7TH World Congress on Rural and Agricultural Finance

NOVEMBER 23rd to 25th 2022

MORELIA, MICHOACAN. MEXICO

Guarantee Systems as Drivers of Agricultural-Livestock Financing

Pablo Pombo - Chairman – Sociedad Anónima Estatal de Caución Agraria SAECA (Spain)

FIRA
FIDEICOMISOS INSTITUIDOS EN RELACION CON LA AGRICULTURA

ALIDE

afraca (Since 1977)
Empowering Rural Africa

APRACA

NENARACA

CICA

SAFIN

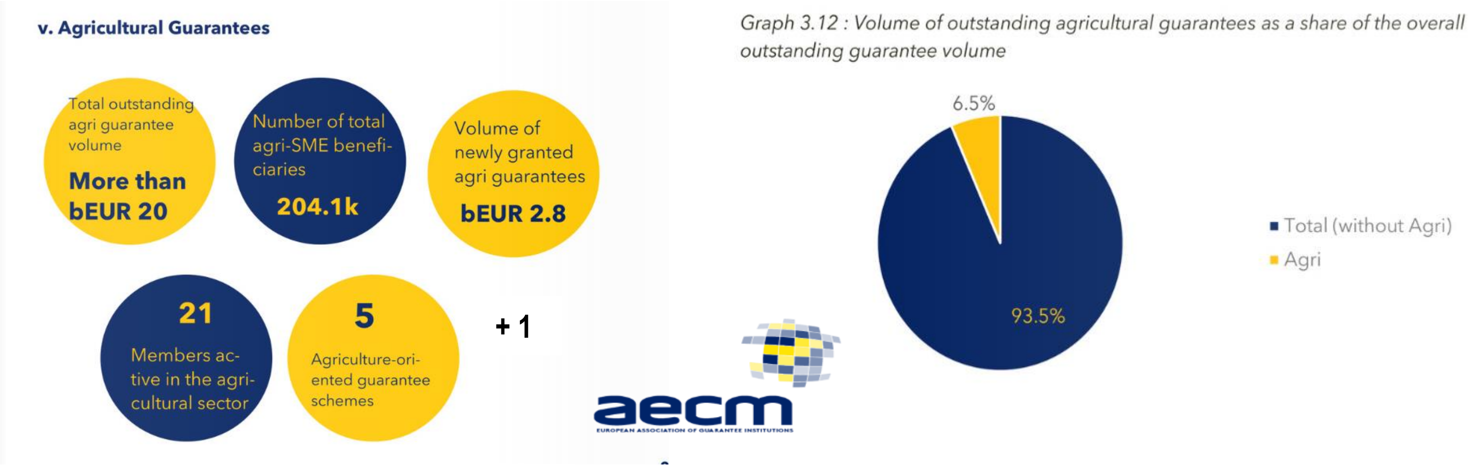
BID
Banco Interamericano de Desarrollo

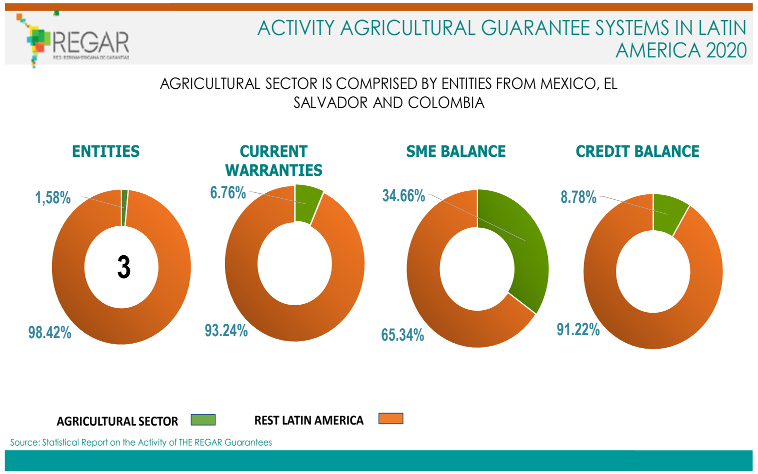
SAECA

SOCIEDAD ANÓNIMA ESTATAL DE CAUCIÓN AGRARIA, S.M.E.

