



**Mr Krešimir Ivančić,  
Assistant Minister**

Ministry of Agriculture, Croatia



 #ficompass





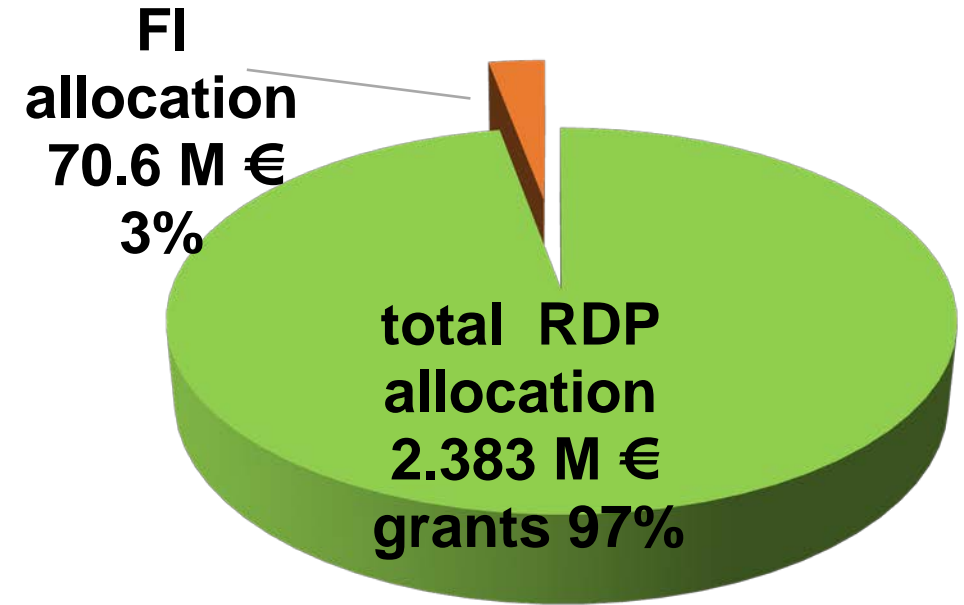
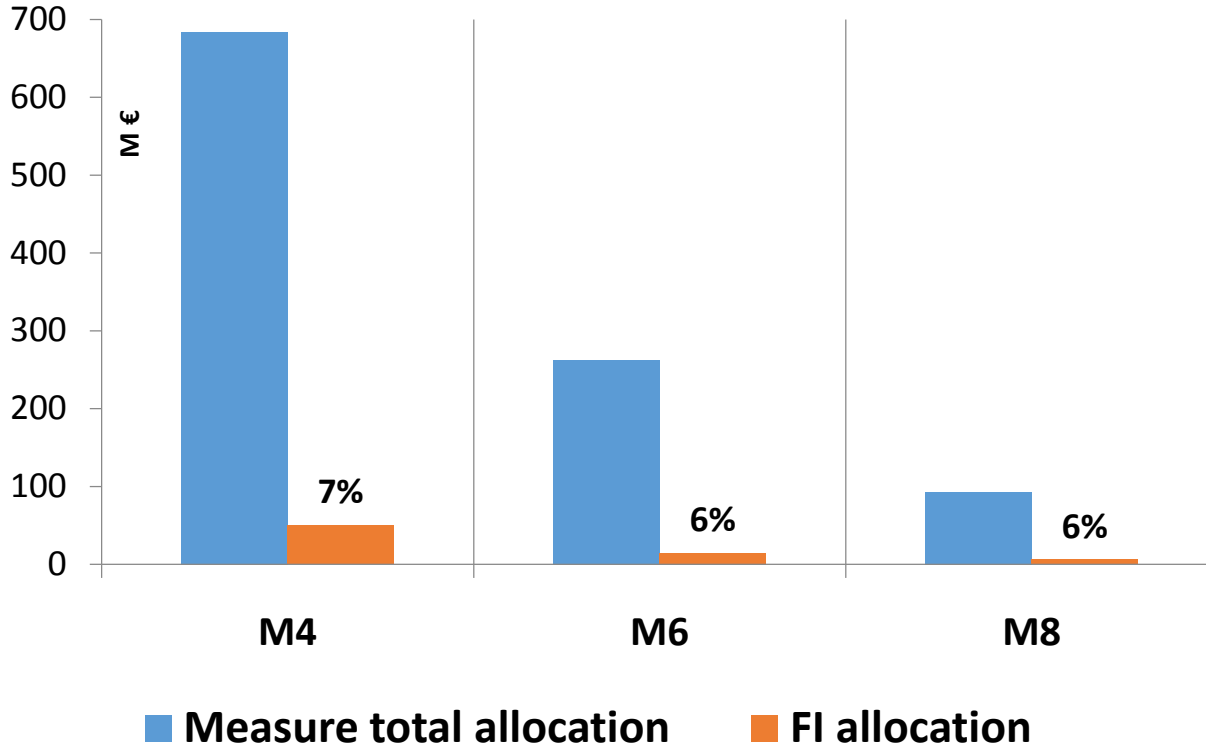
**EAFRD Financial Instruments:  
Croatian Experience  
Loan and Guarantee Fund in Croatia**



