

Young farmers: €1 billion to facilitate access to finance

The €1 billion package announced today by Commissioner for agriculture Phil **Hogan** and EIB Vice-President Andrew McDowell, aims at increasing access to funding for EU farmers, especially young farmers.

Agriculture and rural development Commissioner Phil **Hogan** said: *“Access to finance is crucial and too often an obstacle for young people wanting to join the profession. With 11% of European farmers under the age of 40 years old, supporting young farmers in the sector is a priority for the European Commission and the post-2020 Common Agricultural Policy. I am pleased to see this new joint initiative up and running.”*

EIB Vice-President responsible for agriculture and bioeconomy, Andrew McDowell commented: *“The agricultural sector is the backbone of the EU economy and has a key role to play not just in producing healthy food but also to battle climate change and preserve the environment. With this new initiative, the EIB is looking towards the future of the sector and addressing an important market gap, the lack of access to finance of farmers, especially the next generation of farmers. This programme loan will also support growth and competitiveness in the agriculture/bioeconomy sector, by preserving and creating employment in the rural and coastal regions.”*

The programme will be managed at Member State level by banks and leasing companies operating across the EU. Participating banks should match the amount committed by the EIB, therefore bringing the total amount to a potential €2 billion, and priority should be given to young farmers.

The programme will address many of the current shortcomings that farmers face with:

- Lower interest rates;
- Longer periods of up to 5 years to start repaying the loan;
- Longer periods to pay back the whole loan (up to 15 years);
- Added flexibility, depending on the conditions, to respond to price volatility in the agricultural sector to ensure that farmers remain able to pay loans back in difficult periods (for instance, through a ‘holiday/grace’ period allowing farmers not to pay back for a few months).

Two pilot loans of €275 million are about to be implemented in France through this scheme. These loans are specifically targeted at young farmers and climate change mitigation.

Background

This new loan programme is part of a joint ‘Young Farmers’ initiative’ between the European Commission and the EIB that aims to bring together

existing [European Agricultural Fund for Rural Development](#) (EAFRD) support and the financial means and expertise of the EIB. In addition to the loan package, this includes a continued use of the EAFRD grants for young farmers and start-ups that can be used as interest rate subsidies or for technical assistance, in combination with financial instruments. In addition, the EIB and the [European Investment Fund \(EIF\)](#) offer advisory support and expertise to managing authorities.

For More Information

[Brochure on the 'Joint Initiative for improving access to funding for European Union Young Farmers'](#)

[Brochure on 'Using financial instruments to reduce the impact of price volatility in agriculture'](#)

[Survey on financial needs and access to finance of EU agricultural enterprises](#)