



Report
October 2023

Survey on financial needs and access to finance of EU agri-food micro, small and medium-sized enterprises



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Glossary and definitions

Abbreviation	Full name
CAP	Common Agricultural Policy
CATI	Computer-Assisted Telephone Interviewing
DG AGRI	Directorate-General for Agriculture and Rural Development
EAFRD	European Agricultural Fund for Rural Development
EC	European Commission
EIB	European Investment Bank
EU	European Union
GFCF	Gross Fixed Capital Formation
SAFE	Survey on the access to finance of enterprises
SMEs	Small and medium-sized enterprises

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INTRODUCTION

This report offers an overview of financial needs and access to credit for EU agri-food micro-, small- and medium-sized enterprises (SMEs)¹ in 2022 based on a survey in early 2023. There are valuable insights into the sector's performance, financial demand, future projections and investment, including for climate change. The analysis is enriched by reviewing various class sizes of enterprises. The insights, in turn, hold implications for avenues through which support (future) may be channelled, especially via financial instruments.

The analysis is based on data from a Computer-Assisted Telephone Interviewing survey (CATI). The questionnaire for the CATI was developed by the Directorate-General for Agriculture and Rural Development (DG AGRI) and the European Investment Bank (EIB) in the context of the fi-compass technical assistance platform. The questionnaire was completed in the first half of 2023 by 2 359 agri-food SMEs across 24 EU Member States (EU-24): Austria, Belgium, Bulgaria, Croatia, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden².

This study follows a study published in 2020, which analysed the financing needs of the agriculture and agri-food sectors in 24 EU Member States and provided an estimate of the financing gap for the two sectors³.

Since 2020, the economic and financial context has been impacted by major events such as the COVID-19 pandemic in 2020 and 2021, and, more recently, the Russian invasion of Ukraine. Consequences of the latter, especially the energy crisis, significantly impacted agri-food enterprises and the whole agri-food supply chain.

Ahead of the launch of Member State CAP Strategic Plans for the 2023 – 2027 programming period, DG AGRI and the EIB decided to carry out a new survey under fi-compass at the beginning of 2023. This report offers EAFRD managing authorities, along with supply chain and sector stakeholders, direct insights into the current financial environment in which EU agri-food SMEs operate.

The report is structured as follows:

- Chapter 1 (this chapter) is an introduction to the report;
- Chapter 2 focuses on the financing needs of EU-24 agri-food enterprises and presents key difficulties of the previous year, the type of financing applied for with the outcomes of these applications. reasons for not applying for finance, what the finance was used for and key reasons banks rejected loan applications;
- Chapter 3 assesses future financial expectations of the sector;
- Chapter 4 presents the impact of climate change on agri-food businesses, as well as approaches and barriers to investments enhancing their environmental sustainability and climate resilience;
- Chapter 5 compares different class sizes of agri-food enterprises;
- Chapter 6 offers conclusions;
- Annex I includes the questionnaire used in the CATI survey;
- Annex II describes the methodology used to obtain the statistics for this analysis.

1 Micro-, small-, and medium-sized enterprises are defined according to European Commission (EC) Recommendation of 6 May 2003, C(2003) 1422.

2 Cyprus, Luxembourg, and Malta were excluded from the survey due to difficulties expected in collecting sufficient answers to the CATI interviews.

3 fi-compass (2020). Financial needs in the agriculture and agri-food sectors in the European Union, available at: <https://www.fi-compass.eu/eafrd/fi-compass-study-financial-needs-agriculture-and-agri-food-sectors-24-eu-member-states>. The study analyses data collected on access to credit conditions of respondents in 2018.



To offer a complete overview of the financing needs and access to credit of the agriculture and agri-food sectors, this publication is complemented by two additional reports published under fi-compass:

- A 'Survey on financial needs and access to finance of EU agriculture enterprises', which is an analysis of the financial environment in which EU farmers operate, based on a Computer-Assisted Telephone Interviewing survey (CATI) carried out in the first half of 2023 on a representative sample of 6 550 farmers in the EU-24⁴
- The factsheet 'Financing gap in the EU agriculture and agri-food sectors'⁵, which includes an update of the financing gap estimate published in 2020⁶, based on the 2023 surveys

4 Available at: <https://www.fi-compass.eu/publication/market-analysis/survey-financial-needs-and-access-finance-eu-agricultural-enterprises>.

5 Available at: <https://www.fi-compass.eu/publication/market-analysis/financing-gap-eu-agricultural-and-agri-food-sectors>.

6 fi-compass (2020). Financial needs in the agriculture and agri-food sectors in the European Union.

01 Key characteristics of agri-food enterprises in the EU

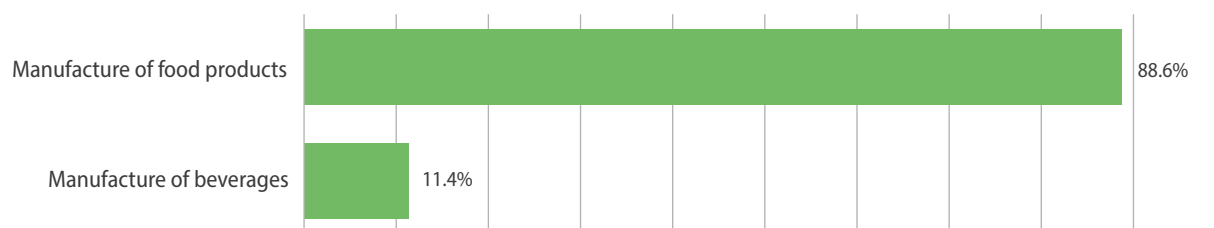
This chapter analyses agri-food enterprise structures in terms of activities, size, age and gender of the CEO/Manager⁷.

Key findings

- About nine in ten agri-food enterprises (88.6%) manufacture food products;
- About 20% rely fully or partly on their own production of agricultural inputs;
- A vast majority (90.6%) have been established for more than 5 years;
- About 58% have an annual turnover below EUR 500 000;
- Most (76.5%) are micro- (1 to 9 employees), 18.1% are small- (10 to 49 employees), and 5.4% medium-sized enterprises (50 to 249 employees).

The main activities of the agri-food enterprises are based on the Statistical Classification of Economic Activities in the European Community⁸. **About 88.6% of the agri-food enterprises manufacture food products** (see Figure 1.1). Within food manufacturing, the most substantial shares are bakery and farinaceous goods (46.2%), followed by meat processing, preservation and products, accounting for 15.6% (see Figure 1.2). **About 20% of the enterprises directly produce all or part of their agricultural inputs.**

Figure 1.1 Main activity of respondent agri-food enterprises



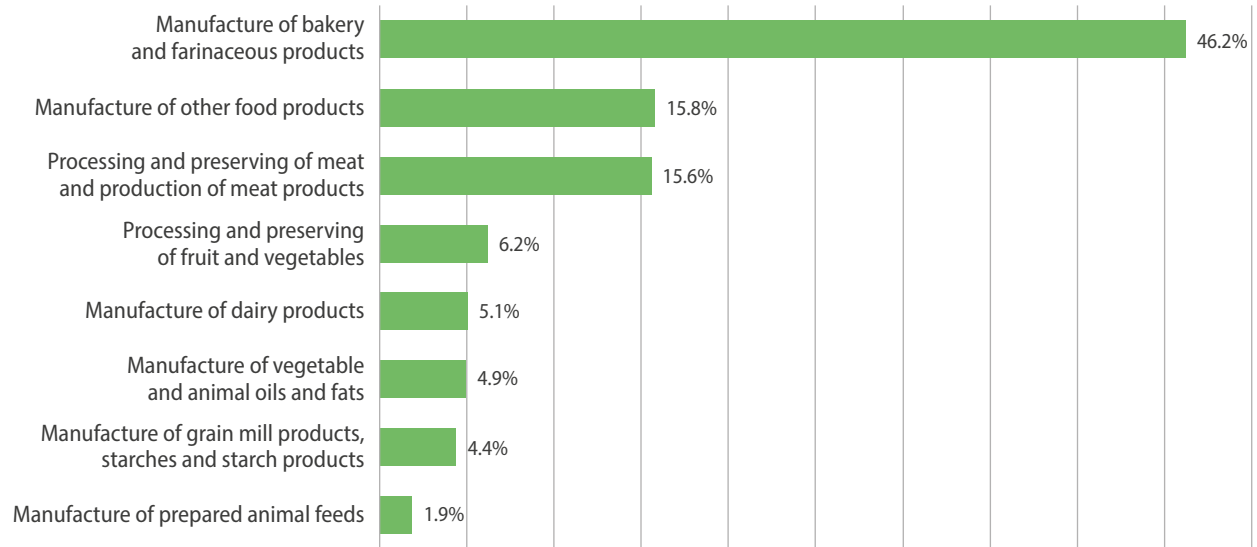
Source: Own calculations based on question Q.1a, see Annex I.

⁷ The statistical weights in this report are calculated across multiple dimensions, e.g. farm size, farmer's age, farm sector and these are applied to the survey data to correct for sample profile differences with Eurostat. Differences in the sample profile and population distribution weighting might lead to less precision in survey estimates. To mitigate this, outliers were trimmed. Therefore, the weighted survey results will deviate slightly from the Eurostat figures. However, this deviation is expected to have a minimal impact on the survey outcomes due to the relatively small deviations post weighting, the relatively weak relationship between the profiling variables used for weighting and the survey outcomes.

⁸ European Commission (2008), NACE Rev.2- Statistical classification of economic activity in the European Commission, Eurostat Methodologies and Working Paper, (Online). Available at <https://ec.europa.eu/eurostat/documents/3859598/5902521/KS-RA-07-015-EN.PDF>.



Figure 1.2: Distribution of enterprises by main activity (class sectors per NACE Rev.2)



Source: Own calculations based on question Q1.b, see Annex I.

This survey covers agri-food SMEs, using the European Commission (EC) definition of enterprise size categories⁹. One indicator is the number of employees:

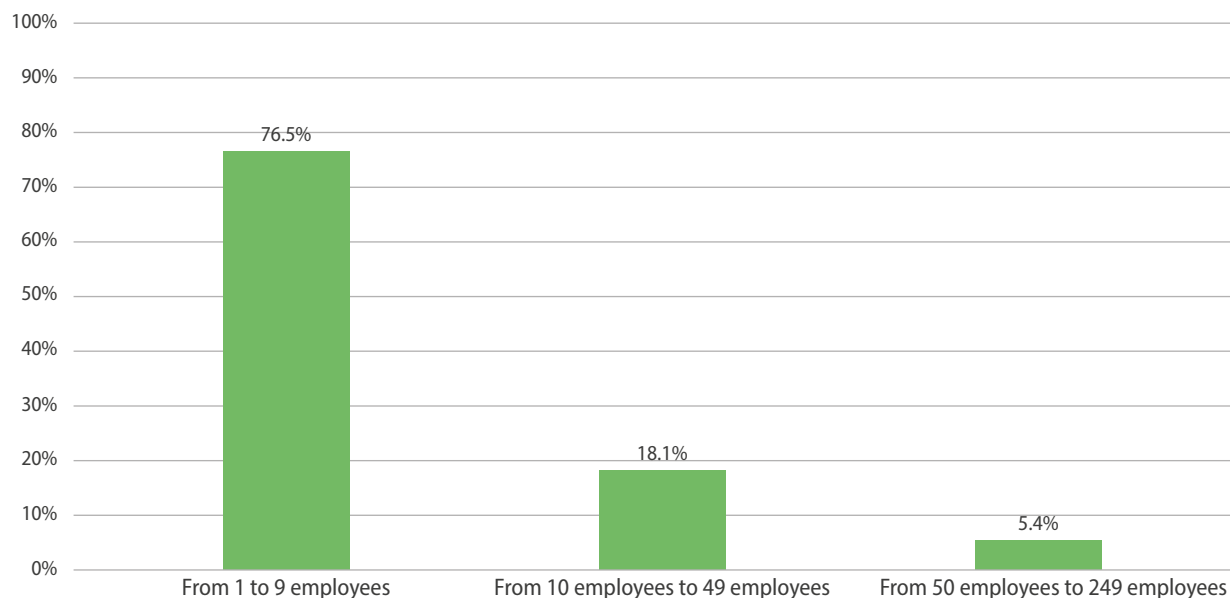
- 0 to 9 employees - **micro enterprises**;
- 10 to 49 employees - **small enterprises**;
- 50 to 249 employees – **medium-sized enterprises**.

On this basis, **the vast majority of agri-food enterprises (76.5%) are micro**, while 18.1% are small and 5.4% are medium-sized (see Figure 1.3).

⁹ See European Commission (2020), User guide to SME definition. SMEs are defined as enterprises that employ less than 250 persons and have an annual turnover of up to EUR 50 million, or a balance sheet total of no more than EUR 43 million. Available online at <https://op.europa.eu/en/publication-detail/-/publication/756d9260-ee54-11ea-991b-01aa75ed71a1>.



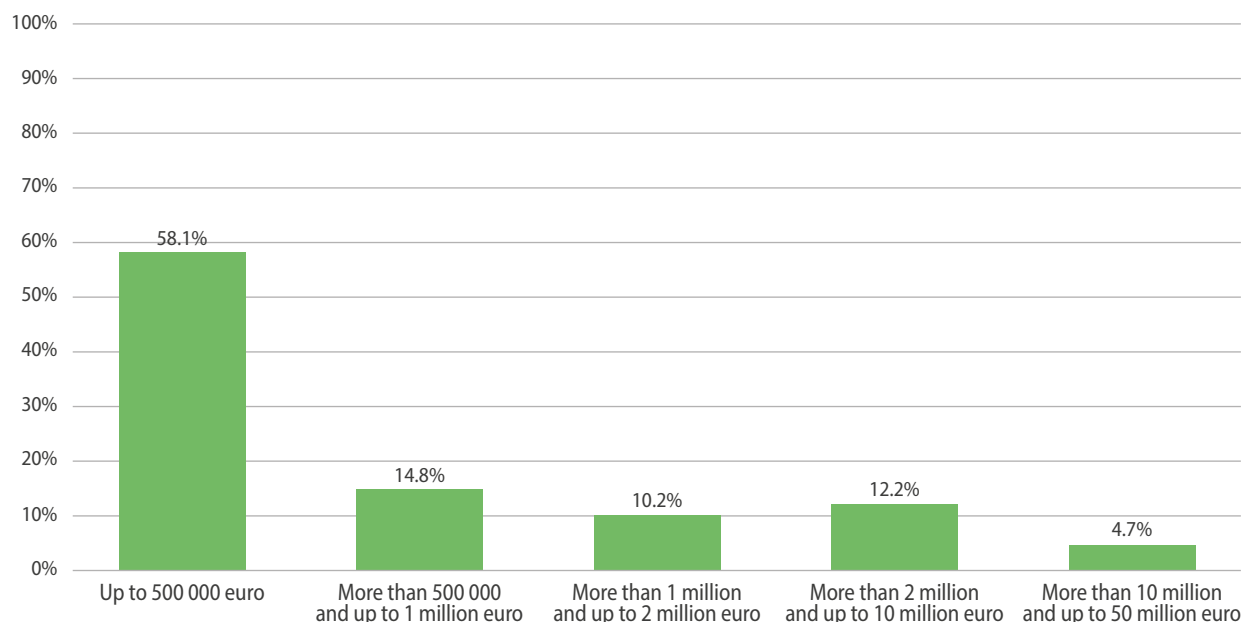
Figure 1.3: Number of people employed during the last fiscal year



Source: Own calculations based on question Q.3, see Annex I.

When categorising SMEs, annual turnover is another indicator. **In 2022, the majority (58.1%) of the EU 24 agri-food enterprises had a turnover of up to EUR 500 000.** Only a very small fraction (4.7%) had turnover exceeding EUR 10 million (see Figure 1.4).

Figure 1.4: Agri-food enterprise turnover in 2022 (EUR),

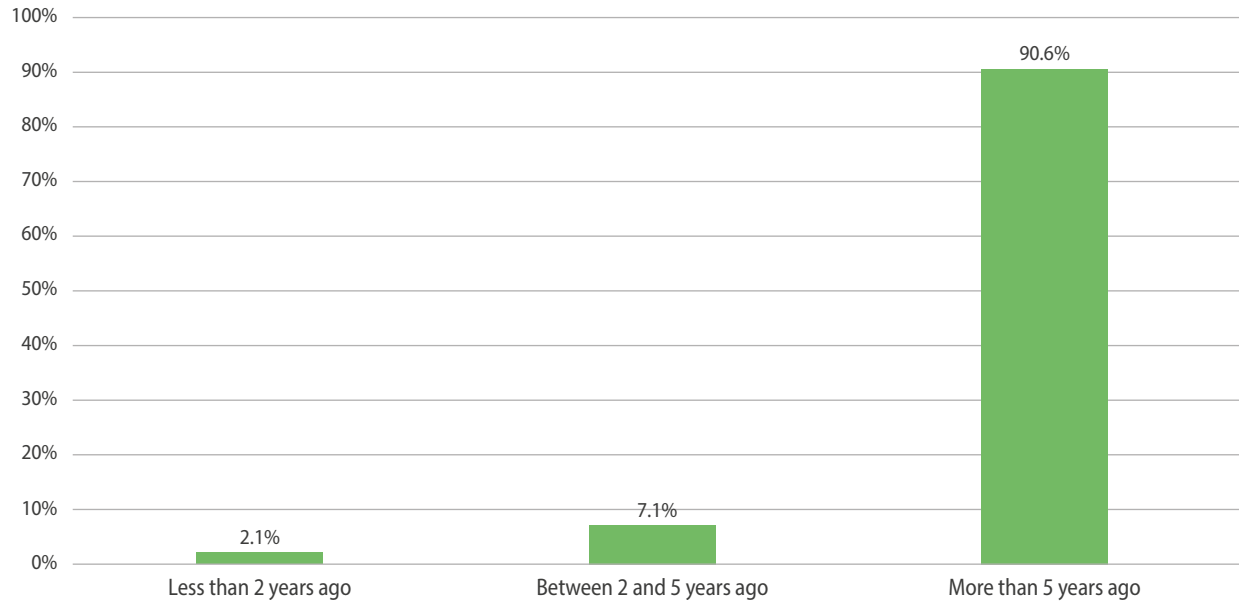


Source: Own calculations based on question Q.4, see Annex I.



In the EU-24, 9% of the agri-food enterprises are early-stage, established less than 5 years ago (see Figure 1.5).

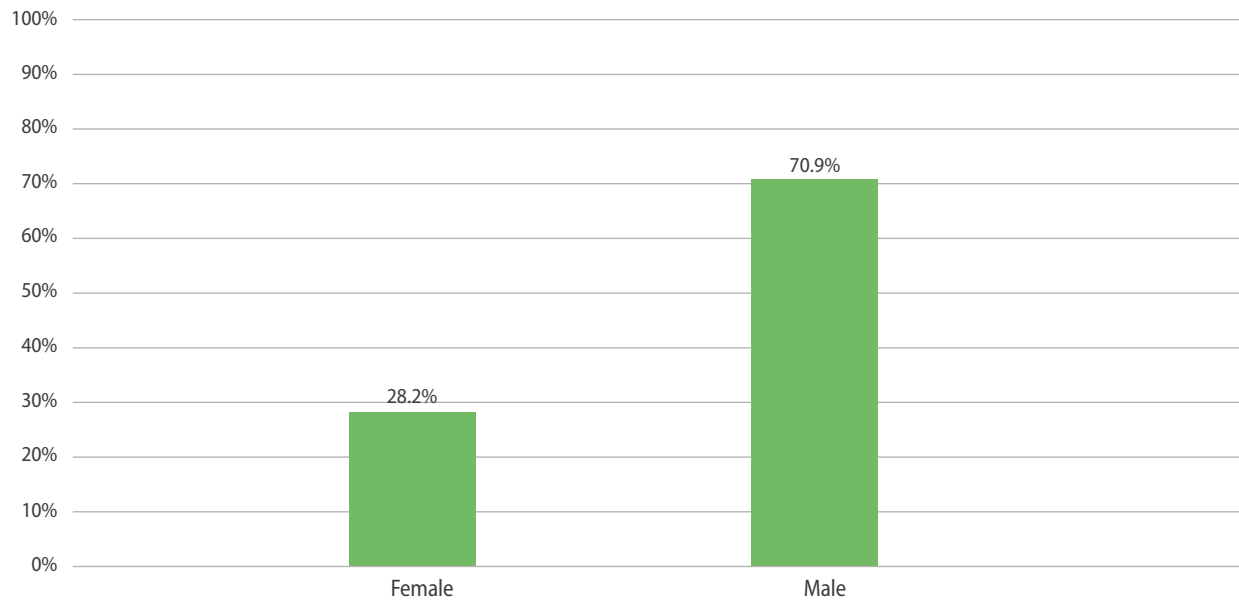
Figure 1.5: Agri-food enterprise age since year of establishment, according to survey results



Source: Own calculations based on question Q.6, see Annex I.

The survey shows that EU-24 agri-food enterprises are more likely to have a male CEO or managing director (70.9%) (see Figure 1.6). However, there are more female managers in the agri-food sector than in agriculture.

Figure 1.6: Agri-food enterprise CEO/Manager gender according to survey results



Source: Own calculations based on question Q.7, see Annex I.

02 Financial needs of agri-food enterprises

This section provides an analysis of financial needs and challenges faced by EU-24 agri-food enterprises in 2022, including the impact of the Russian invasion of Ukraine.

