Case study
October 2026

EAFRD Centrally Managed Financial Instrument

Spain



European Commission

European Investment Bank | Advisory

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Abbreviations

Abbreviation	Full name
CAP SP	Common Agricultural Policy Strategic Plan
CPR	Common Provisions Regulation
EAFRD	European Agricultural Fund for Rural Development
EIB	European Investment Bank
FEGA	Fondo Español de Garantía Agraria (Spanish Agrarian Guarantee Fund)
FoF	Fund of Funds
IFGC	Instrumento Financiero de Gestión Centralizada (Centrally Managed Financial Instrument)
IVC	Informe de Viabilidad Crediticia (Credit Feasibility Report)
MA	Managing authority
MAPA	Ministerio de Agricultura, Pesca y Alimentación (Ministry of Agriculture, Fisheries and Food)
NUTS	Nomenclature of Territorial Units for Statistics
PEPAC	CAP Strategic Plan of Spain
SAECA	Sociedad Anónima Estatal de Caución Agraria (public agricultural guarantee company in Spain)
UTIF	Technical Unit for Financial Instruments within the Ministry of Agriculture, Fisheries and Food

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01 Executive summary

This case study presents the Instrumento Financiero de Gestión Centralizada (IFGC). This centrally coordinated financial instrument was established under Spain's 2023-2027 CAP Strategic Plan (PEPAC) to improve access to finance for investments in the agricultural, forestry and agri-food sectors. The financial instrument is coordinated by the Ministry of Agriculture, Fisheries and Food (MAPA). Implementation is by Sociedad Anónima Estatal de Caución Agraria (SAECA), Spain's public agricultural guarantee company, through a decentralised structure based on dedicated compartments financed by participating Autonomous Communities. The IFGC builds on experience from the 2014-2020 programming period, when a similar guarantee instrument operated successfully in three Autonomous Communities. It expands the approach to ten participating Autonomous Communities under a common national implementation framework.

The IFGC provides a capped first loss portfolio guarantee, covering 80% of each eligible loan up to a 20% portfolio loss cap, reducing credit risk for financial institutions while maintaining market-conforming financing conditions. The portfolio guarantee primarily improves access to finance by facilitating longer maturities, grace periods, lower collateral requirements, capped loan fees and financing for projects that might otherwise struggle to obtain commercial credit. The guarantee can be combined with an interest rate subsidy within a single operation and/or with capital grants through separate operations, depending on each Autonomous Community.

The financial instrument is financed with EUR 98.9 million of programme resources (EUR 50.9 million from EAFRD and EUR 48 million from national public co-financing) and is expected to mobilise approximately EUR 618 million of investment through participating financial institutions. It supports a broad range of CAP Strategic Plan interventions, including investments in agricultural holdings, agri-food processing, irrigation, forestry, LEADER and the establishment of young and new farmers. It also allows each participating Autonomous Community to tailor the support to its own priorities.

As of May 2026, implementation had progressed significantly, with 374 guaranteed loans signed for a total of approximately EUR 67 million. The financial instrument strongly contributes to generational renewal, with around 43% of beneficiaries (where age information is available) being young farmers. Although implementation has initially been concentrated in Castilla y León, additional Autonomous Communities continue to expand their portfolios as IFGC becomes fully operational.

A key strength of the IFGC is its centrally coordinated yet regionally tailored governance model. This combines common legal documentation, IT systems and operational procedures with the flexibility for Autonomous Communities to define their own priorities, eligible investments and combinations with grants. SAECA's designation as the implementing body builds on its experience with agricultural guarantees, while a broad network of commercial and local cooperative banks ensures geographical coverage and outreach to final recipients. A dedicated IT platform developed by MAPA supports the entire lifecycle of the guaranteed loans, facilitates coordination among all actors and provides a robust basis for monitoring and reporting. The possibility of combining the guarantee with an interest rate subsidy within a single operation further enhances the attractiveness of the financing package while preserving market-conforming lending conditions.

Looking ahead, the managing authority expects the IFGC to continue expanding as implementation progresses across the participating Autonomous Communities. Expected declines in EURIBOR and the resulting improvement in long-term borrowing conditions, together with growing familiarity with the instrument and the possibility of combining guarantees with interest rate subsidies should further increase demand. The instrument is also well positioned to support investments in climate adaptation, environmental sustainability and generational renewal, while its scalable governance model provides a foundation for additional Autonomous Communities to participate in future.

EAFRD Centrally managed financial instrument (IFGC), Spain

Funding sources
European Agricultural Fund for Rural Development (EAFRD)
National public co-financing (participating Autonomous Communities)

Type of financial products
Capped first loss portfolio guarantee, with the possibility for each participating region to combine it with:
- an interest rate subsidy (within a single operation); and/or
- a capital grant (implemented through two separate operations).

Financial size
EUR 98.9 million from EAFRD (EUR 50.9 million) and national public co-financing (EUR 48 million). Together with contributions from participating financial institutions and the risk-sharing structure of the capped portfolio guarantee, the financial instrument is expected to generate total financing of approximately EUR 617.8 million.

Thematic focus
The financial instrument supports investments in primary agricultural production in all participating Autonomous Communities. Depending on regional priorities and territorial needs, the scope may also include:
- support for young farmers and, in some Autonomous Communities, new entrants;
- green investments in agricultural holdings;
- investments in the agri-food industry (including processing and marketing of agricultural products);
- green investments in the agri-food industry;
- irrigation modernisation and installation;
- forestry investments; and
- LEADER-type rural development projects.

Timing
From 2024 to 2029

Partners
National managing authority (central coordination)
Ministry of Agriculture, Fisheries and Food (MAPA)
Regional managing authorities (regional programming, financing and selection)
Autonomous Communities (participating regions)
Body implementing the financial instrument
SAECA
Participating financial institutions
National and regional commercial banks, credit cooperatives and rural credit institutions (Cajas Rurales)

ACHIEVEMENTS

EU leverage[1] (expected)
12 times

Main achievements
By mid-2026, 374 guaranteed loans had been granted to final recipients for a total of EUR 67.4 million, corresponding to an average loan amount of approximately EUR 180 000. Castilla y León accounted for 325 loans totalling EUR 59.7 million, followed by Aragón with 30 loans worth EUR 5.1 million and Extremadura with 17 loans worth EUR 2.6 million. Of the loans for which the final recipient's age was available, 43% were granted to young farmers, representing EUR 15.3 million and 36% of the associated financing volume.

1 EU leverage is calculated as the total amount of finance to eligible final recipients, i.e. EUR 617.8 million (based on the maximum portfolio size), divided by the total EAFRD allocation to this financial instrument, i.e. EUR 50.9 million, gross of management fees. It does not include the reuse of resources returned to the instrument.



02 Objectives

2.1 Context

Spain is one of the largest economies in the European Union and a major agricultural producer, with a diverse agri-food sector that plays a structurally important role in the national economy. Spain benefits from favourable climatic and geographic conditions that sustain a wide range of agricultural activities. Agriculture and the broader agri-food chain are deeply embedded in Spain's territorial and socio-economic fabric, particularly in rural and less densely populated regions where they are a primary source of employment and income. The agriculture sector in Spain has maintained a stable contribution to national output in recent years.

In 2021, the Gross Value Added of the agriculture sector in Spain was approximately 3% of the total economy, increasing slightly since 2014. Including the food processing and agri-food industry alongside primary production, increases this share to 5.3%. Accounting further for the marketing and distribution of agri-food products, the sector represents 9.2% of Spain's total economy. In employment terms, primary agriculture, fisheries, livestock and forestry account for approximately 4% of total employment, rising to 5.5% when the agri-food industry is included, and reaching 11.5% when marketing activities are also considered. This underscores the sector's significance as a source of jobs, particularly in rural areas[2]. Spain is also the European Union's fourth largest agri-food exporter, with agri-food products accounting for approximately 19% of total national exports. The European Union is the primary destination, absorbing around 64% of Spanish agri-food exports. Fruit, vegetables and legumes constitute the largest share, followed by meat products and other processed food. Together, these subsectors account for more than 60% of agri-food export value.

Notwithstanding this structural importance, the agriculture and agri-food sectors in Spain face a financing gap that limits investment and growth. The socio-economic impacts of the COVID-19 pandemic, the war in Ukraine and the increasing frequency and severity of natural disasters have compounded existing vulnerabilities, heightening uncertainty and adversely affecting economic activity, financing conditions and credit quality across the sector.

Market diagnostics under the ex-ante assessment identified both supply- and demand-side failures. On the supply side, traditional financial institutions were reluctant to provide adequate financing to the sector, considering long-term financing for high-volume projects as high risk with insufficient collateral. On the demand side, access to finance is constrained by the limited availability of guarantees, weak business planning, lack of financial knowledge among farmers and the absence of credit history. These barriers are particularly pronounced among young farmers and new market entrants. Such conditions indicate structural market failures that restrict access to finance for economically viable agricultural investments, constituting a clear rationale for public intervention through tailored financial instruments.

In response to these challenges, the IFGC has been established under Spain's CAP Strategic Plan 2023-2027 (*Plan Estratégico de la PAC (PEPAC)*). The instrument supports investment aligned with selected measures of PEPAC, including the modernisation and improvement of agricultural holdings, support for young farmers, processing and marketing of agri-food and forest products, improved irrigation infrastructure and diversified rural economic activities.