 #ficompass



# FI allocation



#ficompass

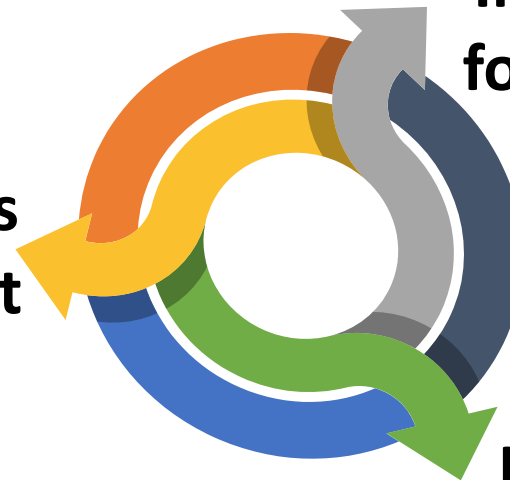


# Proposed FI Investment Strategy



*FIs facilitating growth and development of agricultural producers, food processors and forestry sector*

**Micro and Small Loans for Rural Development**



**Individual Guarantees for Rural Development**

**Investment Loans for Rural Development**



 #ficompass



# Launching RDP FIs: steps taken



**Management structure set up:  
signing Financing agreements**  
*(Financing agreements signed in April 2018)*

**Ex-ante assessment**  
*(finalized in March 2018)*



**Modification of the RDP  
to incorporate FI**  
*(modification RDP v 5.3 approved)*



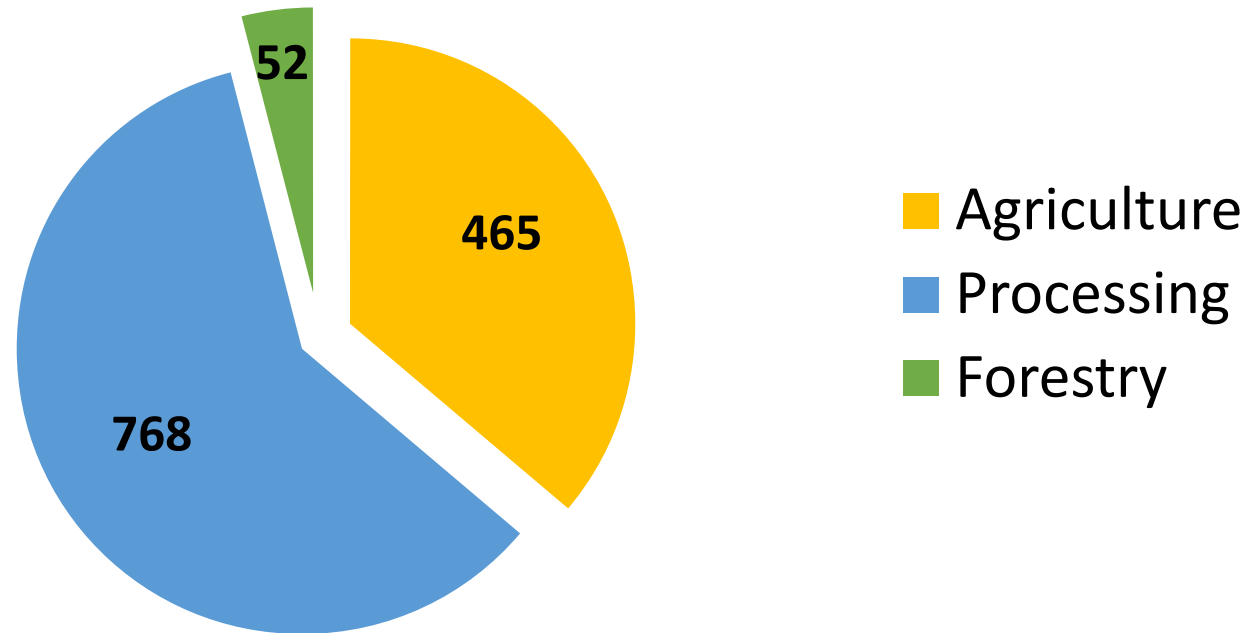
#ficompass



# Ex-ante assessment: financing gap



Yearly sectorial financing gaps  
(MEUR)



# Ex-ante assessment: findings



## Key issues in access to finance:

- insufficient collateral
- financial sector highly selective approach to financing agricultural producers
- high interest rates
- loan processing fees and various related insurance policies increase investment costs
- lack of own contribution

## Financing needs:

- working capital
- refinancing
- purchase of tangible and intangible assets: livestock, annual plants, production space, machinery & equipment
- rent of machinery & equipment
- launching new products % services
- developing international activities & entering new markets
- improving energy efficiency of companies

# Selection of bodies implementing FIs: relying on national capacities



## Croatian Agency for SMEs, Innovations and Investments (HAMAG-BICRO)

- As per CPR Art 38 (4b) iii (national public SME agency)
- 2 years experience in ERDF FIs: Micro and Small Loans, Individual and Portfolio Guarantees (150 MEUR ERDF contribution)
- Vast experience in providing loans & guarantees from national schemes to agricultural sector

## Croatian Bank for Reconstruction and Development (HBOR)

- As per CPR Art 38 (4b) ii (national public development bank)
- 2 years experience in ERDF FIs: Growth & Expansion Loans (110 MEUR ERDF contribution)
- Vast experience in providing loans from national schemes to agricultural sector



# Key features



- Faster delivery & faster realisation of investment
- Processing of applications '1st come 1st served'
- Eligible costs: live animals, annual plants, used machinery, working capital
- Less reporting obligations
- Ineligible costs: incurred before submission of request for financing, non-recoverable VAT, refinancing
- No combination with any ESIF grants and/or FIs



