



Financial instruments under EAFRD and EMFF

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 #ficompass



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1. History of FIs in agriculture sector

The **Estonian Rural Development Foundation** (MES) was founded by the Government in 1993

MES provides:

- loans
- interest and capital support
- guarantees to bank loans

Target group:

- agricultural holdings
- processors of agricultural products
- small and medium-sized companies from rural area





2. FIs under EFF 2007-2013 and EMFF 2014-2020 1

- In 2012 MES got the task of managing of FIs co-financed from EFF 2007-2013
- The amount of Fund was 4 mln €, in Dec. 2014, the amount was increased by 0.9 mln €
- Dec. 2015 – 17 loan agreements, total loans amount 5 mln €, 13 loan recipients



2. FIs under EFF 2007-2013 and EMFF 2014-2020 2

- Main conditions for loan -
recipient SME, invest. into the aquaculture farm or processing unit, max 500 000 €, duration 5-15y, inc. max 7y of grace period, co-lending with banks, inters rates= inters rates required by the bank
- EMFF 2014-2020 ?



3. FIs under EAFRD 2014-2020

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Progress

- Common ex ante assessment for the EAFRD and the EMFF (Dec. 2013-Dec.2014, assessor Ernst & Young Baltic AS)
- General description of FIs in RDP (February 2015)
- Preliminary negotiations with the possible FI implementer (MES) were carried out (Jan.-Sept. 2015)



3. FIs under EAFRD 2014-2020

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Progress

- State procurement procedure for selecting the FI implementer (by way of negotiated procedure without prior publication of a contract notice) was carried out (25.09.2015-15.01.2016)
- The financing contract with MES was signed on 29th of January 2016

3. FIs under EAFRD 2014-2020

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Progress

- MES started receiving and processing applications since 8th of February 2016
- The first payment to the FI fund was made by PA on 29th of February 2016 (7,6 mln €)
- **RDP amendment (more precise description of FIs) is under preparation**

3. FIs under EAFRD 2014-2020

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36 mln € for FIs in RDP 2014-2020

- M04.1 Investments to improve the performance of **agricultural** enterprises – **17 mln €**
- M04.2 Investments to **process and market** agricultural products – **6 mln €**
- M06.4 Investments in the **diversification** of economic activities towards non-agricultural activity in rural area – **13 mln €**



3. FIs under EAFRD 2014-2020

	Growth loan for micro- and small enterprises	Long-term investment loan
4 y target	14,2 mln €	16,1 mln €
Target group	Micro- and small enterprises	Micro-, small- or medium-sized enterprises
Amount of loan	5000 – 100 000 € (direct loan or co-lending)	250 000 – 1 000 000 € producer groups 250 000 - 3 000 000 € co-lending with banks (bank at least 50%)
Security	At least 50%	At least 80%; producer groups at least 30%
Duration of loan	Up to 5 years (+ up to 3 years of grace period)	1 to 15 years (+ up to 5 years of grace period)
Interest generally	Subsidised interest 6%+ ECB's refinancing rate	On market conditions (bank loan interest)
Subsidised interest	Young farmers and producer groups 2%+ECB' RR; Starting and microenterprises, people with disabilities, women 4% + ECB' RR	Young farmers and producer groups 1% + ECB's RR; Starting and microenterprises, people with disabilities, women 2% + ECB's RR



3. FIs under EAFRD 2014-2020

Statistics (16.05.2016)

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28 applications received

(7,9 mln €, 22% from the total budget)

17 growth loans (1,4 mln €)

11 long-term loans (6,4 mln €)

14 applications approved (2,3 mln €)

12 growth loans (1 mln €)

2 long-term loan (1,3 mln €)

2 applications rejected (0,2 mln €)

2 growth loans (0,2 mln €)





3. FIs under EAFRD 2014-2020

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Statistics (16.05.2016)

RDP measure	Number of contracts	The amount of loans granted, mln €	Budget, mln €	Implemented, %
M04.1	11	2,0	17,0	11,5
M04.2	0	0	6,0	0,0
M06.4	3	0,3	13,0	2,3
Total	14	2,3	36,0	6,3



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