2 Ex-Ante Assessment of Financial Instruments of Strategic Plan 2021–2027.

2.2 Previous experience with financial instruments in Spain

The IFGC was first introduced in Spain during the 2014-2020 programming period as a nationally coordinated EAFRD financial instrument, implemented for the first time under the Rural Development Programmes of participating Autonomous Communities. The instrument was promoted and coordinated by the national managing authority at the Ministry of Agriculture, Fisheries and Food (MAPA) in close cooperation with the Autonomous Communities, which contributed resources from their Rural Development Programmes to facilitate investment within their territories. SAECA was an operational collaborator of MAPA and sixteen financial institutions participated on a voluntary basis under a standard agreement defining the financial terms and conditions of the guaranteed loans.

During the 2014-2020 programming period, MAPA was the central coordinating authority responsible for governance and management of the IFGC at national level. SAECA together with MAPA acted as a national implementing/intermediary body responsible for operational management of the IFGC. While the managing authorities of the Autonomous Communities determined eligible beneficiaries and interventions within their territories, loans were guaranteed subject to a favourable creditworthiness assessment by SAECA. The Autonomous Communities signed financing agreements with MAPA, while MAPA and SAECA concluded agreements with participating financial institutions.

The IFGC was implemented in three Autonomous Communities: Castilla y León, Extremadura and Galicia, and closed on 31 December 2025. Castilla y León was the first to accede and the most active throughout the period. The IFGC operated through a portfolio guarantee model, providing a maximum public coverage of 80% per loan and applying a portfolio cap of 20% per financial institution. During the 2014-2020 period, 1 409 loans averaging around EUR 203 000 were granted through the IFGC. Demand was highly concentrated in Castilla y León, which accounted for 88% of the loans, reflecting its earlier accession, larger RDP allocation, greater participation of financial institutions and the use of revolving mechanisms to underwrite additional loans. Extremadura and Galicia joined in 2019 and 2020 respectively, with more limited and initially sector-specific portfolios. In Castilla y León, demand originated primarily from individual farmers seeking long-term investment loans for agricultural holdings and crop production, with an average loan of EUR 211 000. In Extremadura, demand was similarly concentrated among individual farmers, predominantly for first-installation investments in crops and livestock, with an average loan of EUR 122 000. In Galicia, demand was concentrated among SMEs, primarily for short-term working capital, with initial calls targeting subsectors such as wineries and cattle holdings, with loans averaging EUR 98 000.

The main target final recipients were young farmers and small holdings, with intensive livestock farming generating the highest demand, followed by intensive and extensive crop production. Despite the limited geographical coverage, the instrument generated increasing interest among other Autonomous Communities and financial institutions as well as potential final recipients over the course of the period.

While this structure facilitated access to finance for young farmers and small holdings, it also revealed limitations. In particular, the portfolio cap constrained the financing of large-scale or long-term projects. Financial institutions were reluctant to lend to viable but high-volume operations that risked rapidly exhausting the portfolio limit if one or more of these failed. Financial institutions also reported limited awareness of the instrument and overlaps with existing commercial products[3], reducing incentives for uptake. At the same time, the instrument's flexibility and agility offered significant operational advantages, alongside its capacity to generate a multiplier effect through the mobilisation of private capital. The governance model, built in close collaboration between MAPA, SAECA, the Autonomous Communities and financial institutions, enabled more targeted and responsive decision-making.

3 Such as ICO-MAPA-SAECA line (2022-2024), SAECA Guarantee Grant Line (2022-2024), SAECA guarantee reassurance line.

The IFGC is part of the ecosystem of EU, national and regional financial instruments and funding sources that support rural investment. These include the EIB Group and InvestEU programmes, as well as ERDF, ESF+, Horizon Europe, LIFE and the Recovery and Resilience Facility. In addition, national and regional credit and guarantee initiatives include ICO-MAPA-SAECA, SAECA Guarantees and MAPA-SAECA re-insurance lines.

2.3 Ex-ante assessment[4]

The CAP Strategic Plan managing authority prepared the ex-ante assessment for the 2023-2027 programming period. The assessment built on experience of the 2014-2020 programming period and examined the current economic and financial context to justify the design, scope and scale of the proposed instruments.

The assessment was conducted against a backdrop of significant economic disruption. The COVID-19 pandemic generated an unprecedented shock to economic activity and employment, and its effects on the Spanish economy were still being absorbed when the Russian invasion of Ukraine introduced a further wave of distortions across energy markets, international trade and price developments. Although the Spanish financial sector entered this period with better profitability and higher resilience, lending conditions for farms and agri-food SMEs remained tight. There was a persistent and widening divergence between the cost of small loans and larger credit facilities, reflecting the compounded risk profile of smaller borrowers.

As of 2021, sectoral analysis showed improved profitability since 2010, driven by higher commercial margins, improved asset productivity and balance-sheet deleveraging. The sector could take on debt and undertake productive investments. However, substantial unmet demand for finance persisted, driven primarily by insufficient collateral, limited credit histories and information asymmetries such as a lack of verifiable borrower information to assess creditworthiness. These constraints mostly impact young farmers and new entrants, for whom access to land is the most critical barrier.

The ex-ante assessment estimates **total financing needs** in Spain at between **EUR 2 806 million and EUR 5 985 million for individual farmers** and between **EUR 194 million and EUR 415 million for agri-food enterprises**. The largest financing gaps were identified in Andalucía, Castilla-La Mancha, the Comunidad Valenciana, Castilla y León, Galicia, Catalonia and Aragón.

To address these gaps, the assessment proposes continuation of the IFGC with a public contribution of approximately EUR 90 million, allocated between working capital (12%) and investments (88%). The ex-ante assessment also included a complementary counter-guarantee instrument with EUR 26.7 million for large-scale and long-term investments, but the latter has not materialised during this programming period (nevertheless, it is not ruled out for the next programming period).

This instrument is expected to **leverage private financing by a factor of 6.25**. The IFGC retains the defining features of the 2014-2020 programming period instrument while incorporating updates to reflect both regulatory changes and lessons learnt from implementation. Key enhancements include the extension of eligible expenditure to cover land purchases for young farmers, a specific provision introduced under the new CAP regulatory framework, which promotes financial instruments as a preferential tool for supporting generational renewal. The instrument targets a broad range of investment types, including tangible and intangible assets, working capital for agricultural and rural enterprises, support to young farmers and diverse rural economies. It offers loans of up to 20 years, including grace periods of up to four years, with pricing based on a 12-month Euribor plus a spread reflecting transaction risk. Public coverage amounts to 80% per project, with a 20% portfolio guarantee cap per financial institution.

4 Ex-Ante Assessment of Financial Instruments of Strategic Plan 2021–2027.

The ex-ante assessment confirms that the proposed instruments address the market failures and financing gaps, and that the public guarantees should remain within rather than exceed the estimated financing gaps across the participating Autonomous Communities.

A key structural innovation for the 2023-2027 programming period is the integration of the 17 Autonomous Community interventions into a single national CAP Strategic Plan, replacing the former separate regional RDPs. During preparation of the ex-ante assessment, nine Autonomous Communities had planned to implement financial instruments under the PEPAC, with Galicia, Castilla y León, and Aragón planning the largest volumes. Half of the public expenditure foreseen for financial instruments was allocated to investments in agricultural holdings, followed by the agri-food industry, the installation of young and new farmers, as well as the creation and modernisation of irrigation systems.

The IFGC complies with the principles of complementarity, synergy and non-competition. The complementarity of IFGC with existing public funding mechanisms is based on three elements:

- **Territorial and thematic coverage:** The IFGC operates in areas where regional instruments are absent or insufficiently funded, ensuring more homogeneous access to finance across the EU.
- **Standardisation and efficiency:** The instrument applies common conditions and criteria, facilitating the participation of financial institutions and enabling comparability of results across regions, strengthening coherence with EAFRD objectives.
- **Financial coordination:** IFGC resources can be combined with national or regional funds or used as a reference to design new local instruments, amplifying the impact of public investment.

The assessment concludes that the proposed financial instrument is fully aligned with PEPAC 2023-2027 objectives and is expected to improve access to finance, enhance competitiveness and sustainability, support generational renewal and strengthen territorial cohesion across Spain's diverse agricultural regions.



03 Design and set-up

3.1 The financial instrument initiated

Under the CAP Strategic Plan 2023-2027, the IFGC aims to improve access to finance for Spanish farms and businesses in the agri-food and forestry sector through a **capped first loss portfolio guarantee instrument** (building on experience of the 2014-2020 programming period), with the possibility for each region to combine it with

- an interest rate subsidy within a single operation; or
- capital grants implemented through two separate operations.

The financial instrument is implemented under the central coordination of MAPA **through regional specific funds**, without a central holding fund. Participating Autonomous Communities transfer their EAFRD contributions to dedicated fiduciary accounts managed by the body implementing the financial instruments (SAECA).

The capped portfolio guarantee **supports new loan portfolios originated by participating financial institutions**. In this structure, a guarantee co-financed by the EAFRD covers 80% of losses on an agreed portfolio of eligible loans, subject to a maximum portfolio loss cap of 20% (as shown below in Figure 1). The guarantee reduces the credit risk borne by the financial institution, improving access to finance for final recipients.

The **guarantees are linked to loans** offered by participating banks. Final recipients initiate the application either through the financial institution or directly with the Autonomous Community, depending on the regional model. Eligible loans are included in the guaranteed portfolio in accordance with the predefined eligibility criteria of the IFGC (see Section 4). The risk-sharing mechanism enables financial institutions to provide financing on **more favourable terms** than would otherwise be available, such as no additional collateral requirements for loans of up to EUR 250 000 (and limited collateral requirements above this threshold), no early repayment fees, a loan opening fee capped at 1% of the loan amount, grace periods of up to four years, loan maturities of up to 20 years, the possibility of multiple loan disbursements and the possibility of combining guaranteed loans with other public support.