The analysis examines the type and extent of financing sought by agri-food enterprises, outcomes of their applications as well as links with financial support from CAP/EAFRD. Additionally, it discusses reasons banks rejected loan applications. Finally, the chapter looks into the reluctance of certain agri-food enterprises to apply for bank financing.

Key Findings¹⁰

Performance and difficulties in the previous year:

- 91% of agri-food SMEs faced increased production costs, a major difficulty in 2022;
- Profit margins were put under pressure due to increased costs not matched by increased selling prices, but to a much lesser extent than agriculture;
- Approximately 77% of the businesses managed to pass on, at least partially, increased production costs through higher selling prices. However, only 26% of the enterprises managed to set significantly higher prices;
- The turnover results are diverse, with almost a third (31%) of the agri-food SMEs declaring a decrease and about 40% increases, though these were small compared to 2021;
- A vast majority of businesses were affected by rising fuel and energy costs (90.8%) and higher input costs (79.8%), following the Russian invasion of Ukraine;
- Half the businesses (48.9%) had increased labour costs, which was a critical hurdle;
- As a consequence, a significant share of the agri-food SMEs (42.9%) faced reduced revenues and 39% faced input shortages.

Demand for financing:

- In 2022, about 38% of the enterprises applied for at least one banking product, 8% point less than the previous survey's 46%. Medium-term loans were the most sought-after bank product (17.1%), followed by credit lines (16.4%) and short-term loans (11.8%). The demand for long-term loans was the lowest (10.8%);
- About one in three companies relied solely on banks for their financing in 2022;
- One in ten enterprises requested financing from private sources;
- Access to finance for agri-food enterprises in the EU-24 is stable and positive with 84% of applications being fully approved. The rejection rate was 5.4%, slightly lower than for other sectors (7%) and lower compared to the previous survey;
- Successful loan applicants aimed to expand production capacity (53%), address working capital needs (44.8%), invest in energy efficiency (18%) and renewable energy (11.3%);
- Similar to the 2018 survey, 9% did not apply for bank finance due to a fear of rejection.

¹⁰ The current survey (2023) focuses only on SMEs, while the previous survey (2018) also covered large agri-food enterprises. Because of that, the share of companies in the sector that have applied for bank financing in 2022 is probably slightly lower than in 2018.



2.1 Agri-food enterprise performance and difficulties

This sub-section reviews turnover, production costs and selling prices along with changes over the preceding year.

While the vast majority of agri-food SMEs (91%) experienced higher production costs and 70% claimed these were significant, less than half (40%) managed to increase their turnover. However, the majority managed to fully or partially pass on the pressure to consumers through increased selling prices (see Figure 2.1). This was the opposite for agriculture, where less than half the farms could pass increased costs on to consumers through higher selling prices¹¹.

The substantial increase in costs stems from recent economic developments across the EU. This started with the energy crisis with rising fuel and energy prices, followed by input shortages, elevated input prices, augmented labour costs and general inflation, all stemming from the Russian invasion of Ukraine (see Figure 2.5).

The differences at national level are not so large. The lowest share of businesses (68%) claiming increased production costs is in Portugal and the highest (98%) in Ireland. In six countries (Denmark, France, Germany, the Netherlands, Poland, and Lithuania) at least 95% of agri-food enterprises encountered slight or significant increases in production costs (Figure 2.2).

Importantly, some three-quarters (77%) of enterprises managed to pass increased production costs on to consumers through higher selling prices. However, while production costs surged significantly for most (70%), selling prices only slightly increased for 51%, with substantial increases for just 26% (see Figure 2.1). This is the opposite of agriculture, where in 2022 about 31% of farmers could not raise selling prices and 20% reported a decline¹². This shows that, within the value chain, agri-food enterprises are more adept at adjusting to market and external changes than farmers, and have more bargaining power and possibilities to shift economic burdens on to consumers. Profit margins appear to be under pressure for agri-food enterprises, though much less than for farmers.

Varying degrees of market pressure on agri-food enterprise profit margins can be assumed given the rise in production costs (Figure 2.2) and corresponding increase in selling prices (Figure 2.3). Irish companies seem least able to adjust prices to cover increased costs. While 98% reported increased costs, only 66% managed to make price adjustments. In contrast, Austrian (92% vs 89%) and Swedish (81% vs 78%) agri-food businesses saw a more balanced scenario. An exceptional case is Portugal where the proportion of agri-food enterprises facing increased production costs (68%) is lower than those increasing their selling prices (79%), thus benefitting from the economic environment at the expense of consumers (see Figures 2.2 and 2.3).

¹¹ fi-compass (2023): Survey on financing needs and access to finance of EU agricultural enterprises.

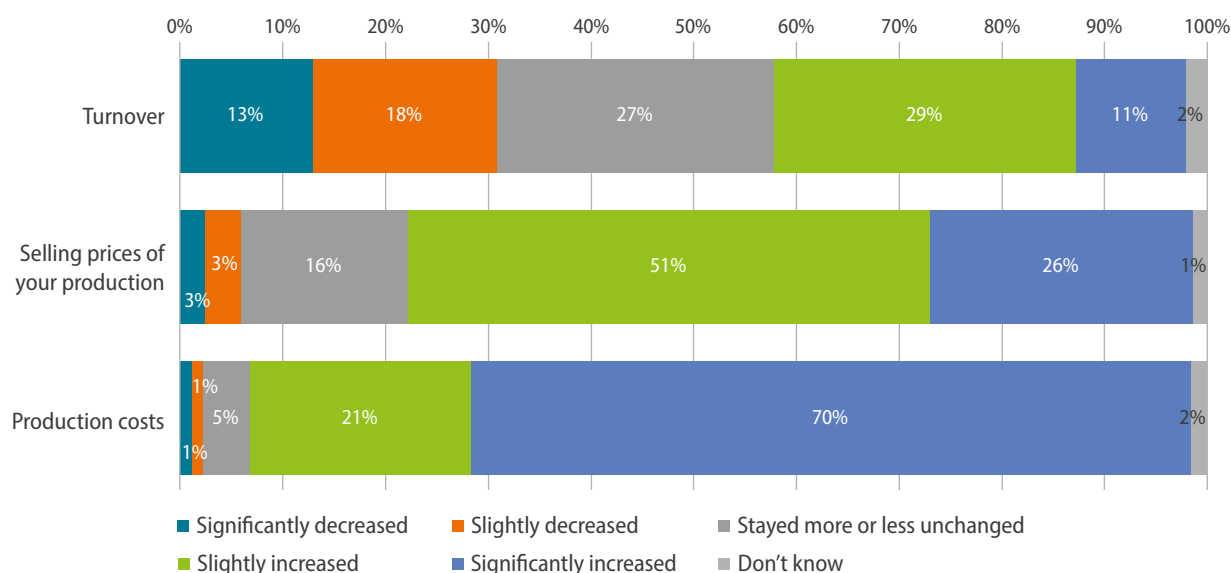
¹² fi-compass (2023): Survey on financing needs and access to finance of EU agricultural enterprises.



Many agri-food enterprises also encountered challenges regarding turnover, with 31% indicating a slight or significant decline compared to the previous year with at least one in ten experiencing a significant decrease (see Figure 2.1). The proportion of agri-food enterprises coping with turnover difficulties varied across Member States, from 13% in the Netherlands to 50% in Poland. Around four in ten enterprises in Lithuania and Czechia reported lower turnover, followed by at least one-third of enterprises in Romania, France, Greece, Latvia, Slovakia, and Ireland (see Figure 2.4).

Despite the difficulties in 2022, 40% of the companies managed to increase turnover compared to the previous year. The proportion of enterprises experiencing turnover growth ranged from 27% in Czechia to 54% in Denmark. Notably in five Member States - Hungary, Slovenia, Sweden, Estonia, and Denmark - more than half (51% to 54%) of the enterprises increased turnover (see Figure 2.4).

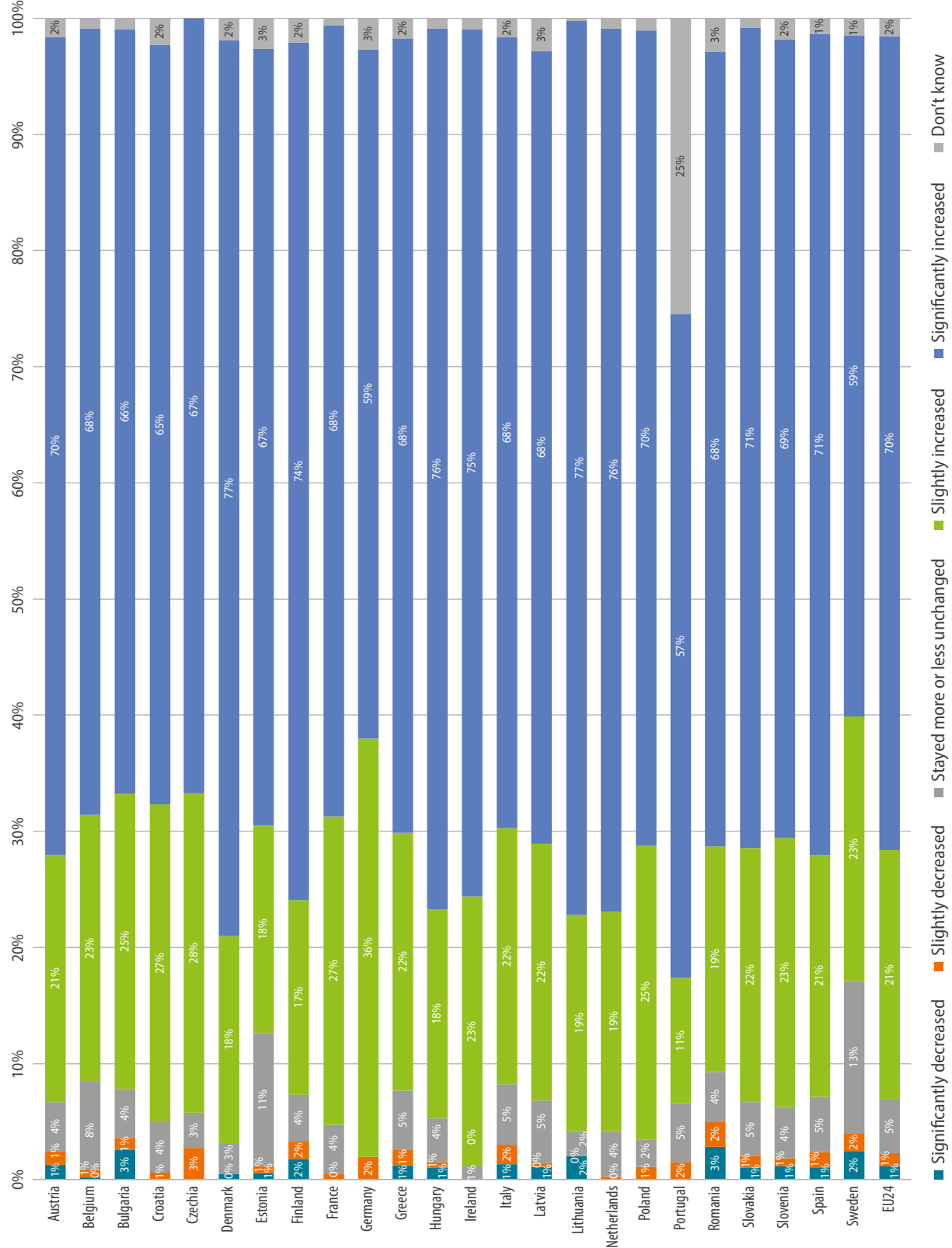
Figure 2.1: Change in key indicators on the previous year (2022)



Source: Own calculations based on question Q.8, see Annex I.



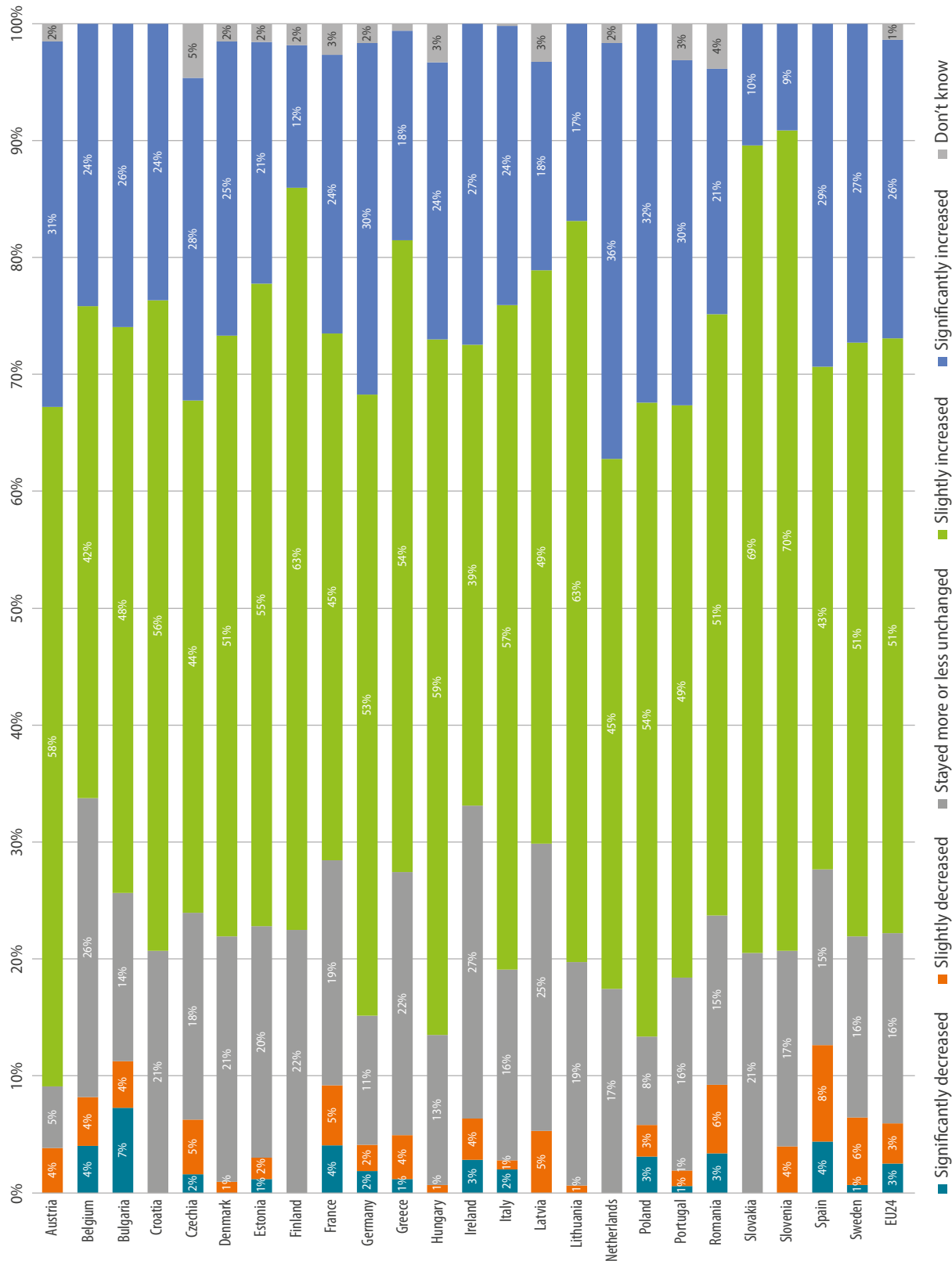
Figure 2.2: Change in key indicators on the previous year (2022), cost of production



Source: Own calculations based on question Q.8, see Annex I.



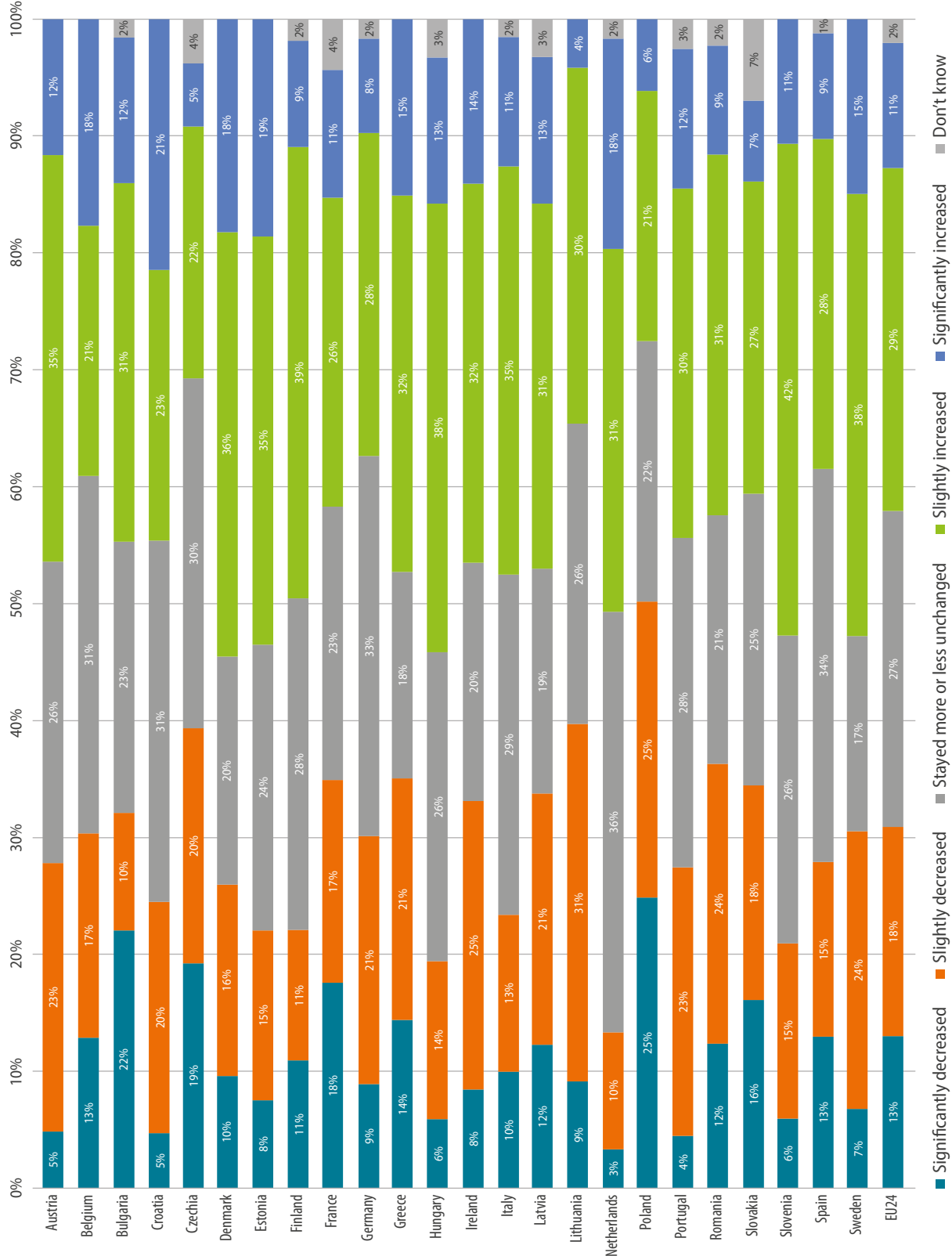
Figure 2.3: Change in key indicators on the previous year (2022), selling prices.



Source: Own calculations based on question Q.8, see Annex I.



Figure 2.4: Changes in key indicators on the previous year (2022), turnover



Source: Own calculations based on question Q.8, see Annex I.



In 2022, EU-24 agri-food enterprises faced a range of complex challenges stemming from the Russian invasion of Ukraine. These included increased labour and other costs, along with diminished revenues.

A vast majority of agri-food businesses (90.8%) reported increased fuel and energy costs due to the Russian invasion of Ukraine (see Figure 2.5). This concerned all Member States, varying from 82% in Denmark to 98% in both Greece and Sweden (see Figure 2.6). Higher fuel and energy costs increased other costs such as operating machinery, transportation and input prices.

A substantial portion of agri-food enterprises (79.8%) encountered higher input costs attributable to the Russian invasion of Ukraine (see Figure 2.5). The impact varied from 61.8% in Croatia¹³ to 94% in both Austria and Lithuania. Lithuania, Austria, Germany and Slovenia had the most pronounced negative impacts (see Figure 2.6).

