



# Implementation of financial instruments under Rural Development Programme of the Republic of Slovenia 2014–2020

**Maja Marinček**

**Republic of Slovenia, Ministry of Agriculture, Forestry and Food**





---

## RURAL DEVELOPMENT PROGRAMME OF THE REPUBLIC OF SLOVENIA 2014–2020

- RDP 2014–2020 was formally adopted by the European Commission on 13<sup>th</sup> February 2015
- 1.1 billion EUR of public contribution (of which 838 mio EUR from the EU budget)
- RDP 2014–2020 will fund actions under five out of six Rural Development Priorities



## MEASURES UNDER THE SLOVENIAN RDP 2014–2020

Article	Measure
14	M01 - Knowledge transfer and information actions
15	M02 - Advisory services, farm management and farm relief services
16	M03 - Quality schemes for agricultural products and foodstuffs
17	M04 - Investments in physical assets
19	M06 - Farm and business development
20	M07 - Basic services and village renewal in rural areas
21, 24, 26	M08 - Investments in forest area development and improvement of the viability of forests
27	M09 - Setting-up of producer groups and organisations
28	M10 - Agri-environment-climate
29	M11 - Organic farming
31, 32	M13 - Payments to areas facing natural or other specific constraints
33	M14 - Animal welfare
35	M16 - Cooperation
35 of Regulation (EU) No 1303/2013	M19 - Support for LEADER local development (CLLD)



---

## **RURAL DEVELOPMENT PROGRAMME OF THE REPUBLIC OF SLOVENIA 2014–2020 AND THE USE OF FINANCIAL INSTRUMENTS IN THE PROGRAMING PERIOD 2007–2013**

- SWOT analysis showed that difficult access to debt financial sources and high interest rates have a negative impact on the investment activities of the agricultural holdings and rural companies
- The use of financial instruments is envisaged under sub-measures 4.2, 6.4 and 8.6
- There were no financial instruments used under the RDP 2007–2013



---

## PREPARATION OF THE EX-ANTE ASSESSMENT

- The ex-ante assessment in Slovenia is prepared for two operational programmes: Operational Programme for the Implementation of the EU Cohesion Policy in the Period 2014–2020 and Rural Development Programme of the Republic of Slovenia 2014–2020
- The ex-ante assessment is being prepared by a consultancy firm PriceWaterhouseCoopers d.o.o., Ljubljana
- They were selected through a public procurement process
- The contract was signed in February 2015
- A final report is being prepared; in August 2015 the contractor provided a draft final report



---

## CONTENT OF EX-ANTE ASSESSMENT

- The ex-ante assessment includes all the elements, required in the Article 37 of the CPR
- Among others, therefore contains the methodological approach used to develop the study, the identification of the kinds of investments which are most suited to be supported by Financial Instruments, the analysis of the supply of financing available, the analysis of the existing Financial Instruments in Slovenia and main lessons learnt from the programming period 2007–2013
- When conducting the report they followed the methodological guidelines issued by the European Commission in April 2014



---

## SITUATION ANALYSIS IN THE FIELD OF AGRICULTURE

- There were 2,763 SMEs operating in the agriculture sector in Slovenia in 2013
- Out of those, more than 97% of them were micro enterprises, more particularly 0-1 employee enterprises
- More structural characteristics derive from agriculture holdings; there were 79,650 agriculture holdings in Slovenia in 2010. The number decreased by 13.7% from 2000-2010
- Agricultural area decreased as well but the average area per holding increased
- The agricultural labour still represented 20.0% of the Slovenian active population in 2010



---

## SITUATION ANALYSIS IN THE FIELD OF AGRICULTURE

- The contractor also conducted an online survey among the SMEs in the agriculture sector
- The results of the analysis show that:
  - 43.9% of the respondents used public grants as a source of financing from 2012-2014
  - Most frequently they invested their received funds for the acquisition of machinery or equipment
  - The cost of obtaining finance for their business and the financial situation of the company are the main reasons behind their difficulties to access financing
  - Agricultural SMEs are expected to use proportionately more grants than the entire SME population in Slovenia