The financial instrument may be combined with grants in two ways.

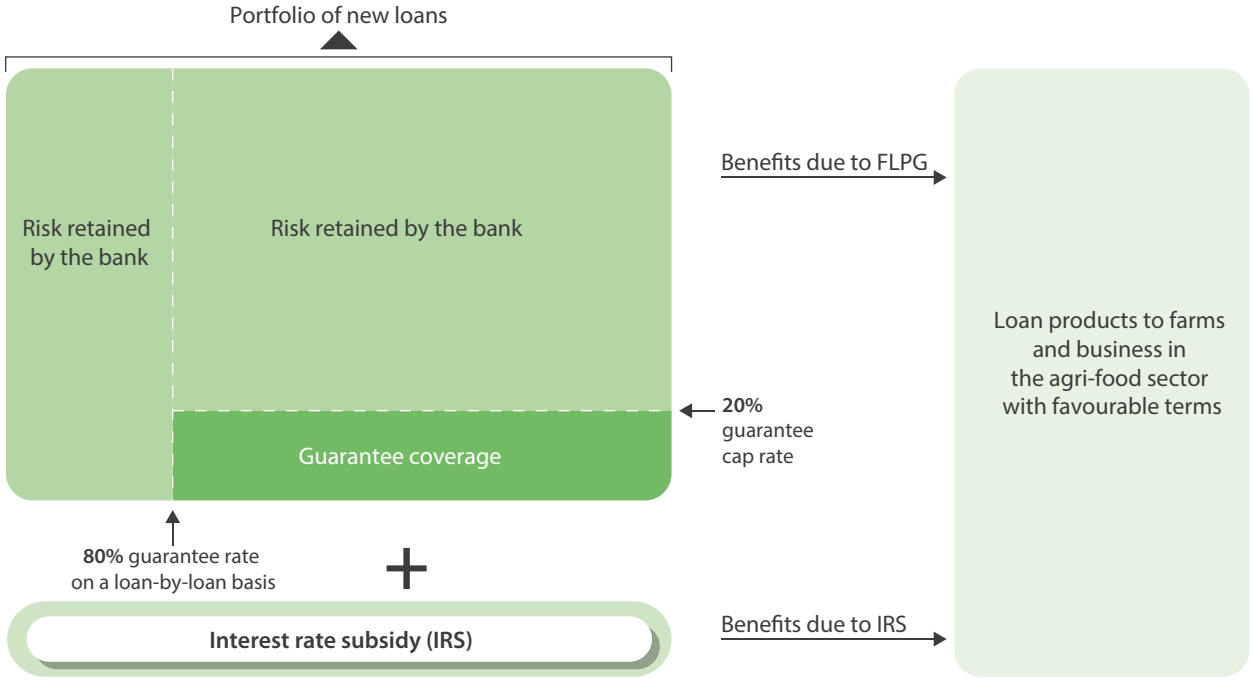
- **Within a single operation in the form of an interest rate subsidy co-financed by the EAFRD** where the subsidy reduces the cost of borrowing for the final recipient, while the guarantee mitigates the credit risk borne by the financial institution. This increases access to the underlying loans and supports the financial sustainability of the final recipients' investments.
- **Through separate grant operations, by combining the guaranteed loan with EAFRD grants under the CAP Strategic Plan** where the specific grant schemes are determined by each Autonomous Community and reflected in the regional calls. For example, Castilla y León, Baleares, Aragón and Extremadura combine the guarantee with grants supporting investments in agricultural holdings and young farmers setting-up, while Galicia combines the guarantee solely with grants supporting investments in agricultural holdings.

Practical implementation of the interest rate subsidy

Implementation of the interest rate subsidy is determined by each participating region. In their respective calls for applications, regional managing authorities decide whether to provide an interest rate subsidy, define its duration and level (i.e. the number of percentage points subsidised), and specify whether it applies to all eligible interventions or only to selected ones. Rather than reducing the interest rate at loan origination, the subsidy is paid retrospectively. Each year, MAPA, through its Financial Instruments Technical Unit (UTIF), calculates the annual subsidy due for each loan. Based on these calculations, MAPA issues a payment order to SAECA, which transfers the corresponding amount to the financial institution. The financial institution subsequently credits the beneficiary's bank account. Consequently, borrowers initially pay the contractual market interest rate, while the interest rate subsidy is reimbursed annually.

The general structure and the benefits of the IFGC guarantee instrument are shown in the figure below.

Figure 1: Structure and benefits of the combined FLPG and interest-rate subsidy (if applicable).



Source: fi-compass, based on information by managing authority.

The guarantee may also be **used together with a capital grant** awarded through a separate operation. In this configuration, the grant supports part of the investment expenditure, while the guaranteed loan finances the remaining eligible costs. Each component is managed in accordance with its regulatory framework, while ensuring coherence at the level of the investment project.

3.2 Timetable for set-up and implementation

The key set-up and implementation milestones of the financial instrument are summarised in Table 1 below.

Table 1: Timeline for setting up the financial instrument.

Date	Event
October 2022	Ex-ante assessment for the use of financial instruments under the 2023-2027 CAP Strategic Plan
March 2024: **Castilla-La Mancha** *(with an addendum in September 2024)*; **Extremadura; Galicia** April 2024: **Castilla y León; Aragón** June 2024: **Baleares** November 2024: **Canarias** December 2024: **Comunidad Valenciana** May 2026: **Madrid**	Funding agreements signed between the regional authorities, the national managing authority (MAPA), and the body implementing the capped portfolio guarantee instrument (SAECA)
April 2024 (still open)	Publication of the call for expression of interest by SAECA addressed to all interested financial institutions. The invitation has remained open since its publication in April 2024
April 2024 - April 2025	Operational (guarantee) agreements signed between SAECA and 21 participating commercial banks across Spain
October 2024	First EAFRD payments to the financial instrument (in Aragón, Castilla y León and Baleares)
July 2025	First loan contract signed with final recipient (in Castilla y León)
December 2029	End of eligibility period

Source: fi-compass, based on information by managing authority.

3.3 Selection of the implementing body and financial institutions

The financial instruments are implemented through a multi-level governance structure operating as a set of region-specific funds in Spanish NUTS 2 regions, with no national holding fund. This structure involves MAPA, ten of the seventeen regional EAFRD managing authorities (the Autonomous Communities), and the body implementing the financial instrument.

Selection of the body implementing the financial instrument – capped portfolio guarantee

Given its status as a state-owned entity, SAECA could be directly entrusted by MAPA in accordance with the provisions of the Common Provisions Regulation (CPR) governing implementation of financial instruments. On this legal basis, MAPA, in agreement with the participating Autonomous Communities, designated SAECA as the body implementing the capped portfolio guarantee instrument under the IFGC.

SAECA's considerable experience in the provision and management of agricultural guarantees was a key qualitative factor in this decision. SAECA had already been involved in delivering guarantee schemes during the 2014-2020 programming period, providing continuity, technical expertise and operational know-how to scale-up the instrument in the 2023-2027 CAP programming period.

SAECA's designation was formalised through funding agreements signed between MAPA, each participating Autonomous Community and SAECA. These agreements define the roles and responsibilities of the parties, including management of the financial instrument, fiduciary accounts, risk coverage, reporting obligations, monitoring and control arrangements.

Selection of participating financial institutions

Participating lending banks are contracted directly by SAECA through an **open invitation to all interested financial institutions** to participate in the IFGC. The invitation, published on SAECA's website in April 2024, remains open, allowing additional financial institutions to join the IFGC over time. Rather than through a competitive selection procedure, participation is based on the **submission of a formal application expressing the financial institution's willingness to participate** in the IFGC.

The participating financial institutions conclude **standardised bilateral guarantee agreements** with SAECA, which set out the loan terms, eligibility conditions, operational protocols, risk-sharing parameters, reporting requirements and other provisions applicable across participating Autonomous Communities. The use of a common agreement and an open invitation ensures equal treatment, transparency and non-discrimination among the financial institutions. The territorial scope of each standard guarantee agreement is limited to the Autonomous Communities participating in the IFGC. If additional Autonomous Communities join the instrument at a later stage, the territorial scope of the existing agreements is automatically extended following notification by SAECA.

This participation mechanism aims to:

- ensure broad geographical coverage and access to the instrument across all participating Autonomous Communities; and
- maintain homogeneous conditions for final recipients.

SAECA has contracted a **diverse mix of financial institutions to participate in the IFGC**, as shown in Table 2 below, ensuring broad coverage across Spain and catering to different types of borrowers. The majority are regional rural cooperative banks, many affiliated with the Grupo Caja Rural network. These are deeply embedded in their communities and focus on supporting regional economic development and agricultural clients. In addition, Grupo Cooperativo Cajamar, Spain's largest agricultural cooperative banking group, provides coordinated support to rural economies at national level.

Alongside these cooperative institutions, a number of major national commercial banks (such as CaixaBank, BBVA, Banco de Sabadell and Unicaja Banco) have also been contracted, providing nationwide branch networks, operational capacity, and access to a broad customer base. Regional banking institutions (such as Ibercaja Banco, Abanca, Banca Pueyo and Eurocaja Rural) complement them through their strong territorial presence and close relationships with businesses, including farms and agri-food enterprises, helping the financial instrument reach remote or less densely populated areas.

