



Preparing for EAFRD financial instruments: lessons learned and policy vision

Mr Krešimir Ivančić, Assistant Minister for Rural Development,
Ministry of Agriculture, Croatia



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Previous rural development support(s)



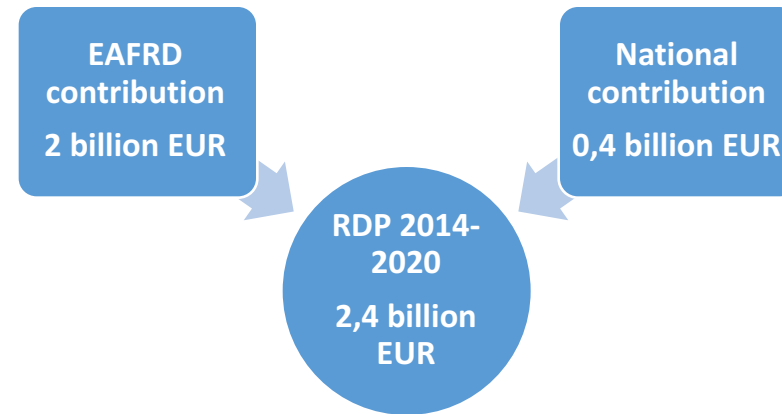
- Before 2014-2020 programming period:
 - SAPARD - financial assistance to support the structural adjustment in agricultural sectors and rural areas;
 - Continued by IPARD - V. component of the Instrument for Pre-accession Assistance (IPA) in 2007 (IPARD 2007-2013);
 - National schemes of financial support were implemented in parallel with introduction of EU model of support.



Financial instruments under RDP 2014-2020 of Croatia



- Croatian RDP 2014–2020 was formally approved by the European Commission on 26th May 2015
- RDP is worth EUR 2,4 billion of public contribution



- FI implementation is foreseen under RDP 2014-2020 (Ch.8.1) as a commitment to explore their possible introduction in this programming period



Where are we at this moment?



- 1) Design: The ex-ante assessment, the selection of bodies implementing FIs, culminating with the signature of funding agreements.
- 2) Set-up: The creation of a sound governance and management structure, including the reporting and accounting system.
- 3) Implementation: Final recipients are informed, selected and funds disbursed. Repayments are reused.
- 4) Winding-up: Repayment of resources on closure of FIs.



Targeted Coaching on FI potential



Initial coaching module:

- Conducted during second half of 2016
- Between MA and EC/EIB
- Insights of FI possibilities under RDP 2014-2020
- Positive aspects on strengthening of administrative capacities
- ... Advanced module?



Ex-ante assessment - state of play-



- Ex-ante assessment is ongoing (officially started in June 2017).
- Assessor (EIB) has started activities in accordance with CPR key requirements.



Ex ante assessment - state of play-



The measures for which the use of FI are planned envisaged and will be examined under ex-ante assessment are:

➤ **M04 Investments in physical assets**

- 4.1 Support for investments in agricultural holdings
- 4.2 Support for investments in processing/marketing and/or development of agricultural products

➤ **M06 Farm and business development**

- 6.4 Support for investments in development of non-agricultural activities

➤ **M08 Investments in forest area development and improvement of the viability of forests**

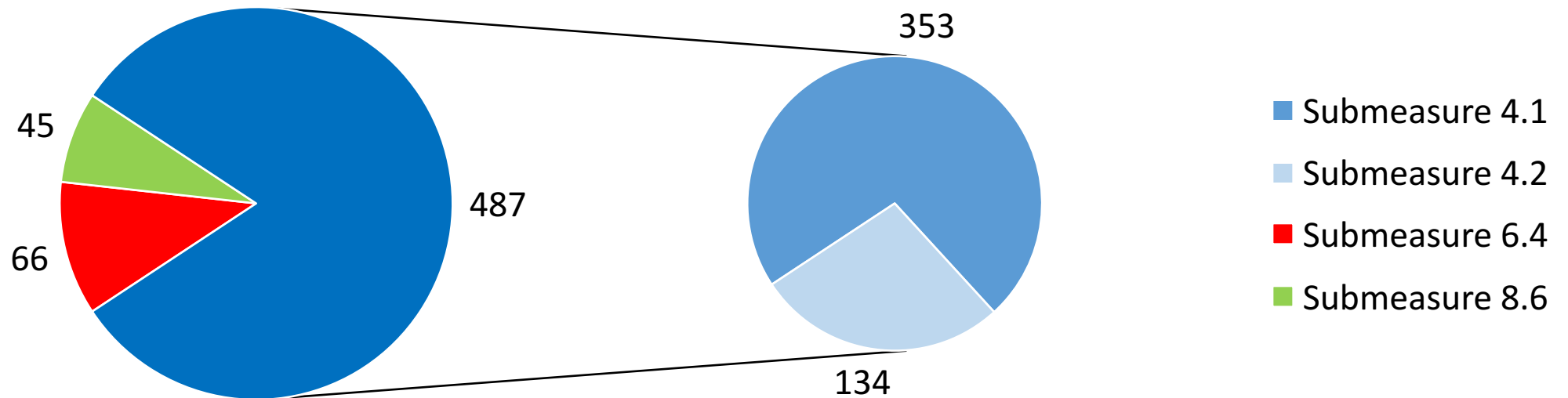
- 8.6 Support for investments in forestry technologies and in processing, mobilising and marketing of forest products



Indicative RDP allocation for FI related measures



Allocation for measures for which the use of FI is envisaged (in million EUR)



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Potential contribution to RDP priorities



- P2: Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests (2A, 2C)
- P3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture (3A)
- P5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors (5C, 5D)
- P6: Promoting social inclusion, poverty reduction and economic development in rural areas (6A)



Main Data on Agriculture in Croatia



170 515 agricultural holdings in 2016

2.277 milion EUR Agricultural output in 2015

2 bilion EUR Standard Output in 2013

4,3% share of agriculture in GDP in 2015

~ 121 000 total number of persons employed in agriculture, forestry and fishing in 2016

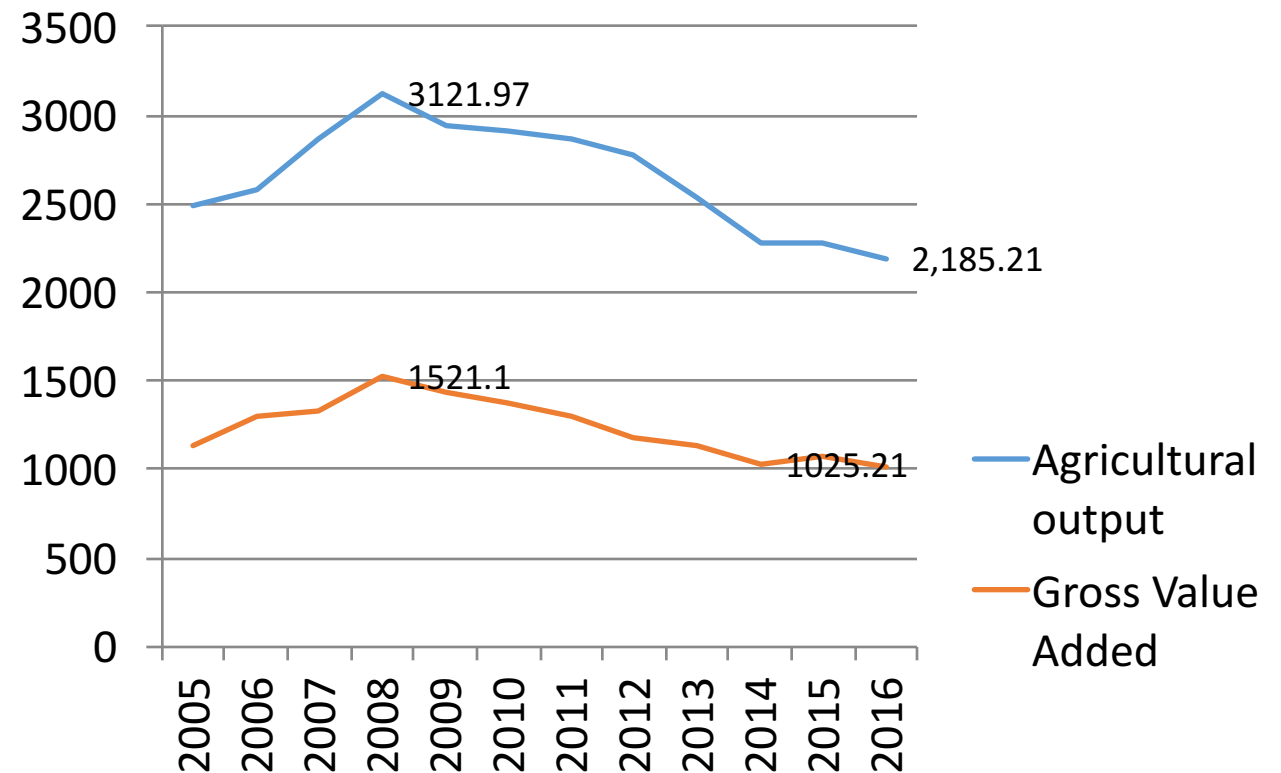


Agricultural indicators



- The value of agricultural output has been declining in Croatia since 2008 when the highest value of 3.1 billion EUR was reached.
- Gross Value Added (GVA) has also been in constant decline since 2008.

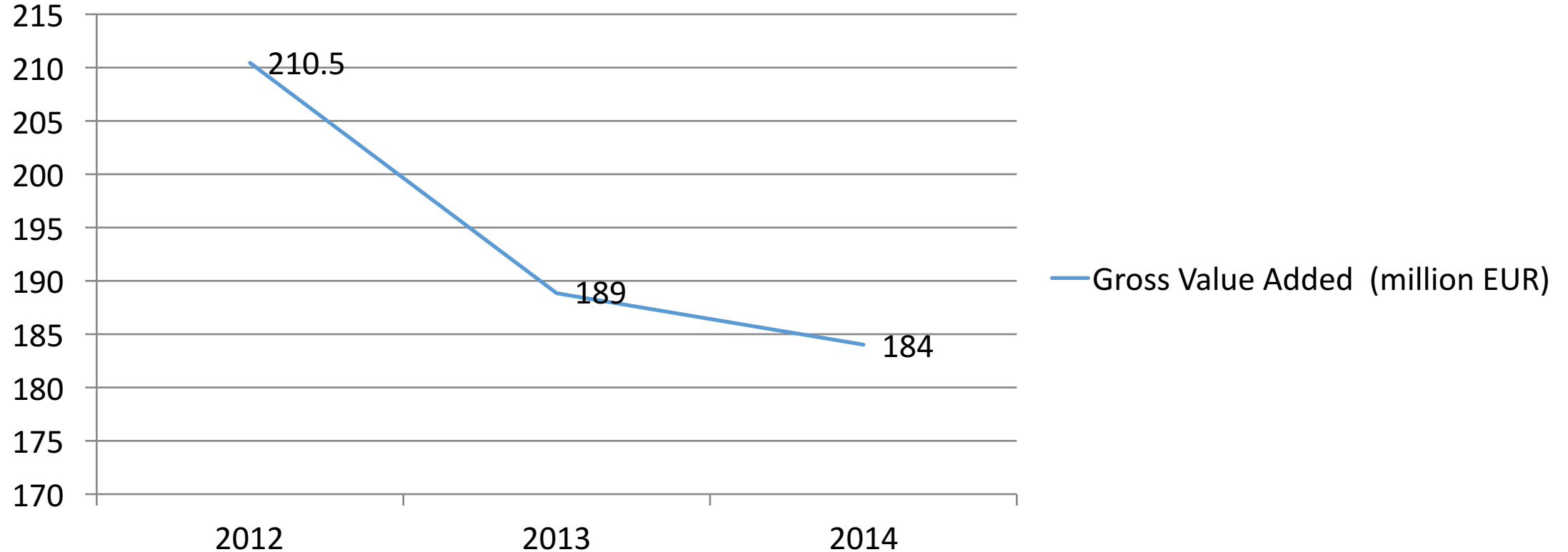
Considering these two indicators, it could be concluded that prolonged recession has had a profound negative impact on Croatia's agricultural sector.



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Forest related indicator



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The current implementation indicators



Budget of the calls opened until end of August 2017 (in million EUR)			
Measures / Sub-measures	Indicative available RDP allocation (EAFRD+National co-financing)	Budget of the calls (EAFRD+National co-financing)	Total value of applications
M4: Investment in physical assets			
4.1.	353,21	262,27	752,07
4.2.	133,75	87,63	117,16
TOTAL 4.1. + 4.2.	486,95	349,90	869,24
M6: Farm and business development			
6.4.	66,47	0,00	0,00
M8: Investments in forest area development and improvement of the viability of forests			
8.6.	45,06	11,32	17,74



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Policy future



- Depending on ex-ante outcome – gap analysis
- Setting up of FIs- start of implementation in 2018
- Dissemination of (positive) aspects of FIs
- Preparatory activities for post 2020
- **To be taken into account**
 - Experience in the implementation of „FI type” activities (guarantees, loans) – national institutions in the period 2008 - 2017
 - Experience in the implementation of the FIs under the ERDF



Work ahead of us



- RDP 2014-2020 modification (Omnibus regulation)
- Preparation & publication of the ex-ante report summary
- Selection of the body implementing FI
- Setting up operational structure
- Payments, monitoring, control, reporting





Thank you for your attention!

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Experiences of EAFRD managing authorities in preparing or using financial instruments

Mr Konstantinos Apostolopoulos, Head of Evaluation and Institutional Support Unit, Ministry of Agriculture, Greece



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Presentation overview



- State of play in preparing financial instruments
- Key characteristics of the Greek agricultural and food processing sector
- Brief presentation of the Greek banking sector
- Lessons from the implementations of FIs in RDP 2007 - 2013
- Preliminary evidence on the supply of and demand for financing in agriculture and food sector
- First key findings and policy vision



Preparing the set-up of financial instruments



- Ex-ante assessment (EIB)
 - Methodology:
 - Desk research
 - Interviews with relevant stakeholders
 - Online survey (still on going)
 - Focus groups
 - Interim report:
 - Economic context of Greek agricultural sector,
 - RDP's strategy and measures for which Financial Instruments is envisaged,
 - Experiences from the establishment of other Financial Instruments for the sector,
 - Preliminary analysis of the supply and demand side.
 - Final report (end of October 2017):
 - Complete analysis of the supply and demand side
 - Identification of financial gaps
 - Proposed strategy



Greek agriculture and food industry



A fragmented structure of agricultural holdings...

710.000 agricultural holdings

4,9 million ha UAA

6,8 ha/holding average physical size

16,1 ha/holding in EU28 (range: 1,2 – 133)

Source: Eurostat, 2013



Greek agriculture and food industry



...with high economic and social importance ...