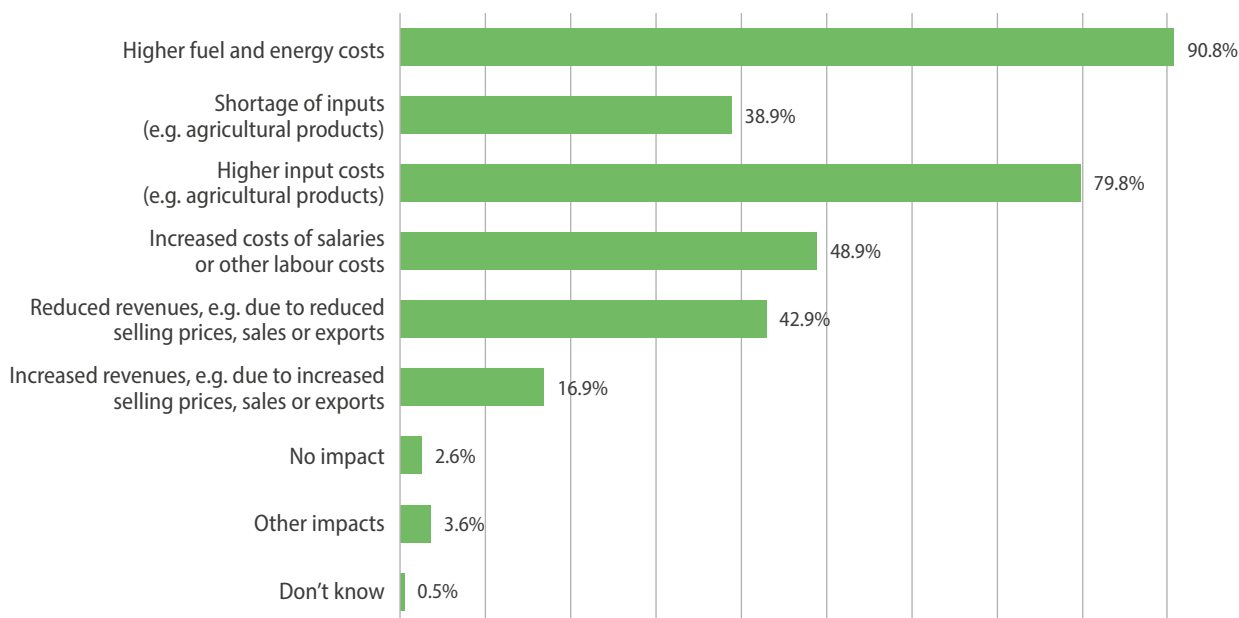
Increased labour costs were a critical hurdle for almost half (48.9%) of the enterprises (see Figure 2.5). However, the proportions differed, with Denmark at 21% and Austria at 82% representing the extremes. In Hungary, Germany and Poland, approximately three-quarters of enterprises reported higher labour costs (see Figure 2.6).

Furthermore, around 42.9% of the agri-food enterprises experienced reduced revenue due to lower selling prices, decreased sales, or fewer exports (see Figure 2.5). This significantly affected most agri-food enterprises in Austria, Denmark, Latvia, Poland, Finland, and Italy. The least impact was in Croatia, Portugal and Hungary (see Figure 2.6).

A shortage of inputs was a challenge for 38.9% of the enterprises (see Figure 2.5) but varied between 18% in both Croatia and Czechia to 55% in Greece. There was more impact in Greece, Sweden, Germany, Ireland and Austria, with less in Croatia, Czechia, Poland and Finland (see Figure 2.6).

Only a minority of agri-food enterprises (16.9%) reported increased revenues (see Figure 2.5). This was more frequent in Portugal, the Netherlands, Belgium and Hungary where more than one in four enterprises saw increases (see Figure 2.6).

Figure 2.5: Impact of the Russian invasion of Ukraine

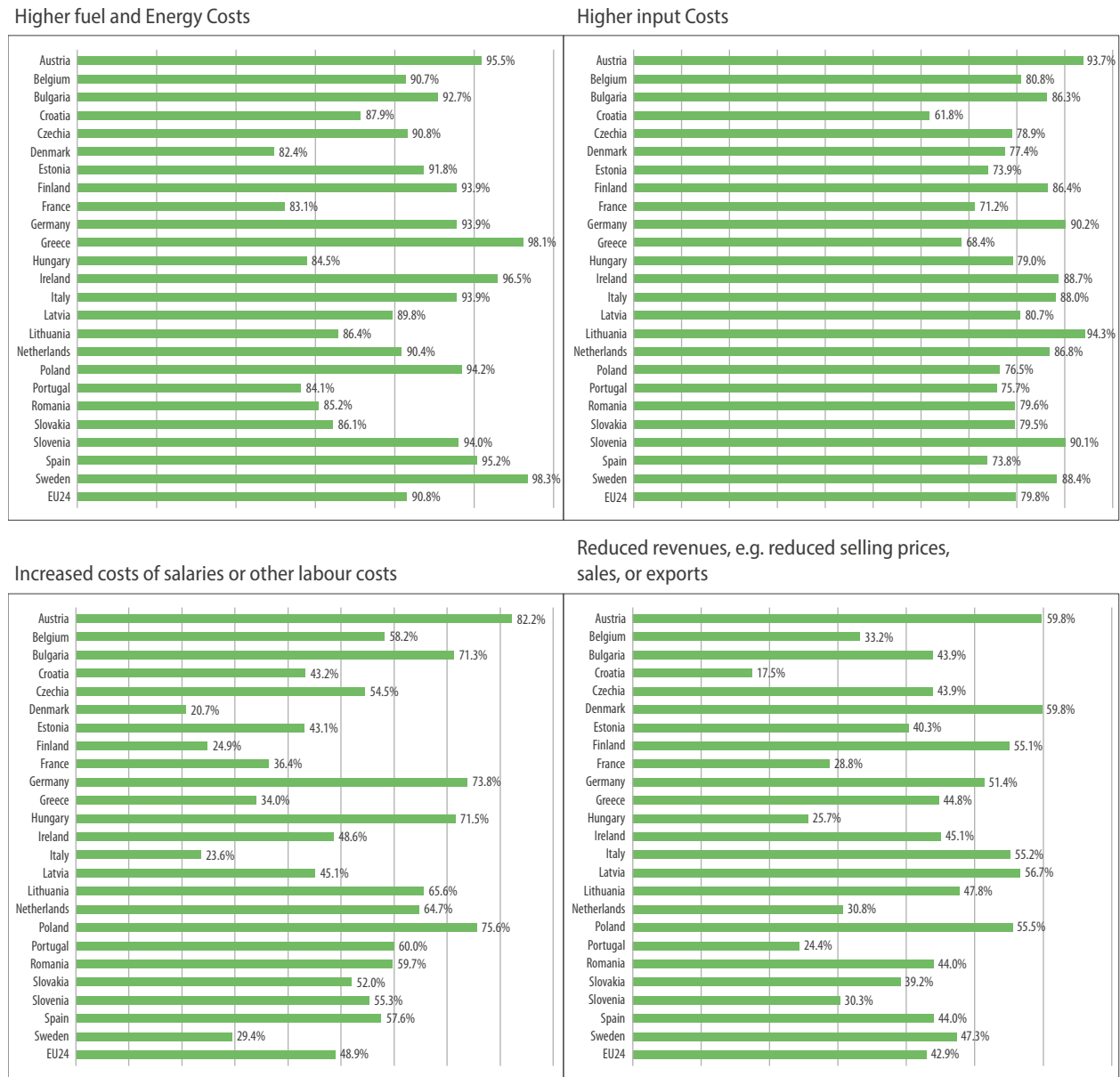


Source: Own calculations based on question Q.9 (multiple answers possible), see Annex I.

¹³ Results from Croatia need to be treated with caution due to a low sample size.

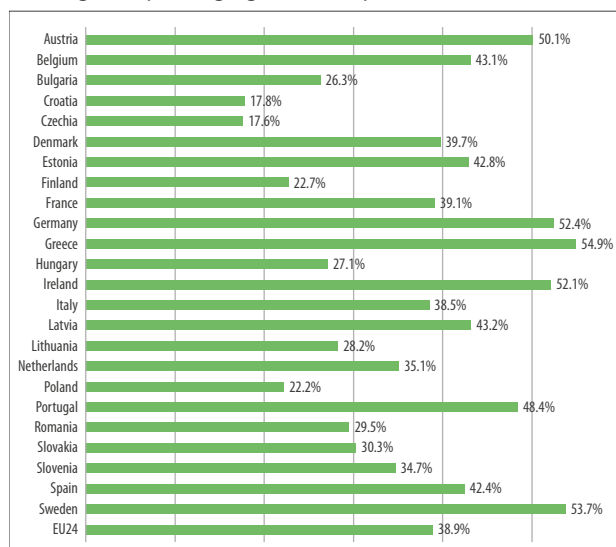


Figure 2.6: Agri-food enterprises experiencing difficulties due to the Russian invasion of Ukraine, by Member State

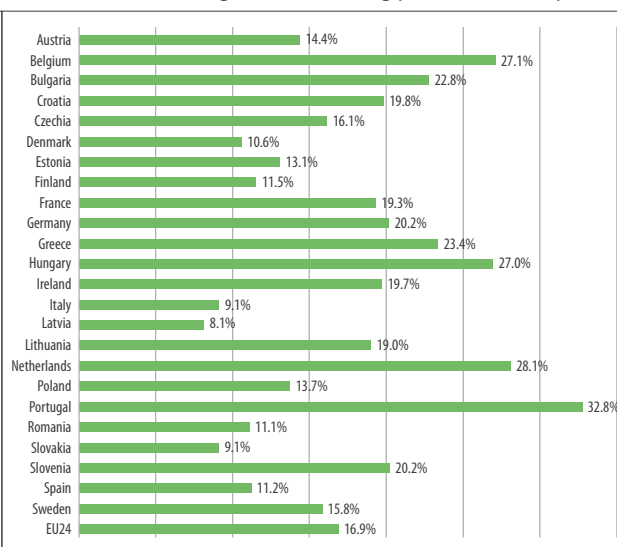




Shortage of inputs (e.g. agricultural inputs)



Increased revenues, e.g. increased selling prices, sales or exports



Source: Own calculations based on question Q.9 (multiple answers possible), see Annex I.

2.2 Demand for financing

In 2022, agri-food enterprises employed the full variety of bank financing products¹⁴, with medium-term loans and credit lines the most sought-after options.

During 2022, approximately 38% applied for at least one bank product (see Figure 2.7)¹⁵, lower than the 46% who applied in 2018¹⁶.

Medium-term loans were the most in demand (17.1%), closely followed by credit lines (16.4%), short-term loans (11.8%), and long-term loans (10.8%) (see Figure 2.7). Long- and medium-term loans are primarily used by agri-food enterprises for equipment and machinery, infrastructure, capital investments (such as processing facilities and renewable energy systems), expanding production and storage capacity, as well as for diversifying operations. Short-term loans are predominantly used for working capital expenses such as wages, energy, fuel, maintenance and marketing as well as managing inventory (including storage and preservation). In addition to loans, credit lines provide flexibility to address unexpected expenses and bridge temporary shortfalls.

The 38% share of agri-food enterprises applying for bank loans was higher compared to SMEs in other sectors (21%) according to SAFE data. It must be noted that the SAFE indicator is not fully comparable, due to differences in the survey period and methodology. In particular, SAFE indicators refer to a 6-month period, while this survey covers 12 months¹⁷.

Across the Member States, there are distinct preferences for different bank products. In Portugal and Greece, the preference is for short-term loans, 18% and 16% respectively. Conversely, the spotlight is on medium-term loans in Belgium (31%), Italy (26%), Finland, Ireland (both, 25%), Bulgaria (22%) and Spain (21%). The landscape shifts once again in Austria and France, where long-term loans have more attention, 26% for Austria and 18% for France. Credit lines are favoured in Hungary (37%), Denmark (21%), Sweden (20%), Croatia (18%), and Slovenia (18%) (see Figure 2.8)¹⁸.

¹⁴ Based on question Q11, see Annex I.

¹⁵ Products: short-term loans, investment or medium-term loans, long-term loans, credit lines, bank overdrafts, credit card overdrafts, factoring.

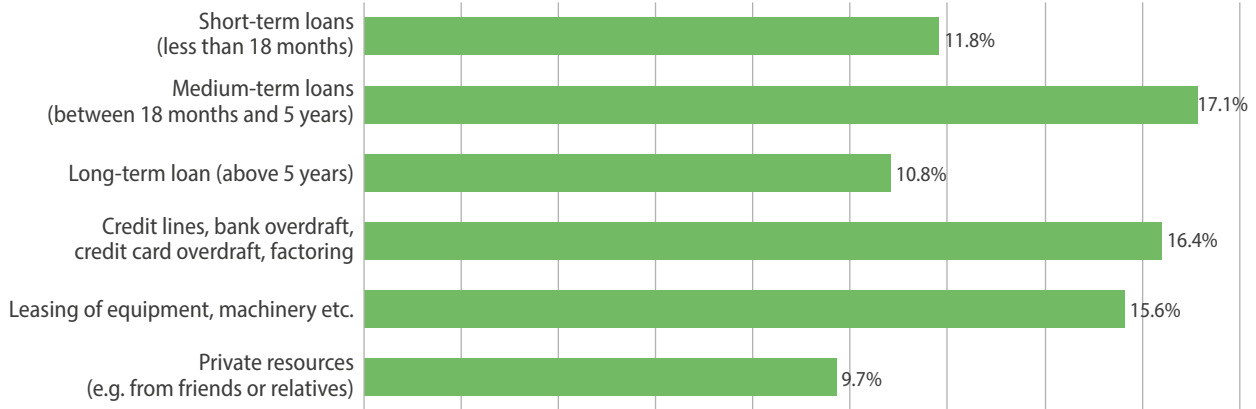
¹⁶ i-compass (2020). Financial needs in the agriculture and agri-food sectors in the European Union.

¹⁷ European Commission (2022), Survey on the access to finance of enterprises (SAFE, March 2022-August 2022), pp. 37-41. Note: statistics from SAFE and the EIB survey are not fully comparable, as SAFE refers March-August 2022 and the EIB survey to all 2022, SAFE covers EU27 and the EIB survey covers EU-24, SAFE analyses bank loans and credit lines separately and the EIB survey combines all bank products.

¹⁸ Results for Croatia should be interpreted with caution due to a low sample size.



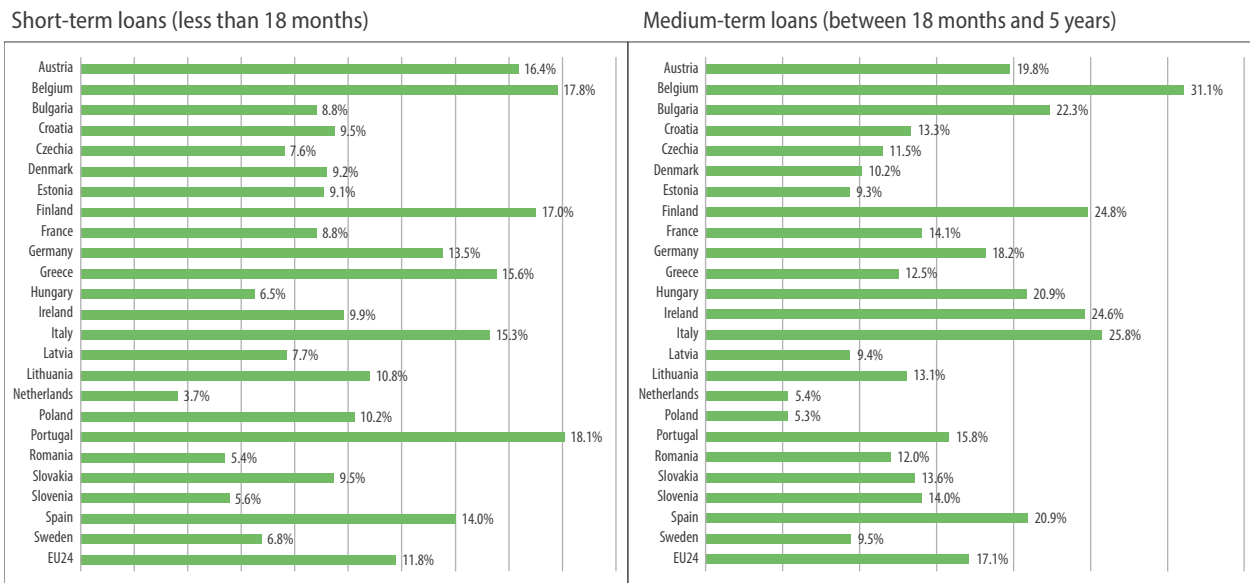
Figure 2.7: Proportion of agri-food enterprises applying for finance in the previous year (2022), by product



Source: Own calculations based on question Q11 (multiple answers possible), see Annex I.

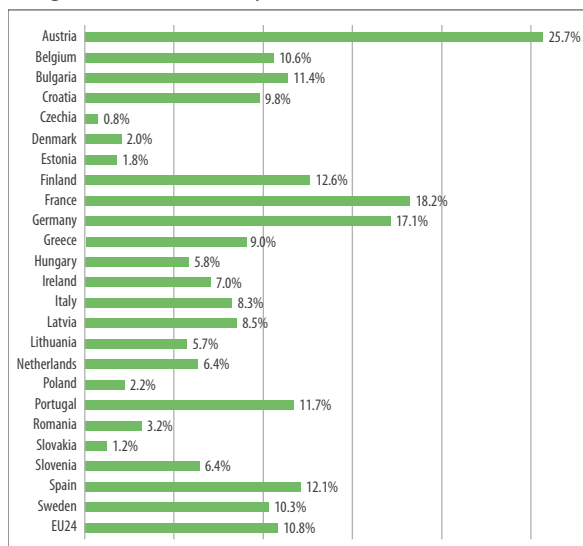
Private resources, such as informal lending by acquaintances or relatives, continue to play a considerable role for some 10% of agri-food enterprises (see Figure 2.7). However, this varies across Member States, from 4% in Belgium to 28% in Latvia (see Figure 2.8). There are distinct patterns, though this form of financing is more popular in Latvia (28%), Estonia (24%), Bulgaria (23%), Hungary (22%), and Slovakia (20%). Conversely, there are low numbers in Belgium (4%), Croatia, France (both 6%), Finland, Ireland (both 8%), and Austria (9%). Notably, in Member States such as Latvia, Lithuania, Estonia, Bulgaria, Hungary and Slovakia the demand for private lending is higher than for any single bank product (see Figure 2.8). This could be attributed to multifaceted dynamics. One driver could be bank policies with stringent eligibility criteria or sector-specific restrictions, including the whole agri-food sector. Additionally, robust informal lending networks, an absence of awareness or information, or cultural preferences in favour of private lending might also contribute.

Figure 2.8: Distribution of agri-food enterprises applying for various types of finance, by product

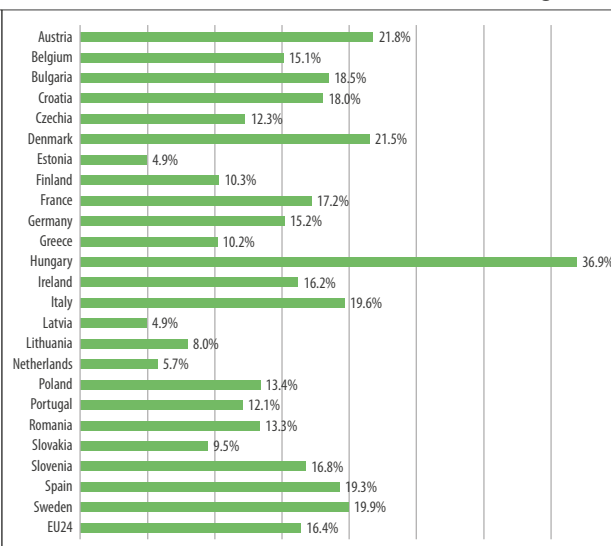




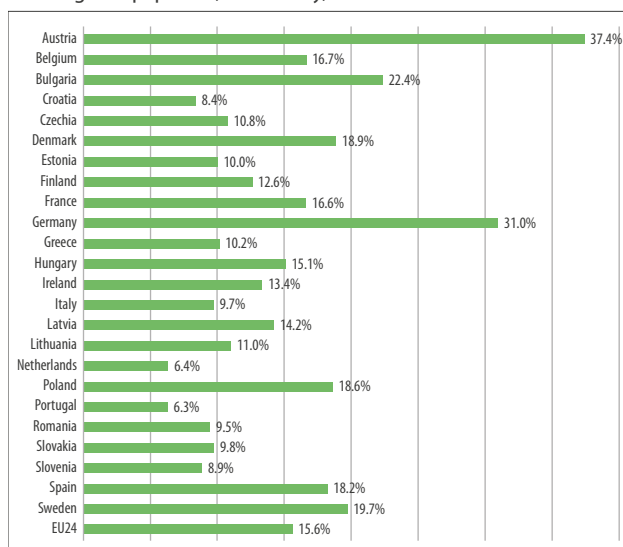
Long-term loans (above 5 years)



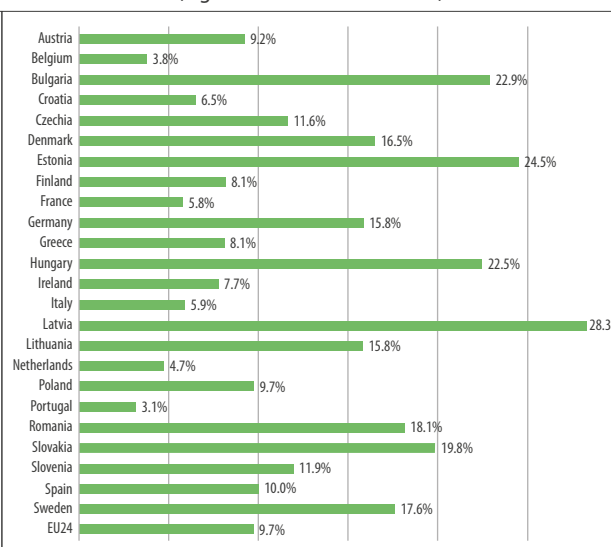
Credit lines, bank overdraft, credit card overdraft, factoring



Leasing of equipment, machinery, etc.



Private resources (e.g. from friends or relatives)



Source: Own calculations based on question Q11 (multiple answers possible), see Annex I.

In 2022, the use of private resources as a complementary channel alongside traditional bank financing was relatively modest for agri-food enterprises.

