

# SME ORGANICS

## Action Plan for the Nouvelle – Aquitaine Region, France

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## I. GENERAL INFORMATION

<b>Project</b>	<b>SME Organics – Enhancing SME competitiveness and sustainability in the organic sector</b>
<b>Partner organisation</b>	<b>Interbio Nouvelle-Aquitaine</b>
<b>Other partner organisations involved (if relevant)</b>	Not relevant
<b>Country</b>	France
<b>NUTS2 region</b>	Nouvelle-Aquitaine
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## II. POLICY CONTEXT - BACKGROUND

SME Organics is bringing together several European regions to improve policies and programmes under the investment for Growth and Jobs goal in order to enhance competitiveness and sustainability of the SMEs in the organic sector.

<b>The Action Plan aims to impact:</b>	x Investment for Growth and Jobs programme European Territorial Cooperation programme Other regional development policy instrument
<b>Name of the policy instrument addressed</b>	<b>ERDF ROP of Nouvelle-Aquitaine</b>

There is a strong social challenge around the agri-food sector in the region of Nouvelle-Aquitaine. Agri-food businesses in the region of Nouvelle-Aquitaine amount to 9.483 companies which employ 57.530 people. The organic acreage grew by 20% between 2014 and 2016, and there are now more than 1600 organic businesses. Nouvelle-Aquitaine is the leader in organic for production such as poultry, cereals crops, fruits, sheeps and goats.

In the past years, the regional council decided to participate to the funding of organic farming and a regional pact for organic farming has been developed together with the State. Actions in the present Regional Organic Action Plan of Nouvelle-Aquitaine directly address this pact, funding coming from Europe (CAP, ERDF, EARD), the Ministry of Agriculture and the Regional council funds.

The aim of Priority Axis 1 of Nouvelle-Aquitaine ROP ERDF is to support the enhancement of the innovation capacity of the regional economy, mainly through the development of the competitiveness of companies. The ERDF OP supports SMEs growth, mainly of those companies with the capacity to become even larger (entreprises de tailles intermédiaires: ETI). Investment priority 3d aims at supporting the capacity of SMEs for growing in regional, national and international markets as well as supporting their engagement in innovation processes. Based on this Investment Priority, Nouvelle-Aquitaine RAP focuses on:

- Modernisation, industrialization and mutualisation of resources.
- Development paths for supporting exports of SMEs;

- Facilitation and animation of the regional organic ecosystem for the development of joint projects and association of SMEs in the different organic sub-sectors.

Moreover, as conversions to organic farming have been very important in the last few years, it is very important to make sure that the value chains are strong and organised, in order to guarantee the viability of the sector and that the added value is created at a regional level. The RAP will also focus on the possibilities of enhancing private funding to support the organic SMEs.

Further to ERDF, Nouvelle-Aquitaine RAP will aim at mobilising other European funds such as Horizon 2020, and will also create a dynamic to discuss the funding needs after 2020. Indeed, there is a will to start reflecting on how the organic sector could be supported in the upcoming programming period.