5,8 billion EUR GVA
3 % of GDP

12,4 % employment
4,2 % average EU28

Source: Eurostat, 2015



5,5 billion EUR GVA
3 % of GDP

3,4 % employment
2,3 % average EU28

Source: Eurostat, 2014



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Greek agriculture and food industry



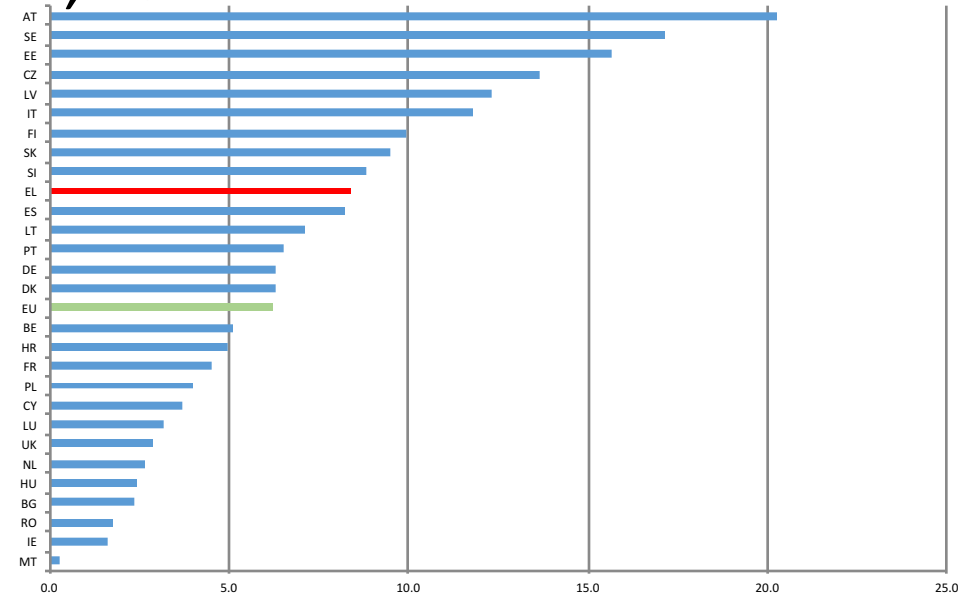
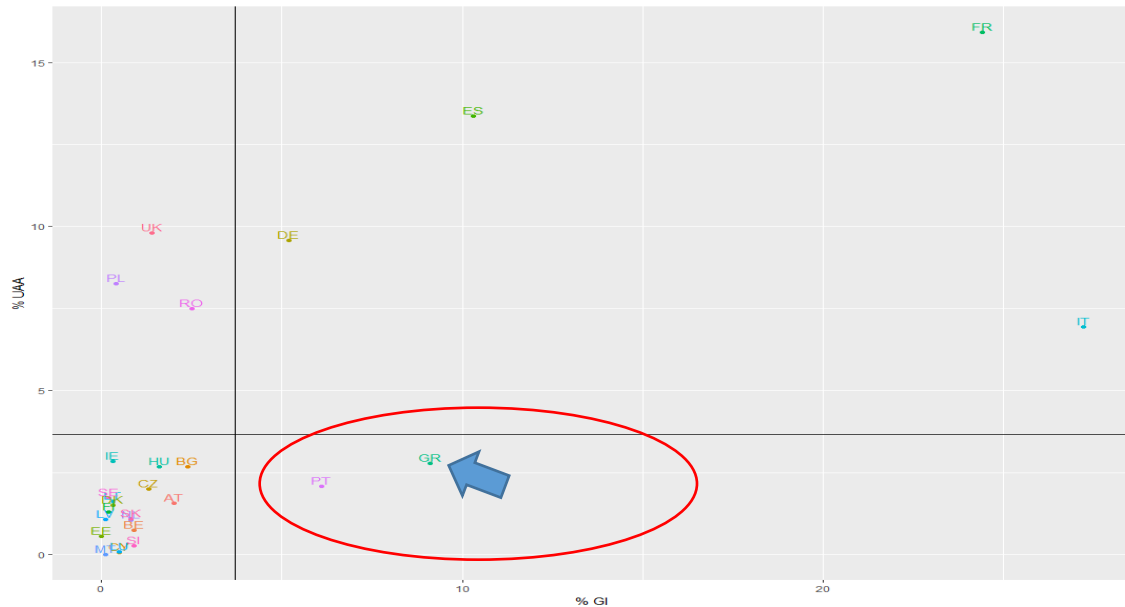
...produces a wealth of quality products...

252 GI products

9 % of EU28

8,4 % UAA organic

6,2 % in EU28



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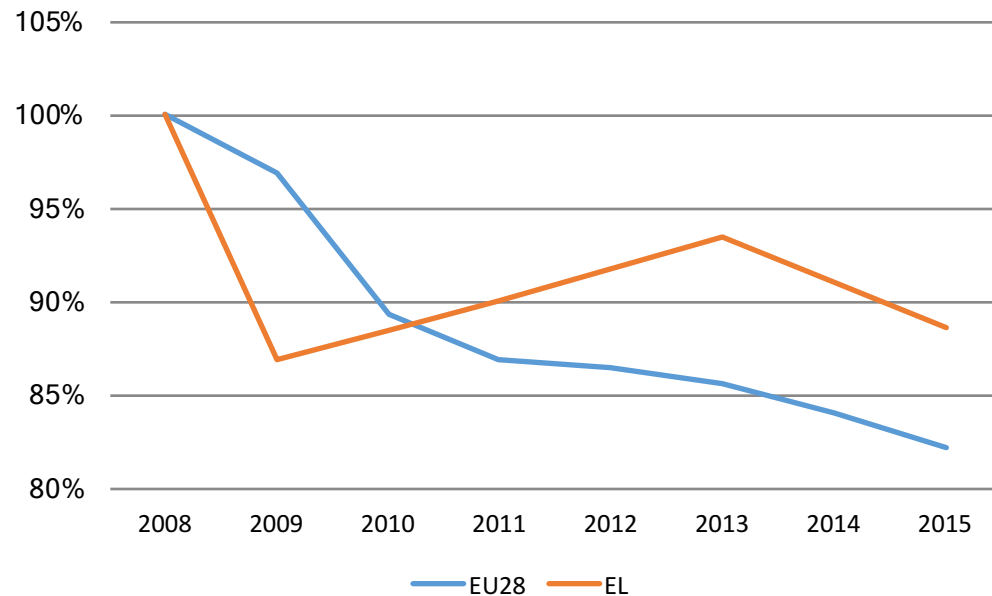


Greek agriculture and food industry

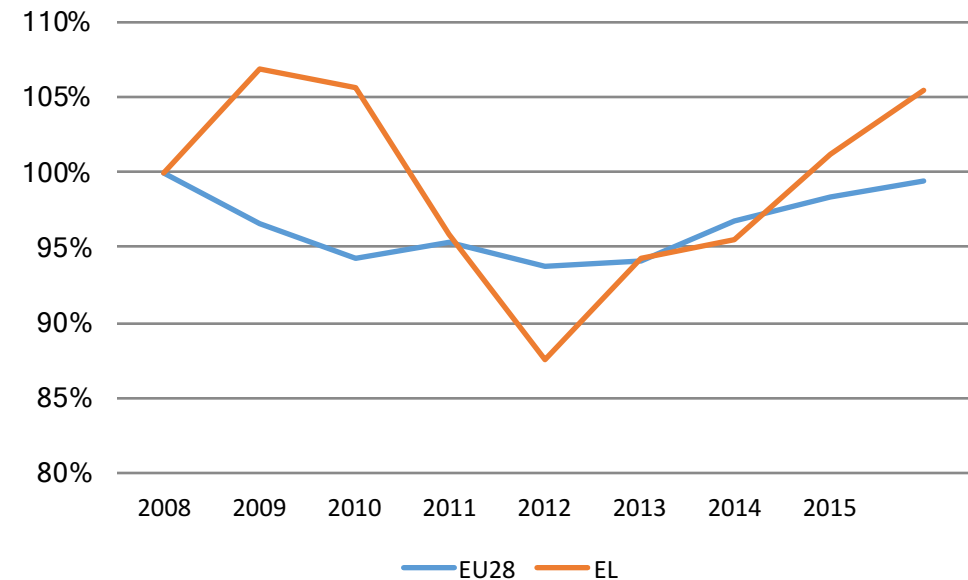


...and showed a remarkable resilience during the crisis.

Employment in agriculture



Employment in food industry



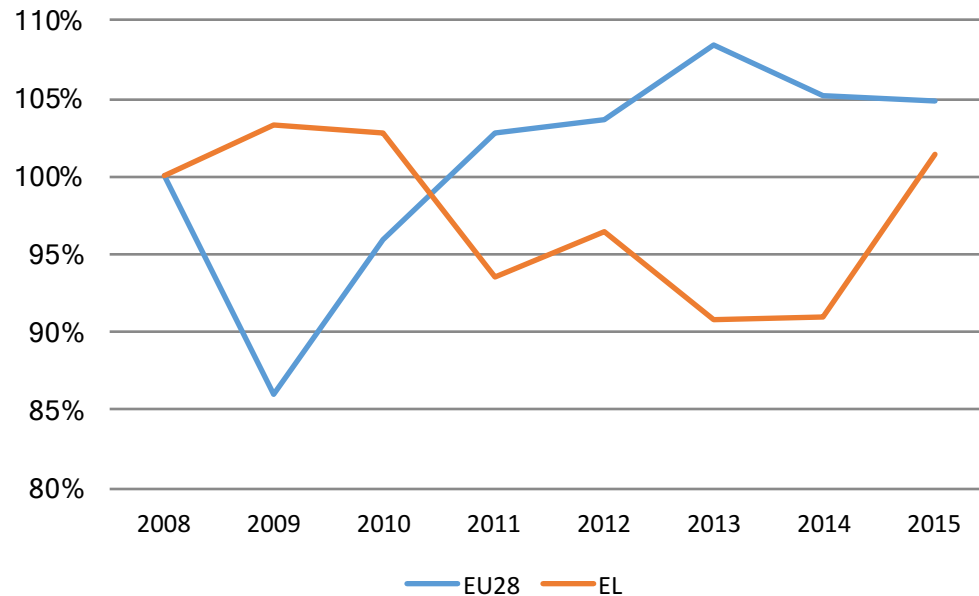
Source: Eurostat

Greek agriculture and food industry

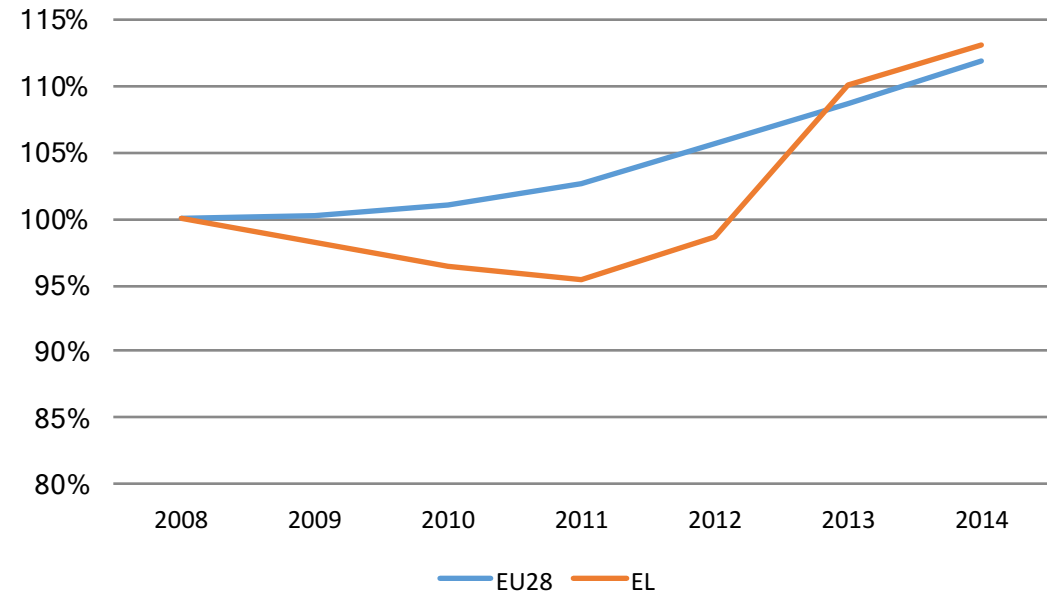


...that showed a remarkable resilience during the crisis.

GVA in agriculture



GVA in food industry



Source: Eurostat

Greek banking sector



- Greek banking sector is dominated by four banks.
- Piraeus Bank has acquired the Agrotiki Bank, a bank specialized in agriculture
- Main cooperative banks
 - Pancretan Cooperative Bank
 - Cooperative bank of Karditsa
 - Cooperative bank of Thessaly

Bank	Total Assets	Total Weighted Risks	Total Common Equity	Number of Employees
Piraeus Bank	81,501	53,266	9,824	18,995
National Bank of Greece	78,531	N/A	7,587	16,296
Eurobank Ergasias	66,393	38,511	6,362	16,285
Alpha Bank	64,872	N/A	9,098	12,699

Sources: Business Monitor International (BMI), Bank of Greece (BoG), 2016



Previous experience in FI implementation



- The Agricultural Entrepreneurship Fund (Tameio Agrotikis Epixeirimatikotitas -TAE)
 - Operated between February 2013 and December 2015
 - Risk-sharing loans combined with grants, under M121, 123A, 311, 312 and 313 of RDP 2007 – 2013
 - Managed by ETEAN SA
 - Only one Financial Intermediary
 - Very low percentage of disbursement (2.9%) of the available resource



Lessons learned



- Careful planning of the instruments, so the types selected reflect the real needs of the target population.
- In case of combination with grants, the timings of the launch of the grant scheme and the FI should be aligned.
- The terms of the instruments, including state aid rules, must be clearly communicated to the potential beneficiaries.
- More competition at the level of financial intermediaries could have led to better performance of the instrument.
- Need to develop an effective awareness-raising strategy

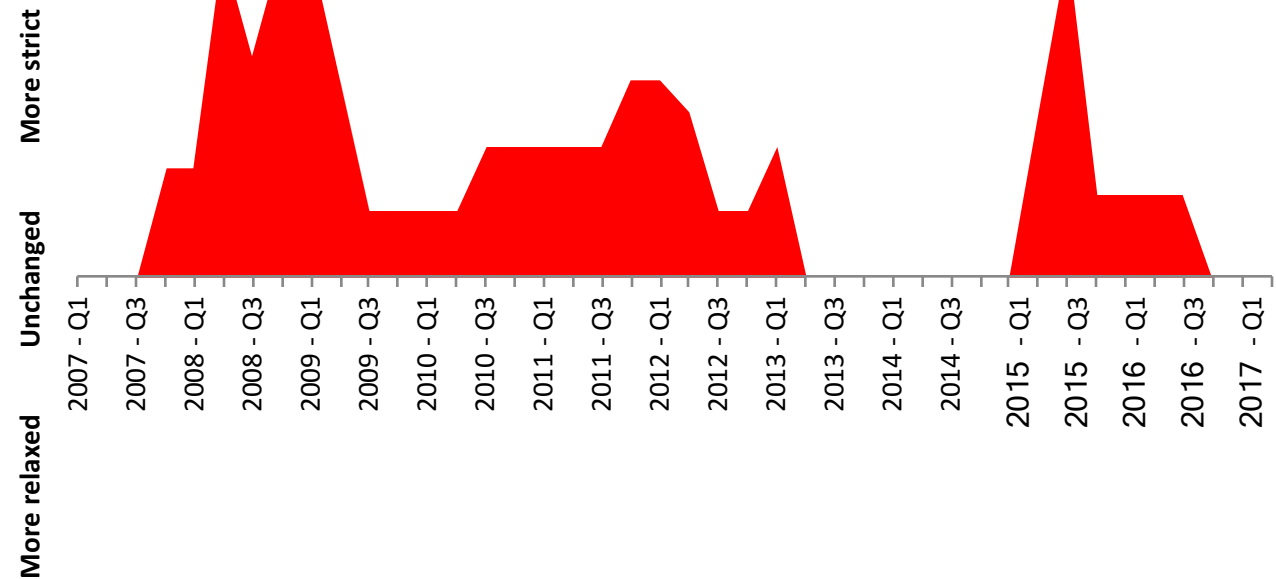


Change in bank's lending policy



- Credit standards for approving loans were becoming stricter from late 2007 until early 2013
- Remained unchanged from 2013 to mid 2015
- Became even more strict during 2015 and 2016

Changes in bank's credit standards for approving loans to enterprise in past three months



Source: Bank Lending Survey (BoG)

Financing conditions to the agricultural sector



- Collaterals – Guarantees
 - ~25% of equity commonly required
 - Requirements for cash, easily liquidated assets and personal property (urban property)
 - Value of collaterals between 100% - 140%
 - Lower collateral requirements for:
 - Contract farming
 - Short term loans for small amounts (< EUR 10.000) with direct payments as guarantee
- Interest rates:
 - Short term: ~5%
 - Long term
 - Small farmers: ~8%
 - Large farmers: ~6,5%



Financing conditions to the agricultural sector



- Eligibility criteria
 - Short term: product and geographical area, type of cultivation, ownership status, existence of family business
 - Long term / investments: investment attitude and profile of beneficiary