Together, the participating financial institutions provide **broad geographical coverage and a mix of local, regional and national banking networks**, facilitating access to IFGC-backed loans across the participating Autonomous Communities.

Table 2: The participating lending banks.

Participating lending bank	Signature of the guarantee agreement	Type of financial institution
Cajaviva Caja Rural	April 2024	**Local and regional rural cooperative banks**, many affiliated with the Grupo Caja Rural network, characterised by close engagement with local communities and a focus on financing agriculture, rural businesses and regional economic development.
Caja Rural de Asturias	April 2024	
Caja Rural de Salamanca	April 2024	
Cajasiete	April 2024	
Caixa Rural Galega	April 2024	
Caja Rural de Soria	May 2024	
Globalcaja	May 2024	
Caja Rural de Teruel	May 2024	
Caja Rural de Aragón	May 2024	
Caja Rural de Extremadura	June 2024	
Caja Rural Zamora	June 2024	
Cajalmendralejo (Caja Rural de Almendralejo)	August 2024	
Grupo Cooperativo Cajamar[5]	May 2024	Spain's largest **agricultural cooperative banking group**, coordinated by Banco de Crédito Cooperativo, with a nationwide presence and a strong focus on financing the agri-food sector and rural development.
Banco Bilbao Vizcaya Argentaria (BBVA)	April 2024	Major **commercial banking groups** in Spain, with extensive nationwide branch networks and comprehensive retail, SME and corporate banking services. Their participation ensures broad geographical coverage and complements the regional cooperative banking network.
Unicaja Banco	May 2024	
Banco de Sabadell	June 2024	
CaixaBank	July 2024	
Banca Pueyo	July 2024	**Regional banking institutions** with strong territorial roots and well-established customer bases in their respective regions. They combine regional market knowledge with close relationships with local businesses, including farms and agri-food enterprises.
Ibercaja Banco	September 2024	
Abanca	October 2024	
Eurocaja Rural	March 2025	

Source: fi-compass, based on information by managing authority.

5 Caixa Rural Torrent, Caja Rural de Petrer, Caixa Rural de Turis, Banco de Crédito Social Cooperativo, Caja Rural de Alginet, Caja Rural de Alquerias del Niño Perdido, Caixa Rural de Altea, Caja Rural de Jose de Burriana, Caja Rural de Callosa, Caja Rural Católica, Agraria Vilareal, Caja Rural Cheste, Caja Rural de Junquera de Chilches, Caja Rural San José de Nules, Caixa Rural San Roque de Almenara, Caja Rural Sant Josep de Vilavella, Caja Rural S. Isidro de Vilafames, Caja Rural de Villar, Caja Rural de S. Vicent Ferrer.

3.4 Funding and governance

IFGC under the 2023-2027 CAP Strategic Plan is financed through contributions from regional programmes allocated by the participating Autonomous Communities.

The total public programme contribution from the regional programmes amounts to approximately **EUR 98.9 million**, of which EUR 50.9 million is financed from the EAFRD and EUR 48 million from national public sources. These resources are allocated across ten participating Autonomous Communities and are planned to be used within their respective territories.

These public resources capitalise the capped portfolio guarantee instrument implemented by SAECA and are expected to support a **total loan portfolio of approximately EUR 618 million**.

The leverage effect is generated through the risk-sharing mechanism with participating financial institutions, which retain part of the credit risk while benefiting from the capped guarantee provided under the instrument. Based on the total programme contribution and the expected portfolio volume, the instrument is designed to **leverage the EAFRD contribution approximately 12 times**, and around 6.25 times the total programme contribution.

The following table details the funding sources and respective amounts at national and regional levels.

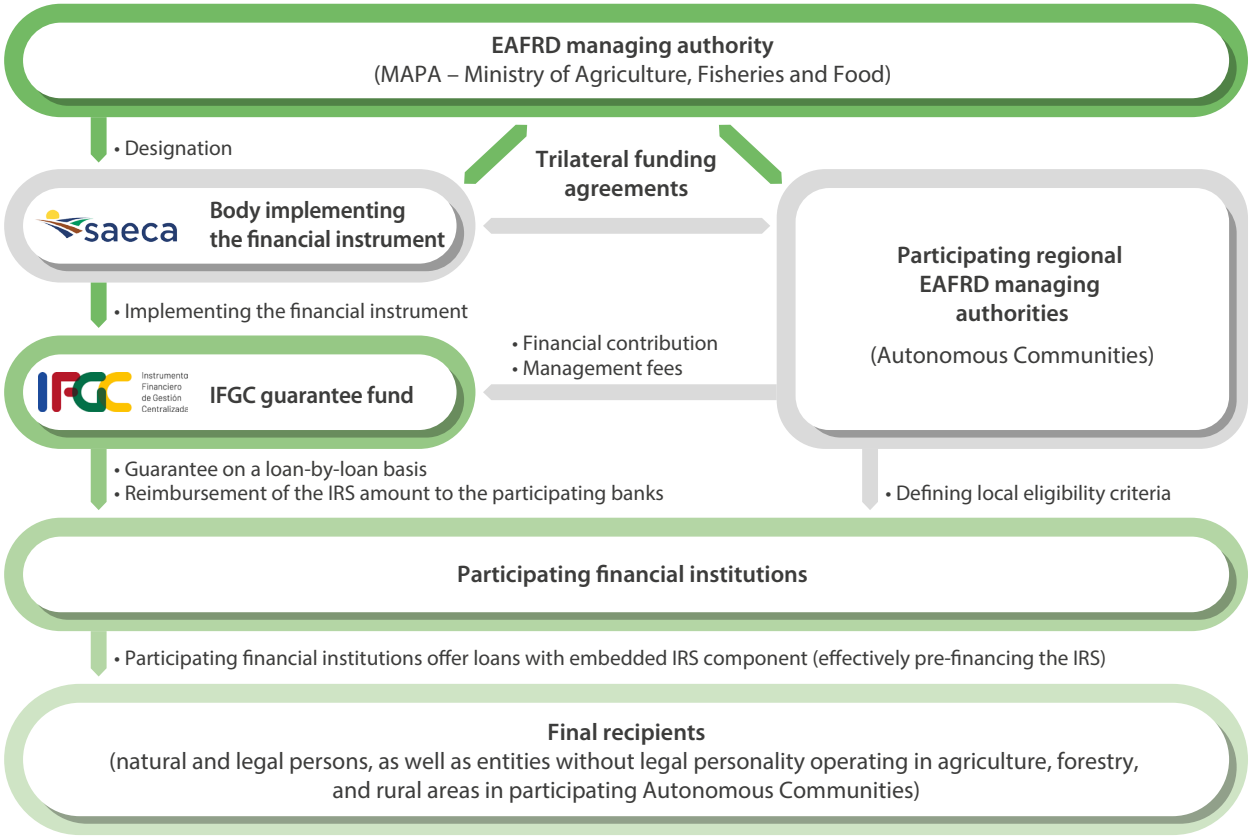
Table 3: Funding sources and amounts.

Funding source	Amount
Total programme contributions at national level	**EUR 98.9 million**
of which EAFRD	EUR 50.9 million
of which national budget	EUR 48 million
Total programme contributions by region	
Aragón	EUR 32.8 million
Castilla y León	EUR 25.9 million
Castilla-La Mancha	EUR 12.4 million
Galicia	EUR 6.9 million
Baleares	EUR 6.0 million
Asturias	EUR 4.4 million
Extremadura	EUR 4.0 million
Comunidad Valenciana	EUR 3.2 million
Canarias	EUR 2.3 million
Madrid	EUR 0.1 million
Lending banks' contribution to loans	EUR 518.9 million
TOTAL LOAN PORTFOLIO	**EUR 617.8 million**

Source: managing authority.

IFGC is **governed through a multi-level structure**, involving national and regional managing authorities, the body implementing the capped portfolio guarantee instrument, financial institutions, regional paying agencies and national coordination bodies. The governance structure of the financial instrument is shown in the figure below.

Figure 2: Governance structure.



Source: fi-compass, based on information by managing authority.

National managing authority

The managing authority is the Spanish Ministry of Agriculture, Fisheries and Food (MAPA), acting through the Secretariat-General for Agriculture and Food. MAPA retains overall responsibility for the financial instrument at national level, including its strategic oversight and coordination, the conclusion of funding agreements with the participating Autonomous Communities and SAECA, as well as supervising implementation of the IFGC.

MAPA develops, finances and maintains the national IT application supporting the IFGC, which enables the coordination, processing, monitoring and control of operations among all actors involved. It prepares the model agreements and operational guidance for implementation and supervises the performance of the implementing body.

Regional managing authorities

The participating regional managing authorities determine the regional interventions supported under the instrument, ensuring that the financial instrument is aligned with regional priorities under the CAP Strategic Plan and addresses the specific needs of their agricultural sector.

In the standardised guarantee agreements, Autonomous Communities specify which final recipients and types of investments are eligible in their region, set the conditions of support, establish possible combinations with other forms of support and allocate regional financial contributions. This allows flexibility to reflect regional priorities while maintaining consistency and comparability in the delivery of IFGC-backed loans across all participating regions.

Autonomous Communities sign funding agreements with MAPA and SAECA, publish the regulatory bases and calls, and conclude individual investment decisions recognising the right of final recipients to request loans guaranteed under the IFGC. They monitor implementation within their territory and include specific information on the IFGC in their annual performance reports.