GUARANTEE SYSTEMS IN THE PRIMARY SECTOR

- **Sectoral guarantee schemes for the primary sector have an important specific weight in their regional environments**





- **Guarantee schemes and their implementation are heterogeneous, as are their business models, influenced by their environments.**

- Land registration

- Agricultural insurance

- Financial system

- Environmental legislation

- Natural disasters

FINANCING OF THE AGRICULTURAL, AGRI-FOOD AND FISHERIES SECTOR – 4th Quarter 2021 –

Financing of the agricultural, agri-food and fishing sectors 2021

Financiación del Sector Agrario, Agroalimentario y Pesquero
– 4º Trimestre 2021 –
23 de marzo de 2022

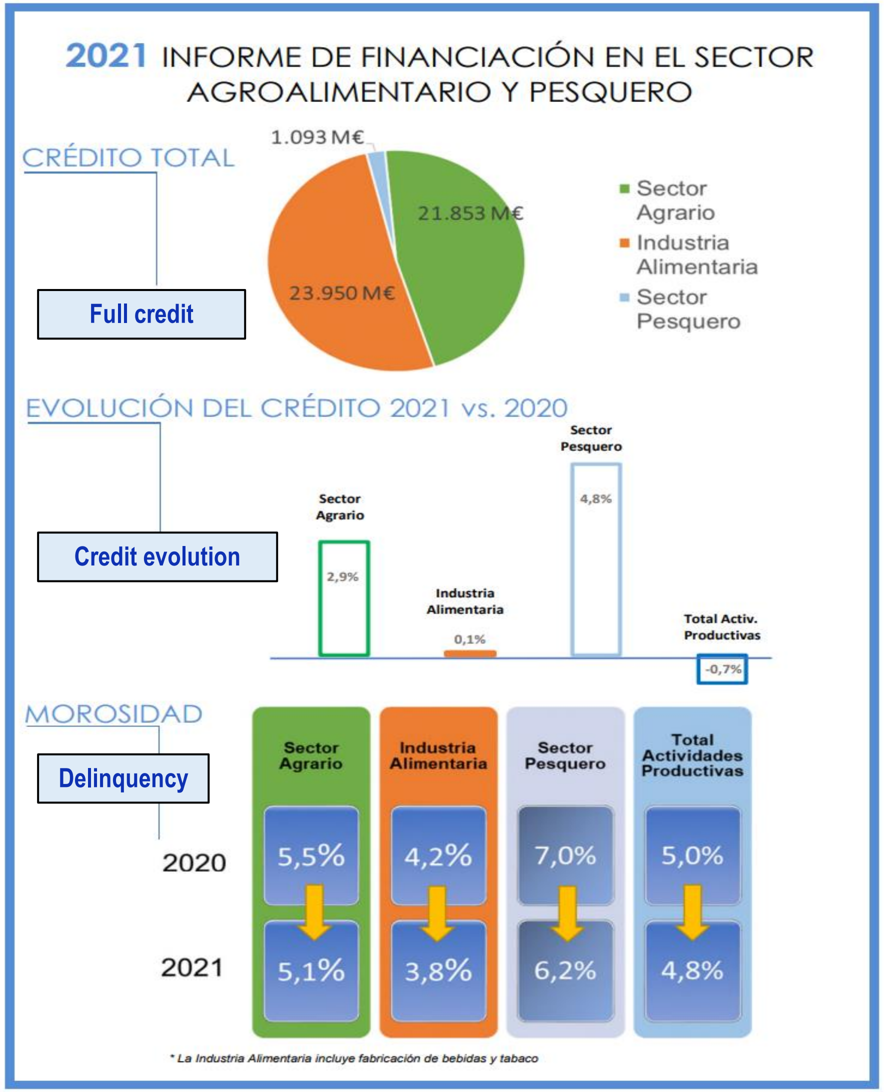
EVOLUCIÓN DEL CRÉDITO AGROALIMENTARIO y PESQUERO - 4º TRIMESTRE 2021

Sectores	Endeudamiento			Crédito Dudoso		
	Millones €	% variación trimestral	% variación interanual	*Millones €*	Tasa de dudosos (%) IV - 2021	Tasa de dudosos (%) IV - 2020
Agrario	21.853	↑ 1,1	↑ 2,9	1.121	5,1	5,5
Pesquero	1.093	↑ 1,1	↑ 4,8	68	6,2	7,0
I. Alimentación, Bebidas y Tabaco	23.950	↑ 1,8	↑ 0,1	906	3,8	4,2
Total Actividades Productivas	571.098	↑ 1,4	↓ -0,7	27.180	4,8	5,0