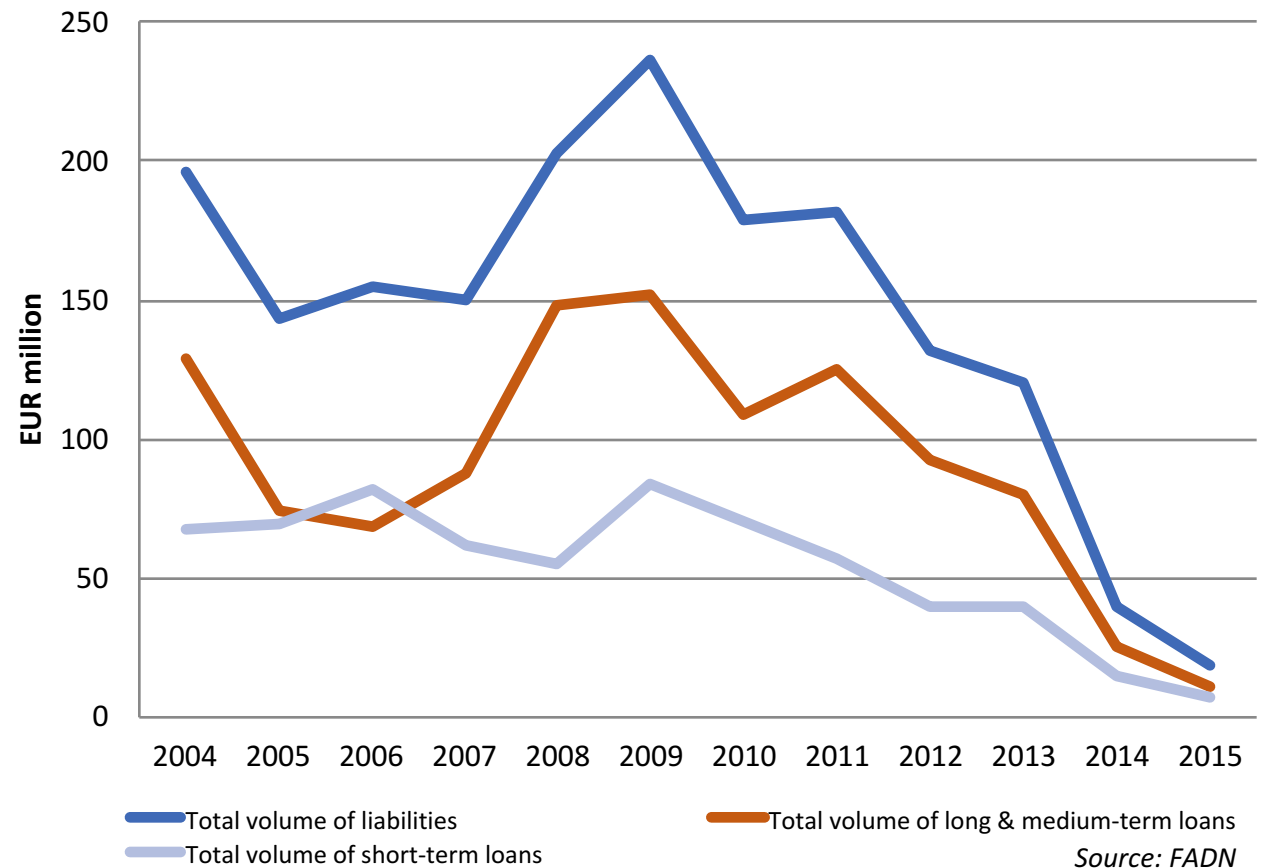


An extreme reduction of financing in agriculture



Total liabilities of farms showed a sharp decline after reaching a maximum in 2009

Decline was most prominent for long and medium term loans



Ambiguous farm leverage levels

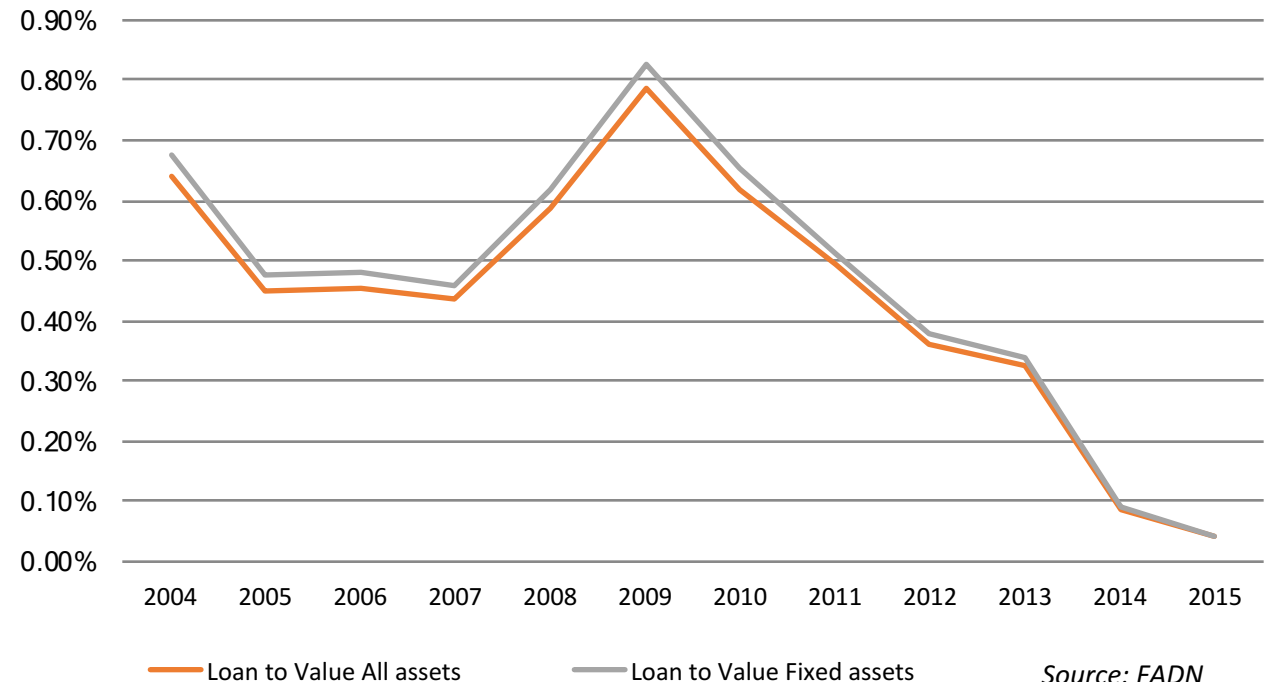
Loan to value data show extremely low leverage

BUT

- Most of the interviewees mentioned that farmers' assets are already mortgaged
- Almost ALL holdings are proprietary, hence the holder may have private liabilities not included in the books of the farm



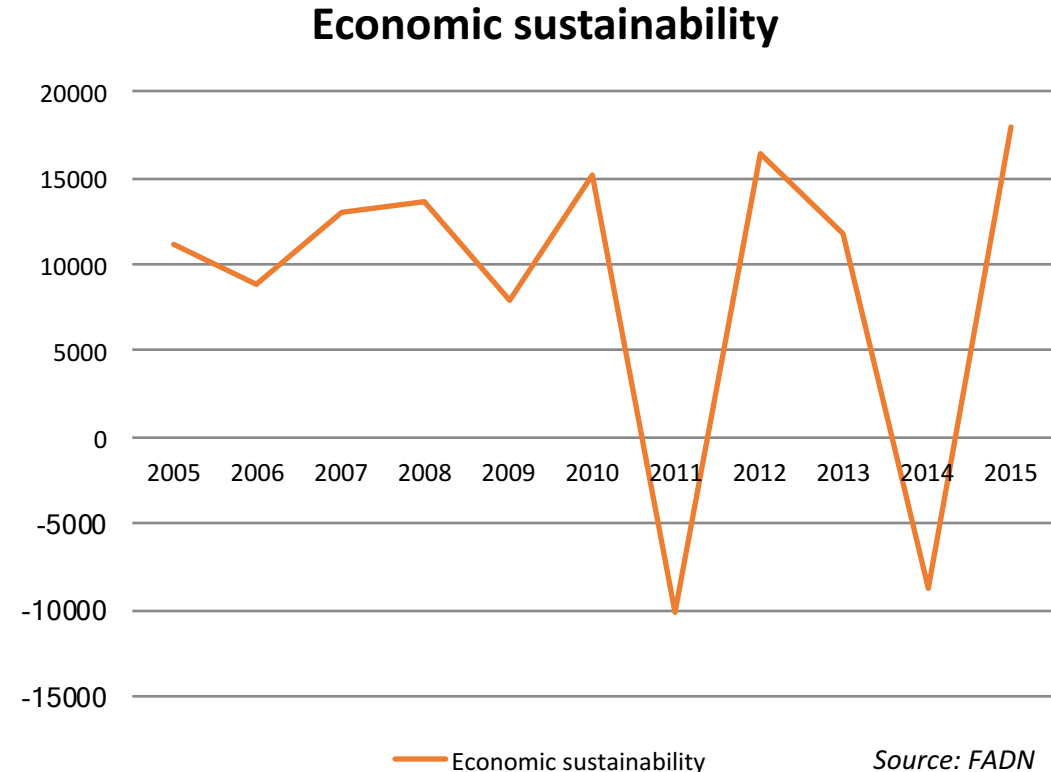
Loan to Value



Low economic sustainability of farms



- Economic sustainability of farms mostly positive (9 out of 11 years)
- Significant fluctuation during the economic crisis
- Generally low in total
- Very high NPL ratios are recorder in the farming sector (62,7%)



A gap between demand and financing conditions



Supply side

Requirements for easily liquidated collaterals

Requirements for personal property

High collateral / loan ratio

High interest rates

Demand side

Low levels of own capital

Reluctance to invest own equity

Ambiguous farm leverage levels

Positive but low economic sustainability

Financing conditions to the food processing sector



- Collaterals – Guarantees
 - Value of collaterals between 50% - 100%
 - Personal property for small processors
- Interest rate:
 - Small processors: 5,5% - 7%
 - Large processors 4% - 6%
- Eligibility criteria
 - Level of maturity of the business
 - Historical records and business relationship with the banking system
 - Sales network



Financing in manufacturing also declined

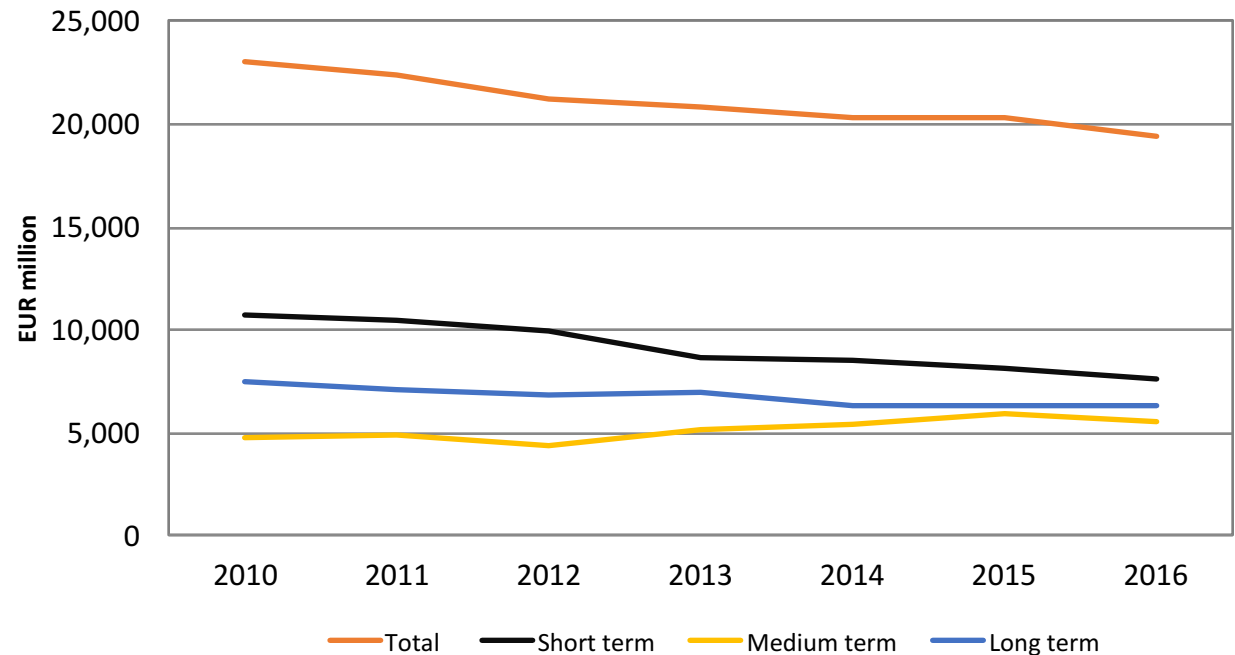


Total outstanding amounts for manufacturing (excluding mining and quarrying) showed a moderate decline.

Decline was most prominent for short term loans and less for long term loans.

Medium term loans generally stable.

Decline in outstanding amounts at end of period in manufacturing



Source: Bank of Greece (BoG)

Financing conditions to the food processing sector



- Factors restricting access to finance
 - Limited capacity to provide banks with the required guarantees
 - High default rate in the food processing sector
- Large processors do not face big difficulties



Financing conditions

First key findings



- There is a high concentration in the financial market with regard to the agri-food sector.
- While there are some financial products offered by the banks the supply remains low.
- High levels of collaterals and easily liquidated assets are required, regardless of the size of the corresponding holdings.
- Interest rates are high, even for large processors, having smooth relationships with the banks.
- The quality of the demand from farmers and small processors is low.
- Grants play a significant role in the financing of agri-food sector.



Financial instruments under Greek RDP



- EAFRD contribution in Greek RDP: **EUR 4,2 billion**
- Currently **3%** (~ **EUR 125 million**) for financial instruments
- FIs mainly targeted at
 - Improving the overall performance and sustainability of the agricultural holdings
 - processing, marketing and/or development of agricultural products.



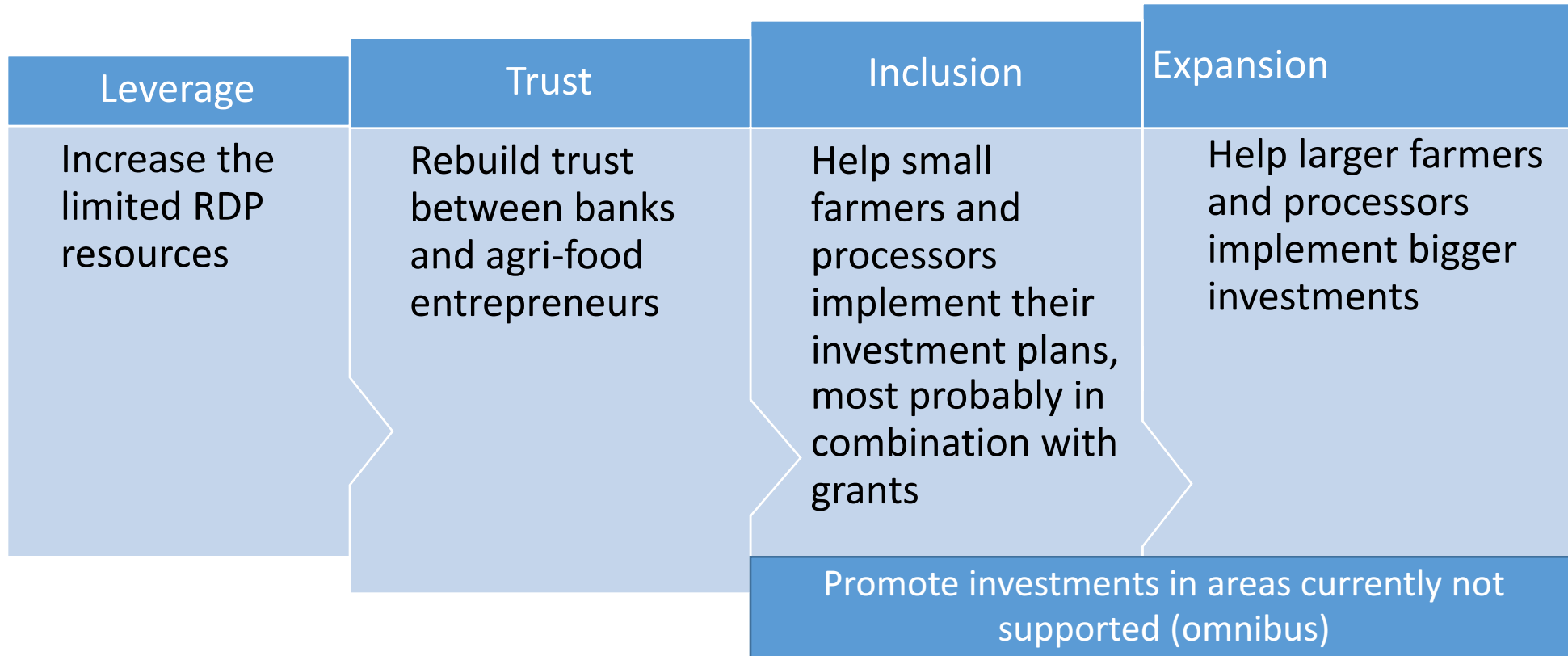
Plans for a national development bank



- Market failures of a permanent nature
 - Strict lending conditions are linked with stricter regulation of the banking sector
 - Poor demand quality reflects the structural pathologies of the Greek agri–food sector
- The government is planning to establish a national development bank
 - Continuously addresses market failures in financing of enterprises
 - Could play a key role in the management of revolving funds from the financial instruments



Policy vision



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Thank you for your attention!