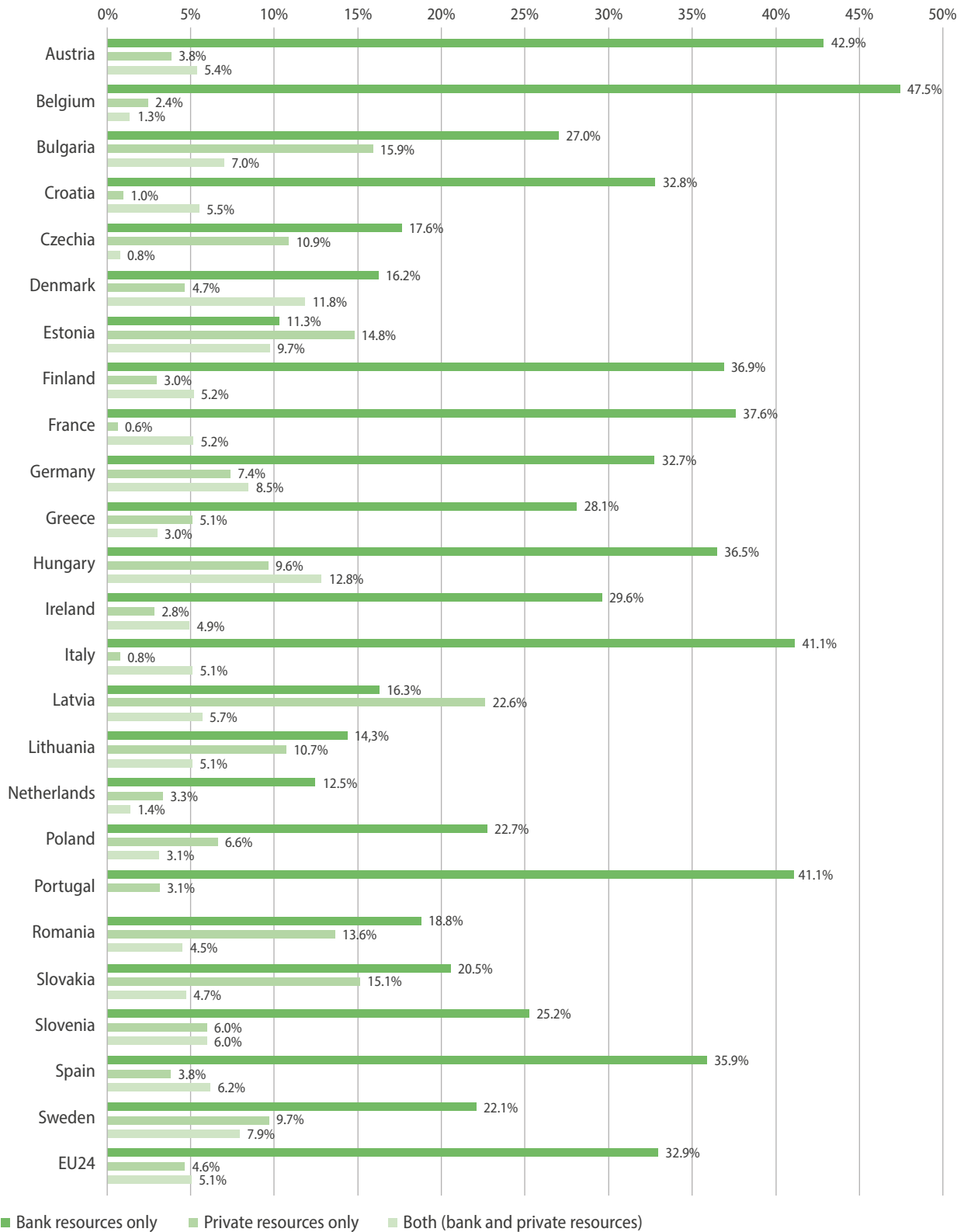
The combination of bank and private financing is used by a very small proportion of agri-food enterprises (5.1%). This is slightly more than the share of companies that exclusively drew on private resources (see Figure 2.9). Agri-food processors in Hungary (12.8%) and Denmark (11.8%) combined bank and private resources more for their financial needs. Conversely, Latvia (22.6%) and Bulgaria (15.9%) had a pronounced preference for private lending (see Figure 2.9).

A notable proportion of 32.9% relied only on bank finance as an external source. The front-runners for this are Belgium (47%), Austria (43%), Italy and Portugal (both at 41%) (see Figure 2.9).

Agri-food enterprises in the Netherlands stand out with a restrained use of external financing in 2022, suggesting a focus on own resources and/or loans from previous years (see Figure 2.9). This divergence across Member States could benefit from an additional analysis of factors that drive national preferences.



Figure 2.9: Percentage of agri-food enterprises that applied only for bank financing, only for private resources, and both in the previous year (2022), by Member State



Source: Own calculations based on question Q11 (multiple answers possible), see Annex I.



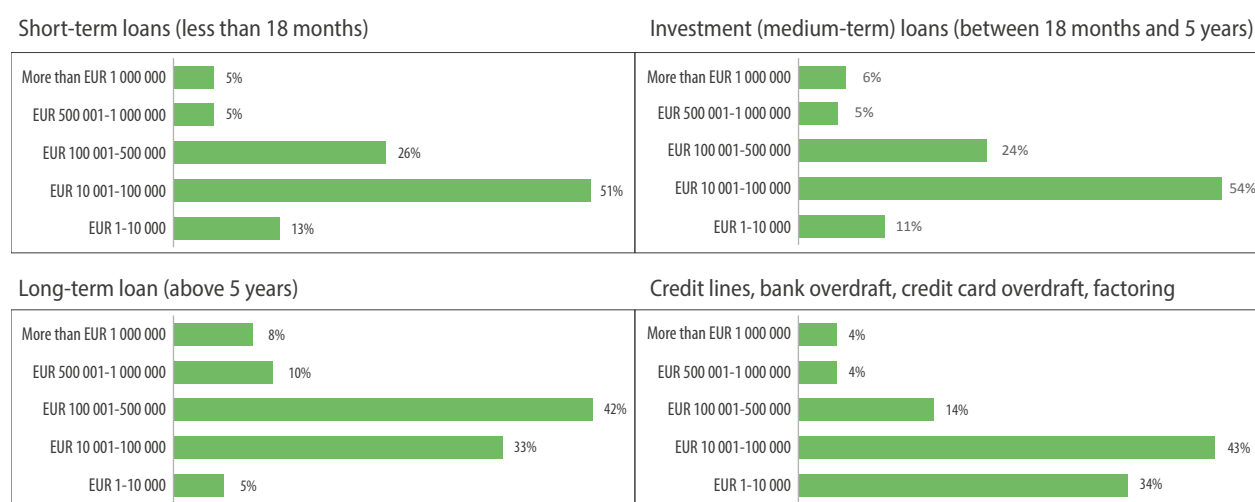
When applying for short- and medium-term loans, and credit lines, most are for EUR 10 000 - EUR 100 000. However, for long-term loans, the agri-food enterprises most frequently requested EUR 100 000 to EUR 500 000. Only 4% to 10% across all products requested financing for EUR 500 000 to EUR 1 million, and 4% to 8% requested more than EUR 1 million.

Slightly over 50% of agri-food enterprises in need of short-term loans applied for EUR 10 000 to EUR 100 000. It was similar with medium-term loans (54%) as well as credit lines and bank overdrafts (43%) (see Figure 2.10).

The narrative diverged for long-term loans where 42% requested EUR 100 000 to EUR 500 000. Still, for one-third of enterprises, long-term lending was for under EUR 100 000 (see Figure 2.10). These results resemble financing requested under current EAFRD financial instruments¹⁹.

Relatively fewer agri-food enterprises requested financing of EUR 500 000 to EUR 1 million, ranging from 4% for credit lines and 10% for long-term loans. Likewise, the proportion of enterprises requesting more than EUR 1 million was between 4% for credit lines and 8% for long-term loans.

Figure 2.10: Amount (EUR) applied for, by financial product



Source: Own calculations based on question Q11 (multiple answers possible), see Annex I.

Despite the turbulent economic crisis that European businesses had to deal with in recent years, it appears agri-food enterprises have been offered lower interest rates on long-term loans. About 75% of approved long-term loans were subject to interest rates from 1% to 5%. Those with rates of 5% to 10%, or exceeding 10%, were notably lower at 5% and 10%, respectively, while 11% enjoyed exceptionally low borrowing costs below 1%. Overall, this shows a stable pattern of financing for agri-food enterprises, with most accessing long-term loans at reasonable interest rates.

Similar to long-term loans, a majority of short- and medium-term loans, as well as at least 50% of approved credit lines, were subject to interest rates from 1% to 5%. Interestingly, short-term loans and credit lines/overdrafts had a higher proportion of recipients falling within the 5% to 10% interest rate range (22% and 33%, respectively), while medium-term loans had the highest share (15%) of recipients experiencing interest rates below 1%.

¹⁹ European Commission (2023). European Structural and Investment Funds 2022 Summary report of the programme annual implementation reports covering implementation in 2014-2020. Available at: https://ec.europa.eu/regional_policy/sources/reports/annual_2022/2022_annual_summary_report.pdf.



Overall, the prevalence of interest rates between 1% and 5% across different loan types (long-, short-, and medium-term) suggests a consistent borrowing landscape. However, the noteworthy proportion of short-term loans and credit lines with interest rates over 5% may indicate specific challenges or circumstances for individual enterprises (see Table 2.1)²⁰.

Table 2.1: Interest rates for agri-food enterprises²¹

Short-term loans		Medium-term loans		Long-term loan		Credit lines, overdrafts	
Interest rate	Frequency distribution	Interest rate	Frequency distribution	Interest rate	Frequency distribution	Interest rate	Frequency distribution
<1%	10%	<1%	15%	<1%	11%	<1%	8%
1-2%	20%	1-2%	14%	1-2%	30%	1-2%	10%
2-3%	17%	2-3%	24%	2-3%	21%	2-3%	17%
3-5%	26%	3-5%	28%	3-5%	23%	3-5%	23%
5-10%	22%	5-10%	15%	5-10%	5%	5-10%	33%
>10%	5%	>10%	4%	>10%	10%	>10%	8%

Source: Own calculations based on question Q.16, see Annex I.

The decision not to apply for a loan is predominantly driven by a lack of need or interest.

Respondents could give multiple answers for refraining from applying for a loan in 2022 and 70% stated a lack of need or interest (see Figure 2.11)²². A considerable proportion (27%) stated an unfavourable or uncertain economic outlook due to national and global circumstances and 19.6% said that financing costs and /or terms and conditions were not favourable.

Some 9% cited a fear of rejection as a key reason for not applying for bank products, similar to 2018²³. However, this is notably higher compared to SMEs in industry, construction, trade, and services²⁴. The fear of rejection captures a potential unmet demand for finance, potentially due to a lack of confidence in the agri-food enterprises. This could be an indication of a market failure and is normally included in estimates of a financing gap.

20 These results should be treated with caution as the response rate was low, particularly in some Member States.

21 Shares based on responses that reported interest rates, excluding 'do not know' and 'refusal'.

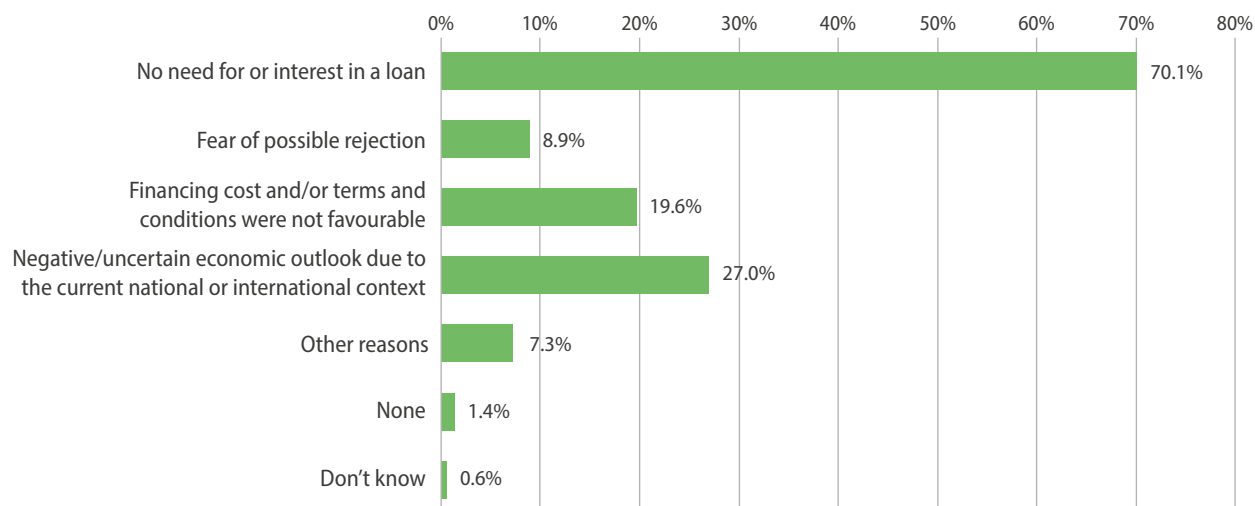
22 According to European Commission (2022), Survey on the access to finance of enterprises (SAFE, March -August 2022), p.37, 42% of SMEs in the other sectors did not apply for credit because they have sufficient internal funds, and 43% report that they did not apply for bank loans due to sufficient internal funds.

23 The share of enterprises not applying for finance due to fear of rejection in 2018 was 8% for bank loans and 9% for credit lines and other revolving products: fi-compass (2020), Financial needs in the agriculture and agri-food sectors in the European Union.

24 According to European Commission (2022), Survey on the access to finance of enterprises (SAFE, March -August 2022), p.37-42, 5% of SMEs in the other sectors did not apply for credit lines because of a fear of rejection, and 5% did not apply for bank loans for this reason.



Figure 2.11: Key reasons for not applying



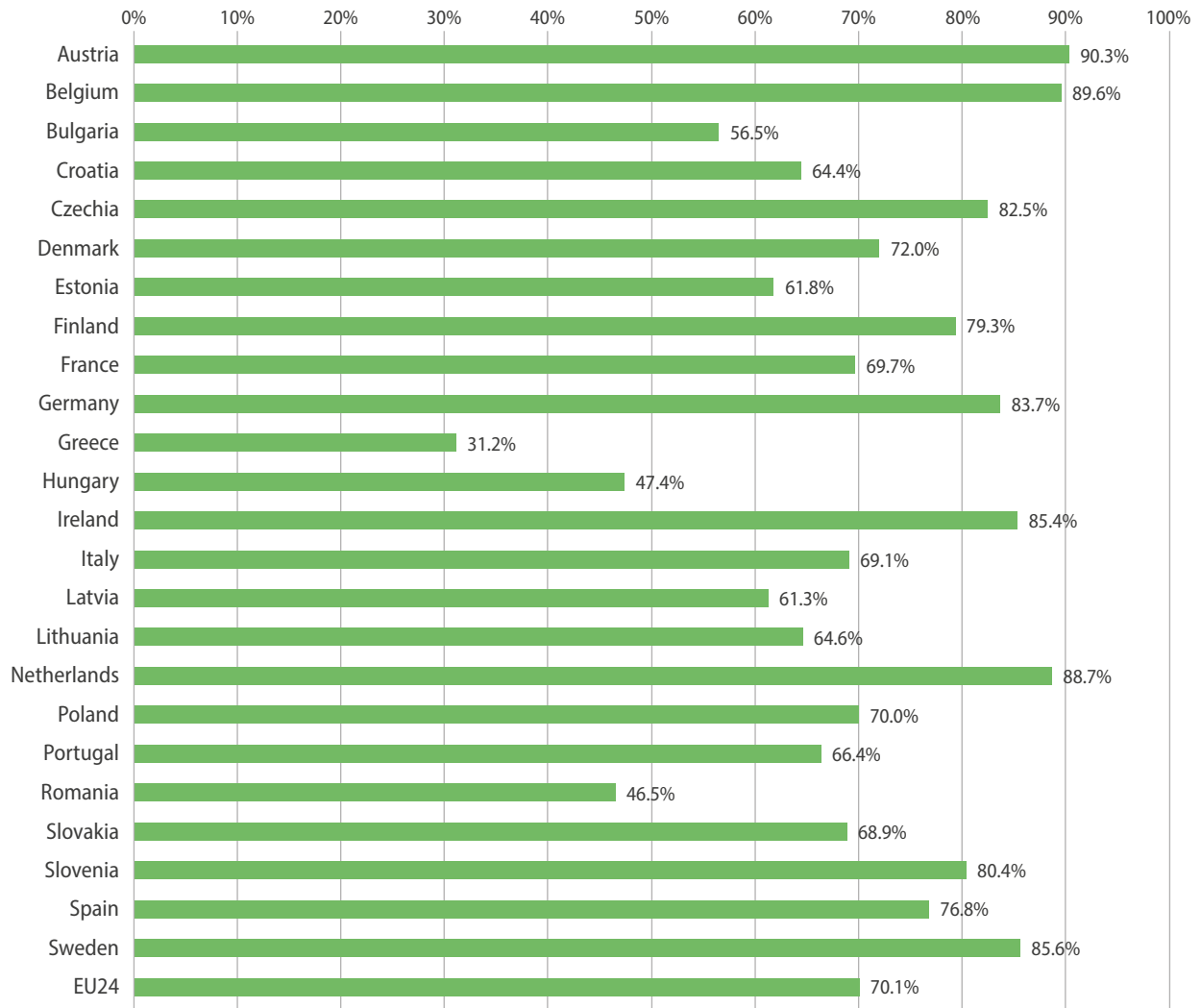
Source: Own calculations based on question Q12 (multiple answers possible), see Annex I.

The share of agri-food enterprises that did not require or have any interest in bank products varies significantly across Member States. Austria (90.3%) and Belgium (89.6%), the Netherlands (88.7%), Sweden (85.6%) and Ireland (85.4%) have the highest shares of enterprises stating they did not apply for loans due to a lack of need or interest. Greece (31.2%), Romania (46.5%), Hungary (47.4%) and the Baltic states (61-64%) have the lowest proportions citing this reason (see Figure 2.12). The lack of interest in or need for loans could indicate that agri-food businesses have stable and profitable business models allowing them to operate without external financing. Also, economic factors and market conditions could be a factor, as enterprises in more prosperous Member States seem to have less need for external financing because they benefit from a better economic environment as well as good relations with their suppliers and clients. Size, vertical integration and a secure supply of raw materials, product specialisation, export opportunities and a quick in-out-in Cash-flow cycle²⁵ (accompanied by premiums for high-quality products), are other reasons explaining the financial independency of some agri-food processors.

²⁵ Financial resources flowing into the business from financing and sales receipts, out to pay for production costs and in when the end product is sold.



Figure 2.12: Percentage of agri-food enterprises not applying for lack of need or interest (by Member State), total for short-term, medium-term, long-term loans, and credit lines

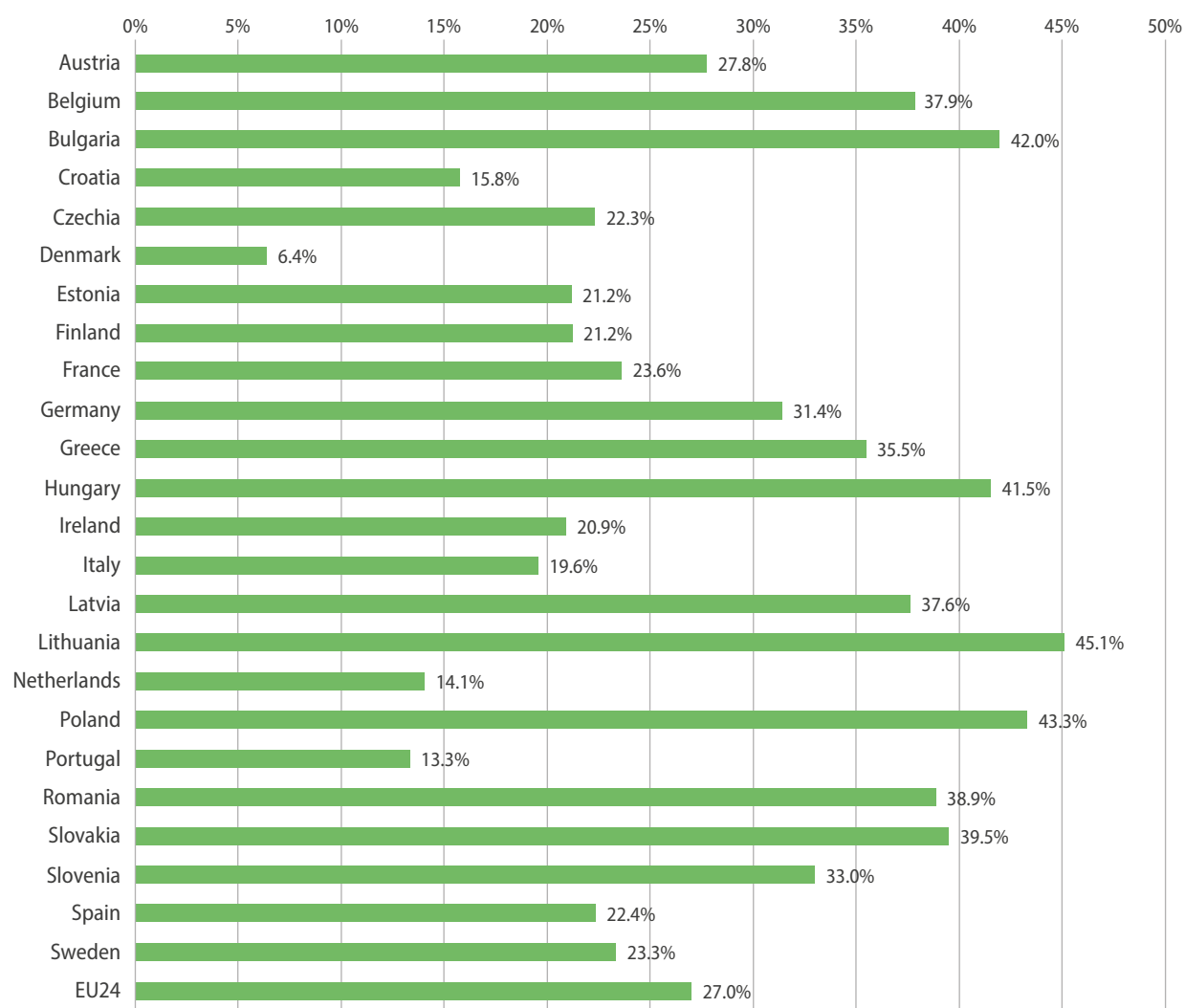


Source: Own calculations based on question Q12 (multiple answers possible), see Annex I.

