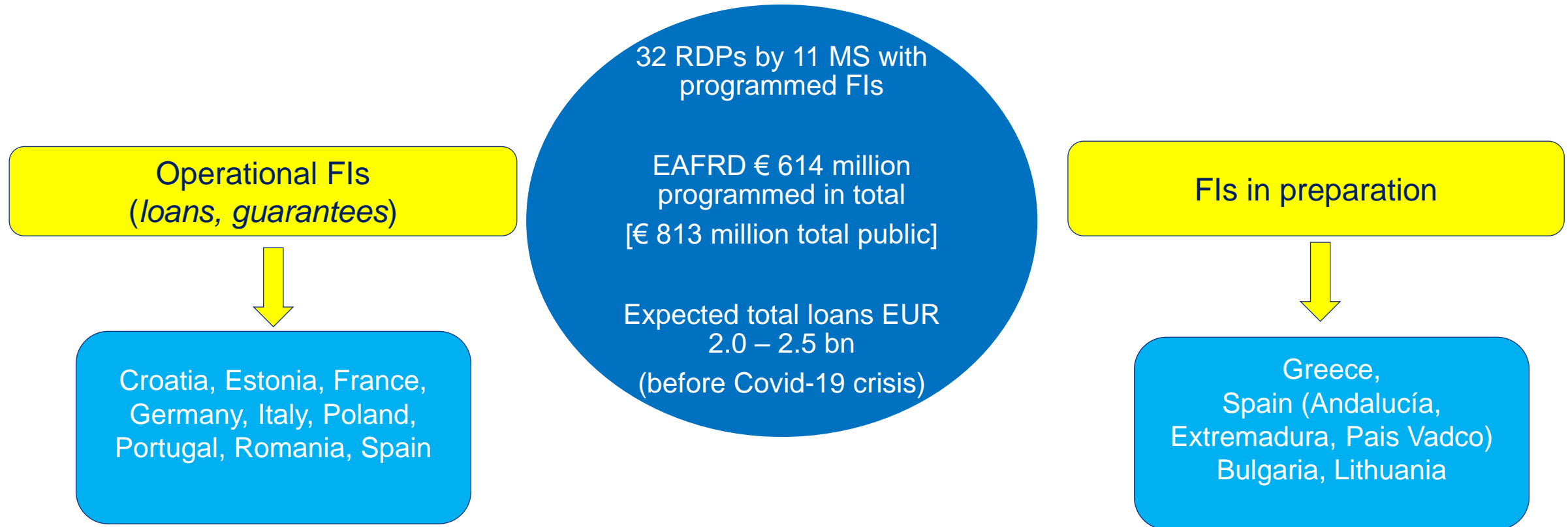
**Main challenge:** need of time for ex-ante assessments and setting up the FIs

# Types of FIs supported by the EAFRD



- **Agriculture always covered**
- **Combination with grants (additionality)**
- **Attraction of private capital (leverage)**

# EAFRD FIs: Current state of play



Leverage – higher than initially programmed in 66% of the reported cases

# EAFRD Financial Instruments in post-2020 CAP

Could be supported by *fi-compass* technical assistance activities

# Financial instruments post-2020

- **MS level FIs – CPR and CAP Strategic plan regulations:**
  - **Voluntary choice** adjustable to any national or regional market situation
  - A single set of rules with **minimum eligibility restrictions**
  - **Working capital** financing
  - **Combination** with grants
  - Land purchase for **young farmers**
- **EU level FIs – InvestEU regulation:**
  - Potential **CAP Strategic plans'** contributions implemented under **InvestEU rules**



# EAFRD rules on financial instruments post-2020

## □ Simplified rules

- ✓ Simplified legal text with less content and requirements, incl. simpler (content of) ex-ante assessment
- ✓ Less eligibility restrictions and No limits for purchase of land by YF
- ✓ Old and new combination possibilities of grants and FIs – merged in a single operation (see next slides)
- ✓ Easy Programming of FIs (similar to the current)
- ✓ Simplified monitoring and reporting