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Mr Stéphane Molinier, Occitanie region, France

Ms Cindy Schultz, Occitanie region, France

Ms Camille Massol, Nouvelle-Aquitaine region, France

Prof. Gianluca Nardone, Head of Managing Authority of the Regional Rural Development Programme Puglia, Puglia region, Italy

Ms Adela Stefan, Ministry of Agriculture and Rural Development, Romania

Mr Krešimir Ivančić, Ministry of Agriculture, Croatia

Mr Konstantinos Apostolopoulos, Ministry of Agriculture, Greece

Questions & answers



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COFFEE BREAK



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EFSI for agriculture and rural development

Mr Benjamin Angel, Director Treasury and Financial Operations,
DG Economic and Financial Affairs, European Commission



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Investment Plan for Europe: the three pillars



1. MOBILISING FINANCE FOR INVESTMENT

- Mobilise at least €315bn over 3 years for strategic investments and access to finance via the European Fund for Strategic Investments (EFSI) within EIB/EIF
- Cooperation with National Promotional Banks



2. MAKING FINANCE REACH THE REAL ECONOMY

- European Investment Project Portal (EIPP)
- European Investment Advisory Hub (EIAH)



3. IMPROVED INVESTMENT ENVIRONMENT

- Predictability and quality of regulation
- Removing non-financial, regulatory barriers in key sectors within EU Single Market
- Structural reforms at national level



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European Fund for Strategic Investments: EFSI



1€ x 15



The European Investment Advisory Hub will offer a central point for technical and financial advice for project promoters, investors and authorities

€315 bn
by 2017



The European Investment Project Portal will help match potential investors with project promoters



Long - term investments

SMEs and mid cap-firms



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EFSI State of Play

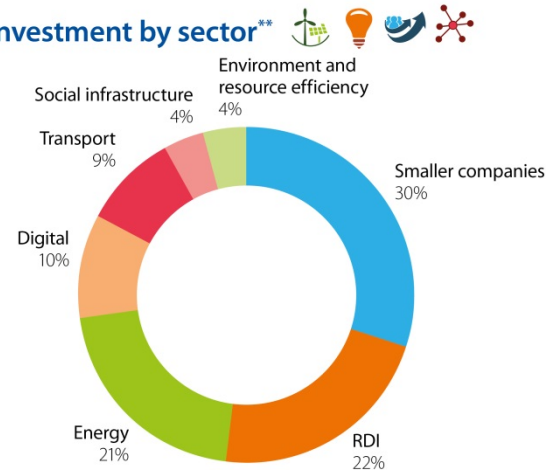
As of October 2010:

- **618 transactions** approved by the EIB Group so far.
- Since July 2015, the EFSI has **mobilised EUR 236.1bn** in investments across all 28 MS.
- Benefitting **454,000 SMEs and midcaps**.
- **312 larger projects** amounting to EUR 156,6bn in 27 MS.
- Over **60% of private sector financing**.



* EIB-approved: EUR 36.1bn
EIF-approved: EUR 10.4bn

EFSI investment by sector**

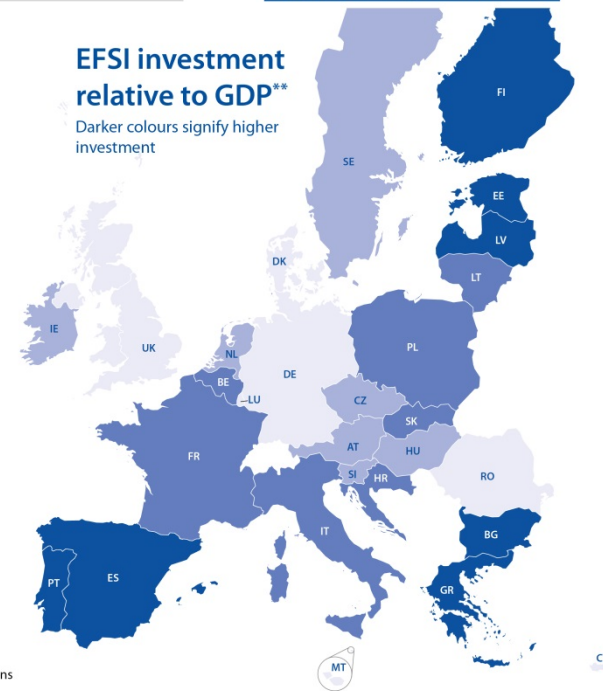


**based on approved operations



EFSI investment relative to GDP**

Darker colours signify higher investment



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EFSI eligibility criteria



1. Consistency with EU policies
2. Additionality
3. Economic and technical viability
4. Maximisation where possible of the mobilisation of private resources



EFSI Key Areas



Operations to be consistent with **EU policies** and to support any of the general objectives:

1. Research, development and innovation
2. Energy
3. Transport
4. Information and Communication Technologies
5. Environment and resource efficiency
6. Human capital, culture and health
7. Support to SMEs and mid-cap companies, through local partner banks and institutions





Some examples of EFSI financing approved for agriculture to date

List of projects in the agricultural sector

FI Äänekoski bio-product mill (signed in June 2015)



- Construction of a new bio-product mill in Äänekoski, Finland
- EIB financing under EFSl: **EUR 75 million**
- Total investment expected: **1.2 billion**
- Expected job creation: **8,500**

FR Normandy Dairy Production Facility



(signed April 2016)

- Construction and operation of a dairy plant to produce UHT milk, butter and cream. Upgrading older equipment to increase efficiency
- EIB financing under EFSl: **EUR 55 million**
- Total investment expected: **EUR 124 million**

PL Dairy production in Poland (under assessment)



- Construction and operation of two new milk powder processing lines in an existing milk processing factory

EL Creta Farms (signed in May 2016)

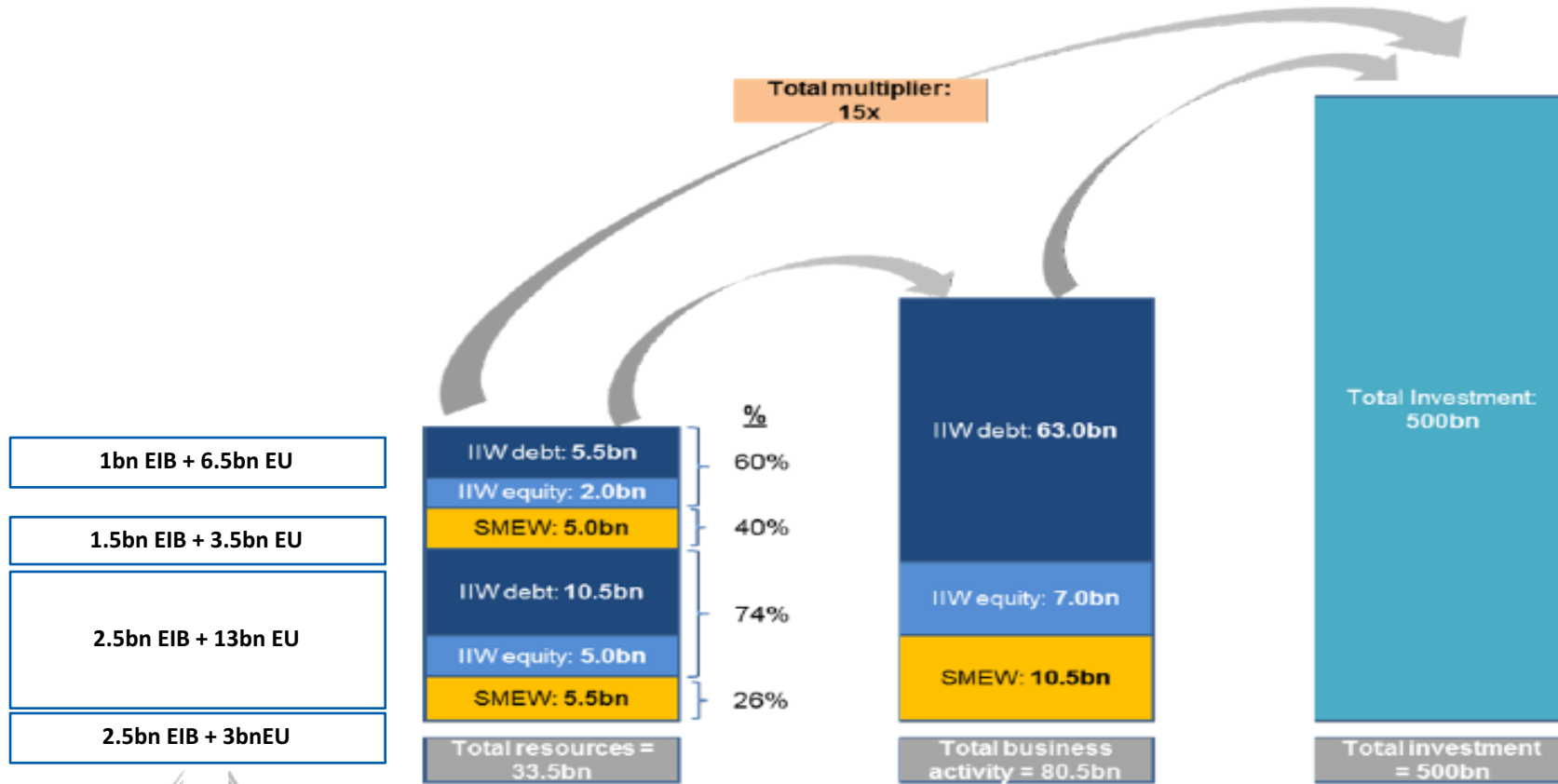


- Development of new product lines in the cold cut meat and dairy food manufacturer segments.
- EIB financing under EFSl: **EUR 15 million**
- Total investment expected: **EUR 31 million**

EFSI 2.0: what's next?



Extended duration and increased firepower of EFSI to mobilise at least EUR 500 billion by end-2020



- ✓ Reinforced additionality
- ✓ More transparency
- ✓ Enhanced geographic coverage
- ✓ More local technical assistance through the European Investment Advisory Hub
- ✓ Combination with other EU funds
- ✓ Reinforced focus on climate action



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The EU's Objectives in the agricultural sector



- Viable food production
 - Sustainable management of natural resources
 - Balanced development of rural areas
- Sustained investment in the modernisation and innovation of the sector and its capacity to deliver environmental public goods and services
- Up to EUR 9 billion current funding gap



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EFSI for Rural Development: what to expect



- In **EFSI 2.0 proposal**: A key area added "*Sustainable agriculture, forestry, fishery, aquaculture and other elements of the wider bioeconomy*"
- In **Omnibus proposal**: regulatory improvements to facilitate combination of EFSI financing with Structural Funds
- Preparation of **investment platforms** relevant for the rural areas: EAFRD-EFSI Initiative, rural broadband, agricultural SMEs, bio circular economy projects, small hospitality renovation projects....



EFSI 2.0 Key Areas



Operations to be consistent with **EU policies** and to support any of the general objectives:

1. Research, development and innovation
2. Energy
3. Transport
4. Information and Communication Technologies
5. Environment and resource efficiency
6. Human capital, culture and health
7. Support to SMEs and mid-cap companies, through local partner banks and institutions
8. Sustainable agriculture, forestry, fishery, aquaculture and other elements of the wider bioeconomy



EFSI in Combination with other EU Financing Tools - Features of EFSI Investment Platforms (IPs)



- **Presence of public and private funding**
- **Combination of resources** from EIB, NPBs, private investors, SWFs, with high catalytic effects and value added.
- **Subordination** – IPs focus on market failures and crowding-in of private sector financing → EFSI can be subordinated to other investors.
- **Complementarity** to existing financing alternatives (e.g. the European Agricultural Fund for Rural Development (EAFRD)).
- **Compliance with EFSI Regulation** requirements, e.g. additionality, sectorial/geographical eligibility of operations, reporting, accountability, evaluation.
- **IP Product Offering:** equity/quasi-equity investment, loans, guarantees.





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Combination of EAFRD resources with EFSI and other sources of finance: opportunities offered by the EIB Group



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Combination of EAFRD resources with EFSI and other sources of finance: opportunities offered by the EIB Group

Mr Simon Barnes, Director of Advisory Services Department, European Investment Bank



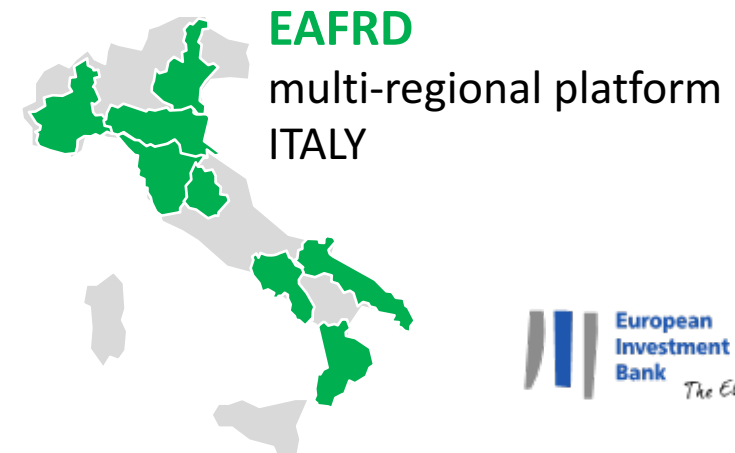
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Advisory support and additional resources



- **EIB advisory supports public authorities and other stakeholders throughout the entire financial instruments' life cycle**
 - *ex-ante* assessments
 - investment strategy and governance structure
 - financial intermediary selection and due diligence
 - Analysis of funding gaps and thematic investment platforms
- **EIB can directly contribute to financial instruments with additional resources**
 - EIB own resources also backed by EFSI guarantee
 - Participation to funded or unfunded instruments
 - Increased RDP impact through higher leverage
 - Higher risk protection to financial intermediaries



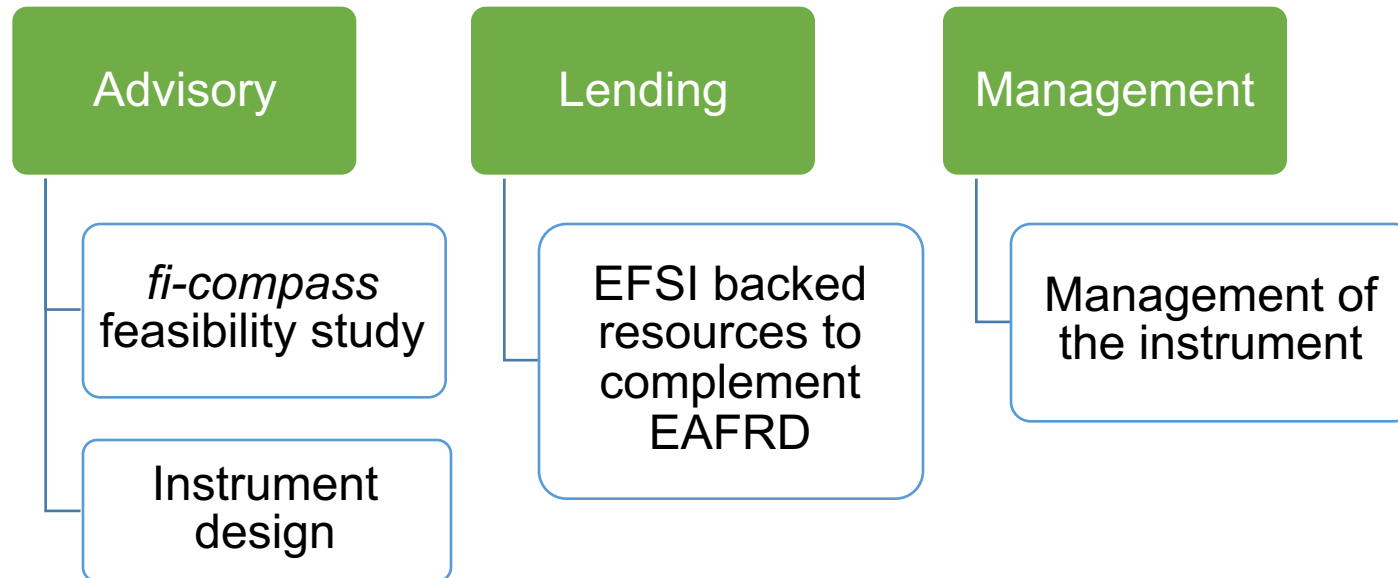
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EAFRD/EFSI Initiative