The share of agri-food processors citing 'an unfavourable economic outlook' as their rationale for not seeking bank financing varies notably between Member States. Hungary, Bulgaria, Poland and Lithuania stand out with the highest proportions (41.5% - 45.1%). Denmark, with a mere 6.4%, had the lowest share (see Figure 2.13). This divergence could be linked to turnover developments in the preceding year(s). Lithuania and Poland stand out with a substantial proportion of enterprises reporting a decrease in turnover (40% and 50% respectively), while many Danish enterprises reported an increase (54%) (see Figure 2.4).



Figure 2.13: Percentage of agri-food enterprises not applying due to negative/uncertain economic outlook (by Member State), total for short-term, medium-term, long-term loans, and credit lines

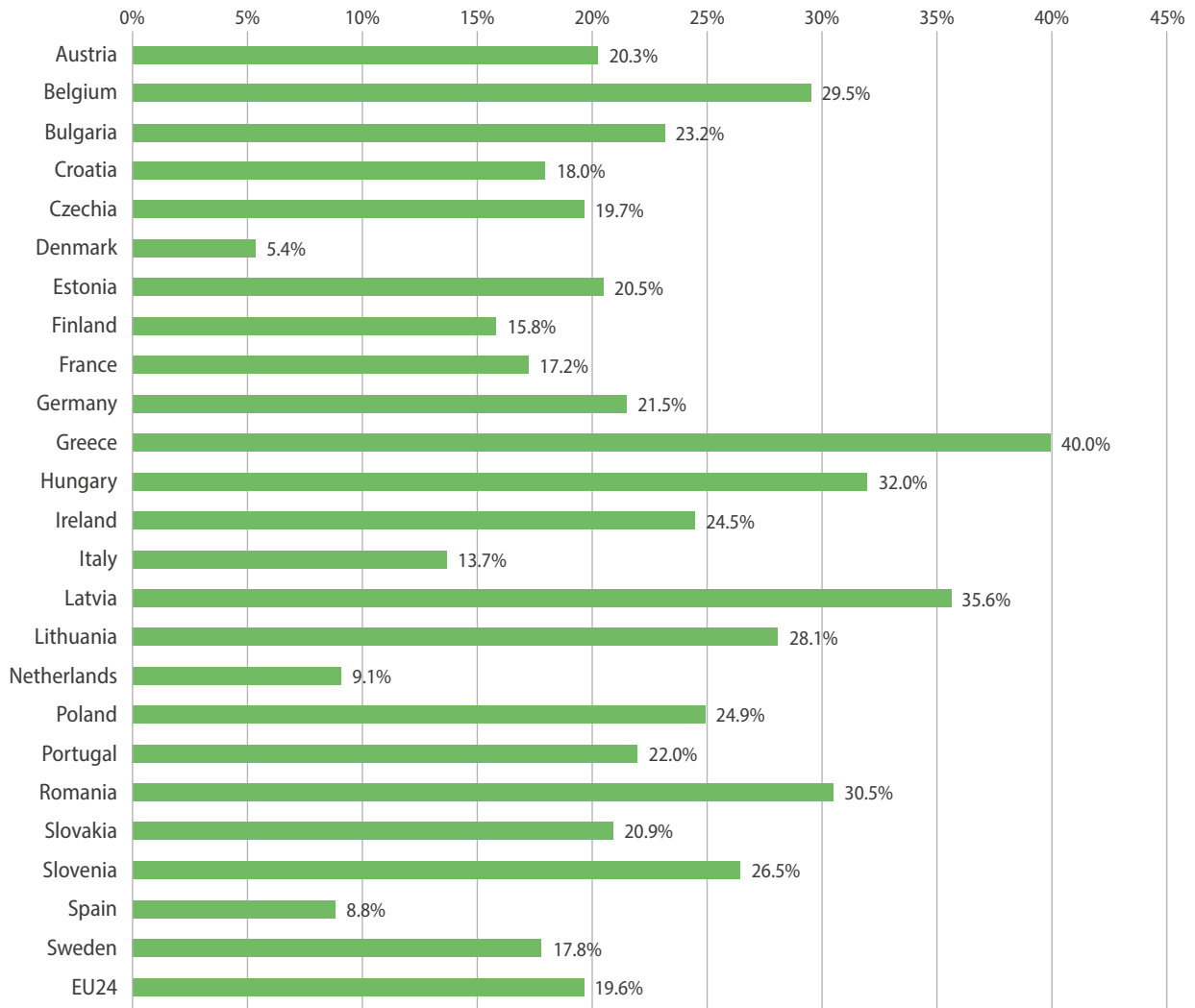


Source: Own calculations based on question Q12 (multiple answers possible), see Annex I.

The share of agri-food enterprises not making loan applications due to unfavourable conditions varies between Member States. Greece (40%) stands out with the highest proportion reporting this, while it is less pronounced in Denmark (5.4%), Spain (8.8%) and the Netherlands (9.1% each) (see Figure 2.14).



Figure 2.14: Percentage of agri-food enterprise not applying due to financing cost and/or unfavourable terms and conditions (by Member State), total for short-term, medium-term, long-term loans, and credit lines



Source: Own calculations based on question Q12 (multiple answers possible), see Annex I.

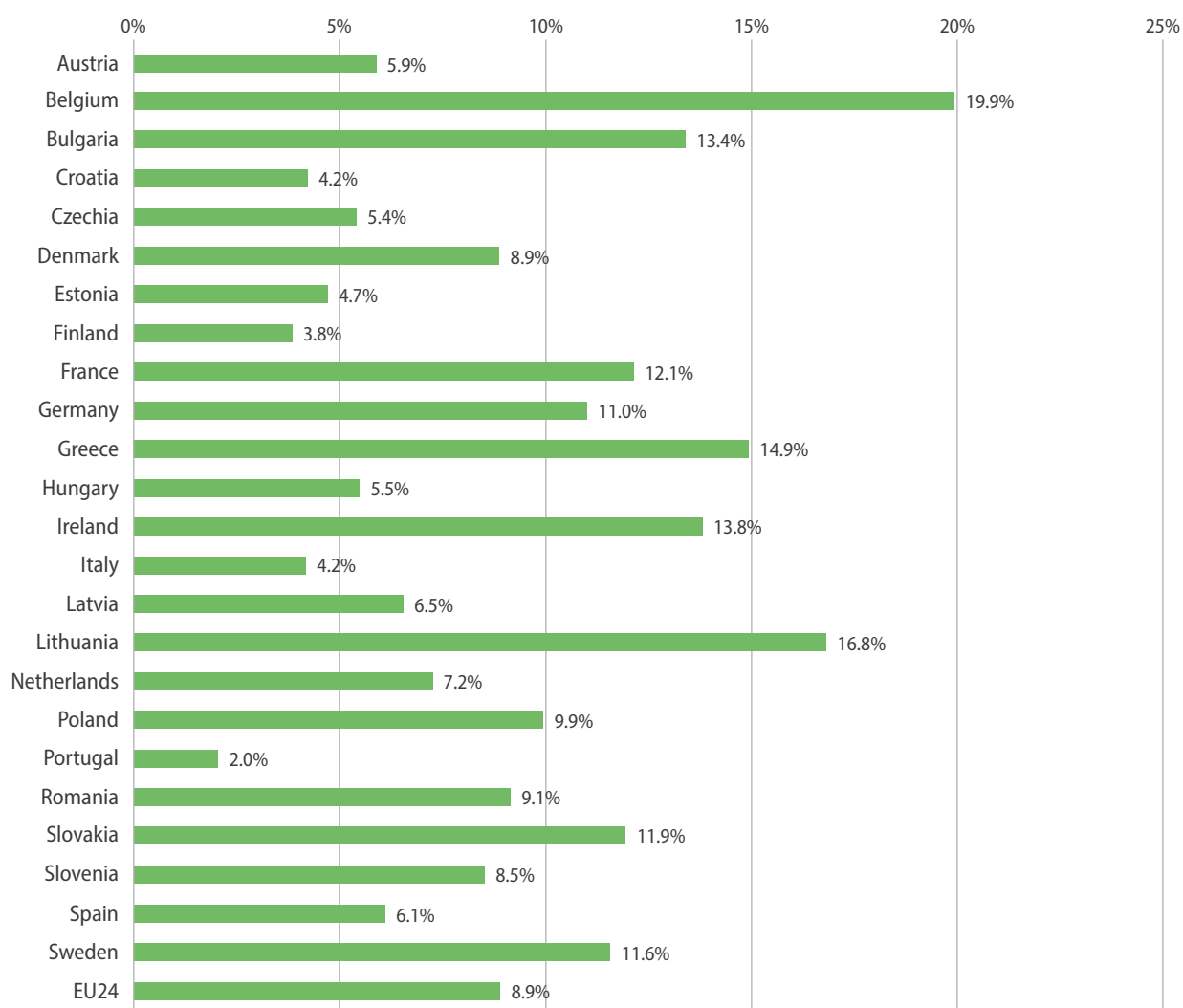
The proportion of agri-food enterprises that did not apply for fear of rejection varies between 2% in Portugal and 19.9% in Belgium.

As mentioned above, 9% of agri-food enterprises report fear of rejection as the key reason to not apply for bank products. At Member State level, this is higher in Belgium (19.9%)²⁶, Lithuania (16.8%) and Greece (14.9%). Conversely, agri-food enterprises seem to be much more confident in Portugal (2%), Finland (3.8%), Croatia and Italy (each 4.2%) (See Figure 2.15).

26 Understanding the reasons for the high share in Belgium would require further analysis.



Figure 2.15: Percentage of agri-food enterprise not applying for fear of rejection (by Member State), total for short-term, medium-term, long-term loans, and credit lines



Source: Own calculations based on question Q 12 (multiple answers possible), see Annex I.

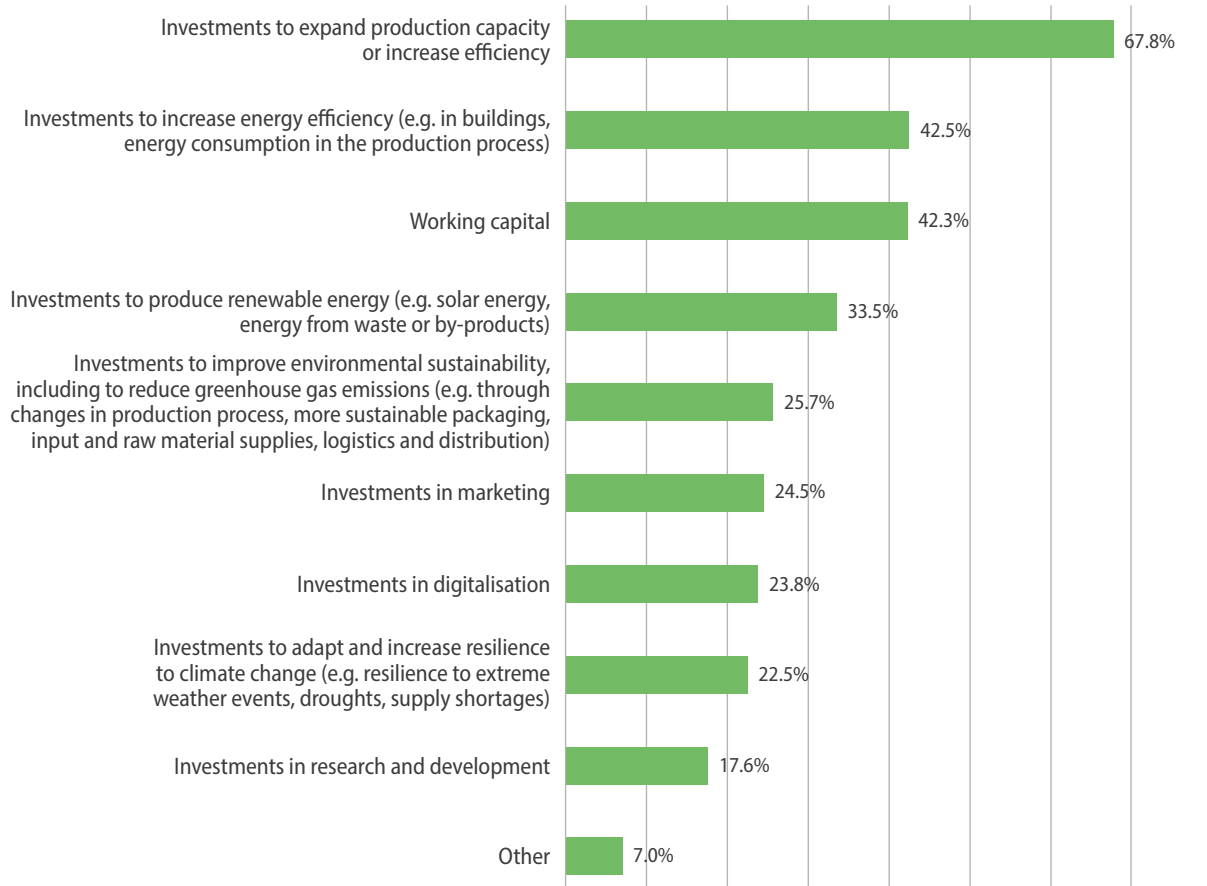
Among the agri-food enterprises that refrained from applying for bank loans, a substantial portion are looking for financing to enhance growth and efficiency.

Applications for finance that were considered but not submitted by enterprises due to external factors, such as an uncertain economic outlook, excessive financing cost or fear of rejection (Figure 2.11) show a potential demand for funding. This might materialise with positive market developments or public policy actions. Looking at the intended purposes of potential loan applications gives an indication of the future evolution of loan demand for the sector.

Based on the survey, the clear majority (67.8%) of enterprises that could apply for loans would like to expand production capacity or enhance operational efficiency (see Figure 2.16). About four in ten of these would like to invest in energy efficiency or address working capital needs. Approximately one-third express an interest in renewable energy production. Additionally, around one quarter note their intention to invest in environmental sustainability, including reducing greenhouse gas emissions. In contrast, less than a quarter are ready to allocate funds for marketing, digitalisation, research and development (R&D), or adaptation and resilience-building in response to climate change.



Figure 2.16: Agri-food enterprises that did not apply for bank finance by potential purpose of the loan, at EU level



Source: Own calculations based on question Q13 (multiple answers possible), see Annex I.

In 2022, the vast majority of agri-food enterprise applications were successful with 83.8% obtaining the full amount and 5.1 % part of the request. The high success rate of applications can be an indication of their quality as well as financial institutions' readiness to support SMEs in the agri-food sector (see Figure 2.17). The proportion that received the full amount requested is higher for agri-food enterprises than for farmers (81.7%)²⁷ and for SMEs in industry, construction, trade, and services sectors (62%)²⁸. The share of rejected applications (5.4%) is higher than for agriculture (3.9%)²⁹ but lower than for SMEs in other sectors (7%)³⁰.

There is almost no difference between bank products for fully approved applications. The share for short-, medium- and long-term loans and credit lines is all around 84%, indicating the outcome of applications is not product dependant.

27 fi-compass (2023): survey on financial needs and access to finance of EU agricultural enterprises.

28 According to the European Commission (2022), Survey on the access to finance of enterprises (SAFE), p. 37-42, SMEs in other sectors that applied for bank loans 62% received the full amount, 7% received most of what they requested, 5% only a limited amount. For credit lines, 66% received the full amount, 6% most and 4% only a limited part of what they applied for. As noted in Section 2.2, statistics from SAFE and the EIB survey are not fully comparable.

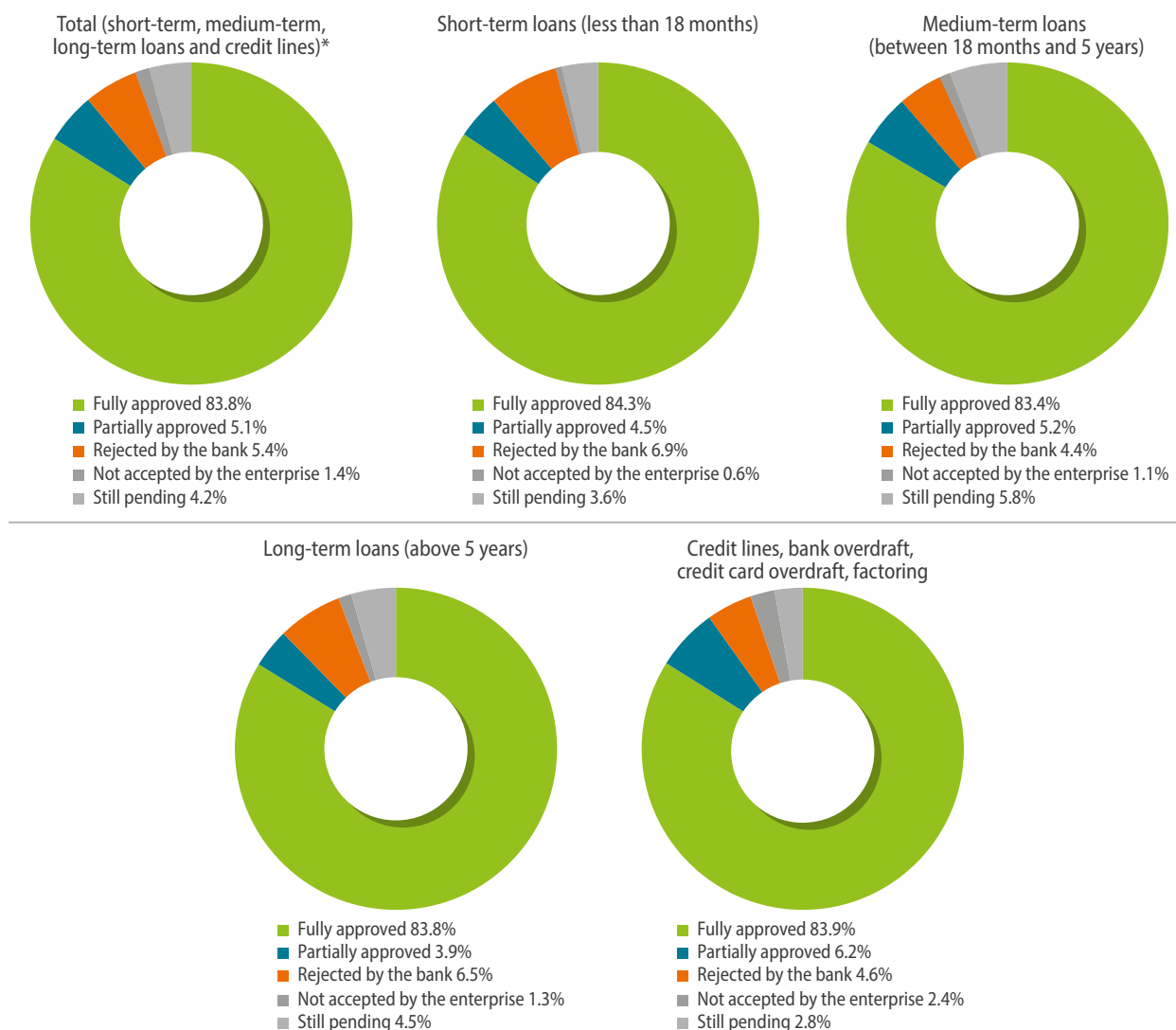
29 fi-compass (2023): survey on financial needs and access to finance of EU agricultural enterprises.

30 According to the European Commission (2022), Survey on the access to finance of enterprises (SAFE), p. 37-42, of SMEs in other sectors applying for bank loans 7% were rejected and for credit lines 7% were rejected. As above, there are differences in the basis for the two surveys.



The share of loan applications rejected by banks varies slightly by product. Rejections are highest for short-term loans (6.9%) and long-term loans (6.5%), followed by medium-term loans (4.6%) and credit lines (4.4%) (see Figure 2.17). The overall rejection rate of 5.4% in 2022 is lower than in 2018 (around 8%)³¹. The share of enterprises declining a loan offer from the bank due to unsatisfactory terms and conditions was around 1.4%, slightly lower than in 2018 (2%)³².

Figure 2.17: Percentage of agri-food enterprises applying for finance and results of the application



Source: Own calculations based on question Q16, see Annex I.

*= based on total applications.

³¹ fi-compass (2020): Financial needs in the agriculture and agri-food sectors in the European Union.

³² In 2018 this was 2% for loan products. fi-compass (2020), Financial needs in the agriculture and agri-food sectors in the European Union.



Access to finance for agri-food enterprises in the EU is stable and extremely positive with 84% of applications being fully approved.