## □ Loans for working capital via FIs

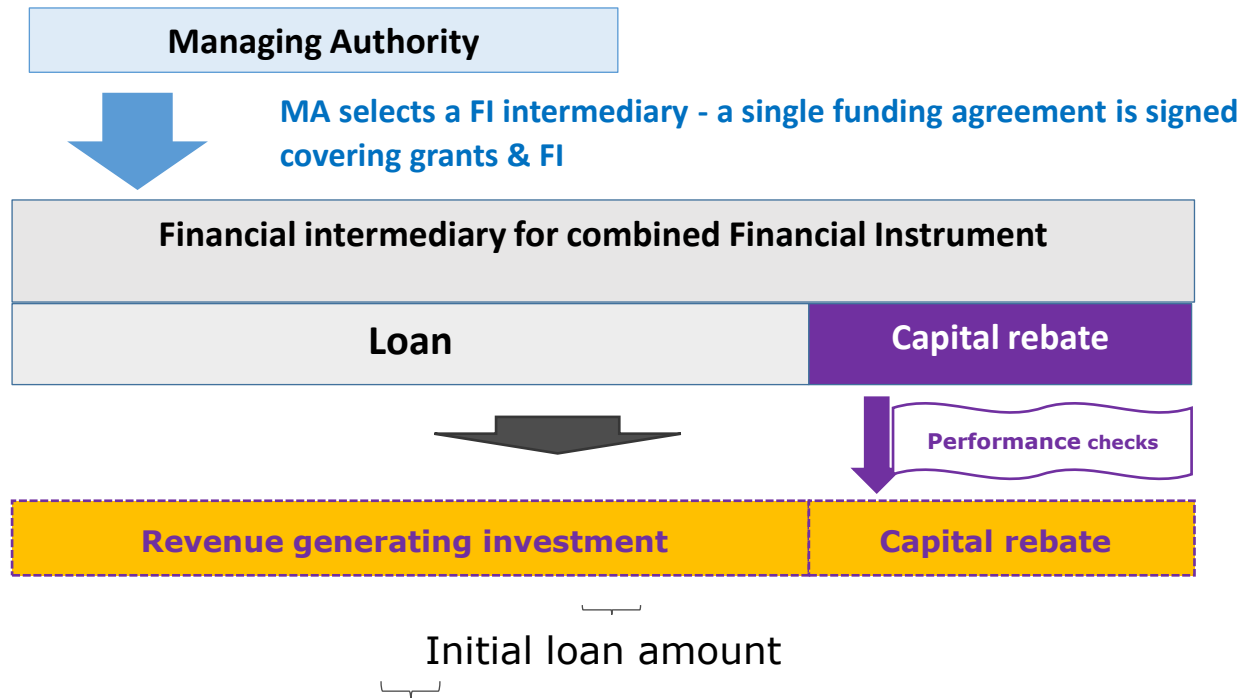
- ✓ Stand-alone working capital FIs, with no investment involved, will be possible (no SME restriction like for Covid-19 impact)

## □ New rules facilitating implementation across periods

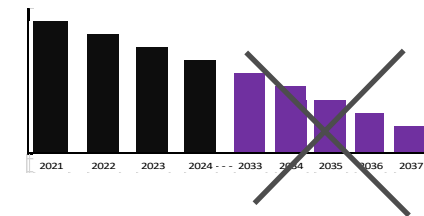
- ✓ Transition rules allowing the continuation of existing now (old) FIs with new money

# New combination of EAFRD FIs and capital rebates [merged in 1 operation and given through FI]

Article 52(5)  
CPR



New loan outstanding  
after rebate



# Next steps

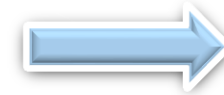
## ❑ Identifying access to finance aspects in the:

- ✓ *SWOT (SO2, SO7, and where relevant)*
- ✓ *Assessment of needs*
- ✓ *Prioritization of needs*

## ❑ Intervention strategy

- ✓ *CAP ex-ante evaluator assesses the “rationale for the use of financial instruments”*