Comprehensive service package for MAs in collaboration with DG AGRI



Joined the initiative

Nouvelle Aquitaine

Interested

Poland

Lithuania

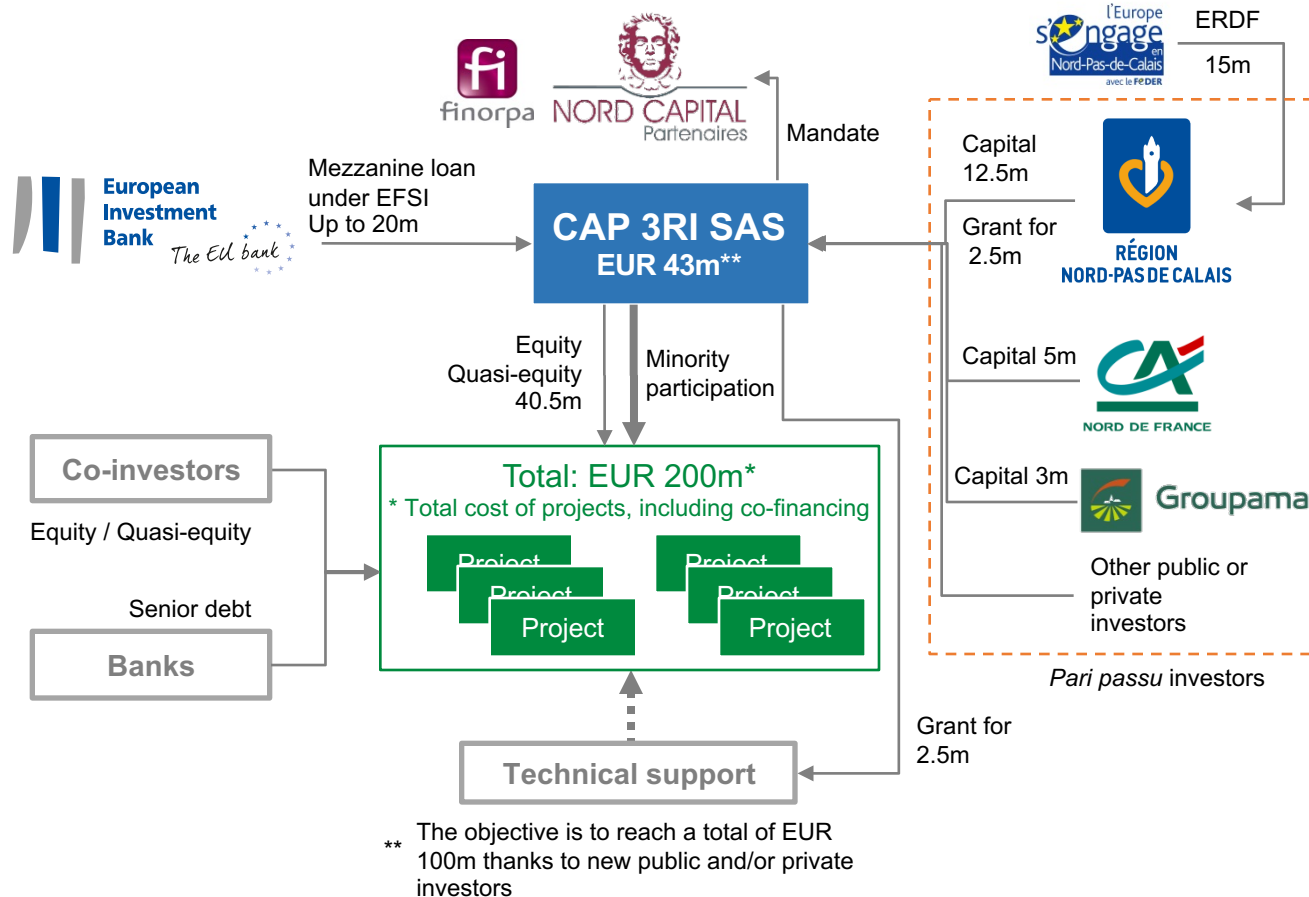
Austria



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Hauts de France CAP 3RI



- Regional Layered Fund combining ERDF and a mezzanine EIB loan under EFSI
- Combines regional, EIB and private investors' resources at Fund and projects level
- Leverage effect of 16x ERDF invested
- Equity and Quasi-equity to regional start-ups, SMEs and Midcaps active in renewable energies, smart grids, circular economy, soft mobility ... (3RI roadmap)



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EFSI support to regional FIs in France



- **French SMEs EUR 300m programme for regional financial instruments**
 - EIB funding backed by EFSI guarantee to complement regional resources
 - 9 French regions financed or currently discussing the possibility
- **Region Réunion Fund of Funds**
 - EUR 30m from the region (ERDF and regional budget)
 - EIB/EFSI for up to 40% of the total funds invested (up to EUR 20m)
 - EIF acting as Fund Manager for the Fund of Funds
 - First loans to Réunion SMEs in 2018





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Combination of EAFRD resources with EFSI and other sources of finance: opportunities offered by the EIB Group

Mr Hubert Cottogni, Director of Mandate Management, European Investment Fund



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Combination of EAFRD / EFSI resources

Paris, 10 October 2017

Hubert Cottogni
Director, Mandate Management
European Investment Fund

Implementing Financial Instruments

Key benefits to the stakeholders



Managing Authorities

- High leverage
- Revolving nature
- Higher EAFRD contribution
- Improved quality of the investments
- Quick and easy disbursement
- Demand-driven
- Significant visibility
- Efficient integration of grants and other types of support

Financial Intermediaries

- Capital relief
- Risk protection on a loan by loan basis
- Coverage of losses
- Quick payment in case of default
- Increase in number of new clients
- Strengthened position in the market
- Quickly deployable products

Final beneficiaries

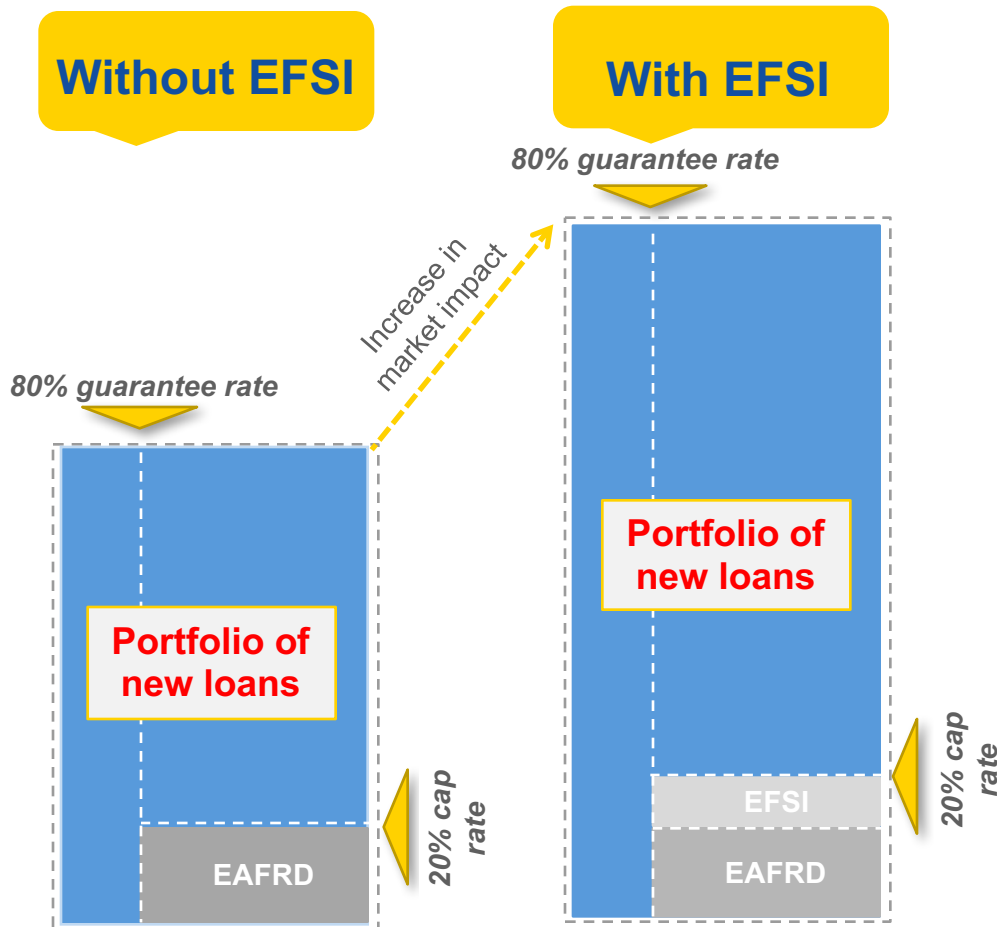
- Reduced interest rates
- Reduced collateral
- Enhanced access to finance for riskier projects
- Opportunity for new businesses (young farmers) with no credit history
- Preserved ownership of business
- Quick access to finance
- Less paperwork
- Reduced external audits

Blending of EAFRD / EFSI resources

Opportunities offered



Indicative example of EAFRD /EFSI combination

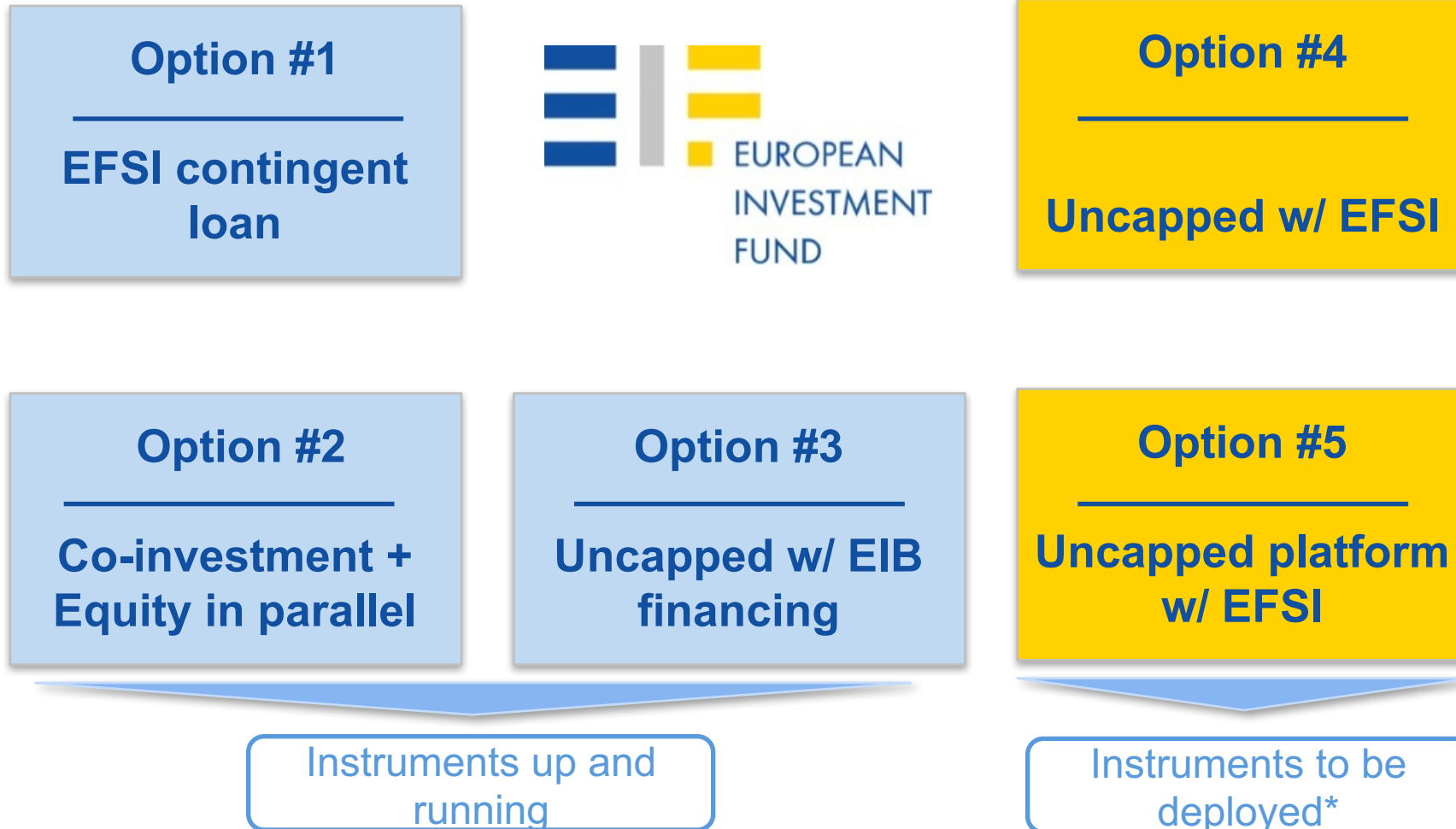


Features of EAFRD /EFSI combination

- EFSI component **complementary** to EAFRD
 - First (expected) loss piece taken by MA's EAFRD allocation
 - EFSI risk portion to be priced
- EFSI **improves the leverage** factor of EAFRD
- EFSI products **approved by EFSI governance bodies**
- EFSI contribution considered as **state aid consistent**
- EIB is allowed to **take more risks** thanks to EFSI
- **Standardised products ready** to be deployed
- **Omnibus** opens further avenues of possibilities