In addition, each participating Autonomous Community establishes an investment council under the respective funding agreement. The investment council is governed by its own rules of procedure and is the main governance body steering implementation of the IFGC within the region. It brings together representatives of the Autonomous Community, MAPA and SAECA, providing strategic direction and coordination to implement the financial instrument.

Body implementing the capped portfolio guarantee instrument

SAECA implements the IFGC capped portfolio guarantee instrument. It publishes and manages the open invitation to financial institutions to participate in the IFGC and concludes standardised bilateral guarantee agreements in accordance with the model agreement established by MAPA.

It opens and manages fiduciary accounts to operate the instrument under the instructions of the managing authority. It manages the guaranteed portfolio, including defaults, recoveries and guarantee calls, and is responsible for the day-to-day operational management of the instrument, including issuance of the Credit Feasibility Report for loan applicants. Where applicable, SAECA also administers interest rate subsidies combined with the financial instrument in a single operation.

Participating financial institutions

The participating financial institutions (see Table 2) are commercial and cooperative banks contracted by SAECA through open participation as described in Section 3.3, providing loans to final recipients under the terms of the guarantee agreements concluded with SAECA. By lending to the targeted final recipients, they deliver the financial instrument, applying their standard credit assessment procedures while benefiting from the capped guarantee.

Paying Agencies and coordination body

The regional paying agencies are responsible for management and control tasks related to expenditure under the IFGC within their region. They manage and control payments, carry out the necessary administrative and on-the-spot checks and ensure compliance with EU and national rules. They also prepare and transmit quarterly and annual information on expenditure and assets linked to the IFGC.

Fondo Español de Garantía Agraria (Spanish Agrarian Guarantee Fund, FEGA) is the national coordination body for the paying agencies. It coordinates the management and control system at national level, collaborates with the Autonomous Communities in preparing national control plans, maintains the central database copy and compiles information for annual performance reporting and periodic reviews.

Technical Unit for Financial Instruments

Given the complexity of the governance framework, a Technical Unit for Financial Instruments (UTIF) operates within MAPA (under the Directorate-General for Rural Development and Innovation). Although not a formal governance body established by regulation, UTIF performs essential coordination and technical functions. It prepares the documentation for funding agreements and other legal acts, coordinates implementation with the Autonomous Communities, operates and maintains the IT application, ensures data reliability for control and reporting purposes, organises investment councils and monitoring committees, and is the main contact with the European Commission on matters relating to financial instruments.



04 Implementation

4.1 Financial product and terms

The IFGC capped portfolio guarantee instrument facilitates access to finance through standard loan products offered by participating banks, primarily targeting young farmers and micro enterprises in the Spanish agri-food and forestry sector. The aims of IFGC are to:

- **Support investment and business growth:** facilitating access to credit for projects that improve agricultural productivity, business expansion and operational resilience.
- **Promote sustainable and climate-friendly investments:** encouraging projects that contribute to environmental sustainability, efficient resource use and climate action.

The underlying loans remain standard commercial loan products between a financial institution and the final recipient. The IFGC provides an additional portfolio guarantee under the conditions in the guarantee agreement.

Eligible investments include tangible and intangible assets such as machinery, equipment, farm infrastructure, digitalisation and other productive investments. Eligibility rules are established by the IFGC and defined by the Autonomous Communities. Access to the guarantee is conditional on a favourable credit feasibility report issued by SAECA and an individual investment decision issued by the Autonomous Community, confirming the eligibility of the investment under the CAP Strategic Plan.

The IFGC capped first loss **portfolio guarantee covers up to 80% of losses on an agreed portfolio of eligible loans, subject to a maximum portfolio loss cap of 20%**. Within this limit, losses are shared with the IFGC covering 80% of each eligible loss and the participating financial institution retaining the remaining 20%. Once the portfolio cap is exhausted, the financial institution bears any additional losses in full.

This risk-sharing mechanism enables financial institutions to provide financing to viable projects that might otherwise face difficulties in accessing credit, while maintaining market-conformant financing conditions. In practice, the guarantee facilitates financing with features such as lower collateral requirements, extended maturities, lower loan processing fees, grace periods and the possibility of multiple loan disbursements. The guarantee can be combined with interest rate subsidies within a single operation or with capital grants through separate operations, further improving the affordability and sustainability of investments.

The following table summarises the key characteristics of the IFGC capped portfolio guarantee instrument.

Table 4: Financial product key characteristics.

Underlying loan amount	Not defined centrally. Determined by participating financial institutions within eligible loan portfolios.
Guarantee rate	**80%** of each loan.
Guarantee cap rate	Up to **20% of the guaranteed loan portfolio** for each participating financial institution.
Interest rate	12-month EURIBOR rate[6] + 1%, reviewed annually
Interest rate subsidy	Autonomous Communities may provide an interest rate subsidy within a single operation. The level and conditions are defined in regional calls.
Additional grant element	Autonomous Communities may decide to combine the IFGC guarantee instrument with capital grants in two separate operations.
Underlying loan maturity	From 3 to 20 years, depending on the loan type.
Grace period	• < 5 years maturity: none • 5-9 years maturity: 1 year • 10-14 years maturity: 2 years • 15-19 years maturity: 3 years • 20 years maturity: 4 years
Collateral requirement	• For loans up to EUR 250 000: no additional collateral required. • For loans above EUR 250 000: additional collateral may be required, up to 20% of the loan amount.
Benefits for final recipients (while maintaining market-conformant financing conditions)	• Reduced solvency requirements for projects benefiting from the guarantee. • No commission for early repayment (total or partial). • Single opening fee capped at 1% of the loan amount. • Possibility of multiple loan disbursements for larger investments implemented in stages during the grace period. • No additional collateral required for loans up to EUR 250 000. • Possibility of grace periods (depending on the loan type).
Eligible final recipients	Natural and legal persons, as well as entities without legal personality (e.g. joint ownership entities), operating in agriculture, forestry and rural areas in the Autonomous Communities. Particular relevance for young farmers and new entrants.

6 EURIBOR corresponding to the second month prior to loan formalisation, rounded to three decimal places. If the EURIBOR is negative, it is considered zero.

Eligible investments	Investments defined under the regional measures included in PEPAC, in eligible tangible and intangible assets. Eligible investment types include: • **productive investments** (Article 73 of the CAP regulation[7]), including in - agricultural holdings contributing to climate change mitigation and adaptation; - efficient use of natural resources and animal welfare; - investments in modernisation and/or improvement of agricultural holdings; - investments with environmental objectives in the processing, marketing and/or development of agri-food products; - other investments in processing, marketing and/or developing agri-food products; and - productive forestry investments. • **investments in irrigation** (Article 74 of the CAP regulation), including irrigation infrastructure with environmental objectives and agricultural infrastructure to promote competitiveness • **cooperation** (Article 77 of the CAP regulation), **including the implementation of LEADER**. • **setting-up of young farmers and new farmers and rural business start-ups** (Article 75 of the CAP regulation) (Based on the decision of each participating region)
Eligibility period	Until 31 December 2029

Source: fi-compass, based on information by managing authority.

The types of investment supported under the IFGC reflect the strategic priorities of the Autonomous Community. Each Autonomous Community decides whether to implement support through financial instruments or grants based on their own needs, policy priorities and administrative capacity, while benefiting from the common implementation framework, IT systems and coordination provided by MAPA. As of February 2026, the instrument has been implemented under the following measures:

7 Regulation (EU) 2021/2115 of the European Parliament and of the Council.

Table 5: Measures for IFGC in each participating region.

	Aragón	Asturias	Baleares	Valencia	Canarias	Castilla y León	Castilla-La Mancha	Extremadura	Galicia	Madrid
Investment in agricultural holdings (Green)		√				√			√	√
Investment in agricultural holdings	√	√	√	√	√	√	√	√	√	√
Agri-food industry investment (Green)		√				√				√
Agri food industry investment		√	√		√	√	√			√
Irrigation modernisation	√			√						
Irrigation installation	√									
Forestry investments		√							√	
Young farmers	√	√	√	√	√	√		√	√	√
New entrants		√								
LEADER		√		√					√	

Source: fi-compass, based on information by managing authority.

4.2 State aid

Due to the transfer of benefit requirement, the financial instrument is free of State aid at the level of the participating banks.

For final recipients, the capped portfolio guarantee instrument **operates under market-conformant conditions**, in line with the Commission Notice on the application of Articles 87 and 88 of the EC Treaty to State aid in the form of guarantees (2008/C 155/02). The guarantee scheme fulfils the conditions set out in the Commission Notice, namely:

- the guarantee is linked to specific financial transactions, with a fixed maximum amount and limited duration;
- the guarantee covers no more than 80% of the outstanding loan;
- the guarantee is provided in return for a market-oriented price, reflecting a realistic assessment of the underlying credit risk;
- the guarantee scheme is designed to be self-financing over time through the guarantee premiums charged; and
- the scheme operates under transparent conditions governing the granting of guarantees, including predefined eligibility criteria and guarantee parameters.

The interest rate of the underlying loans exceeds the Commission reference rate established under the Commission Communication on the revision of the method for setting the reference and discount rates (2008/C 14/02).

On this basis, the portfolio guarantee instrument is regarded as a market-based measure and does not constitute State aid within the meaning of Article 107(1) TFEU. Consequently, no notification or reliance on a block exemption or de minimis regulation is required for the IFGC instrument.

The principal benefit for final recipients therefore does not arise from subsidised loan pricing, but from improved access to finance, including easier access to credit, lower collateral requirements, longer maturities and grace periods for economically viable investments.