## ❑ Adoption of CAP Strategic Plans



In parallel, or any  
time\*:  
**Ex-ante assessment  
for the use of FIs**

# Complementing FIs in post-2020

- InvestEU
- Just Transition Mechanism
- Recovery and Resilience Facility

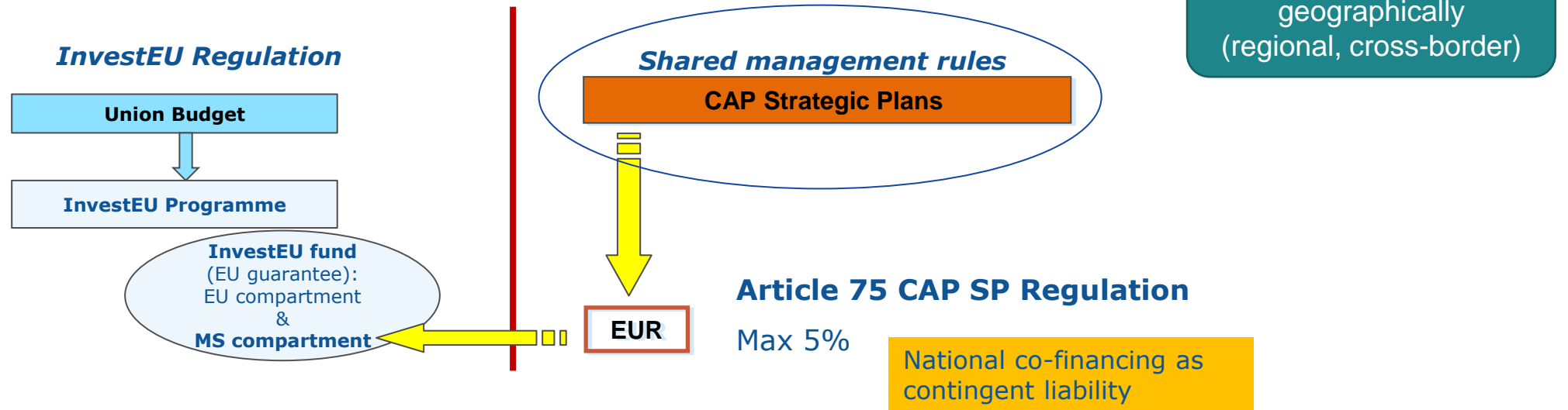


# Invest EU – The successor of the Juncker Plan



# Invest EU MS compartment: key features

- Ready-made products
- InvestEU rules apply



Combination EAFRD – Invest EU similar to the current EAFRD – EFSI will **no longer be possible**

# Recovery and Resilience Facility



- ❑ Supports reforms and public investments
- ❑ Provides grants and loans
- ❑ MS submit national recovery and resilience plans
- ❑ Focus on green and digital investments
  - ✓ Climate target likely to be above 35% of spending
- ❑ **Potential for agriculture and rural development, e.g. digitalisation**

# Just Transition Mechanism

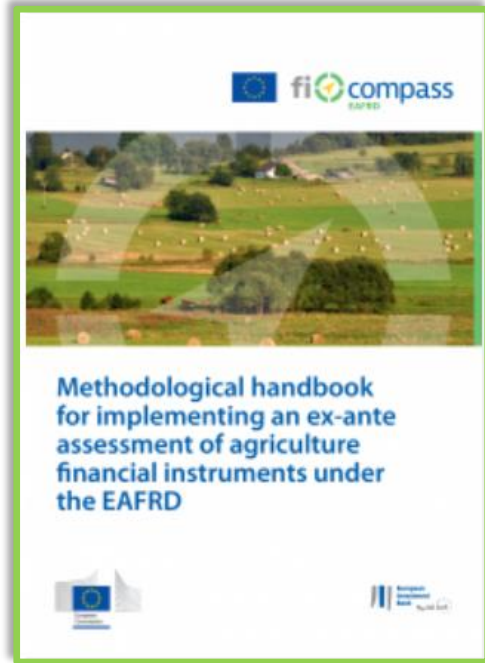
- Supports regions most impacted by move to carbon neutrality (“just transition regions”)
- 3 Pillars
  - I Just Transition Fund
  - II Just Transition Scheme under InvestEU
  - III Public Sector Loan Facility
- **Limited potential** for agriculture and rural development



# Call for Action

- Explore access to finance for agriculture and rural areas in the MS
  - ✓ FI-compass studies and 24 country reports from 2020
  - ✓ Ex-ante assessments by MS / regions recently concluded
  - ✓ Analyses by other bodies and organisations relevant for the EAFRD scope of intervention
  
- Explore the tools offered by the future EU framework
  - ✓ Request targeted coaching from fi-compass & DG AGRI
  - ✓ Use fi-compass case studies, publications, conference materials
  - ✓ Reach out to DG AGRI Unit F.3 through your GeoHub coordinator

# fi-compass resources



## Study reports



24 MS gap analyses published in 2020

## Case studies

- Examples of EAFRD FIs from **Estonia, France, Germany, Italy, Latvia and Romania.**

New case study brochures published in 2020

## Factsheets/Brochures



**NEW**

3 DG AGRI-EIB initiatives launched in 2019!!!



financial instruments capacity building Farming  
 Rural development funding agreement EU guidance  
 added technical support co-financing ex-ante assessment final  
 value seminars governance intermediaries financial recipients  
 leverage EAFRD fi-compass investments  
 Agriculture thematic objectives Targeted coaching case studies  
 business plan Thank you equity  
 advisory services private investors  
 RDP guarantees life cycle combination of support  
 conferences banks revolving  
 fund of funds loans microfinance CAP  
 manuals managing authorities factsheets  
 DG AGRI Agricultural products investment strategy EIB Group