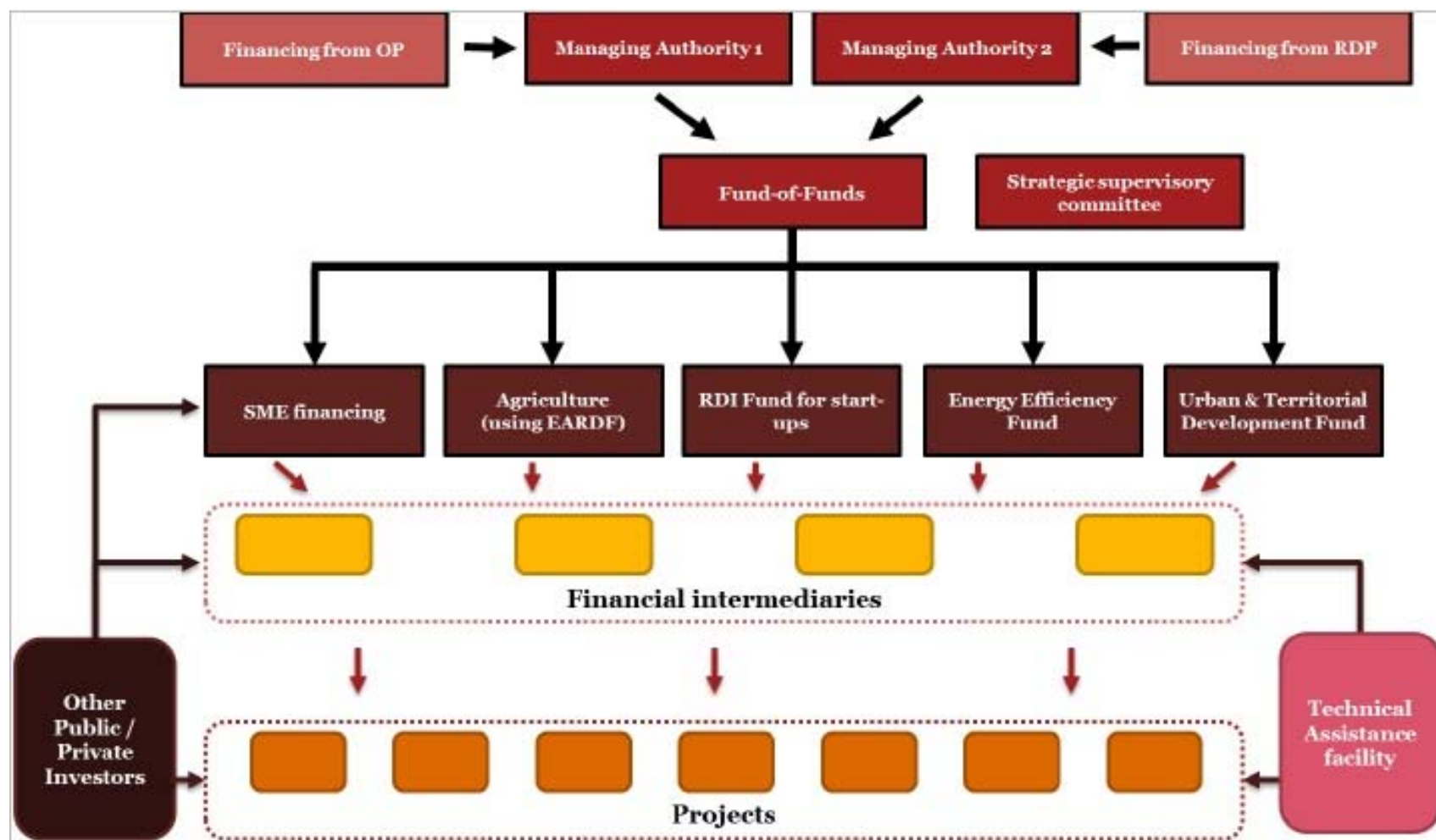
---

## PROPOSED GOVERNANCE STRUCTURE

- Creation of Fund of Funds is proposed
- Fund of Funds would receive financing from two programmes: OP ECP 2014-2020 and RDP 2014-2020
- The two Managing Authorities would appoint a Fund of Funds manager and set up a Strategic supervisory committee
- Fund of Funds would comprise of five funds



## PROPOSED GOVERNANCE STRUCTURE



Source: PwC, 2015



---

## PROPOSED GOVERNANCE STRUCTURE

- Advantages of the Fund of Funds structure
- Could be adapted with implementation of two (or potentially even more) Fund of Funds, but this alternative is less efficient



## PROPOSED FINANCIAL INSTRUMENTS FOR EAFRD

- A Guarantee instrument
- A pilot financial instrument for companies, working in agriculture and companies in rural areas, using EAFRD funds
- The proposed amount is 88mio EUR
- For support of sub-measures:
  - 4.2 – Support for investments in the processing, marketing and/or development of agricultural products
  - 6.4 – Support for investments in the establishment and development of non-agricultural activities
  - 8.6 – Support for investments in forestry technologies and in processing, mobilisation and marketing of forest products
- The expected leverage effect is from 1.5 to 4
- The target groups are SMEs and large companies in agriculture sector and rural areas for all types of eligible companies (in terms of sub-sector, size and age) and natural persons with a registered subsidiary on-farm activity
- Advantages for the target groups
- Technical assistance facility



**Thank you**

[www.fi-compass.eu](http://www.fi-compass.eu)