The extent of fully approved applications ranged from 34% in Lithuania to 96% in Poland. In Italy, Hungary, Portugal and Czechia, the **vast majority of agri-food enterprises obtained full approval of their loan applications** unlike agriculture (see Figure 2.18). In nineteen Member States, the full approval rate is above 70%, which makes agri-food enterprises a show-case for European financing. However, the share was lower in Lithuania (34%), Denmark (45%), Greece (56%) and Estonia (62%). To understand the reasons for these differences requires additional analysis at national level. Financial instruments, including those supported by EAFRD, could certainly help in such cases.

Partially approved applications also vary between Member States, from 0% in Sweden, Finland and Croatia to 33.5% in Denmark. There was a higher proportion of partially approved applications also in Estonia, Greece, Ireland and Lithuania (see Figure 2.18).

Unsuccessful applications also diverged. The share of applications rejected by banks showed significant disparity (see Figure 2.18). Notably, Lithuania (33%) had the highest proportion of rejected applications, followed by Greece (25%) and Latvia (20%). This trend aligns with the preceding survey (2018) when Lithuania and Greece also had higher shares of rejected applications. In contrast, the situation appears to have deteriorated for Latvia, where rejected applications were low in 2018³³. Conversely in 2022, Czechia, Portugal, Germany, Hungary and Italy had low proportions of rejected applications showing an improvement in the EU as only Portugal was previously noted for having few rejections³⁴.

There were minor fluctuations in the proportion of applications declined by applicants between different Member States. Portugal, Poland, Sweden, Ireland, Czechia and Belgium had agri-food enterprises least likely to reject bank finance offers. Once again, Lithuania stood out with the highest proportion (7.6%) falling into this category.

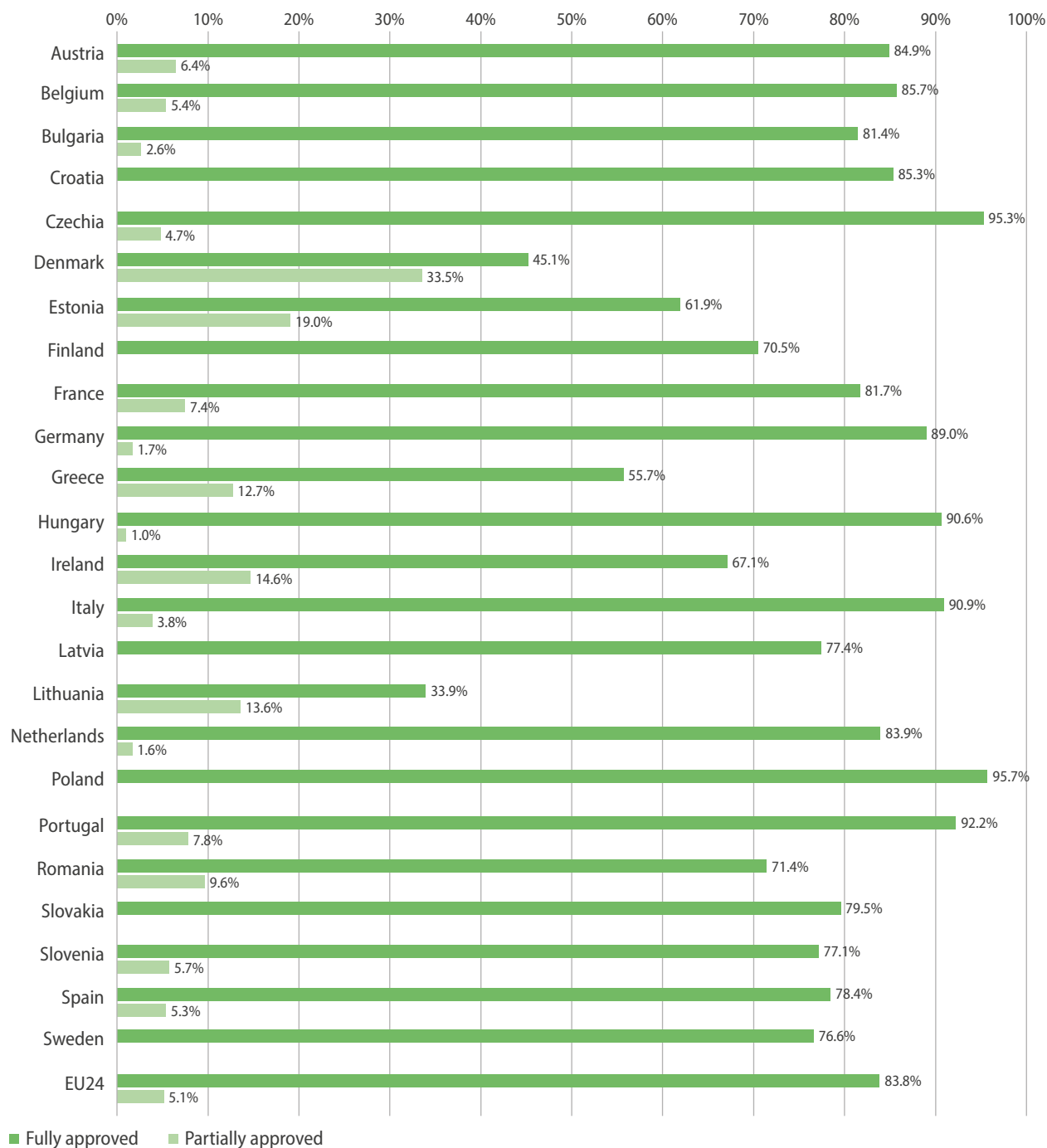
33 Financial needs in the agriculture and agri-food enterprises in the European Union (2022), p. 82.

34 Financial needs in the agriculture and agri-food enterprises in the European Union (2022), p. 82.



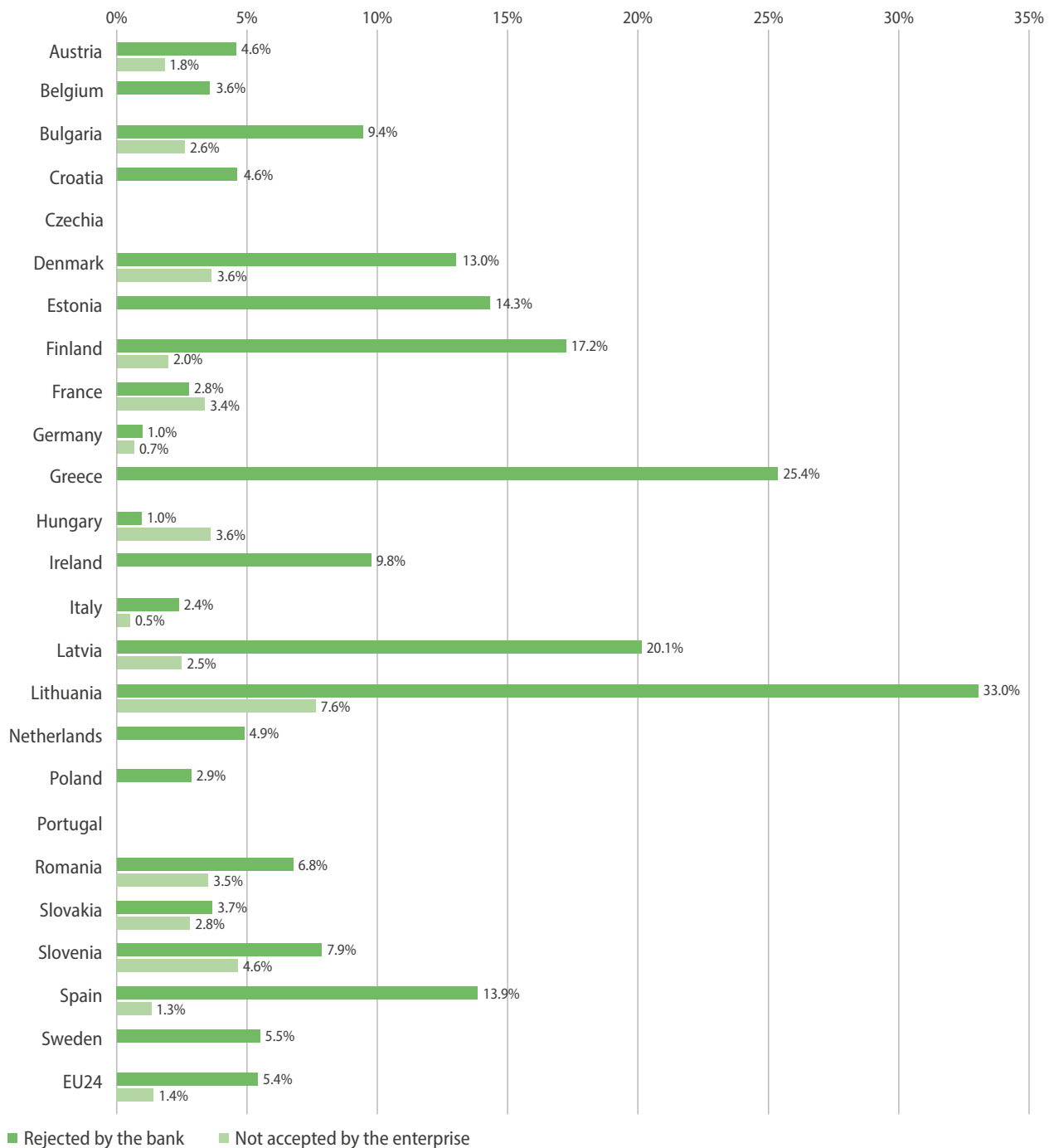
Figure 2.18: Results of the application for bank finance (by Member State), total short-term, medium-term, long term, and credit lines

Successful (fully received plus partially received)





Unsuccessful (rejected by the lender plus refused by the enterprise)



Source: Own calculations based on question Q16, see Annex I.

Agri-food enterprises that received loans primarily intend to invest in expanding production capacity or increasing efficiency.

In 2022, over half of agri-food enterprises that successfully applied for loans highlighted their primary objective as expanding production capacity or improving efficiency, as depicted in Figure 2.19. Following closely, 44.8% intended to use the funds for working capital.



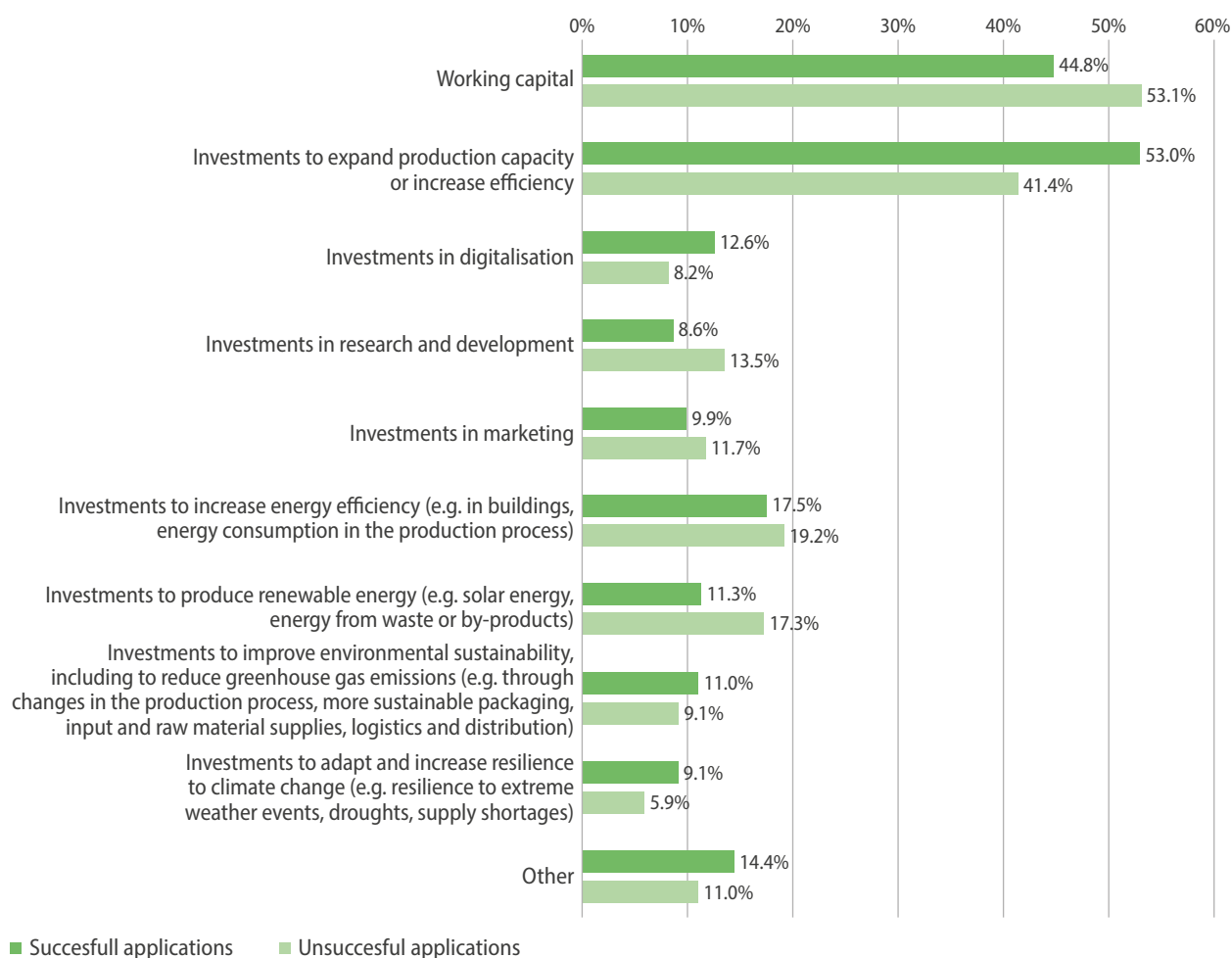
Energy efficiency investments were the focus for 17.5% of enterprises that received financing. Around one in ten were looking to allocate financing to digitalisation (12.6%), generating renewable energy (11.3%), enhancing environmental sustainability (11%), marketing (9.9%) and R&D (8.6%).

Interestingly, agri-food businesses whose loan applications were not successful mostly intended to use the funds for working capital.

Among unsuccessful applicants, slightly more than half (53%) were looking to use the loan to support day-to-day operations, while 41% would have directed the funds to expanding production capacity or increasing efficiency. This is similar to successful applications, with a preference for unsuccessful applications to use the funds for working capital being the difference.

In addition, Figure 2.19 highlights the allocation of financial resources among enterprises for R&D and digitalisation. Notably, both of these areas are low priority for agri-food enterprises. While the 12.6% approval rate for digitalisation loans can be partly attributed to advanced technology already used by these enterprises, a more puzzling trend emerges in the mere 8.6% of funding from banks going to R&D. Although this alone doesn't provide a comprehensive view of R&D investments in agri-food enterprises who may employ other sources of funding, it signals a potential bottleneck in the industry's innovation efforts. Innovation financing, including financial instruments, could play a vital role in bridging any existing gaps.

Figure 2.19: Purpose of bank loan applications

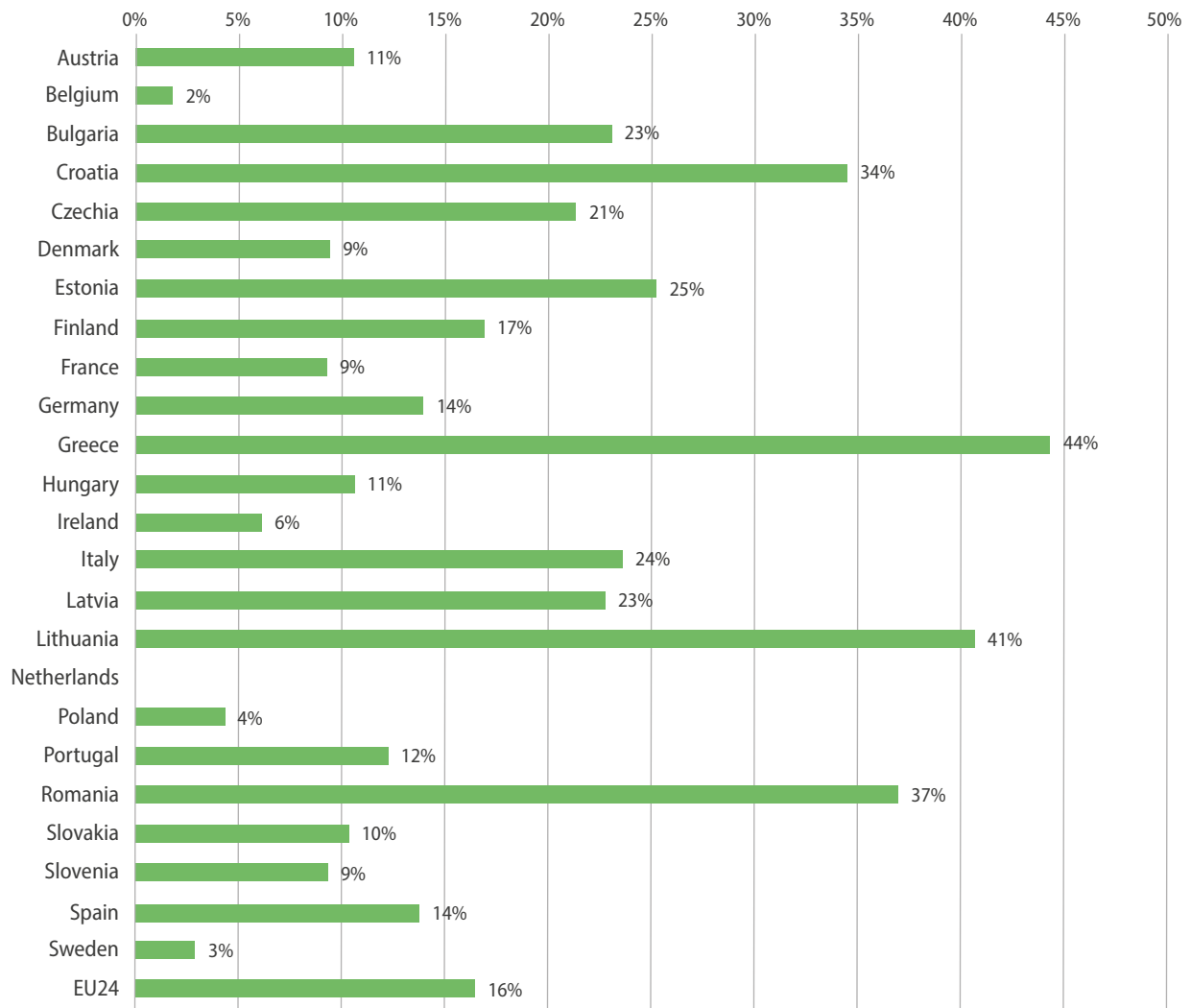


Source: Own calculations based on question Q.15 (multiple answers possible), see Annex I.



In 2022, only 16% of financing from banks was linked to CAP/EAFRD financial support. The proportions vary between Member States with agri-food enterprises more likely to link bank financing applications with CAP/EAFRD support in Greece (44%), Lithuania (41%), Romania (37%), and Croatia (34%) and least likely in the Netherlands (0%), Belgium (2%), Sweden (3%), Poland (4%) and Ireland (6%) (see Figure 2.20).

Figure 2.20: Distribution of loans (all products) linked to CAP/EAFRD financial support



Source: Own calculations based on question Q.14, see Annex I.

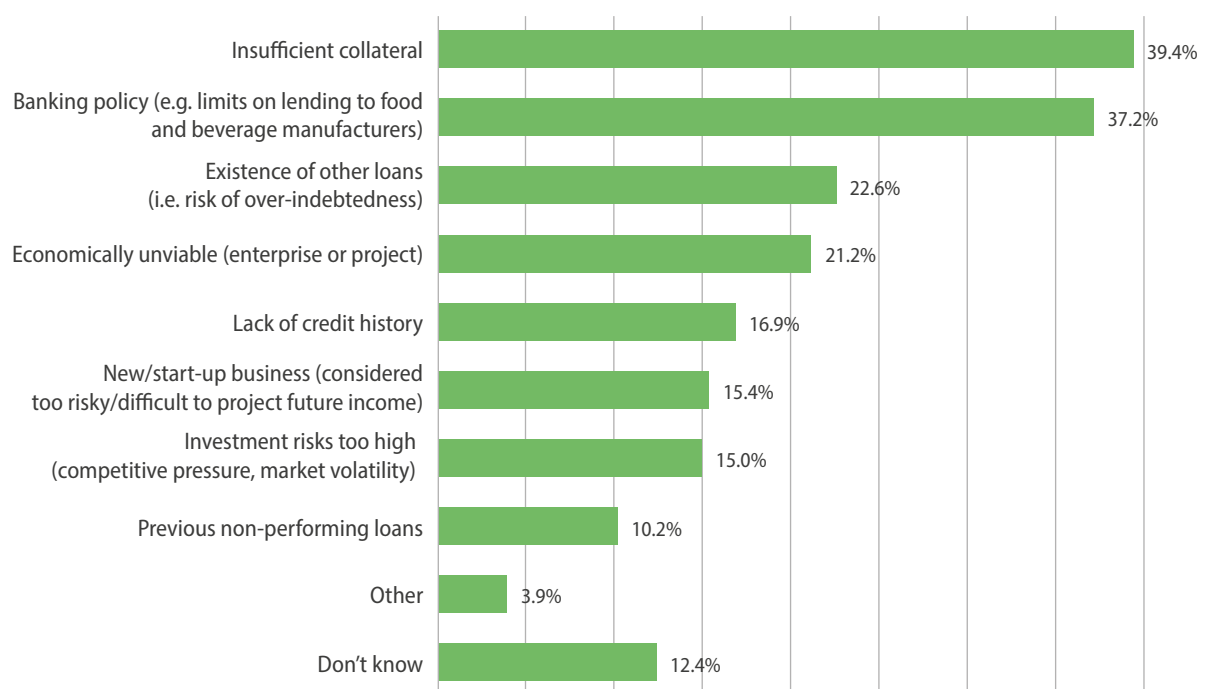
The primary reason for rejecting loan applications was insufficient collateral, followed by bank policy limitations, especially lending exposure to the agri-food sector.