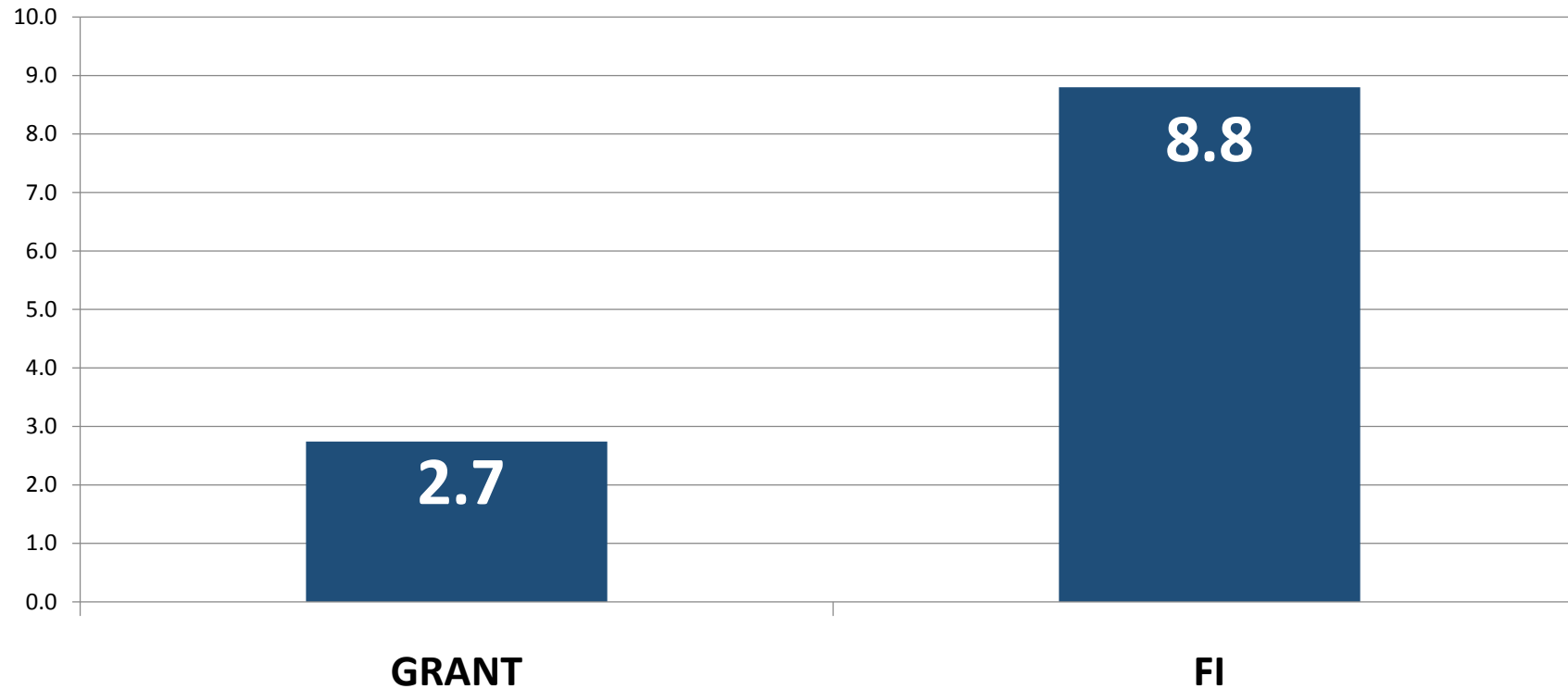
 #ficompass



# Achieve more with less



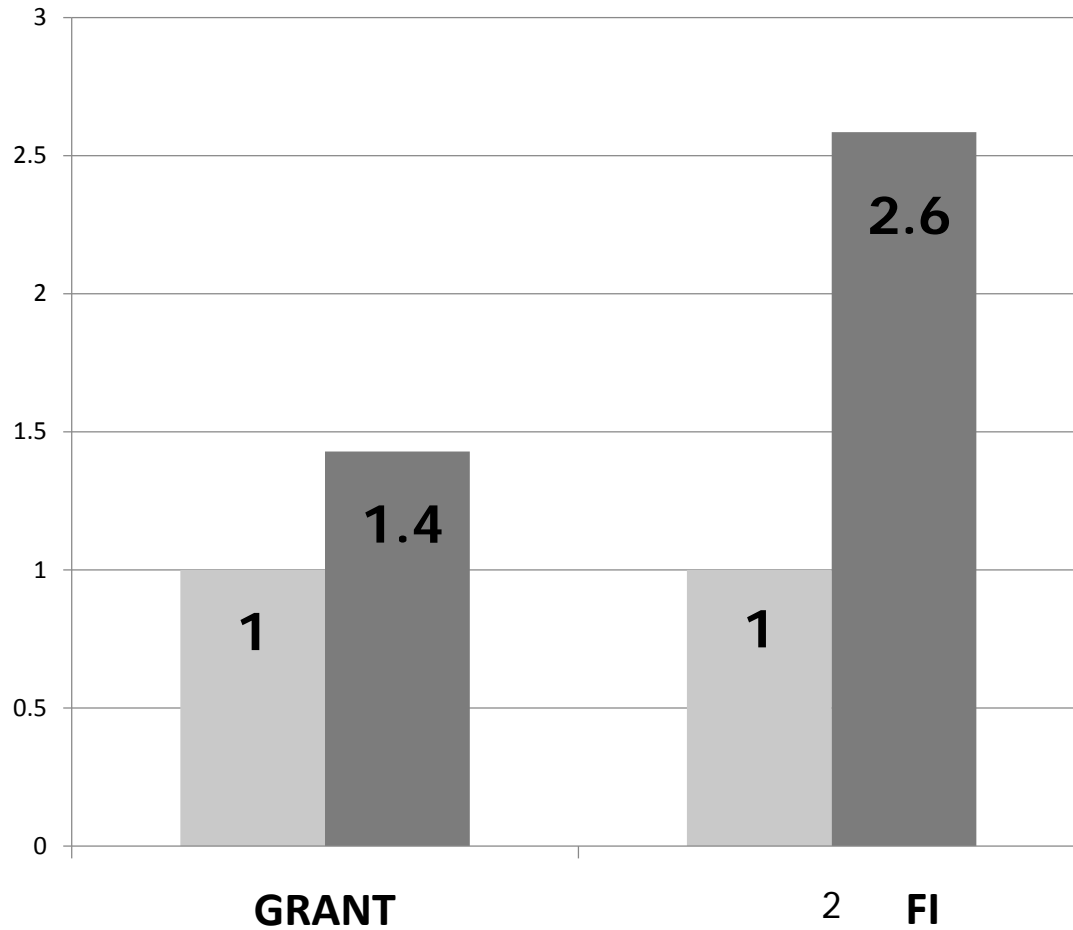
## NO. OF FINAL RECIPIENTS/ 1 MEUR



#ficompass



# Value for money



- RDP amount invested (MEUR)
- Investment volume mobilized (MEUR)