Fuente: Boletín Estadístico del Banco de España. Elaboración Propia

- **Increase in indebtedness of 2.96%. From 22,285 M€ in 2020 to 22,946 M€ as of December 2021**
- **4.01% of the credits of the total productive activities in 2021**
- **The total doubtful loans is reduced by just over 60 million euros**
- **The default rate has gone down a 0.4% in the agricultural sector and 0.8% in the fishing sector. It stands at 5.1% in agriculture and 6.2% in fishing**

Financing report 2021



FINANCING AS A TOOL IN THE AGRICULTURAL, LIVESTOCK AND FISHERIES SECTOR

- ✓ In all sectors there are financial needs, also in the primary and agro-industrial sector ...
- ✓ Financing investments in the start-up and development of exploitation
- ✓ The financing of the working capital in the development of the exploitation.
- ✓ Financing – liquidity – in exceptional situations.
- ✓ Financing in the transfer of company and in the generational change ...

Promote access to financing as public policy

- ✓ The problem of access to finance: guarantee coverage

SAECA

100% STATE SOCIETY

State Corporation of Agrarian Guaranty (SAECA) S.M.E. is a Spanish public company, whose shareholders are State Company of Industrial Holdings (SEPI) and Spanish Agricultural Guarantee Fund (FEGA).

Tutored by the Ministry of Agriculture, Fisheries and Food

MINISTERIO
DE AGRICULTURA, PESCA
Y ALIMENTACIÓN

80% SEPI

- Sociedad Estatal de Participaciones Industriales

20% FEGA

- Fondo Español de Garantía Agraria

COMPANY PURPOSE - MISSION

Provision of guarantee coverage to facilitate access to financing, under the best conditions, to the entire primary sector.

- ✓ Agricultural
- ✓ Livestock
- ✓ Forest
- ✓ Fishing
- ✓ Agri-food industry
- ✓ Improvement of rural areas

Scheme of the SAECA guarantee system

SAECA

First level

S.M.E.

Collaboration Agreements

MAPA - CCAA → IFGC

EUROPEAN INVESTMENT FUND

EIF - UE

Third level

Counter-guarantee (up to 35%)

MINISTERIO DE AGRICULTURA, PESCA Y ALIMENTACIÓN

SAECA

CERSA

Compañía Española de Reafianzamiento

CERSA

Second level

- Guarantee
- Risk analysis
- Risk management
- Financing agreements

Aval

Leverage 1 x 35 times

Counter-guarantee (up tol 80%) SAECA 50%

- No technical guarantees
- Operac. + 3 years

Medium counter-guarantee in SAECA 32.33 %

Banco de España

GOBIERNO DE ESPAÑA — MINISTERIO DE ASUNTOS ECONÓMICOS Y TRANSFORMACIÓN DIGITAL

GOBIERNO DE ESPAÑA — MINISTERIO DE HACIENDA

Financial institutions

Bank funding

ICO Instituto de Crédito Oficial

ICO Line - SAECA Guarantee

Other guarantees: financial, insurance fractionation, Public Adm.

Bonds and technical guarantees

National guarantee system: SAECA + 18 SGRs + CERSA

Public counter-guarantee

Regulation and supervision

Financing lines with SAECA guarantee coverage

- ✓ Public policy instrument of the Ministry of Agriculture
- ✓ Dependence on the public budget
- ✓ Facilitator of access to financing to achieve the objectives of public policy programs
- ✓ Regulated, transparent and efficient processing channel
- ✓ Countercyclical structural instrument
- ✓ Generation of socioeconomic impact in the primary sector

The SAECA guarantee for loans: characteristics

- ✓ Guarantee for loans with personal guarantee. No mortgage.
- ✓ Liquidity, working capital and investment (up to 100%).
- ✓ Term up to 15 years / 25 years CCRR
- ✓ Preferential rates with financial institutions agreements - Early repayment with 0% cost.
- ✓ Possibility of subsidy at the cost of the guarantee
- ✓ Fiscal Benefits (ITAJD)
- ✓ Qualified and weighted guarantee (EEFF mitigation) – 100% coverage

The mission of the SAECA Guarantee System
- Operational SAECA guarantee system and activity data -

MINISTERIO
DE AGRICULTURA, PESCA
Y ALIMENTACIÓN

- SAECA I&C Line 94% in investment
- 49% in land purchases
- 37.5% purchase of land by young farmers

- SAECA I&C line, 81% agriculture and 9% livestock

- SAECA I&C Line 35% Andalusia, 23% CLM
- Line MAPA-SAECA 37% Castilla y León, 24% CLM