Blending of EAFRD / EFSI resources

Product options



*

Depending on the Omnibus entry into force

EIF and Financial Instruments

Utilisation of EAFRD funding



AGRI Italy Initiative

Uncapped Guarantee - **EUR 83m**

MoU - 08/04/2017

Languedoc Roussillon EAFRD

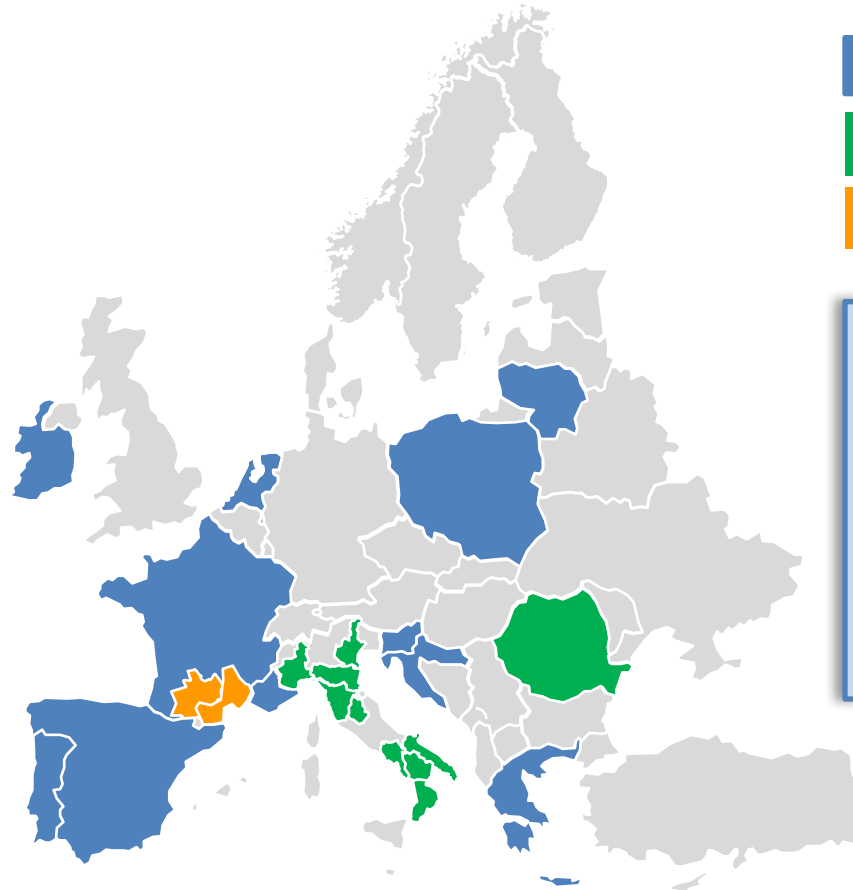
FLPG - **EUR 15m**

Funding Agr. - 27/11/2015

Midi-Pyrénées EAFRD

FLPG - **EUR 12m**

Funding Agr. - 12/06/2017



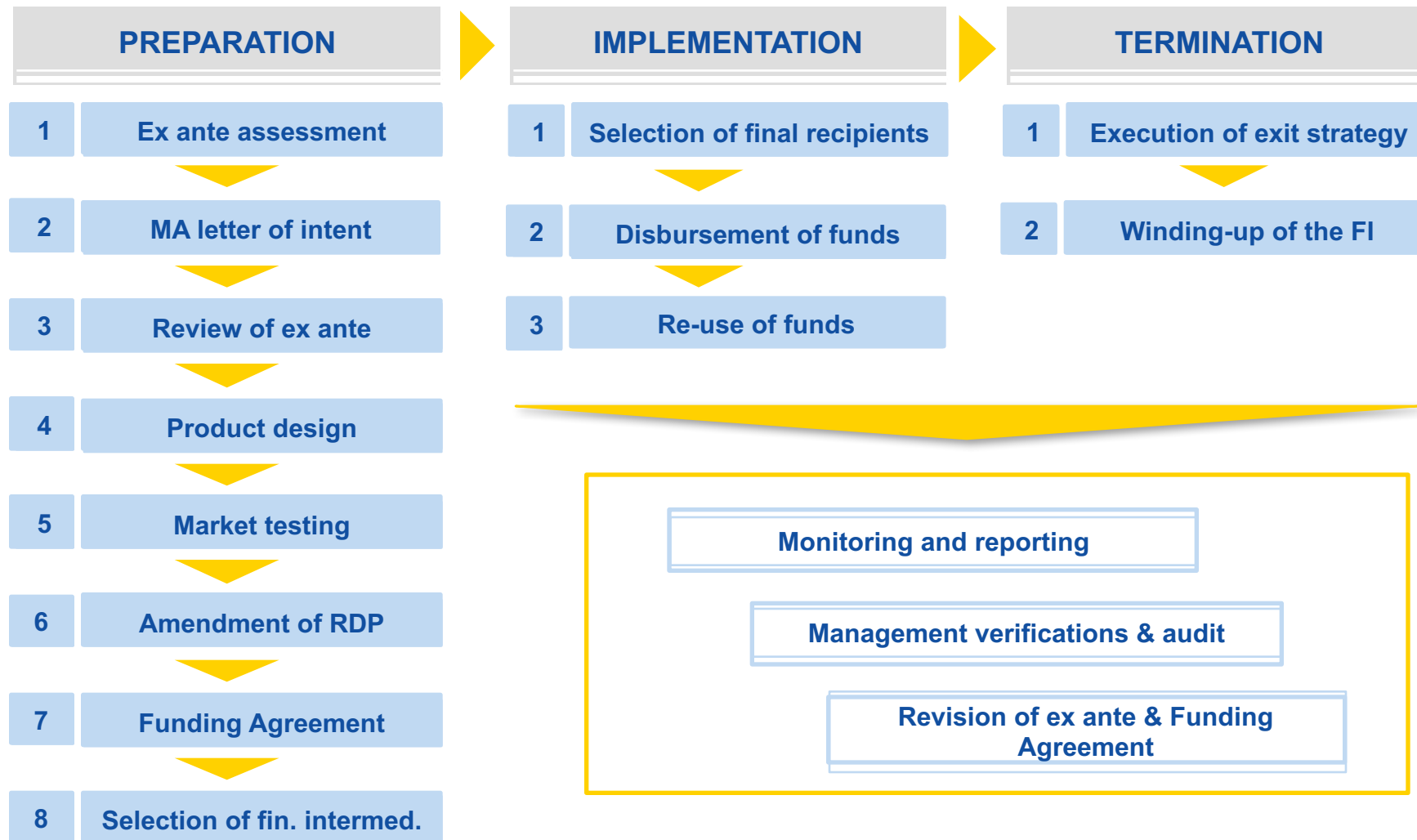
Potential candidates

Negotiation with MA

Signed with MA

With an amount of approximately **EUR 110m of EAFRD resources** (mobilised in Occitanie-France and in Italy), **EUR 500m / EUR 1bn of financing** shall be made available to Agri SMEs/Farmers

Implementing a Financial Instrument Process





Thank you!

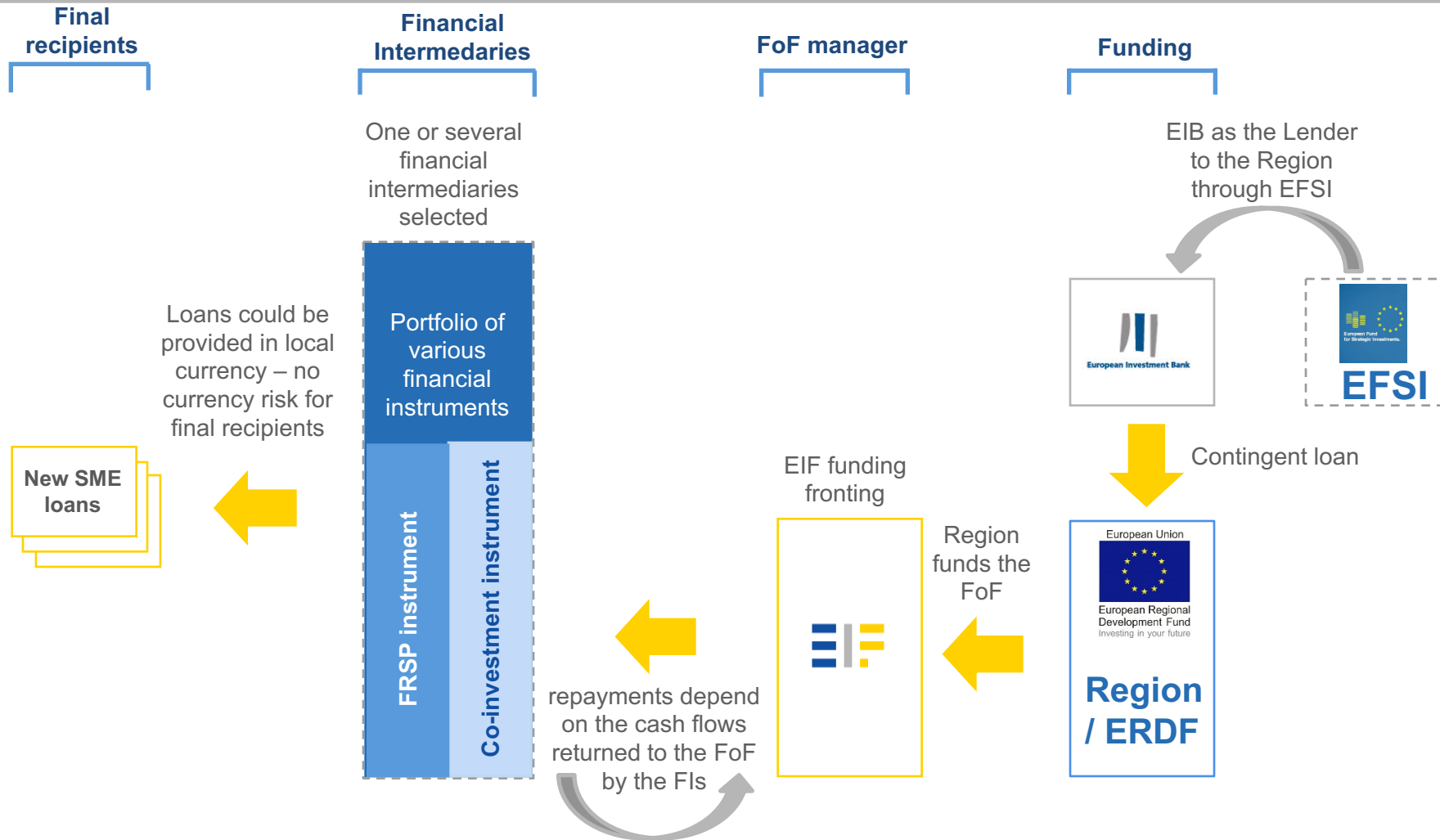


Annex

Schematic descriptions of product options offered by EIF

Option #1

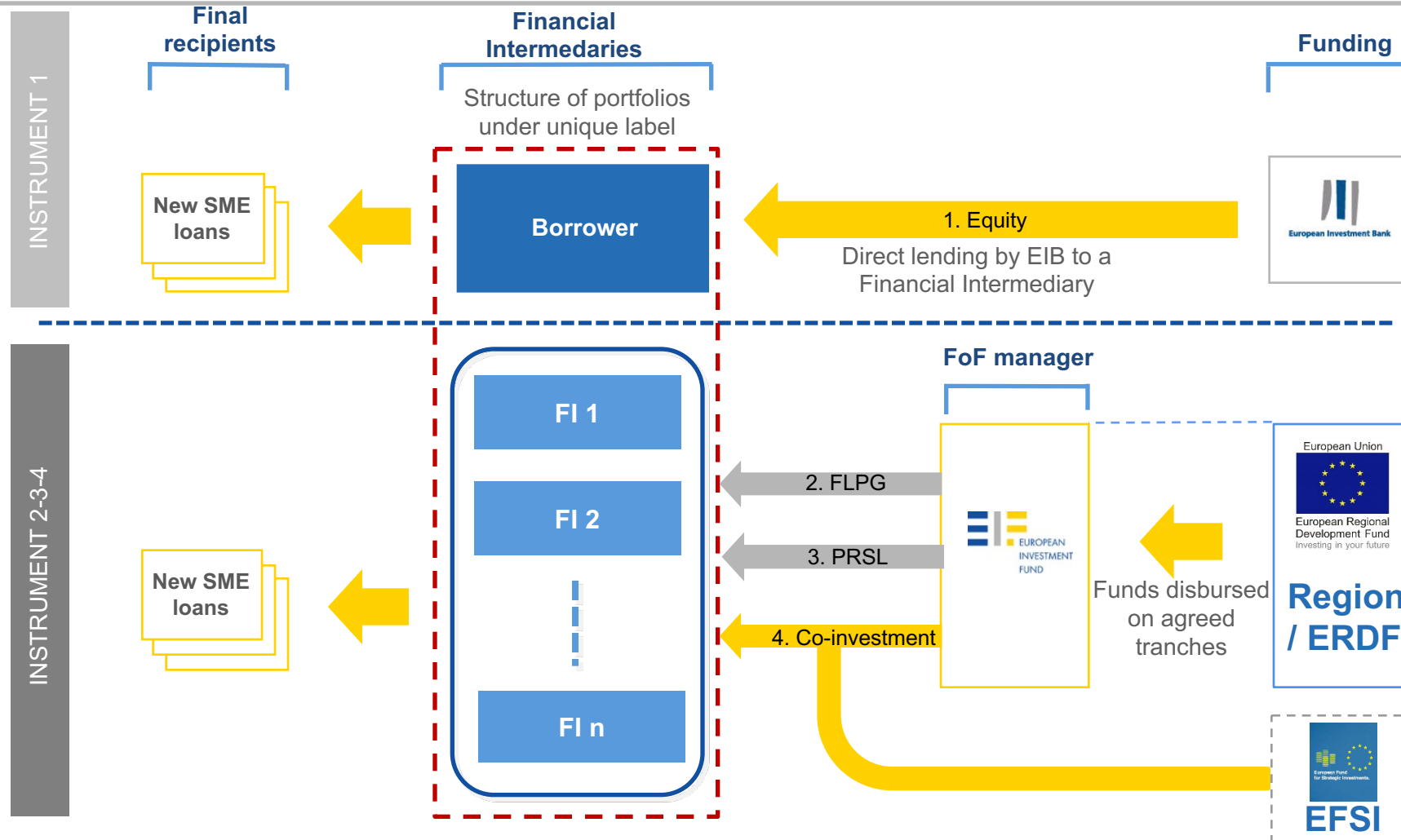
EFSI contingent loan to the Region



e.g. Implemented in la Réunion (FR) – EIB contingent loan

Option #2

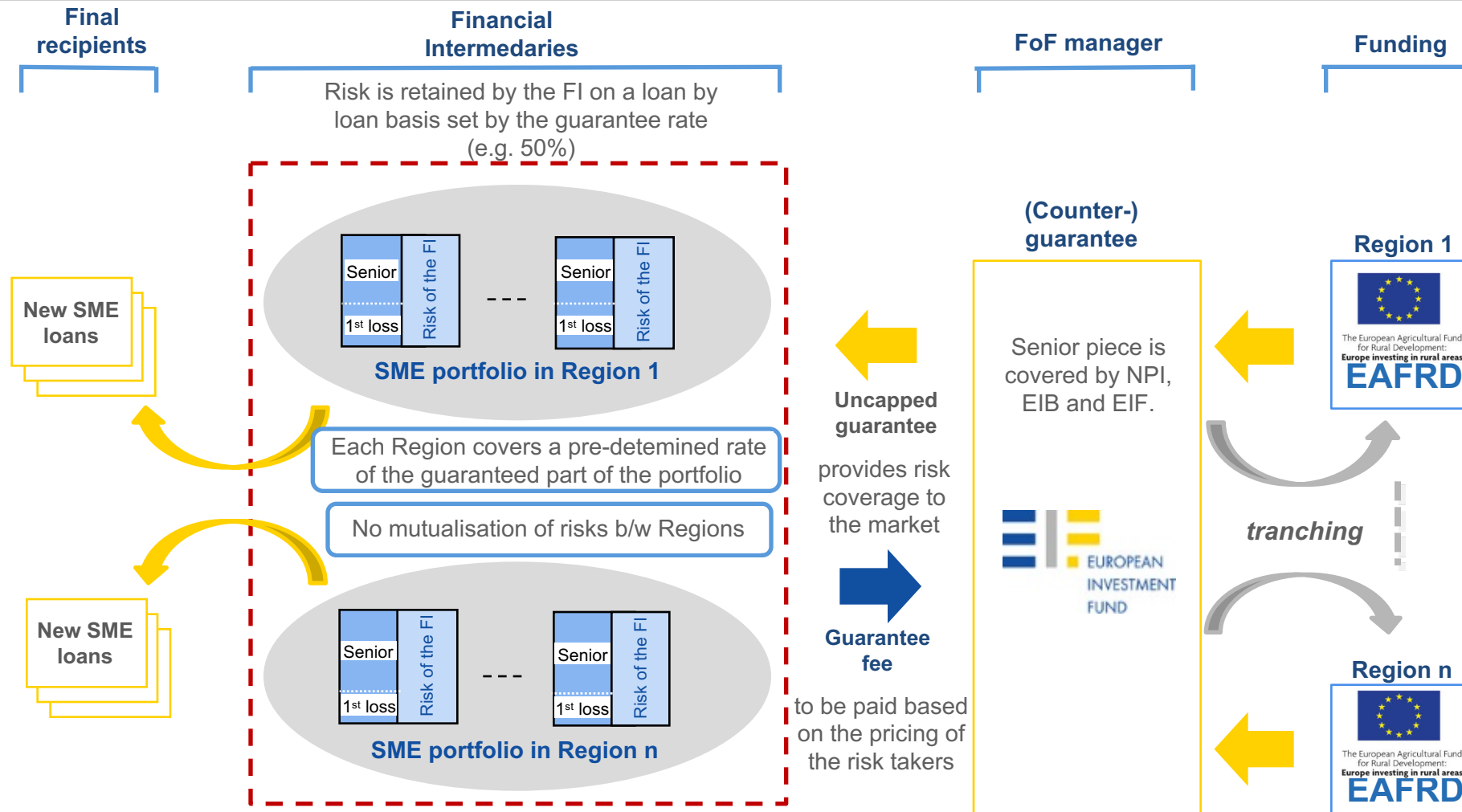
Co-investment + separate equity instrument in parallel