Where the portfolio guarantee is combined with an **interest rate subsidy** granted within a single operation, the subsidy constitutes an economic advantage for the final recipient and therefore qualifies as State aid. Compliance with State aid rules must in such cases be ensured at regional level.

4.3 Financial flow and appraisal process

The IFGC financial instrument is implemented through a **decentralised structure under the central coordination of MAPA**. Each participating Autonomous Community allocates part of its EAFRD contribution to a dedicated regional compartment within the instrument. These resources are transferred to fiduciary accounts opened and managed by SAECA on behalf of the region.

Separate accounts are used for

- guarantee disbursements,
- management fees,
- interest rate subsidy payments, and
- the reserve of recovered amounts and generated interest.

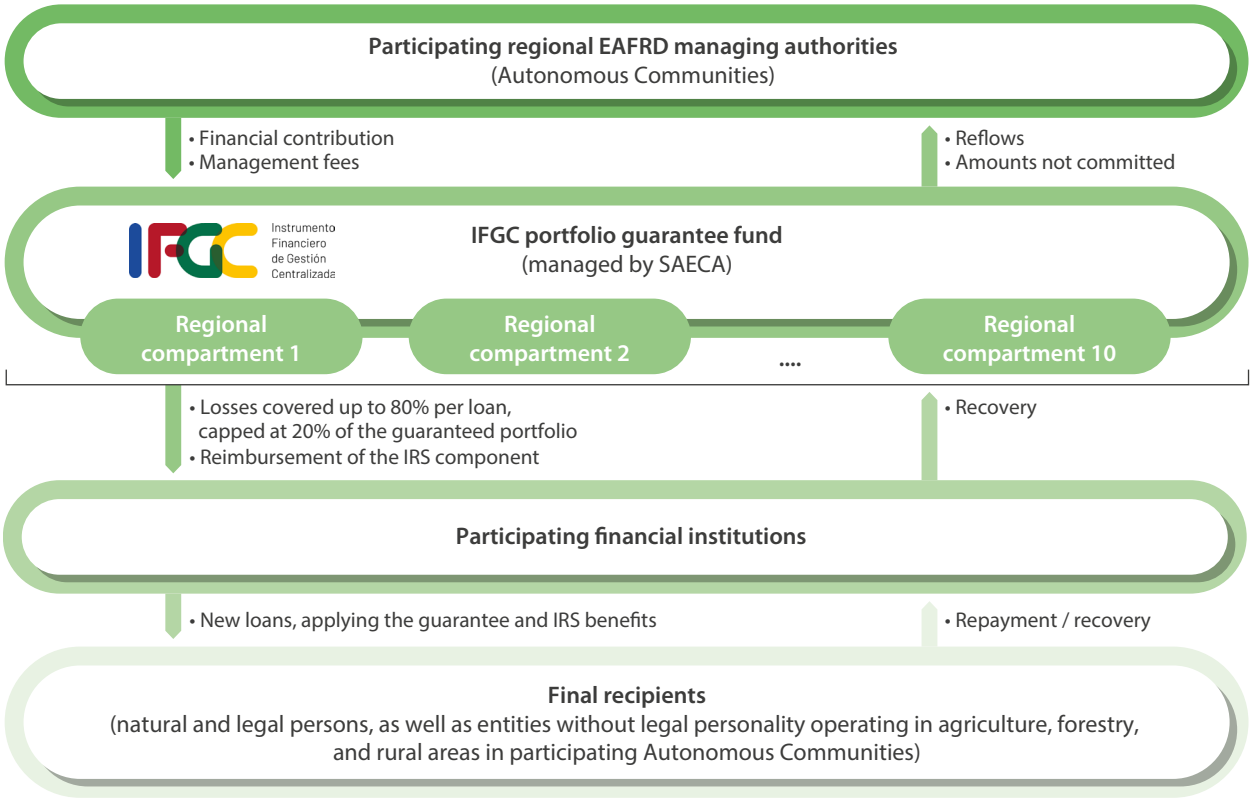
Amounts recovered from defaulted loans or unused guarantee provisions are returned to the reserve account and may be reused in line with the regulatory framework, enabling a revolving effect.

Once the Autonomous Community issues an individual investment decision confirming the eligibility of the project, MAPA instructs SAECA to provide the guarantee within the agreed parameters (including maximum loan amount, maturity and eligibility period). The final recipient may then conclude a loan agreement with any financial institution that has signed the standard guarantee agreement with SAECA. Upon signature, the loan is included in the guaranteed portfolio, and the corresponding guarantee coverage becomes effective.

The financial institution retains responsibility for credit assessment and loan servicing, while SAECA manages the guarantee portfolio, including handling claims and recoveries in case of default.

The main financial flows of the IFGC portfolio guarantee instrument are shown in the figure below.

Figure 3: Main financial flows of the IFGC portfolio guarantee instrument.



Source: fi-compass, based on information by managing authority.

The publication of calls for support under the IFGC is the responsibility of the Autonomous Communities, which determine whether calls are permanently open or limited to specific application windows, as well as the detailed procedures.

Applications may be submitted either

- directly to the regional administration or,
- where provided for in the call, through participating financial institutions or other collaborating entities.

The point of entry therefore differs between Autonomous Communities. In some (such as Castilla-La Mancha, Castilla y León, Aragón, Canarias and Asturias) financial institutions are the initial contact point ('single entry'), while in others (such as Extremadura, Galicia, Baleares, Comunidad Valenciana and Madrid) applications are submitted directly to the regional administration. However, the **underlying appraisal and approval process is always sequential** and continues to involve the Autonomous Community, SAECA, MAPA and the participating financial institution.

As part of the application, the applicants authorise SAECA to carry out the necessary checks to issue a **credit feasibility report** (*'Informe de Viabilidad Crediticia'*). This report assesses the creditworthiness and financial viability of the proposed operation.

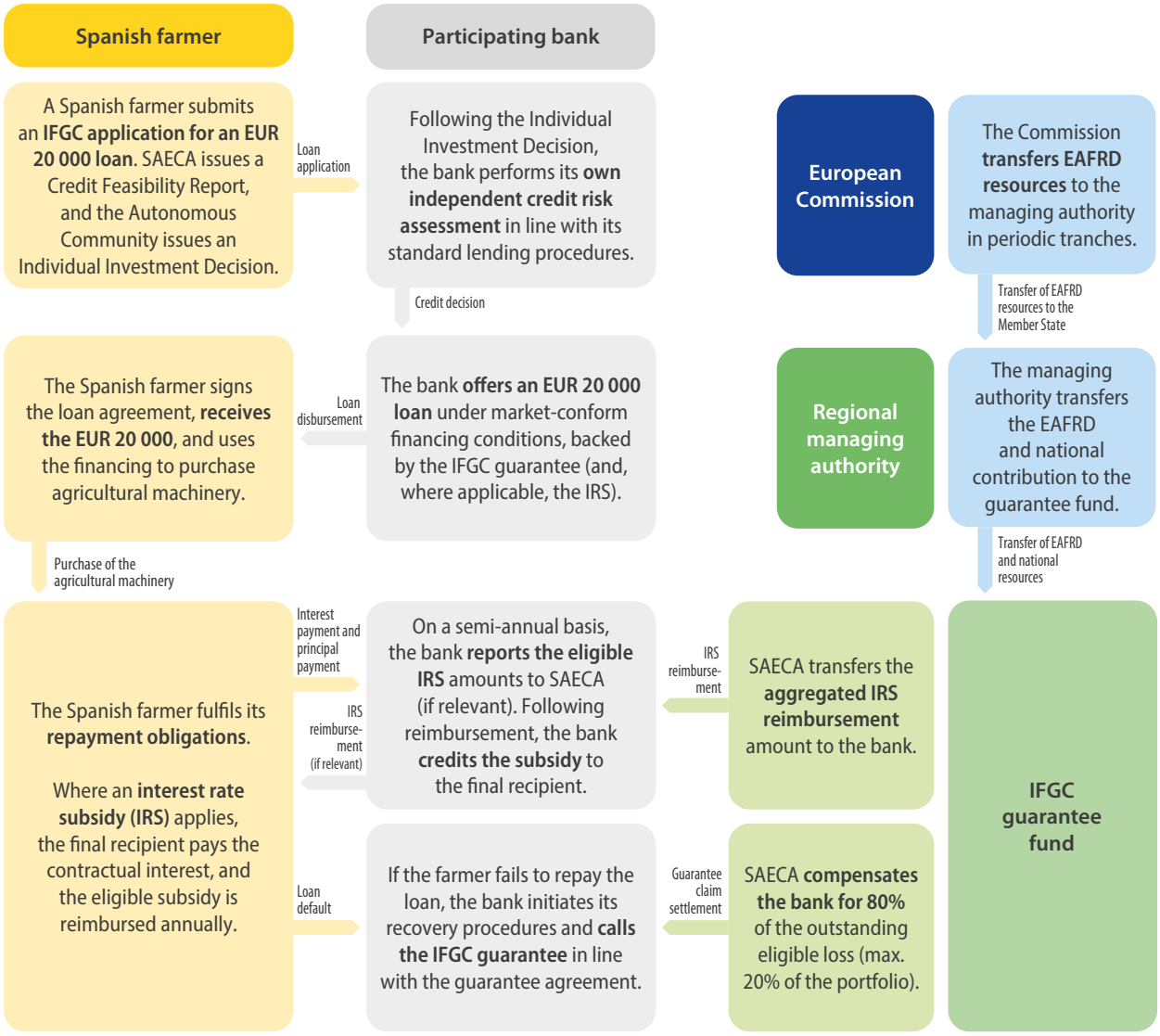
On the basis of the application and the credit feasibility report, the Autonomous Community verifies the eligibility of the project against the conditions in the call and the CAP Strategic Plan and, if applicable, issues an **individual investment decision**. The decision formally recognises the applicant's right to obtain a loan backed by the IFGC, specifying the maximum amount and key parameters.