- Average amount SAECA I&C 76.057 €
- Average amount MAPA-SAECA 31.333 €
- Average amount Agroinsurance 5.830 €

- Average term SAECA I&C 10 years
- Average term MAPA-SAECA 5 years
- Average term Agroinsurance 9 months

- Financing cost of the SAECA I&C* Line:
- - Interest rate*: 4.0% - 4.25%
  (SAECA – EEFF agreements)
  - Guarantee fee *: 1.25%
  - Study fee 0.50%

Financial institution

Request / documentation

SAECA

Analysis

Transparency in the processing and agile response times

OK

Signature before a notary

SAECA

Financial institution

EIF EUROPEAN INVESTMENT FUND

CERSA Compañía Española de Reafianzamiento

SAECA Average counterguarantee
32,33 %

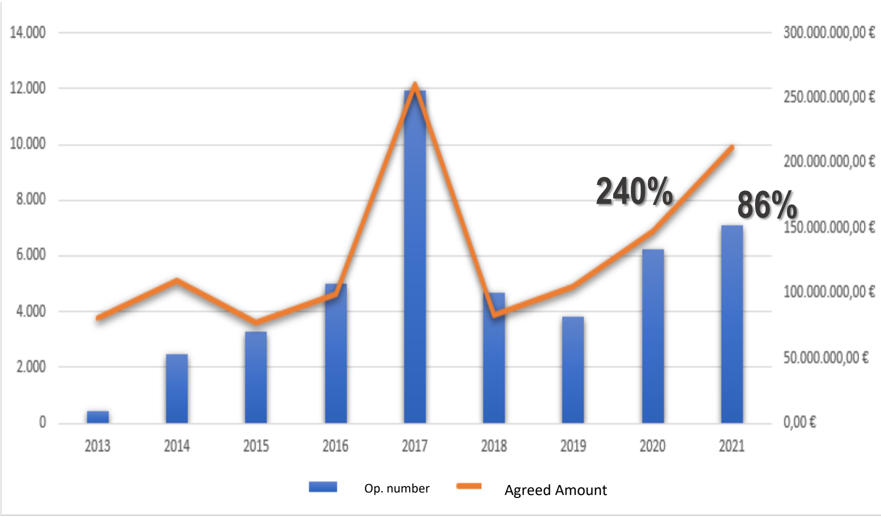
User profile < 40 years old

22% under 25 years old	44% Line SAECA I&C 2021
22% between 25 and 40 years old	43% Average 2011-20
53% between 40 and 65 years old	32% Line MAPA-SAECA 2021
3% over 65 years old	25% Average 2011-20

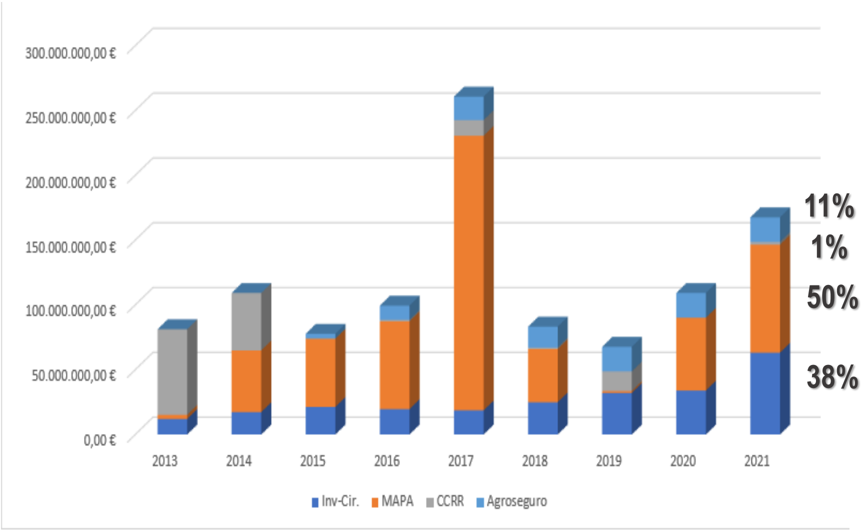
(*) Total cost weighted average financing 5,25% - 5,50%
- Delinquency 0.53%
- Default 0.83%

EVOLUTION OF SAECA'S ACTIVITY 2013-2021

Formalized evolution 2013-2021 all guarantee lines



Amount formalized 2013-2021 by guarantee lines



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