e.g. Implemented in Occitane/Pyrénées-Méditerranée (FR) – FOSTER

Option #3

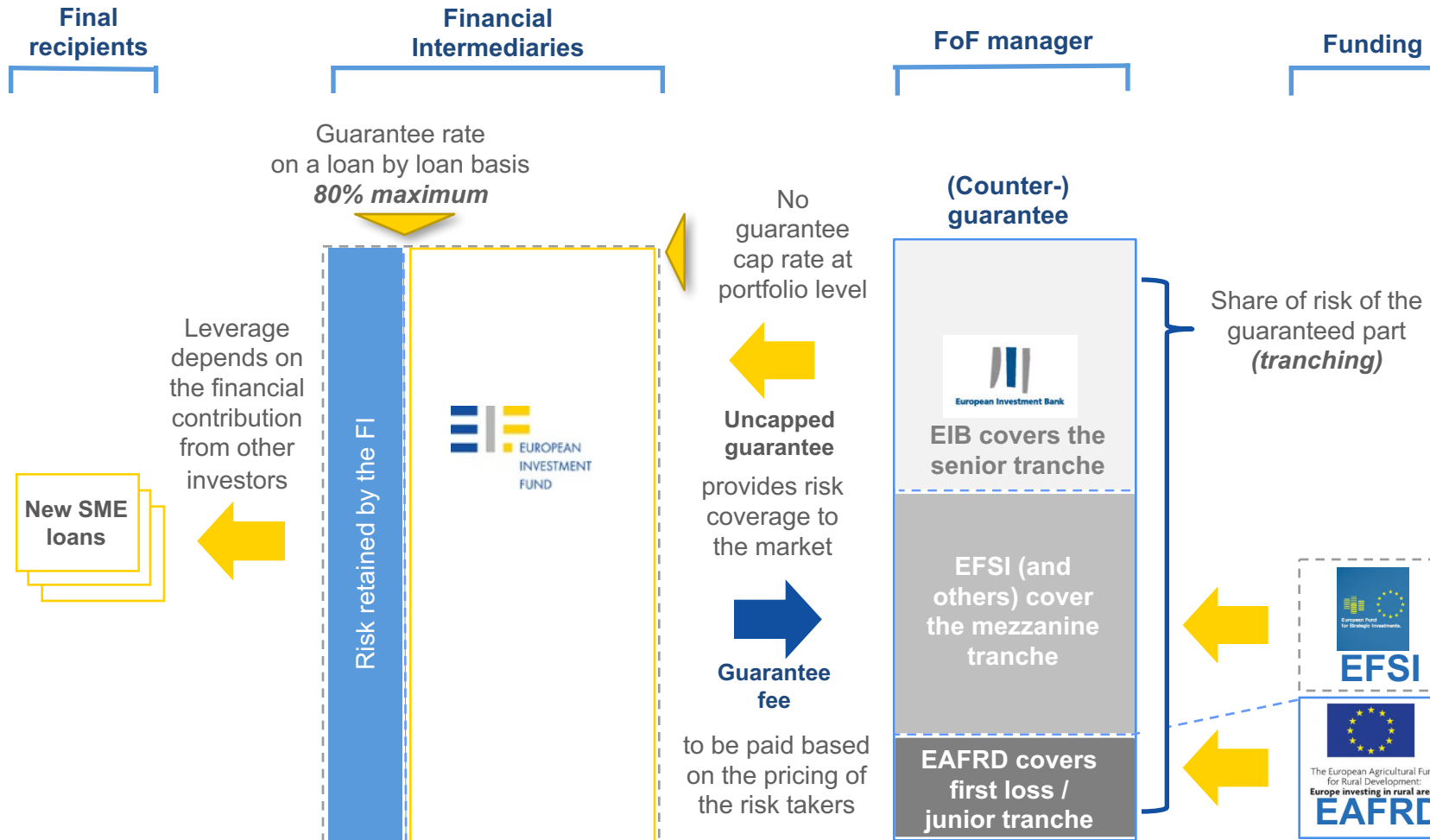
«Uncapped» Guarantee w/ EIF financing



e.g. Implemented in IT – AGRI Italy Initiative

Option #4

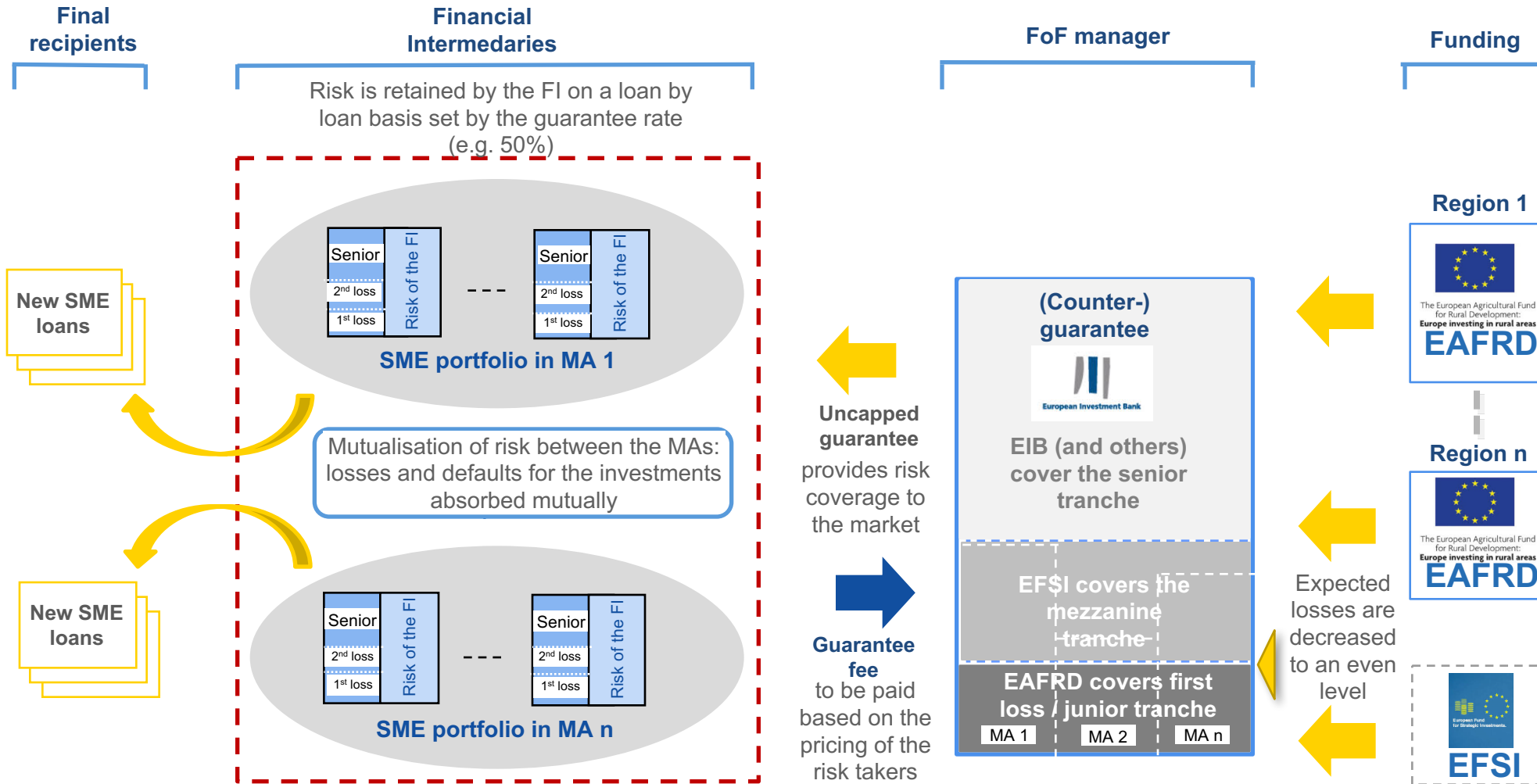
«Uncapped» Guarantee w/ EFSI



Depending on the Omnibus entry into force

Option #5

«Uncapped» Portfolio Guarantee w/ EFSI



! Depending on the Omnibus entry into force / development of product



Mr Benjamin Angel, Director Treasury and Financial Operations, DG Economic and Financial Affairs, European Commission

Mr Simon Barnes, Director of Advisory Services Department, European Investment Bank

Mr Hubert Cottogni, Director of Mandate Management, European Investment Fund

Questions & answers



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Financing agriculture in France



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Financing agriculture in France

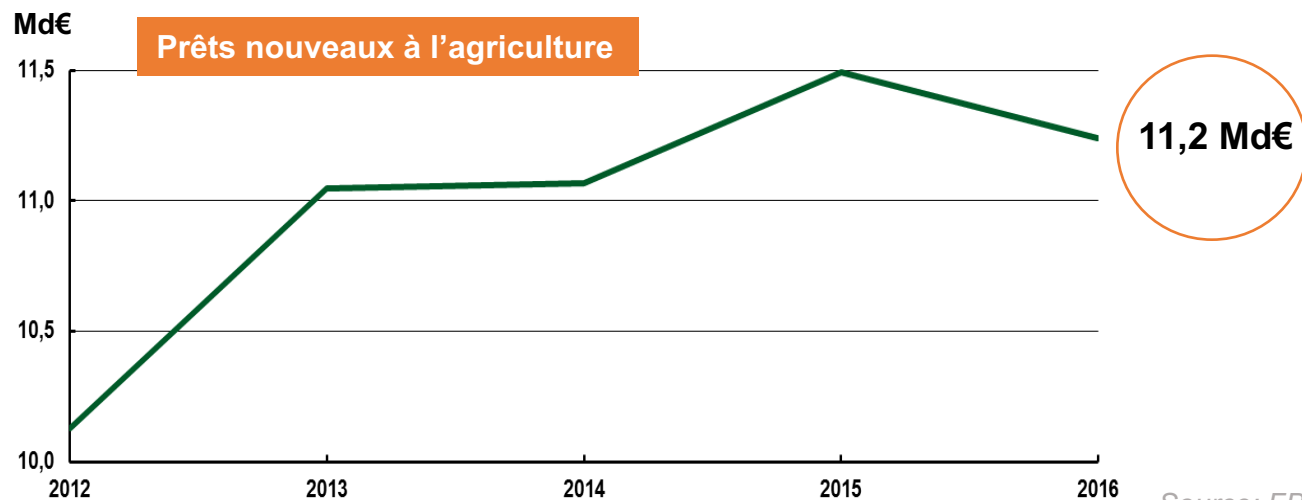
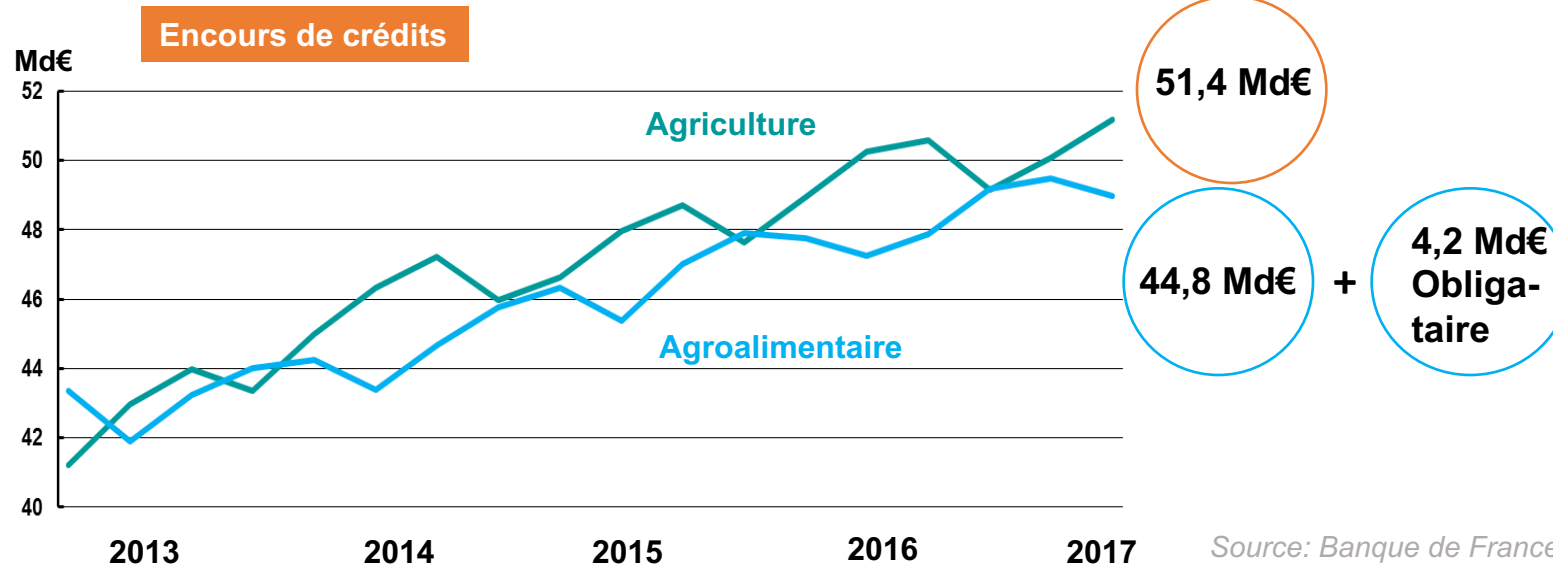
Mr Jean-Christophe Roubin, Director of Agriculture, Crédit Agricole



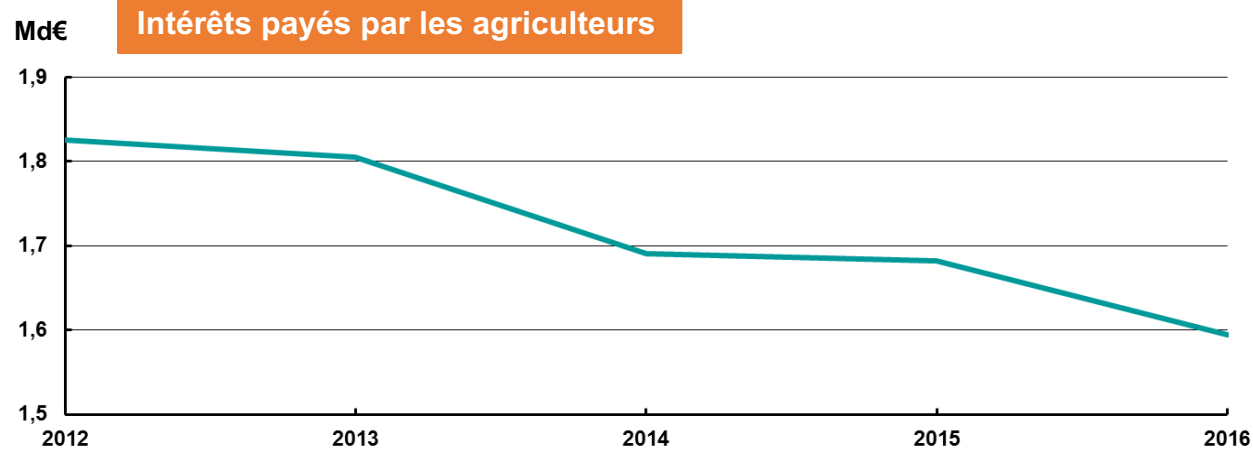
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Le niveau des financements demeure dynamique