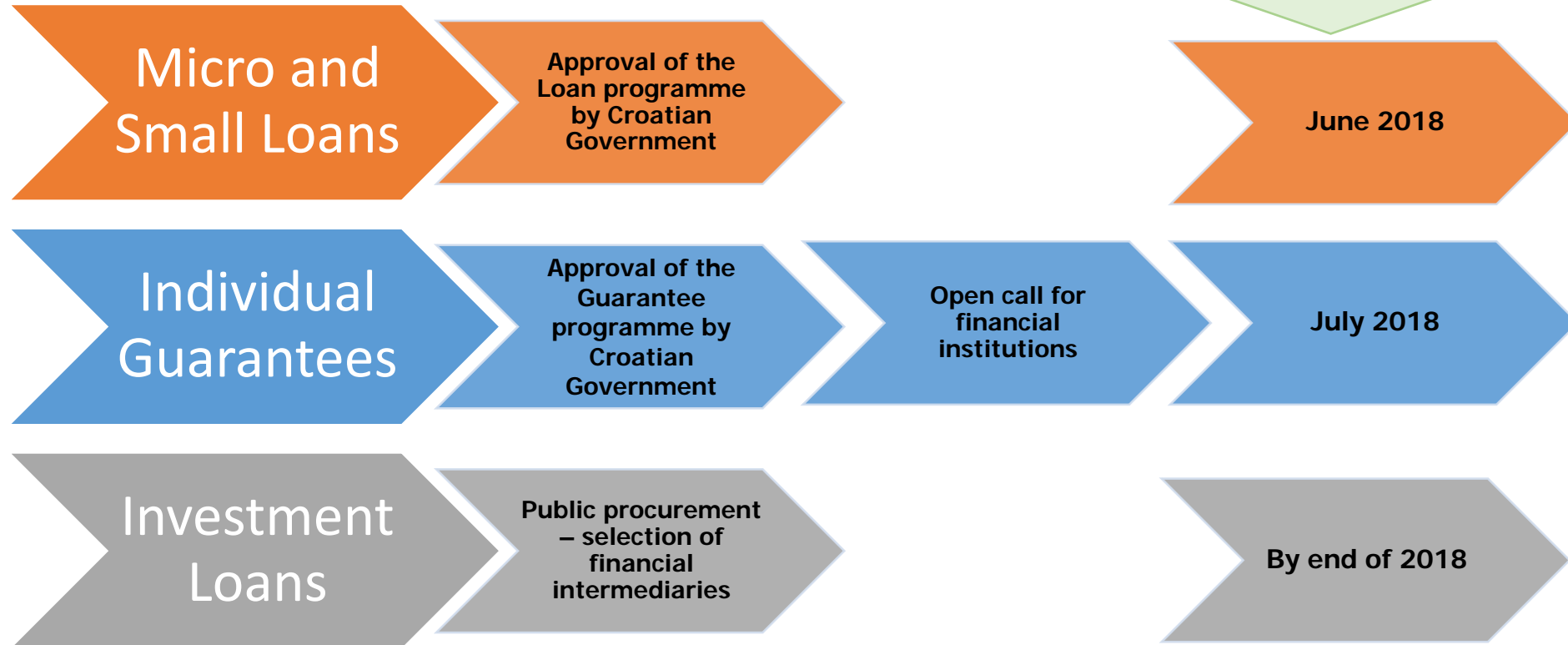
#ficompass



# Next steps



Available to final recipients



#ficompass



# Obstacles faced



What we gave up	Why
Combination of FIs and grants	Combination disables flexibility in eligibility of costs
	Grant calls should ideally be 'permanently' open calls
	Sequence of payment installments should be different (no advances - no refunds)
	Very likely prolonged approval procedure due to coordination in checking maximum support rates and amounts
Stand alone working capital products	EAFRD more rigid requirements in the Guidance (requirements for investment to be supported via EAFRD)



 #ficompass



# Prospects (expectations) (I)



- **Legal certainty:** clear, straightforward and timely legal framework
- **Substantial grants support** to types of operation which are not adequate for FIs
- **Easily manageable FI & grant combination** focused exclusively on maximum support rates and amounts at the completion of investment