A significant share (39%) of the agri-food businesses report insufficient collateral and 37% banking policy limitations as key reasons for their applications being rejected by banks. Additionally, 22.6% of agri-food enterprises mention an existing loan as a key factor for rejection. Following closely is the economic unviability of the enterprise or project, accounting for a considerable 21% of the rejections (See Figure 2.21).



Start-ups in the agri-food sector also face hurdles in accessing bank finance. For 17% of rejected enterprises, a lack of credit history played a role, while for 15.4% the bank considered the new business too risky or difficult to support. This shows a market failure with a potentially significant impact on development in the agri-food sector. Future research into why banks prefer not to finance start-ups may be handy. Experience under EAFRD and fi-compass has shown that appropriately targeted and well-designed guarantee funds (plus maybe equity funds) may reverse this situation.

Figure 2.21: Reasons banks rejected applications, at EU level



Source: Own calculations based on question Q.17 (multiple answers possible), see Annex I.

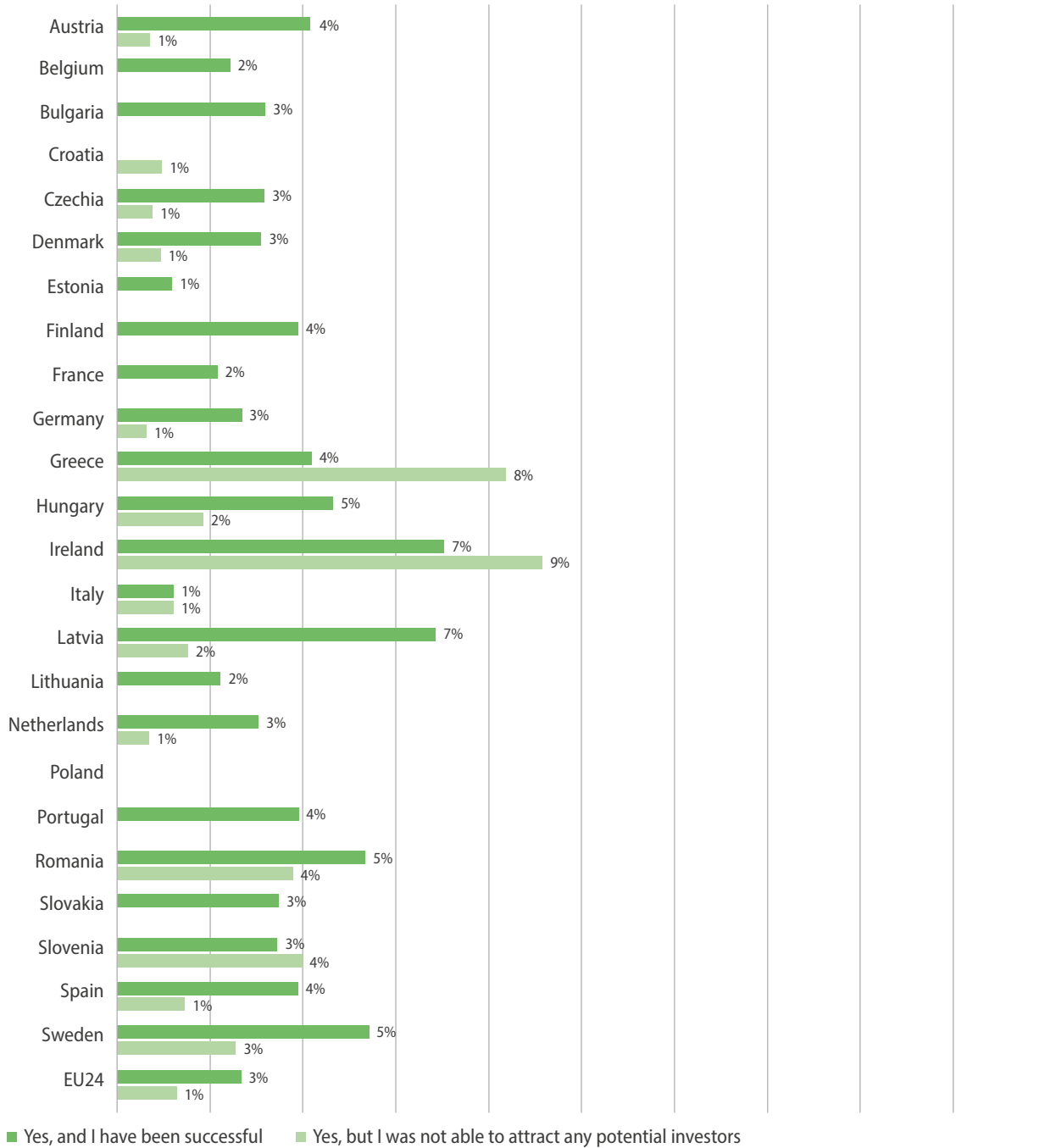
One more financing option for agri-food enterprises in an early stage of development could be equity capital³⁵. However, **EU agri-food enterprises have limited interest in risk capital financing**. In 2022, only 4% of the enterprises looked to secure such funding and a mere 3% were successful. Notably, Ireland (16%), Greece (12%), Latvia and Romania (both 9%) stand out, with the most attempts to secure risk capital financing. Ireland and Latvia also had the most success (both 7%) (see Figure 2.22).

Several factors contribute to the lack of interest in risk capital financing. The primary reason is a reluctance to dilute ownership outside the family or existing stakeholders (61.5%). This is followed by a lack of expertise (36%) and financial indicators that do not appeal to venture capital or private equity investors (27.5%). A scarcity of specialised venture capital or private equity in the sector or geographical area was the least common reason (18%) (see Figure 2.23).

³⁵ European Commission (2021). Communication from the Commission – Guideline on State Aid to promote Risk Finance Investment.



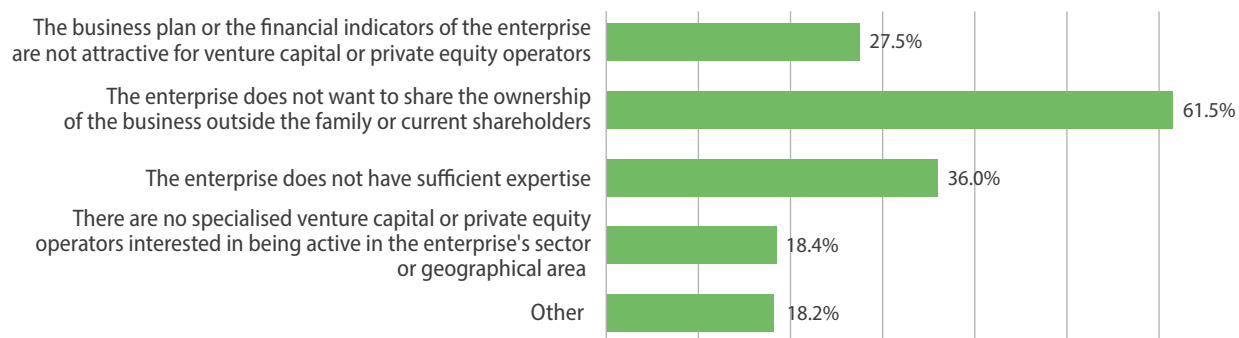
Figure 2.22: Distribution of agri-food enterprises considering risk capital for financing



Source: Own calculations based on question Q.18, see Annex I.



Figure 2.23: Reasons for not considering risk capital financing



Source: Own calculations based on question Q.20 (multiple answers possible), see Annex I.

03

Future expectations of agri-food enterprises

This section focuses on agri-food enterprise expectations concerning their future financial needs, turnover, profit, investment and risk capital finance.

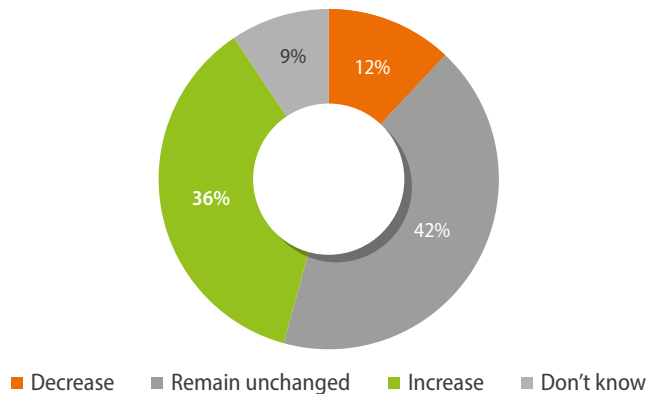
Key Findings

- The financial outlook for the next 3 years is positive. Some 36% of the enterprises expect their financing needs to increase and 42% think it will remain stable;
- Importantly, about half the sector (47%) expects turnover growth in the next 3 years;
- Profit expectations diverge. A third of the enterprises (33%) expect increased profits, while a similar share (30%) expects a decline;
- A similar share to those expecting increased profits, intend to increase investments (32%);
- For risk capital financing, similar to 2022, 10% could use it in the next 3 years.

More than a third of EU agri-food enterprises foresee increased financial needs in the next 3 years.

In the context of future financial needs, 42% of agri-food enterprises anticipate no change, while 36% expect an increase. Conversely, only 12% foresee a decline (see Figure 3.1). It is important to highlight that future expectations for financial needs vary across Member States, ranging from 19% in the Netherlands to 60% in Romania. Notably, more than half the agri-food enterprises in Romania, Greece, Hungary, Bulgaria, Croatia, Ireland and Latvia anticipate an increase. However, the lowest, though still notable, expectations are in the Netherlands (19%), Germany (23%), Austria (26%), Finland (28%) and France (29%) (see Figure 3.2). These collectively indicate ongoing development of the food industry and anticipated increases in production, new technologies and higher environmental standards.

Figure 3.1: Expectations about agri-food enterprises' financial needs in the next 3 years



Source: Own calculations based on question Q.10, see Annex I.



The majority of agri-food enterprises in the Netherlands (70%), Lithuania (57%), Finland (56%), Germany (54%) and Denmark (53%) expect their financial needs to remain unchanged. Those anticipating a decline over the next three years are highest in Austria (21%) and Belgium (20%), followed by another six Western and Northern Member States where 14-15% of the enterprises predict a decline (see Figure 3.2).

Figure 3.2: Expectations about agri-food enterprises' financing needs in the next 3 years, by Member State



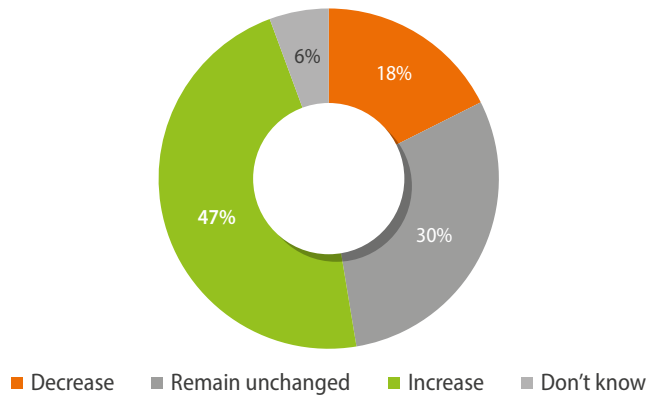
Source: Own calculations based on question Q.10, see Annex I.



Approximately half the agri-food enterprises envision increased turnover in the next 3 years.

For future turnover, 47% of agri-food enterprises anticipate an increase, while 30% expect no change from their current situation. Conversely, only 18% foresee a decline (see Figure 3.3). Seven Member States – Estonia, Romania, Croatia, Denmark, Latvia, Bulgaria and Finland - show a significant majority of enterprises (74% to 66%) expecting a rise in turnover (see Figure 3.4). Those with positive expectations are lowest in Belgium, France and Poland, covering one third of agri-food enterprises in these Member States (see Figure 3.4). Among agri-food enterprises that anticipate unchanged turnover, Czechia (41%) and Belgium (40%) have the highest shares.

Figure 3.3: Expectations about agri-food enterprises' turnover in the next 3 years



Source: Own calculations based on question Q.10, see Annex I.



Figure 3.4: Expectations about agri-food enterprises' turnover in the next 3 years, by Member State



Source: Own calculations based on question Q.10, see Annex I.

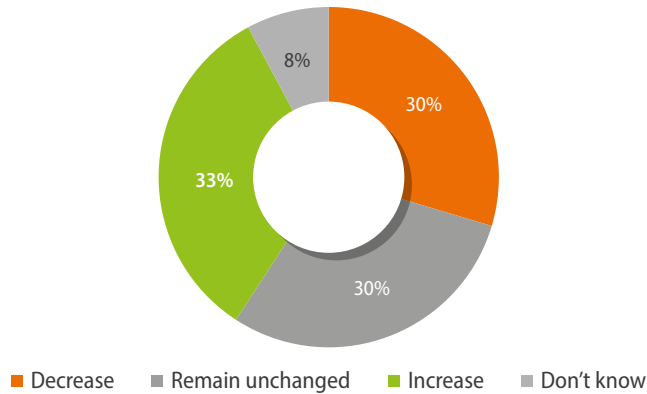


Approximately one third of agri-food enterprises project an increase in profit over the next 3 years.

When considering future profit, there is an equal split with 33% of agri-food enterprises anticipating growth, closely followed by those expecting no change (30%) and those foreseeing a decline (30%) (see Figure 3.5). Expectations regarding profit increases vary between Member States, from 16% in Belgium to 59% in Romania. Notably, over 50% of the agri-food enterprises in Romania, Estonia, Greece, Denmark and Slovenia anticipate profit growth. However, the proportion of agri-food enterprises with similar expectations is lowest in Belgium (16%), France (18%), Poland (20%) and Austria (26%).

Slightly more than one third of agri-food enterprises in Italy (36%), Croatia, Finland, the Netherlands (all 37%), Czechia (38%) and Belgium (40%) expect their profit to remain stable in the upcoming period. Conversely, the highest proportions of enterprises anticipating a decline are in Austria, Belgium (both 44%), France, Poland (both 39%) and Germany (38%) (refer to Figure 3.6). This shows an unexpectedly cautious approach towards future profits.

Figure 3.5: Expectations about agri-food enterprises' profit in the next 3 years



Source: Own calculations based on question Q.10, see Annex I.



Figure 3.6: Expectations about agri-food enterprises' profit in the next 3 years, by Member State



Source: Own calculations based on question Q.10, see Annex I.

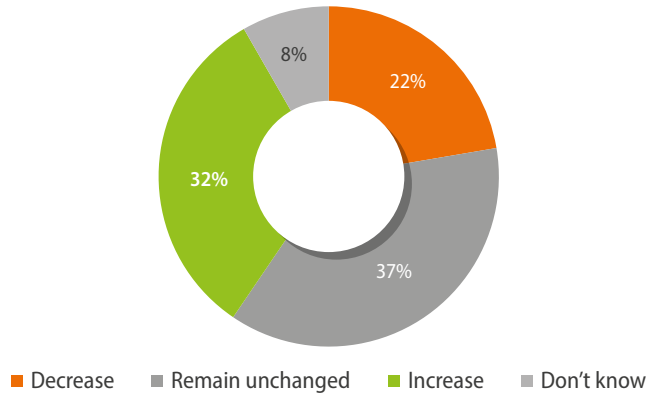


About two-thirds (69%) of the agri-food enterprises envision increased investment, or at least maintaining the 2022 level over the next 3 years.

For future investment, 37% of agri-food enterprises anticipate no change, while 32% expect an increase and only 22% foresee a decline (see Figure 3.7). Expectations for increased investment vary between Member States, from 13% in Austria to 58% in Romania. Romania stands out with the highest proportion of enterprises expecting investment growth, closely followed by Bulgaria and Croatia (47% each), Latvia (45%) and Slovenia (43%) (see Figure 3.8).

A majority of agri-food enterprises in Slovenia (52%), Estonia (53%), Lithuania (54%) and the Netherlands (60%) anticipate their investments to remain relatively stable in the upcoming period. Conversely, the highest proportions of enterprises anticipating a decline are in Belgium (31%), Austria (38%) and Poland (40%) (see Figure 3.8) which is aligned with the more conservative expectations for future profit.

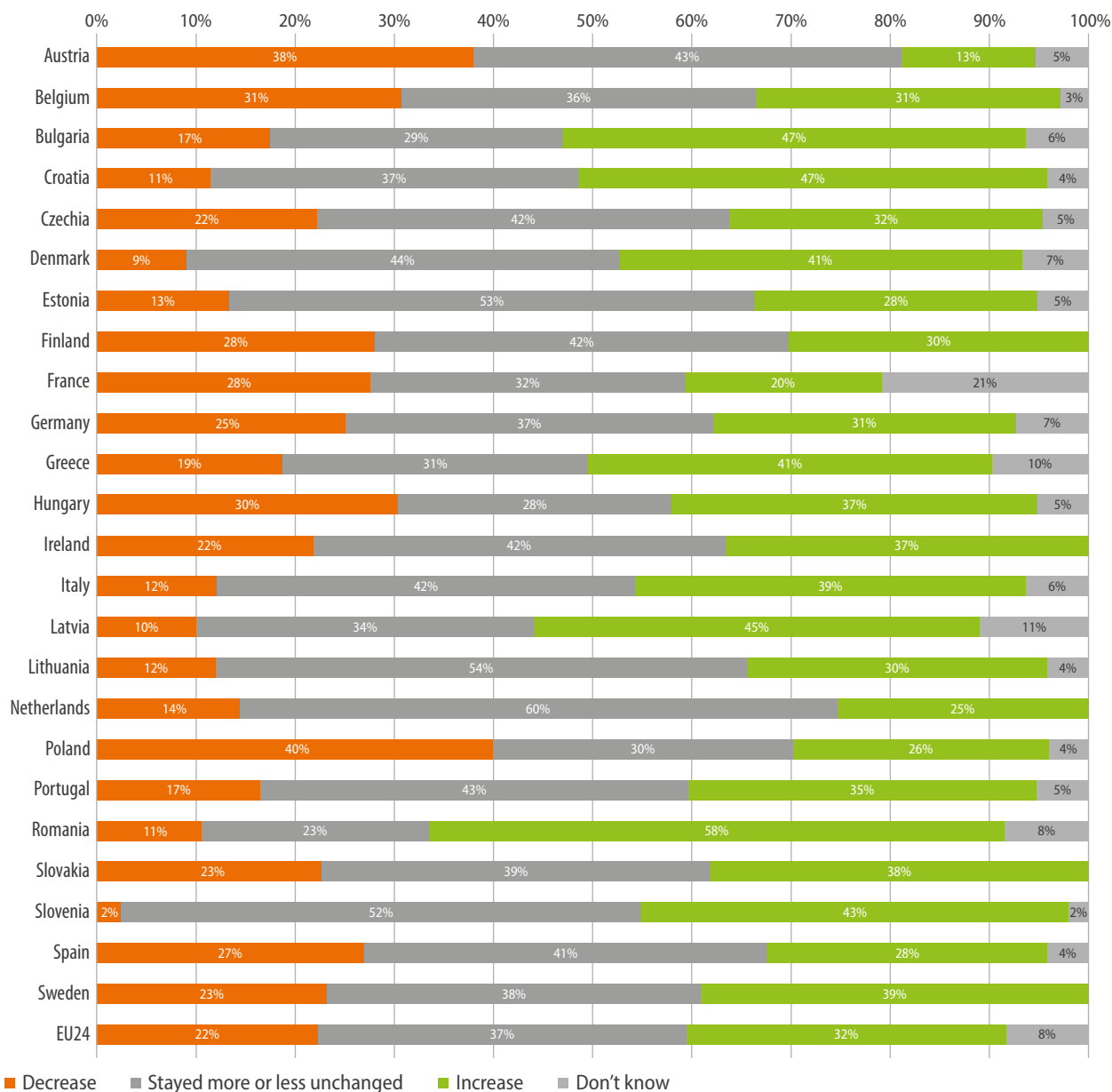
Figure 3.7: Expectations about agri-food enterprises' investment in the next 3 years



Source: Own calculations based on question Q.10, see Annex I.