Following the decision, **MAPA issues a formal instruction to SAECA** authorising it to grant the guarantee on behalf of the financial instrument, within the limits defined in the decision (including maximum loan amount, duration and the deadline for formalisation). The final recipient may then approach any financial institution that has signed the standard agreement with SAECA for participation in the IFGC.

The bank carries out its own **independent credit risk assessment**; the credit feasibility report and the individual investment decision do not replace the bank's own lending decision. If the loan is approved, the bank informs both the final recipient and SAECA, and the loan agreement and the corresponding guarantee documentation are signed by the parties.

The figure below illustrates the key operational steps of an illustrative loan example in a region, highlighting the practical functioning of the IFGC guarantee and the IRS, as well as the related financial flows.

Figure 4: Operational steps of a loan example and the financial flows regarding the guarantee and the interest rate subsidy.



Source: fi-compass, based on information by managing authority.

4.4 Monitoring and reporting

Monitoring of the IFGC is coordinated at national level by MAPA. The core monitoring tool is a **dedicated IT application** developed and maintained by MAPA for the 2023-2027 CAP programming period. This system is a central platform to exchange information between all actors involved in implementing the financial instrument, namely MAPA, SAECA, the participating Autonomous Communities and the financial institutions. The platform enables continuous monitoring of the guaranteed loan portfolios for each Autonomous Community, including data on approvals, formalised loans, portfolio volumes, guarantees and related financial flows. It also records the operational milestones of each guaranteed loan throughout its lifecycle, from the individual investment decision until the loan leaves the portfolio (e.g. following full repayment or guarantee execution).

The IT system builds on the application used in the 2014-2020 programming period and has been upgraded to reflect the regulatory framework applicable to financial instruments under the CAP Strategic Plan 2023-2027. It incorporates new functionalities for reporting, monitoring of performance indicators and compliance with eligibility and control requirements. The application follows a role-based access model, with each participating organisation accessing dedicated functions corresponding to its implementation responsibilities. For example, the Autonomous Communities record individual investment decisions, SAECA records the credit feasibility reports, while participating financial institutions record the signature and subsequent management of the guaranteed loans.

In parallel, SAECA, the Autonomous Communities and the financial institutions operate their own internal IT systems, which are **interoperable with MAPA's central application**. This ensures data consistency, facilitates the verification and control carried out by regional paying agencies, and supports the preparation of annual performance reports and other reporting obligations under the CAP Strategic Plan. Each participating organisation remains responsible for carrying out its own operational processes within its internal systems and subsequently uploading information to the central MAPA application, ensuring a complete and consistent audit trail across all actors implementing the IFGC.

05 Output

Output of the IFGC in the 2014-2020 programming period

During the 2014-2020 programming period, the IFGC operated as a capped portfolio guarantee scheme. It enabled portfolios of newly originated loans with 80% credit risk coverage on each loan and a maximum guarantee cap of 20% at portfolio level. The total public contribution amounted to EUR 90 million, of which 88% was allocated to investments and 12% to working capital. This allocation reflected a focus on structural investments while maintaining the capacity to address short-term liquidity needs.

The instrument was implemented in three Autonomous Communities: Castilla y León, Extremadura, and Galicia. It was designed to address a specific market failure stemming from the elevated risk perception of financial institutions towards small and medium-sized farmers. It thereby facilitated access to finance for investments that would not have been undertaken without the guarantee.

The guarantees supported investments in farm modernisation, agri-industry, young farmers and forestry, thereby contributing to the economic sustainability and structural adjustment of rural enterprises (see Table 6). The loans were targeted at micro enterprises and young farmers, providing liquidity and long-term financing aligned with agricultural production cycles and extended investment return periods. The structure of the instrument also facilitated entry into the agricultural sector and supported generational renewal.

Over the 2014-2020 programming period, 1 136 beneficiaries accessed loans through the IFGC, with an average loan amount of EUR 203 000. Demand was heavily concentrated in Castilla y León, which accounted for 88% of beneficiaries, while Extremadura represented 5.1% and Galicia 6.8%. In Castilla y León, demand originated predominantly from individual farmers seeking long-term investment loans for crop and livestock holdings, with an average loan of EUR 211 000. In Extremadura, demand likewise came mainly from individual farmers and focused on initial investments in crop production and grazing livestock, with an average loan of EUR 123 000. In Galicia, uptake was mainly by small and medium-sized farms and agri-food companies, with loans primarily used for working capital and for shorter maturities, averaging EUR 98 000 per loan. The average duration across the instrument was about 9.6 years[8].

Table 6: Results of IFGC 2014-2020.

Castilla y León	Number of final recipients	Number of loans	Amount of loans committed (EUR million)
4.1. Modernisation	886	1 130	167.6
4.2. Agri-industry	61	83	31.7
6.1. Young farmers	52	52	5.1
8.6. Forestry	2	2	0.2
Total	**1 001**	**1 267**	**204.6**

8 Results are as of December 2025.

Extremadura	Number of final recipients	Number of issued loans	Amount of loans committed (EUR million)
4.1. Modernisation	12	12	1.95
6.1. Young farmers	46	46	5.63
Total	**58**	**58**	**7.6**
Galicia	**Number of final recipients**	**Number of issued loans**	**Amount of loans committed (EUR million)**
4.1. Modernisation	37	37	0.8
4.2. Agri-industry	40	47	6.19
Total	**77**	**84**	**6.99**

Source: managing authority.

Output of the IFGC in the 2023-2027 programming period

For the 2023-2027 programming period ten Autonomous Communities are participating in the financial instruments: Castilla y León, Extremadura, Galicia, Aragón, Asturias, Baleares, Canarias, Madrid, Castilla-La Mancha and Comunidad Valenciana. The target number of projects is 27 887, with a combined total public expenditure of EUR 98.9 million (resulting in potentially disbursed loans of EUR 617.8 million in total). These allocations are distributed across a variety of measures, reflecting priorities in agricultural modernisation, generational renewal and environmental objectives (see Table 7).

Table 7: Targeted output of IFGC for the 2023-2027 programming period.

Measure	Number of targeted projects/beneficiaries	Total public expenditure (EUR million)	Amount of loans that can be disbursed (EUR million)
Investments in holdings (environmental objective)	1 147	2.5	15.8
Investments in holdings	8 693	49.3	307.8
Investments in agri-industry (environmental objective)	68	0.6	3.6
Investments in agri-industry	607	12.7	79.3
Irrigation modernisation	179	15.2	95.3
Irrigation creation	944	4.7	28.6
Forest investments	508	0.6	3.5
Installation of young farmers	14 994	11.3	70.5
Installation of new farmers	637	0.2	1.3
LEADER	110	1.95	12.2
Total	**27 887**	**98.9**	**617.8**

Source: managing authority and CAP Strategic Plan.

For the current programming period, as of mid-2026, the total volume of loans granted under the financial instrument amounted to EUR 67.4 million across 374 loans. Implementation was highly concentrated geographically, with Castilla y León accounting for the vast majority of loans, with 325 loans totalling EUR 59.7 million, or approximately 88% of the total loan portfolio by volume. Aragón saw 30 loans amounting to EUR 5.1 million, whilst Extremadura recorded 17 loans with a total value of EUR 2.6 million.

The instrument demonstrates significant outreach to young farmers, supporting generational renewal within the agricultural sector. For the current programming period, among the 254 loans detailing the age of the final recipient, 109 were granted to young farmers, 43% of beneficiaries for whom the age is known. In value terms, young farmers received EUR 15.3 million out of EUR 42.8 million in loans for which age data was available, 36% of the associated financing volume. These figures indicate a substantial contribution towards access to finance for younger entrants in the agricultural sector, a segment that frequently faces greater difficulties in obtaining long-term credit owing to limited collateral and shorter credit histories.

The average duration of loans under the instrument is 8.6 years, reflecting a strong orientation towards medium- and long-term investment financing. Longer maturities are consistent with typical investment cycles in the agricultural sector, where returns on capital often materialise over extended periods. The structure of the financing therefore aims to contribute to improving the viability of agricultural investments whilst reducing short-term repayment pressures on borrowers.



06 Lessons learnt

6.1 Success factors

Combination of first loss portfolio guarantee and interest rate subsidy in one operation

Autonomous Communities can choose to combine partial credit risk coverage through the FLPG and interest rate reduction through the interest rate subsidy. Evidence from Aragón, Extremadura, Galicia and Baleares shows that such a combination enables financial institutions to offer competitive financing conditions, resulting in lower interest rates. This increases the attractiveness of the financial instrument, particularly for private individuals, small agricultural holdings and SMEs. By lowering the cost of capital, the instrument can serve as a catalyst for investments that might not have occurred under standard market conditions. Combining the FLPG and the interest rate subsidy in one operation means a single application process, which streamlines access for final recipients.

Regionally tailored delivery with central coordination

Each Autonomous Community can define the eligibility criteria, types of supported investments and operational details of the IFGC within its territory, while MAPA provides strategic oversight and central coordination. This approach balances regional specificity with national consistency, ensuring that local needs and priorities are addressed without compromising alignment with the objectives of the CAP Strategic Plan or the consistency of implementation across Autonomous Communities.

