



Financial Instruments 2014-2020 under European Structural and Investment Funds (ESIF)

*Guarantee for market introduction of
innovations*

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Brussels, 19-20 January 2015

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Ministry of Economic Affairs

Guarantee for market introduction of innovations

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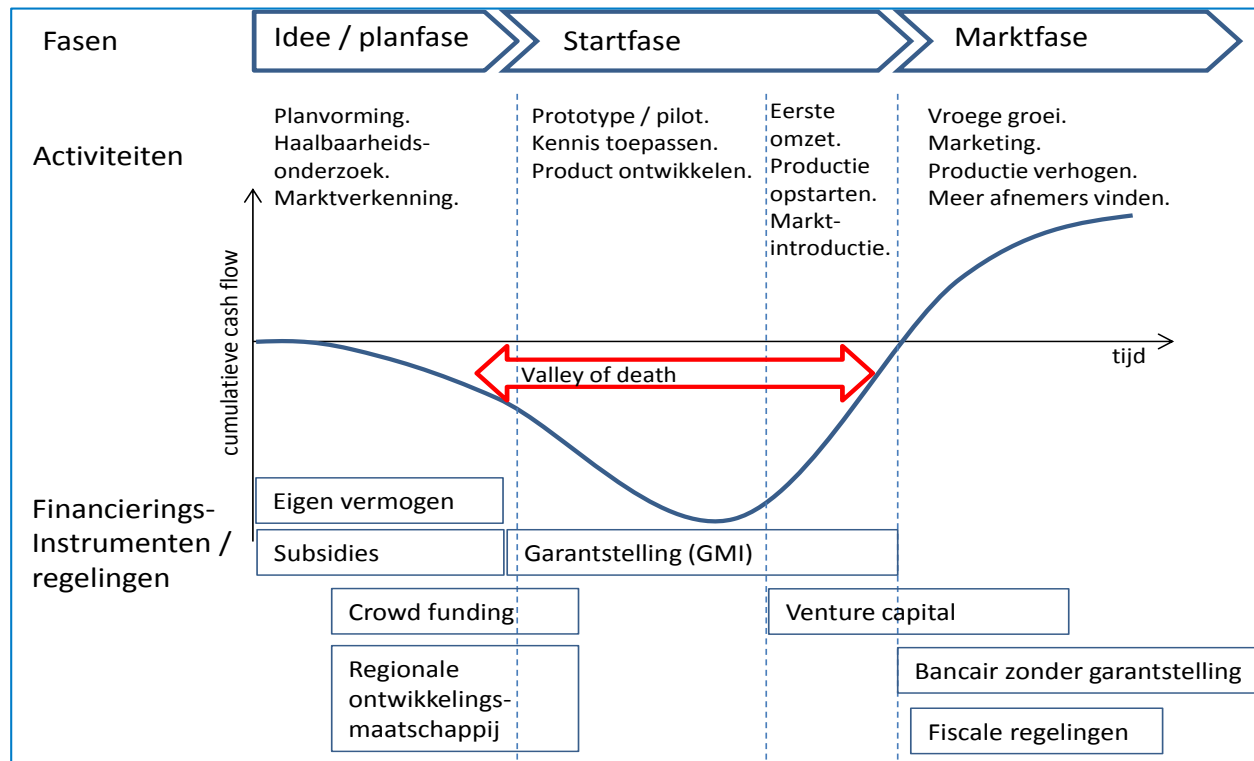


Agricultural Loan Guarantee in the Netherlands

- Since 1951 (origin in Marshall Plan aid)
- Banks can provide (bigger) loans as repayment is guaranteed by the State
- Policy-instrument: development, more rationalization, scaling-up
- From 2004: Guarantee Agriculture Plus = to stimulate investments for better environment, animal health & animal welfare
- Nowadays:
 - Guarantee Agriculture - 80% of max. loan €600.000
 - Guarantee Agr.young starters - 80% of max. loan €1.200.000
 - Guarantee Agriculture Plus - 80% of max. loan €2.500.000



Prisoners-dilemma for introducing innovation: how to pass the 'Valley of death' ?



- € 600.000 < needed loan < € 2.500.000
- psychological threshold : risky for existing agricultural enterprise



GMI - Guarantee for market introduction of innovations

Specifications:

- loan for investments
 - system-innovation
 - market-innovation (creating more added-value)

- guarantee by the State – max. loan € 2.500.000

- joint and several liability in LLC is dispensed

- max. of 5 guarantees per innovation

- system-innovation will be judged by an assessment-committee





On-going discussion:

“What will be the best financial instrument to sustain innovation-investments by agricultural enterprises?”

- ➡ like Guarantee Agr. (plus),
or better a junior debt to support equity capital ?
- ➡ minimum equity capital by entrepreneur ?
- ➡ in future: state-guarantee not on the individual-loan-level, but on
fund-level (agri seed-funds) ?
- ➡ premium ratio between entrepreneur and bank ?