- **Prerequisites for efficiency:** practical, flexible, simple, quickly implementable solutions enabling adaptability
- **Reducing complexity to ensure synergy** between grants and FIs



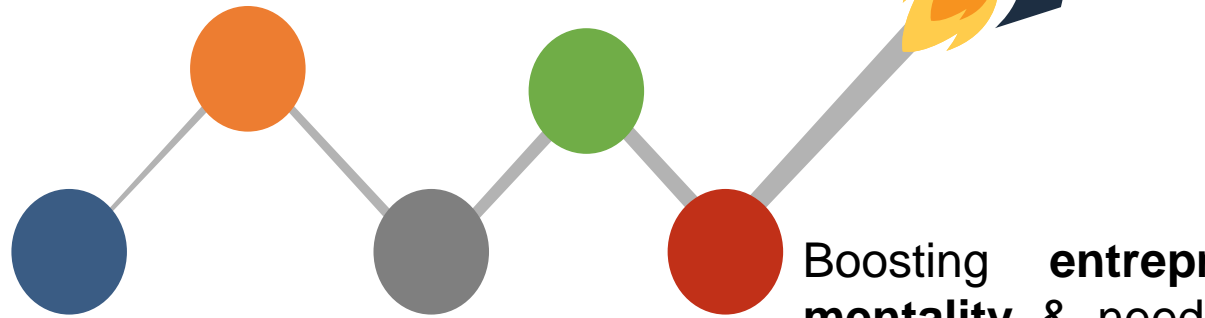
# Prospects (expectations) (II)



Greater **financial responsibility**:  
multiplication, mobilisation of private capital for public policy purposes & re-usage of funds

Clearer **priorities** and enhanced transparency:  
higher **accountability** of public decision makers

More trust among stakeholders: better communication & **better governance** of CAP



**Less complexity** enabling (MA) **fast response to change**

Boosting **entrepreneurial collective mentality** & needs driven applications: away from process-orientation towards **result orientation**



 #ficompass





# Thank you!

[Kresimir.Ivancic@mps.hr](mailto:Kresimir.Ivancic@mps.hr)

Croatian EAFRD FI team: [FI.PRR@mps.hr](mailto:FI.PRR@mps.hr)







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