Lean governance with clearly defined roles

The IFGC's governance does not include a holding fund structure, which streamlines decision making and oversight. Responsibilities are distributed clearly between MAPA, SAECA, FEGA, and the Autonomous Communities. MAPA supervises the overall instrument, sets guidelines and coordinates monitoring. SAECA implements the financial instrument, manages portfolios and agreements with financial institutions and issues credit feasibility reports. FEGA ensures control and reporting. Autonomous Communities define the regional eligibility criteria and conditions of support, manage local implementation and issue individual investment decisions. This structure enables cost-efficient coordination while maintaining accountability and compliance with EU regulations.

Designation of an experienced body implementing the financial instrument (SAECA)

SAECA was designated by MAPA, in agreement with the participating Autonomous Communities, as the body implementing the capped portfolio guarantee instrument under the IFGC. SAECA was chosen to implement the IFGC for its extensive experience in managing agricultural financial instruments and guarantees. This experience proved essential in scaling the instrument from three participating Autonomous Communities in the 2014-2020 programming period to ten in the 2023-2027 CAP programming period, while managing complex financial flows and maintaining consistent and regular operations across multiple regions.

Engagement of multiple financial institutions

The IFGC collaborates with a wide network of financial institutions to ensure competition, broaden outreach, and increase the number of final recipients. The financial institutions have different profiles, geographical reach and client bases. This ensures that IFGC guaranteed loans are accessible across all participating regions and sectors, promoting inclusivity and extending the reach of the financial instrument with strong private sector participation.

Streamlined application workflow

The IFGC offers a simplified application process that is faster and more agile than traditional grant mechanisms. Applicants submit requests through the regional administration or participating banks, receive the credit feasibility report from SAECA and the individual investment decision from the Autonomous Community. They then apply for the loan with their chosen financial institution. This workflow allows applicants to access financing before expenditure is incurred and accelerates project implementation. In some Autonomous Communities, such as Castilla y León, loans could be disbursed in as little as one month, demonstrating the effectiveness of the approach.

Regional control over each loan application

Before loans are guaranteed, each application undergoes regional validation through the individual investment decision, which follows the credit feasibility report. While SAECA evaluates the technical and financial feasibility, the Autonomous Communities approve and authorise the loans in their territory. This dual-level validation ensures that regional priorities, eligibility and compliance with the objectives of the CAP Strategic Plan are respected, while maintaining a structured and standardised workflow.

Custom IT platform supporting the full lifecycle of IFGC operations

A bespoke IT application developed by MAPA enables the coordination, monitoring and reporting of the stakeholders involved in implementation of the IFGC, including MAPA, SAECA, Autonomous Communities and participating financial institutions. The platform records the principal operational milestones of each guaranteed loan throughout its lifecycle, from the individual investment decision to loan repayment or guarantee execution, while supporting portfolio management, progress tracking, annual performance reporting and information exchange between participating organisations. It operates through role-based access, enabling each organisation to manage and upload information falling within its own responsibilities while maintaining a complete audit trail and ensuring data consistency across all actors. It integrates functionalities from the 2014-2020 programming period and adapts them to the 2023-2027 CAP programming period, allowing efficient management of a growing number of operations across ten Autonomous Communities while ensuring data consistency.

Strategic communication and targeted training



The IFGC's uptake has been supported by extensive communication and training targeted at potential final recipients and implementing actors. MAPA, the financial institutions and Autonomous Communities carried out campaigns including online brochures, videos, press releases, social media, radio interviews, workshops and participation in various events (see FI Campus Showcase 2025). Additionally, MAPA provided direct training to bank managers to ensure they understood the instrument. This strategic dissemination increased awareness and trust among farmers and rural enterprises.

6.2 Challenges

Initial novelty and absence of national precedent

When introduced in the 2014-2020 programming period, the IFGC was the first nationally programmed EAFRD financial instrument in Spain. There was no prior domestic experience in structuring, governing and monitoring such an instrument at national level. Designing operational procedures, allocating responsibilities and ensuring regulatory compliance required significant institutional learning and coordination among actors.

This initial learning phase laid the foundations for the 2023-2027 capped portfolio guarantee instrument, which now benefits from established procedures, accumulated experience and tested governance arrangements.

Fragmented and evolving regulatory framework in the past programming period

During the 2014-2020 period, EU provisions applicable to financial instruments were dispersed across several regulations and provided limited guidance tailored to EAFRD-specific instruments. Considerable effort was required to interpret and adapt these rules within the national rural development framework.

Experience gained in meeting all regulatory requirements has facilitated a smoother design and implementation process under the 2023-2027 CAP Strategic Plan.

Balancing regional autonomy with national coherence

The IFGC operates within a common national framework, but financial support is embedded within interventions programmed individually by each Autonomous Community, which define eligibility conditions, types of support and beneficiary obligations through their own calls. Achieving homogeneity for national coordination, while respecting regional competences, required careful alignment and negotiation.

The structured national framework of the financial instrument, standardised funding agreements between MAPA, SAECA and the Autonomous Communities, and a dedicated IT system for monitoring have ensured coherence while preserving regional flexibility.

Coordination across multiple public and private actors in the new programming period

The number of participating Autonomous Communities has increased to ten up from three in the past programming period. Also, a large number of financial institutions have agreed to provide IFGC-backed loans. Establishing a clear division of responsibilities, effective communication channels and reliable monitoring was initially demanding, particularly given the interdependence of decisions at the level of SAECA (credit feasibility report), the Autonomous Communities (individual investment decision) and the financial institutions (their own credit risk assessment).

A lean governance model with clearly defined roles, standardised trilateral agreements and a dedicated IT platform supports effective coordination and real-time monitoring.

Uneven initial engagement of financial institutions

Spain's diverse financial sector responded unevenly when the instrument was first introduced in the past programming period. While some institutions actively engaged with the IFGC, others were cautious due to unfamiliarity with the mechanism or perceived administrative complexity.

As the instrument demonstrated positive results, participation expanded, leading to broader and more stable engagement from the banking sector in the current programming period.

Limited initial awareness and competition with established grant schemes

As a new type of support instrument, the IFGC initially suffered from limited visibility among farmers and rural enterprises, many of whom were unfamiliar with guarantee-based support mechanisms. The agricultural and forestry sectors already benefit from a variety of grant schemes and financial products. In some cases, potential overlaps in target groups or investment types created competition between the IFGC and more established non-refundable support measures. Moreover, traditional grants were often better known among beneficiaries.

Targeted communication campaigns, training for financial institutions, successful investments and the option for the Autonomous Communities to combine IFGC-backed loans with interest rate subsidies have strengthened the IFGC's positioning as a complementary and attractive financing option.

External economic shocks affecting demand and repayment capacity

The COVID-19 pandemic and the economic consequences of Russia's invasion of Ukraine increased production costs, disrupted supply chains and created uncertainty in the agricultural sector. These factors affected both demand for financing and, in some cases, repayment capacity.

The risk-sharing nature of the guarantee instrument, combined with interest rate support in certain Autonomous Communities, helped mitigate these effects and maintain access to finance during periods of economic stress.

6.3 Outlook

The managing authority's outlook for long-term investment loans under the IFGC is cautiously positive. At macroeconomic level, the expected reduction in European Central Bank interest rates, combined with favourable forecasts for Spanish GDP growth in 2026, could lead to **more attractive long-term financing conditions**. Lower borrowing costs and an improved investment climate may stimulate greater demand for IFGC-backed loans.

However, the managing authority also expects continued **challenges posed by the international macroeconomic context**. Geopolitical tensions and market volatility may affect primary production through fluctuations in demand, input costs, distribution and marketing conditions, as well as through impacts on financial markets. In this environment, public intervention through risk-sharing instruments remains important to safeguard the continuity of farms and to facilitate the establishment of new entrants.

Climate-related events such as droughts and floods may also significantly affect farm operations and creditworthiness, potentially slowing uptake. At the same time, such risks may equally encourage farmers to invest in mitigation and adaptation measures, such as irrigation infrastructure, water-saving technologies, renewable energy installations or improved storage facilities.

Beyond these external pressures, certain **structural challenges** in the sector persist. The characteristics of Spanish agricultural and forestry holdings, the ongoing abandonment of agricultural activity in certain areas, and difficulties in generational renewal may continue to pose challenges in terms of credit risk coverage for some beneficiaries.

At policy level, however, there is **strong institutional backing** for financial instruments. The European Commission has reinforced its commitment to greater use of financial instruments under the CAP, and MAPA has positioned the IFGC as a strategic tool within the CAP Strategic Plan 2023-2027. The instrument has been programmed in ten Autonomous Communities and its scope has broadened to include financing for both investments and working capital, support for interventions with 100% environmental and climate objectives, the inclusion of LEADER, and continued backing for the agri-food and forestry industries. This should strengthen its momentum and visibility among target groups.

The option to **combine the portfolio guarantee with an interest rate subsidy** is also expected to increase uptake, as is the efficient application process. In some cases, loans have been granted within one month. This means IFGC-backed loans are highly competitive compared to the considerably longer procedures typically associated with EAFRD co-financed non-repayable grants for several types of investment. Unlike grants, financing is available before expenditure is incurred, enabling projects to proceed without delay.

Overall, the IFGC demonstrates **significant growth potential**. Additional Autonomous Communities may join the instrument and participating Autonomous Communities will increasingly rely on it as a core mechanism to support investment and resilience in rural areas, working alongside non-repayable grants and market-based loan products in a coherent and complementary manner.

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