### Part III. DETAILS OF THE ACTIONS ENVISAGED

#### ACTION 1. ALTER'NA : loan guarantee for organic SME's

<p><b>1. Background</b></p>	<p>The Regional Council of Nouvelle-Aquitaine was included among stakeholders. Thanks to field visits and dissemination events, local authorities became aware that their contribution in developing the organic sector has a huge impact on the future of local agriculture and local food industry. Public grants are already available in Nouvelle-Aquitaine for SMEs, but the analysis of the organic value chain in the Nouvelle-Aquitaine region showed the necessity to develop new tools for the organic SMEs to bridge the existing gap in the processing chain. Investments are especially required to process raw materials into final products.</p> <p><b><u>During the first field visit in Aargau, we attended a workshop about “Production and processing”.</u></b> It aimed at showing which kind of policy measures can be used to support production and processing in the organic sector in terms of investments.. <b><u>In Navarra, local government have also grants to support investment in agrifood industries.</u></b> The purpose is to encourage investment to improve the competitive position of the agri-food sector in Navarra. The beneficiaries can be individuals or companies that meet the requirements: a production plant in Navarra; activities in the processing, marketing, or development of agricultural products. The amount of subsidies is determined according to the percentages indicated in the measure, which will be added and will result in the aid intensity, to apply on the basis of the eligible costs of the investment project. The procedure is a competitive concurrence, that is a comparison of the project presented.</p> <p>Besides, <b><u>both field visits in Aargau and Navarra showed that measures to support the industrial process in terms of innovation and investment capacity seem efficient.</u></b> Hightech Zentrum Aargau and the Government of Navarra are able to facilitate the creation of new tools to support organic SMEs' strategy. <b><u>Therefore, the Nouvelle-Aquitaine Region identified a need for raising funds to secure organic SMEs investments.</u></b></p> <p>Otherwise, a feasibility study carried out by the advisory teams of the European Investment Bank under the fi-compass platform, showed that most organic SMEs and the non organic SMEs who want to go organic need to get loans to secure their investments.</p> <p><b><u>So, thanks to the SME Organics project,</u></b> especially fields visits in Aargau and Navarra, Nouvelle-Aquitaine has <b><u>identified the importance of financing</u></b> for a sustainable development of organic SMEs. After reflecting about what would be the ways to implement <b><u>good practices identified (i.e grants to support investment in agrifood industries),</u></b> the Nouvelle-Aquitaine Region decided to build a strong financial partnership.</p>
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	<p>The Nouvelle-Aquitaine decided therefore to enter into a partnership with the European Investment Fund. The objective of this partnership is to use the EIF's experience and expertise to develop a financial instrument that will be available to financial intermediaries, <b>which can use it to facilitate SMEs access to bank credit</b>. The financial instrument will contribute to mobilising more private co-investments and will stimulate better project performance.</p> <p>The group of stakeholders developed the idea of loan guarantee for organic SMEs. Regarding the agri-food sector, <b><u>the Region decided to open this forthcoming new measure for organic SMEs only.</u></b></p>
<b>2. Action description</b>	<p>Following the recommendations from the EBI <b>and the group of stakeholders</b>, the creation of the ALTER'NA fund of funds – which is set to receive EUR 30m in public funding – represents a practical response to the financing needs of the region's SME's identified and evaluated by the feasibility study. Its financing envelope includes EUR 16m from Regional Council funds and EUR 14m from the European Union via the EAFRD. The new fund will only be accessible to the organic SMEs on the regional food industrial sector.</p> <p>Interbio will identify projects that can be eligible for this fund and help them to document their application.</p> <p>By the end of 2018, the region has issued a call for applications, to select banks that will develop the loan guarantee fund. This step aims at identifying financial partners, who will then be involved and provide the money for the loans. <b><u>The first loans to organic SMEs are expected mid-2019.</u></b></p> <p>Interbio will advise the region on the needs of the organic SMEs in terms of loan guarantee, and also promote the new funding towards the organic SMEs.</p> <p>In addition to the organic SMEs, ALTER'NA will also help:</p> <ul style="list-style-type: none"> <li>-sustainable transition of the farms</li> <li>-eco-friendly greenhouses</li> <li>-short circuit farms</li> </ul> <p><b>ALTER'NA has been officially launched in December 2018.</b></p>
<b>3. Players involved</b>	Region, private banks, Interbio Nouvelle-Aquitaine, the European Investment Fund
<b>4. Timeframe</b>	From June 2019 to december 2022 - loans for a maximum of 10 years (until 2032)
<b>5. Costs (if relevant)</b>	30 000 000 euros
<b>6. Funding sources (if relevant):</b>	<p>14 000 000 euros from EARDF (4.1 investments in farming businesses, 4.2 support to agrifood processing)</p> <p>16 000 000 euros from Regional fund (Regional Council, Banks) co-funded by ERDF (Axis 1 of Nouvelle-Aquitaine ROP ERDF is to support the enhancement of the innovation capacity of the regional economy, mainly through the development of the competitiveness of companies. The ERDF OP supports SMEs growth)</p>
<b>7. Monitoring</b>	<p>Number of projects</p> <p>Overall budget in euros of supported projects</p> <p>Objectives :</p>

	<p>→ 1500 farmers, with a priority to organic sector</p> <p>→ 50 organic agri-food companies</p>
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