Une baisse significative de la charge financière des exploitations agricoles



Source: INSEE - Comptes de l'agriculture

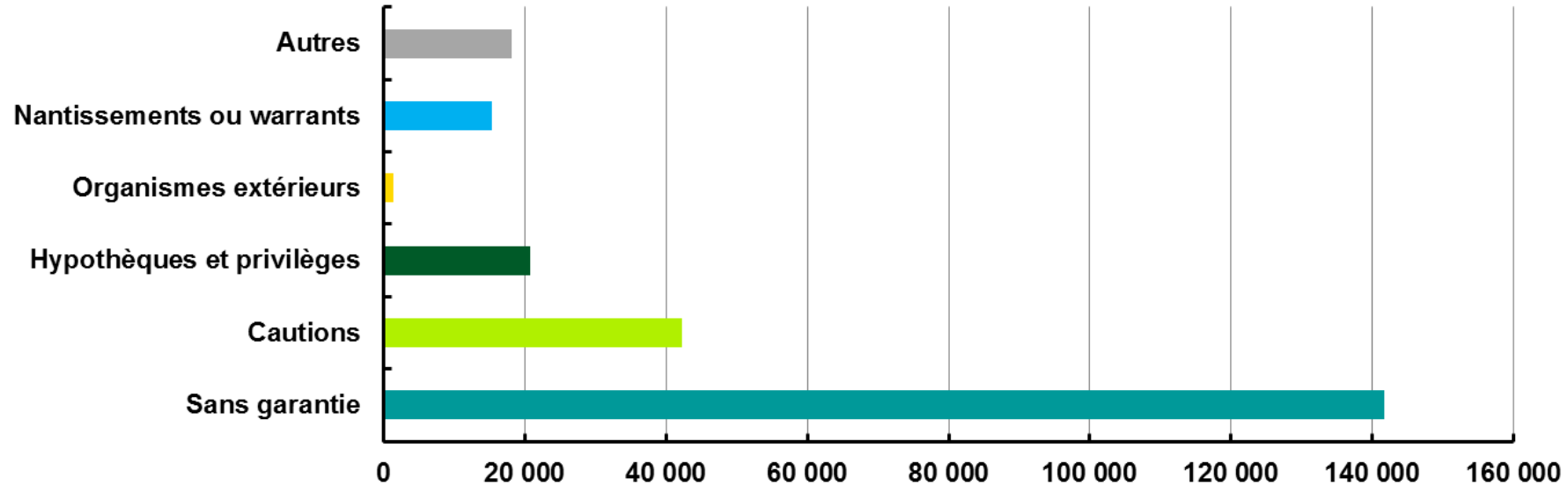
- **Baisse de 13 % des intérêts payés 2012-2016 pour un encours en hausse de 21 %**
- **Des taux français inférieurs de 50 bp aux taux moyens de la zone euro**

1,6 Md€

Taux d'intérêts des nouveaux crédits PME (avril 2017)

France	1,86
Italie	2,06
Zone euro	2,19
Espagne	2,23
Allemagne	2,51

Une majorité de financements sont octroyés sans garantie



Source: Crédit Agricole S.A.

- 59 % des prêts MLT nouveaux sont réalisés sans garantie
- Dans un contexte de volatilité qui augmente et d'investissements plus lourds



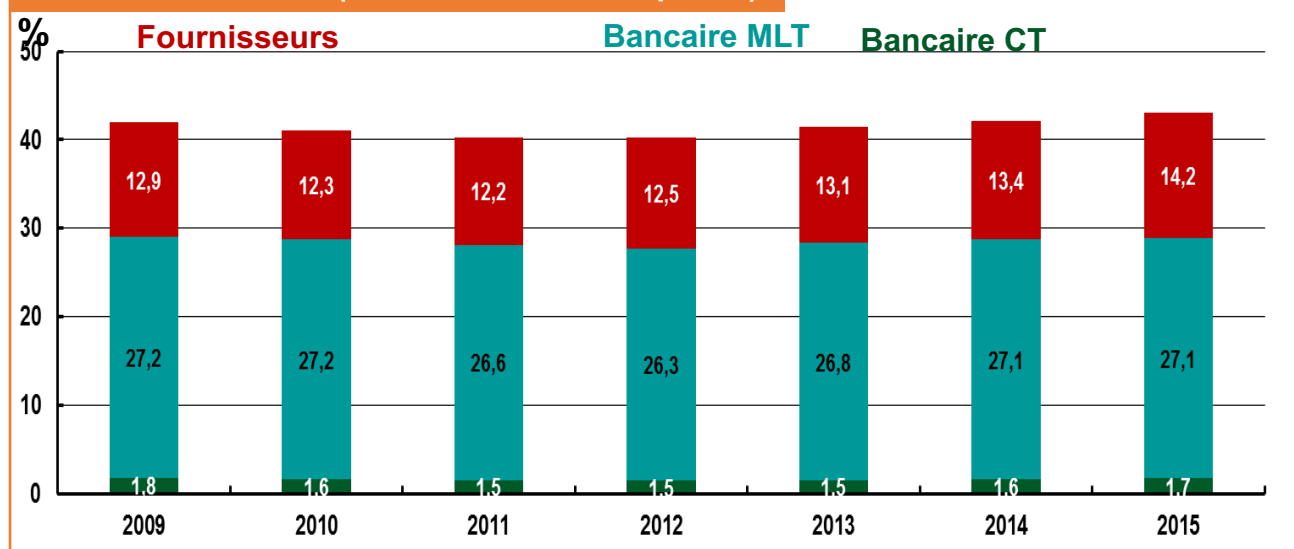
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Un endettement de l'agriculture en légère hausse mais très contenu relativement aux autres pays européens



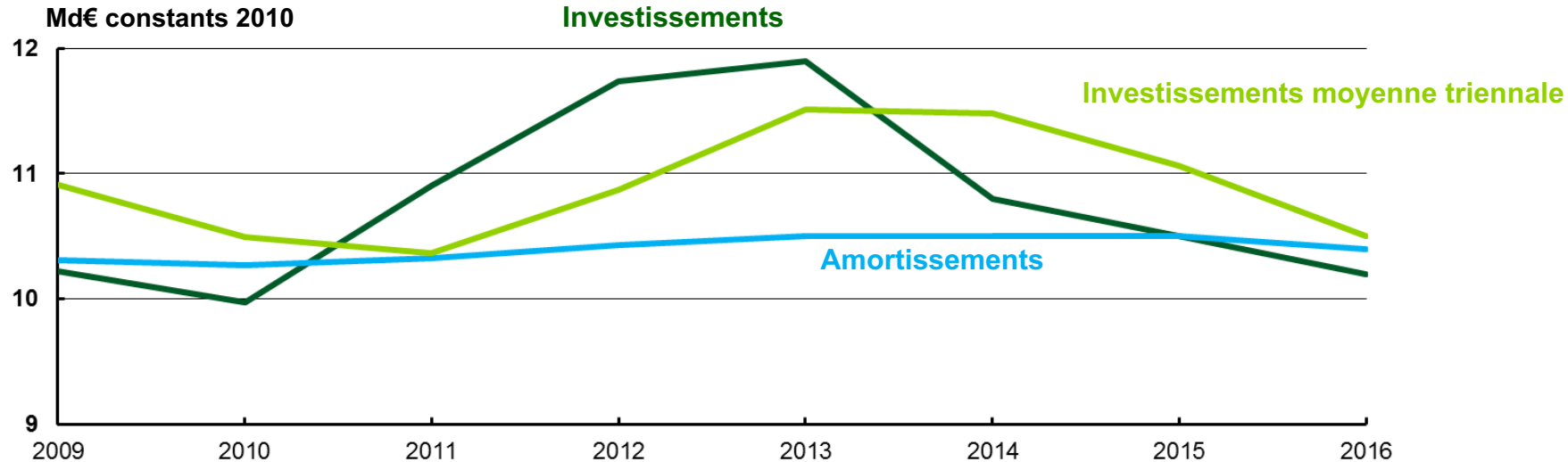
Taux d'endettement (dettes totales / total passif)



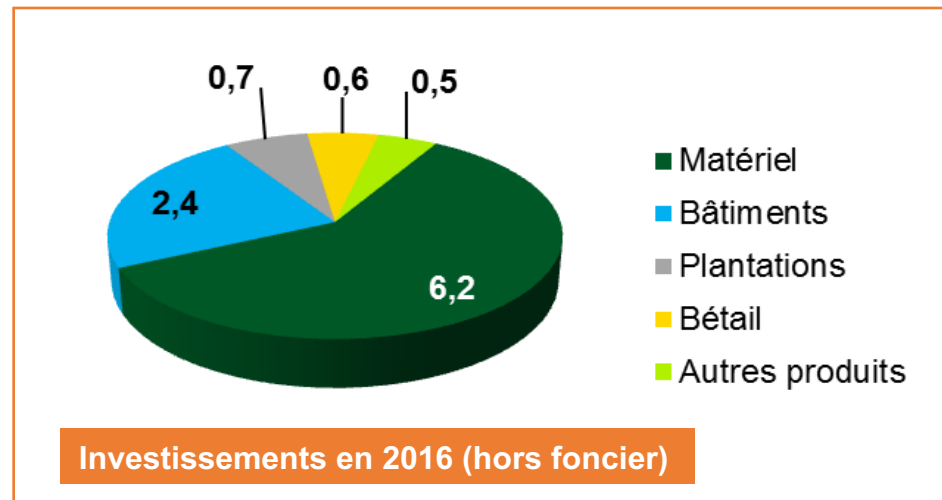
- Endettement bancaire: + 0,7 pt / 5 ans
- 6 % de la dette bancaire est à CT
- Endettement fournisseur: + 2 pt / 5 ans

Source: RICA

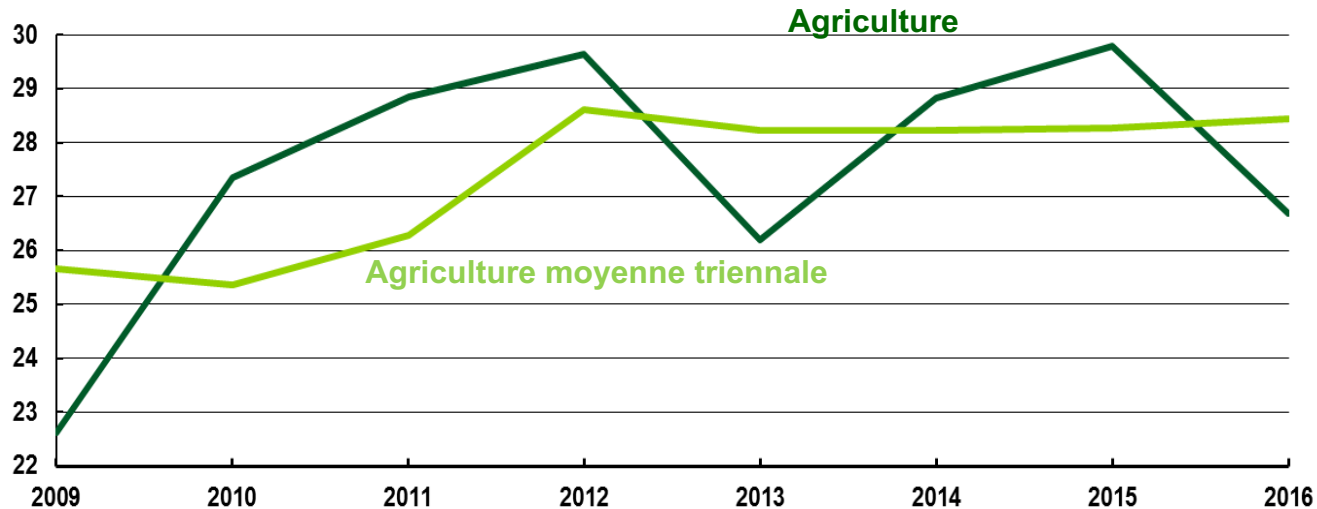
Des investissements impactés par le contexte de crise que connaissent de nombreuses filières



Source: INSEE - Comptes de l'agriculture



La valeur ajoutée en agriculture décroche en 2016



Source: INSEE - Comptes de l'agriculture

- Une VA agricole marquée par une forte volatilité.
- Une stagnation depuis 2012 qui fragilise les revenus agricoles.
- La crise de 2015/2016 se traduit par un début de progression des risques, notamment sur la filière laitière.



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Perspectives



✓ Les banques accompagnent les filières sur deux plans:

- ❑ Le financement régulier des exploitations et des entreprises
- ❑ La mobilisation de mesures exceptionnelles pour amortir les crises et maintenir la solvabilité des exploitations agricoles

✓ Pour le futur, les enjeux sont:

- ❑ Financer les investissements permettant aux filières agri/agro de se transformer et de restaurer leur valeur ajoutée et leur compétitivité:
 - Modernisation, exigences environnementales et demandes sociétales
 - Internationalisation
 - Innovation et transformation digitale
- ❑ Contribuer à renforcer la résilience des exploitations à la volatilité en s'appuyant sur le modèle de banque universelle permettant d'apporter des solutions nouvelles:
 - Outils de financements plus souples et modulables
 - Dispositifs complémentaires: dispositif assurantiel complété vers la « garantie de revenus », épargne professionnelle, instruments de couverture des marchés
- ❑ Renforcer les services digitaux mais également la logique d'approche globale des besoins en proximité relationnelle, garante d'un conseil pertinent et d'un accompagnement dans la durée sur l'ensemble des territoires





Thank you for your attention!



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Financing agriculture in France

Mr Michel Cottet, General Director, SIAGI, France



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- Financial institution regulated by the French authority (ACPR)
- Capital held by: Chambers of craft **60%**,
the 7 French bank groups: **25%** (Crédit Agricole, LCL,
BNP Paribas, SG, Crédit Mutuel CIC, BPCE, La Banque Postale)
BPIfrance, the French public bank: **15%**.
- 50 year SMEs risk taker
- Pure guarantee player
- Only amortizable loans
- Amount from EUR 15k to EUR 4M
- Focused on small and independant enterprises
- A network of 26 branches and offices

- **8 000 projects analysed, 4 300 contracts**
- **750 millions EUR 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 bank level with insurance subsidiaries of bank group as Crédit Agricole (CAMCA) and BPCE;
- on regional level, with some of the 13 French Regions;
- on national level with Bpifrance;
- on European level with EIF (COSME);
- on sectors of activity level (purchasers of a sector in retail, in industry, in agriculture).

Case 1: Co-guarantee SIAGI / CAMCA



- **Project: EUR 2.1 M: spirulina culture allied to methanisation**
construction of a unit, new machines, working capital
Région Nouvelle Aquitaine
- **Financing plan: EUR 395k guaranteed credit + EUR 180k subvention + EUR 250k self financing + EUR 1.2M credit bank alone**
- **Engineering pushed by SIAGI:**
 - Sourcing = Crédit agricole → SIAGI → CAMCA (*Crédit agricole subsidiary*)
- **Shared interests**
 - Risk sharing on large-value loans
 - Support diversification and innovation



SIAGI / CAMCA: 40% (20% each)

- **Project: EUR 393k: young farmers, biologic agriculture, multi faceted project:** diversification of activity, integrating energy efficiency devices.
Région Nouvelle Aquitaine
- **Financing plan: EUR 50k guaranteed credit for material investments + EUR 36k: crédit vendeur + EUR 307k: Bank alone for construction investments**
- **Engineering pushed by SIAGI:**
 - Sourcing = Banque → SIAGI → EIF / COSME
- **Shared interests**
 - Taking an additional risk: imprecise rentability of biologic agriculture, farmers' profile



Counter-guarantee COSME: 60%

➤ **Project: EUR 260k Région Centre Val de Loire**

➤ **Engineering pushed by SIAGI:**

- Sourcing = Banque → SIAGI → AXERREAL/Région CVL

➤ **Shared interests**

- Support the whole of the production chain of the white meat sector: Axereal
- Support employment: Région Centre VL
- Secure financing by a prior technical and professional advice: Bank

 **Co-guarantee SIAGI/AXERREAL/Région CVL: 75% (25% each)**

- **SIAGI's engineering leads to create and manage adapted devices with various actors: local, regional, national, european, and various objectives: limited to a sector (white meat, wood, bio, forest...), or generalist.**
- **These devices are concepted to «live» by their own or to be matched with others, so that they can reach the double objective of helping access to credit in respect of risk policies of financial institutions.**



Thank you for your attention!



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Mr Jean-Christophe Roubin, Director of Agriculture, Crédit Agricole

Mr Michel Cottet, General Director, SIAGI, France

Questions & answers



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Closing remarks

Ms Josefine Loriz-Hoffmann, Director, DG Agriculture and Rural Development, European Commission



EAFRD financial instruments for agriculture and rural development in 2014-2020

Third annual conference, Paris, 10 October 2017



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