



Arrangements with banks – example of solution to some financial issues

MA meeting „Exploring financial issues related to Axis 4 implementation”

Brussels, 28-29 September 2010

- ▶ **Examples from 3 Spanish regions: Extremadura, Asturias, Galicia**
- ▶ **Specific part of the banking sector (savings banks)**
- ▶ **Relate mostly to LEADER but are already being replicated in EFF**
- ▶ **Addressing issues related to:**
 - Lack of liquidity at (F)LAG level (where there are no advance payments)
 - Lack of guarantees by (F)LAG (where there are advance payments)
 - Limited access to funding by (some) beneficiaries
 - Lack of (or limited) funding for running costs of the (F)LAG

Who are the parties to the agreement?

▶ Extremadura:

Caja de Extremadura

Each LAG (separate agreements)

Facilitated by regional LAG network (REDEX)

▶ Asturias:

CAJASTUR

All LAGs together (1 agreement)

Regional LAG network (READER)

▶ Galicia:

Caixa Galicia (a parallel agreement with Caixanova)

Regional government (Xunta de Galicia)



What services does the bank offer and to whom?

▶ Extremadura:

1. **Guarantee line (LAG)**
2. **Current account credit (LAG)**
3. **Financing for final beneficiaries**

▶ Asturias:

1. **Bridging loans (LAG and READER)**
2. **Bridging loans for final beneficiaries**
3. **Other loans and leasing for beneficiaries**

▶ Galicia: a total of EUR 80 million credit line for:

1. **FLAG's own costs**
2. **Final beneficiaries' projects**

Product	Extremadura	Asturias	Galicia
Short term loans for groups	Renewed annually until 31.12.2015	Automatically renewed each year	Up to 12 months, extended once
	Maximum amount: 70% of own costs	Maximum amount: 90% of expected grant	Maximum amount: EUR 20.000
	Interest: Euribor +0.85%	Interest: Euribor + 0.75%	Interest: Euribor +1.5%
Short term loans for beneficiaries	Up to 1 year, Euribor + 1.5%	For 12 months renewable, Euribor + 1%	Up to 100% of grant, Euribor +1.5%
Long term loans for beneficiaries	Up to 70% of amount approved, up to 10 years, interest based on regional agreements	Up to 80% of own contribution (100% if leasing), up to 8 years, Euribor+1.75% (20 years and Euribor +1% if real estate)	Up to 5 years, Euribor +2.75%



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What other support is offered?

► Extremadura:

Support to running costs of the LAG: EUR 12.000 per year for 6 years (EUR 84 in total)

Various financial products at a discount

► Asturias:

Support to running costs for LAGs (EUR 15.000 per year for each), READER (EUR 25.000 per year), Magazine and travel (EUR 26.000 per year)

The support may rise to EUR 30.000 for READER and EUR 20.000 for LAGs if 35% of all financial operations of final beneficiaries will be with CAJASTUR

► Galicia:

Support to FLAG actions aimed at promoting activities of its members – up to EUR 500 per group each year

FLAGs can also submit proposals to the Social Fund of the bank



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What do the banks want in return?

► Extremadura:

- Use of the bank's **Travel Agency**
- Use of the bank's **Insurance Agency**, project development services
- **Exclusive use of bank's account** for all financial transactions
- **Publicising** bank's support on all information material
- Inviting a **representative of the bank** to decision-making bodies

► Asturias:

- Channeling **all financial flows** of READER and LAGs through Cajastur
- **Insurance** of all vehicles, offices and persons through CAJASTUR
- Exclusivity on **feasibility studies** for projects
- **Publicising** cooperation with the bank in all info material
- Participation of **bank's representative** in meetings of project selection committee (financial and economic viability)

► Galicia:

- Dissemination of **information** among FLAGs and beneficiaries



Thank you for your attention!

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