Figure 3.8: Expectations about agri-food enterprises' investments in the next 3 years, by Member State

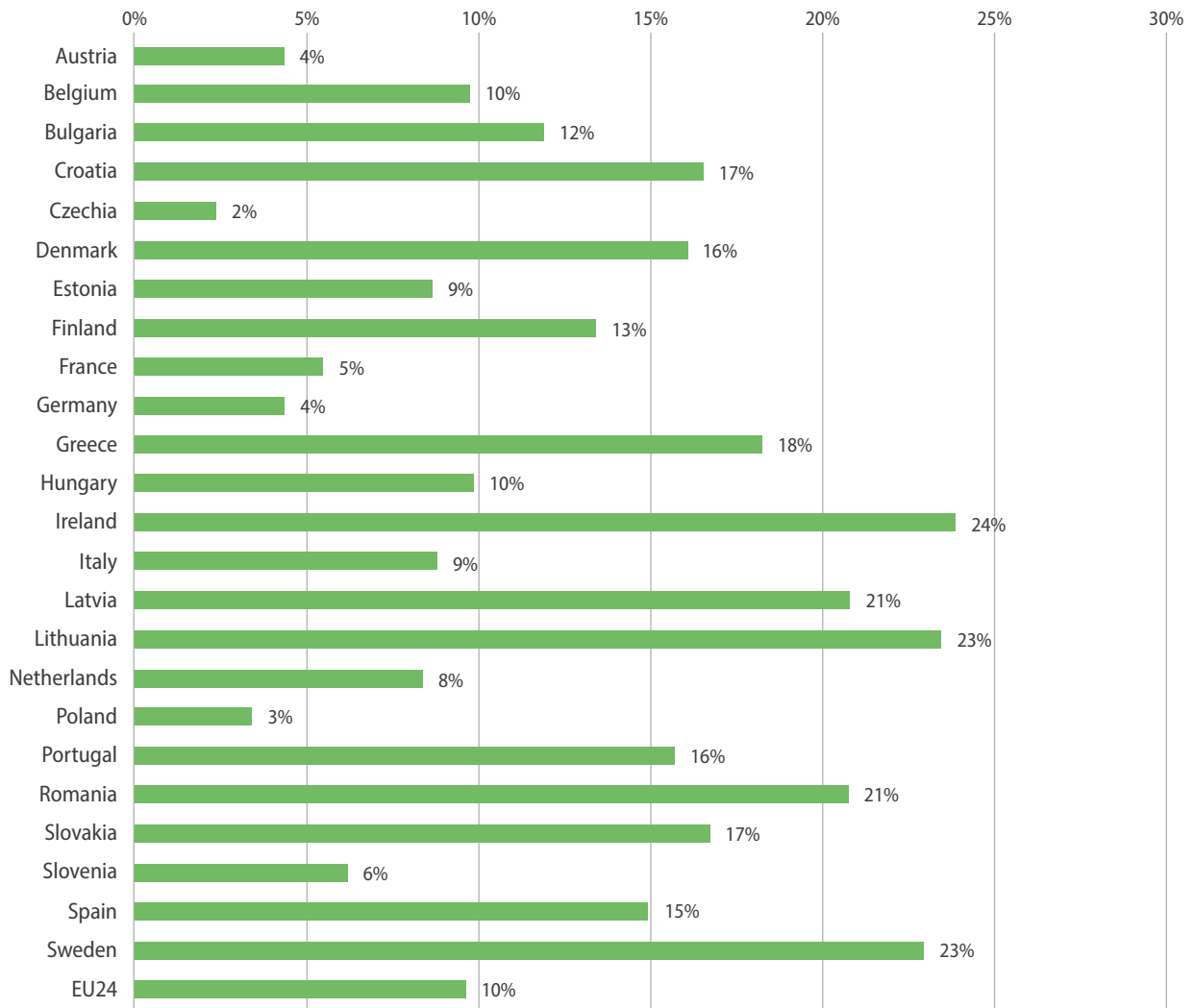


Source: Own calculations based on question Q.10, see Annex I.

On average, only one in ten agri-food enterprises in the EU-24 expect risk capital financing in the near future. Agri-food enterprises in Ireland (24%), Sweden, Lithuania (both 23%), Romania and Latvia (21% each) have the highest likelihood of considering such financing. Conversely, agri-food enterprises in Czechia, Poland, Austria and Germany appear to be the least inclined to expect (or search for) this type of financing (see Figure 3.9).



Figure 3.9: Expectations about agri-food enterprises' risk capital financing in the next 3 years, by Member State



Source: Own calculations based on question Q.19, see Annex I.

04 Investment in climate resilience and environmental sustainability

This section analyses agri-food enterprise perceptions on the impact of climate change-related events. It reviews their awareness of climate-related rules and standards at national, EU and international levels. Additionally, the section explores 'green' investments made by these enterprises over the past three years, as well as their future plans. Lastly, key obstacles hindering such investments are identified and analysed.

Key findings

- 31% of the EU 24 agri-food enterprises have experienced a major impact from climate change in the past 3-5 years, while 38% observed a minor impact, indicating a pervasive influence of climate change on the sector;
- 29% of the agri-food enterprises reported no noticeable impact in the last 3-5 years;
- Around two in ten enterprises are not aware of new climate rules and standards at international, EU and national levels aimed at addressing global warming.

Investment priorities:

- Energy efficiency was a key focus, with 38% of enterprises investing, followed by improved environmental sustainability including greenhouse gas reduction (27%), renewable energy (18%) as well as climate change adaptation and resilience (17%);
- The majority of agri-food enterprises invested between EUR 10 000 – 100 000 in renewable energy;
- About half the agri-food enterprises invested EUR 10 000 to 100 000 in increasing energy efficiency, improving environmental sustainability and adapting and increasing resilience to climate change;
- High costs without sufficient return (56.8%) and high upfront costs with long payback periods (55.2%) were major barriers to such investments.

Future investment plans:

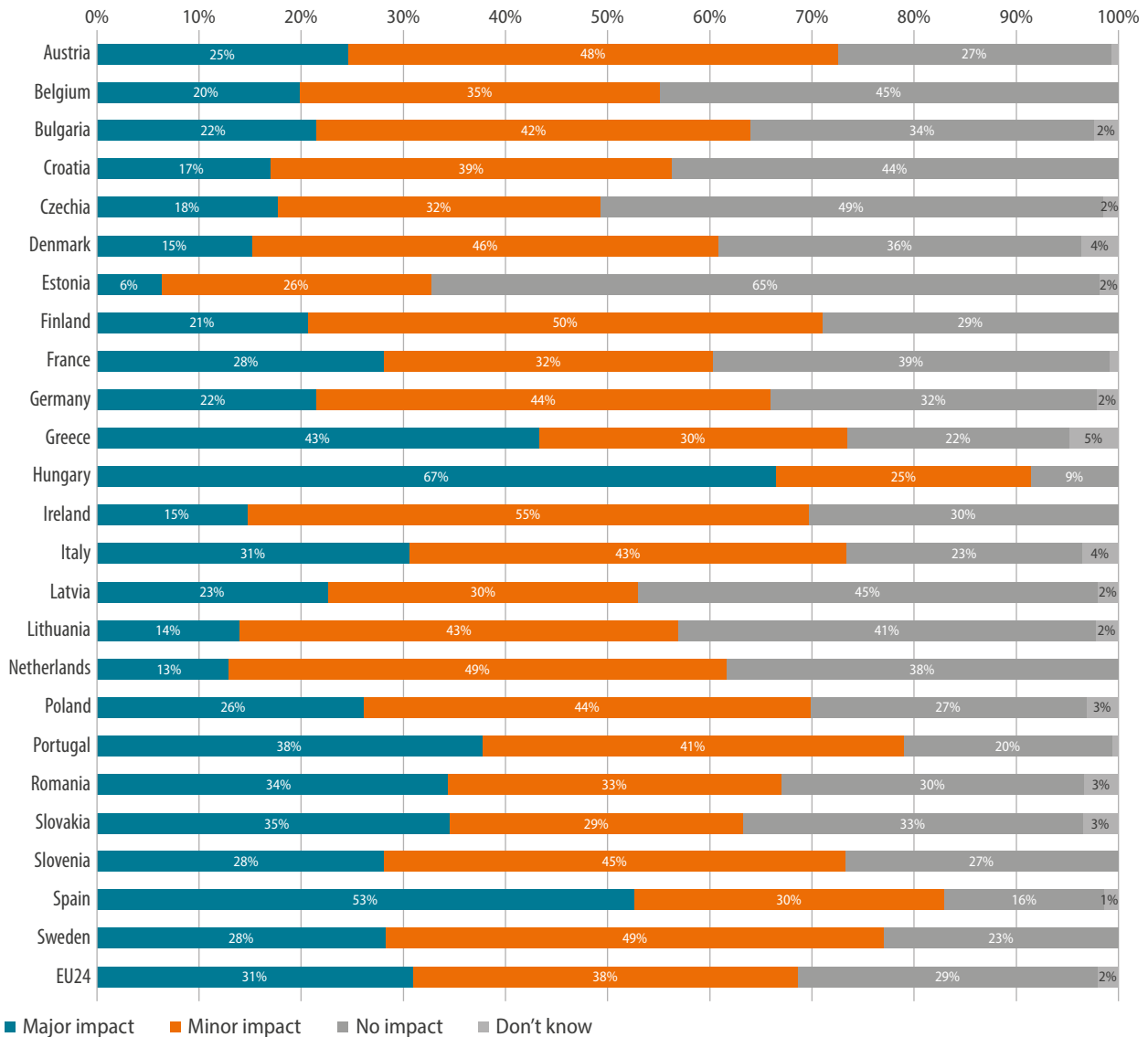
- 38% of enterprises plan to invest in improving energy efficiency and renewable energy in the next 3 years;
- Approximately 29% aim to invest in environmental sustainability, followed by 22% who prioritise climate change adaptation and resilience.

Some 31% of the agri-food enterprises have experienced a major impact from climate change in the past 3-5 years (see Figure 4.1). In addition, about four in ten (38%) observed a minor impact, suggesting a pervasive and ongoing influence of climate change on these enterprises. Perceptions of a major impact of climate change vary significantly between Member States, from a mere 6% in Estonia to 43% in Greece, 53% in Spain and 67% in Hungary. These countries, together with Portugal, are where agri-food enterprises are particularly attuned to the impact of climate change on their operations. This is not an isolated finding but reflects the negative impacts of climate and weather events on agriculture (including fires, droughts, floods, etc.). On the other hand, Ireland, Finland, Sweden, the Netherlands and Austria have the highest proportion of agri-food enterprises that experienced a minor impact from climate change (see Figure 4.1).



Only 29% of the agri-food enterprises report no noticeable impact from climate change on their business. This underscores the diversity of experiences, suggesting that some regions and Member States may be less affected by climate change.

Figure 4.1: In the last 3-5 years, have you noticed any impact from climate change and related changes in weather patterns on your enterprise's activity?



Source: Own calculations based on question Q.21, see Annex I.

Around two in ten enterprises are not aware and/or are not interested in climate rules and standards at international, EU and national level aimed at addressing global warming. This varies between Member States, from 2% in Slovenia to 36% in Belgium. Agri-food enterprises in Belgium, Romania and Croatia are least likely to be aware of these changes. Conversely, enterprises in Slovenia and Finland have the most awareness (see Figure 4.2).

An important share (33%) of agri-food enterprises are aware that stricter climate rules and standards are being implemented but believe these will not affect their operations. The proportion of agri-food enterprises aware of the changes but believe they will not impact their enterprise also varies significantly between Member States.



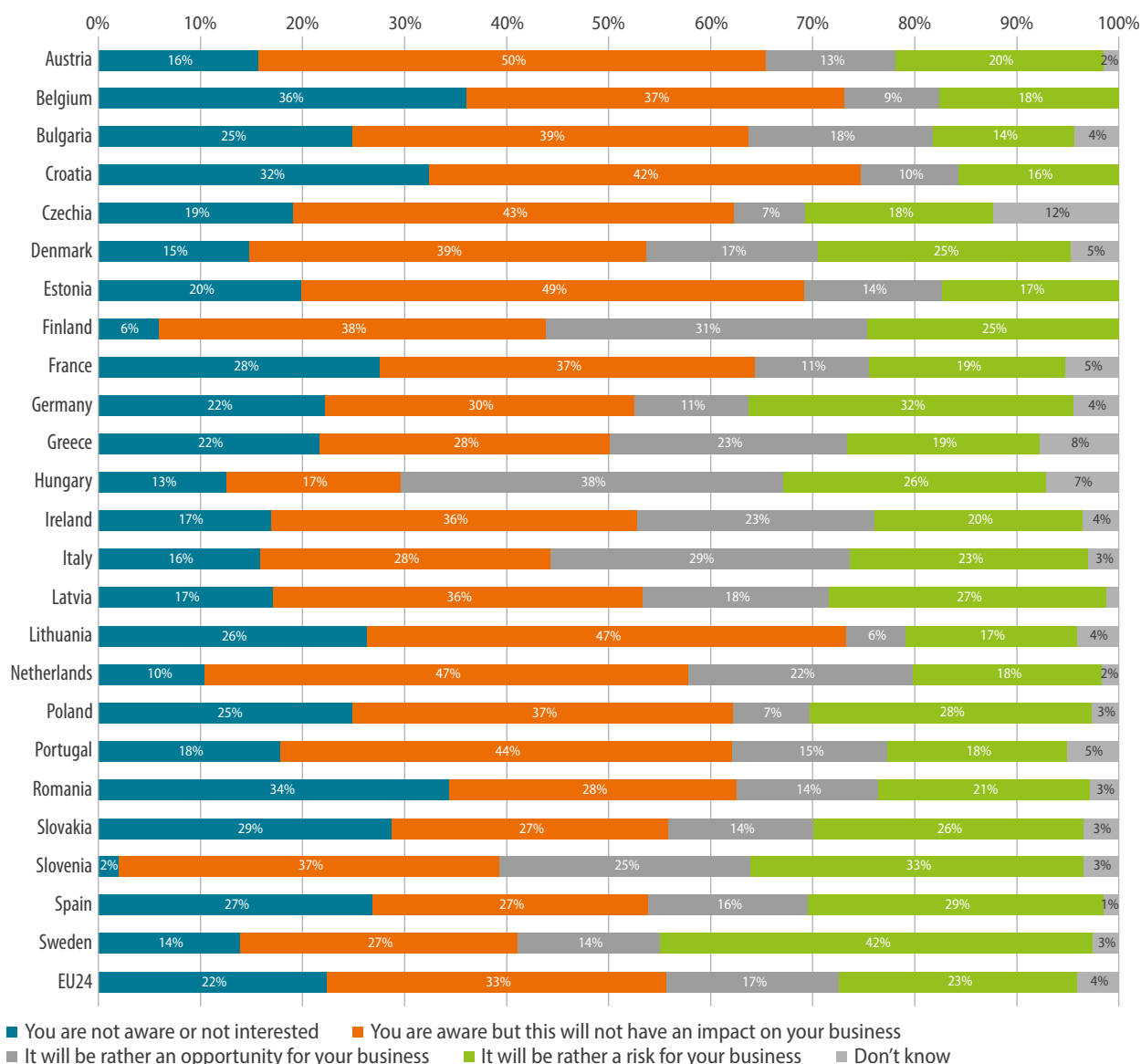
About half those in Austria, Estonia, Lithuania and the Netherlands hold this perception. Conversely, enterprises in Hungary, Slovakia, Sweden and Spain are the least likely to think this way (see Figure 4.2).

A small share of agri-food enterprises (17%) view climate related rules and standards as opportunities for their enterprises with Hungary, Finland and Italy having the highest proportion (see Figure 4.2).

On average, slightly less than a quarter of agri-food enterprises (23%) perceive these changes as a potential risk to their enterprise. Sweden, Slovenia, Germany and Spain have the highest proportion of agri-food enterprises considering stricter climate rules and standards as risky for their enterprises (see Figure 4.2).

These findings underline the diverse perceptions and awareness of agri-food enterprises regarding climate-related rules and standards to limit global warming. Understanding that divergence would require a further review of its roots.

Figure 4.2: Enterprises' awareness and perception of climate-related rules and standards, by Member State



Source: Own calculations based on question Q.22 see Annex I.



For green investment in the agri-food sector, the survey reveals that some 38% of enterprises have made energy efficiency their top priority over the past three years (see Figure 4.3). About half of these agri-food enterprises invested between EUR 10 000 and EUR 100 000. Around three in ten invested under EUR 10 000 for this (see Table 4.1).

Notably, energy efficiency investments vary between Member States, with Romania recording the lowest share at 25% and Denmark the highest at 64%. Germany (48%), Ireland (49%), the Netherlands (54%), Hungary (55%), Finland (61%) and Denmark (64%) have the highest proportions of agri-food enterprises investing in energy efficiency (see Figure 4.4).

Slightly over a quarter of agri-food enterprises (27%) have invested in improving sustainability and reducing greenhouse gas emissions (see Figure 4.3). Investment for such projects varies with slightly more than half involving EUR 10 000 to EUR 100 000, followed by a 28% that invested less than EUR 10 000 and 15% who invested from EUR 100 000 to EUR 500 000 (see Table 4.1).

Denmark and Austria had the highest shares of enterprises investing in environmental sustainability, while France, Romania, Slovakia, Spain and Czechia had the lowest (see Figure 4.4).

Only 18% of the agri-food enterprises focused financial resources on renewable energy investments during the last 3 years (see Figure 4.3). Among these, a majority (59%) opted to invest EUR 10 000 to EUR 100 000. Notably, 22% invested EUR 100 000 to EUR 500 000 (see Table 4.1).

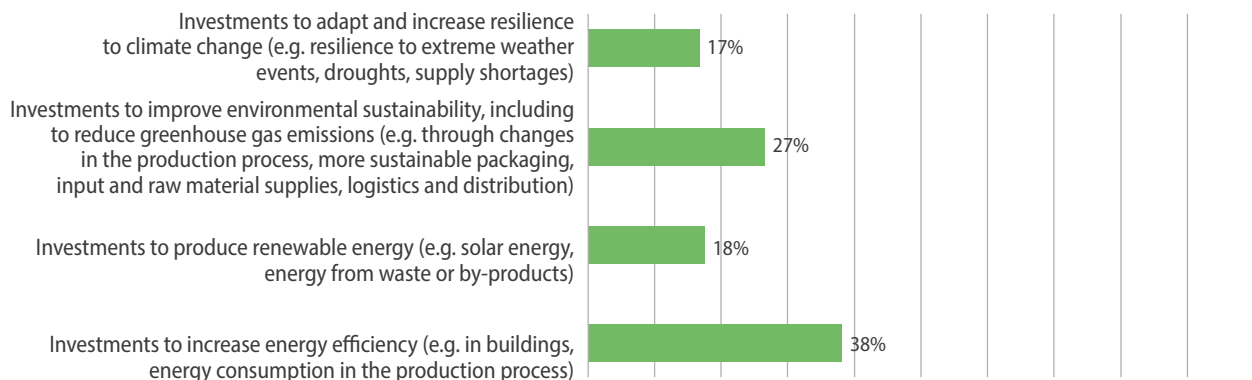
At Member State level, Belgium, Finland, and Hungary have the highest propensity for investing in renewable energy. On the other hand, Sweden, France, Slovakia, and Bulgaria had considerably less inclination (see Figure 4.4).

For climate change adaptation and resilience, 17% of agri-food enterprises prioritised investments in this area (see Figure 4.3). Among these, about half opted to invest from EUR 10 000 to EUR 100 000. About three in ten invested under EUR 10 000, while about two in ten invested between EUR 100 000 and EUR 500 000 (see Table 4.1).

At Member State level, enterprises in Austria and Portugal had the highest likelihood of investing in climate change adaptation and increasing resilience, whereas those in Estonia and Lithuania have been the least proactive in this regard (see Figure 4.4).

There are varying priorities and levels of investment within the agri-food sector. Energy efficiency is a significant focus for a considerable proportion of enterprises. Environmental sustainability, renewable energy and climate change adaptation also see growing investment, albeit with strong variations between Member States.

Figure 4.3: Agri-food enterprises that invested to increase environmental sustainability and improve the climate resilience of their enterprise in the last 3 years

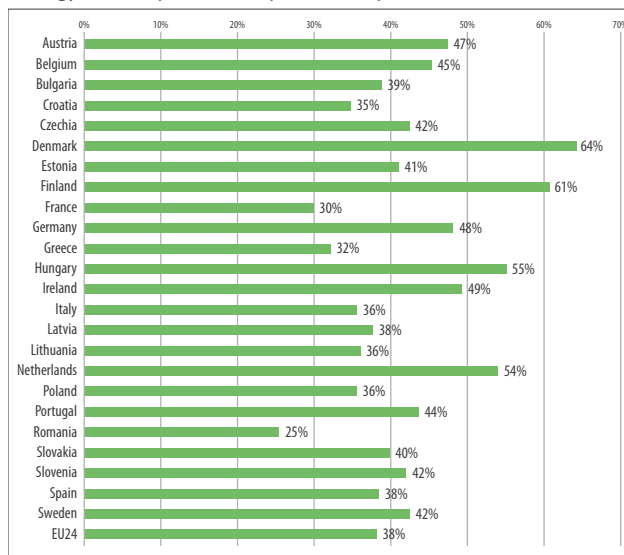


Source: Own calculations based on question Q.23a (multiple answers possible), see Annex I.

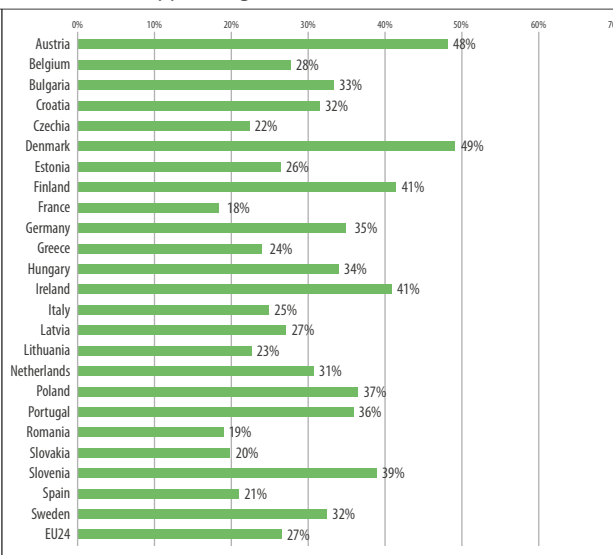


Figure 4.4: Agri-food enterprises that invested to increase environmental sustainability and improve the climate resilience of their enterprise in the last 3 years, by Member State

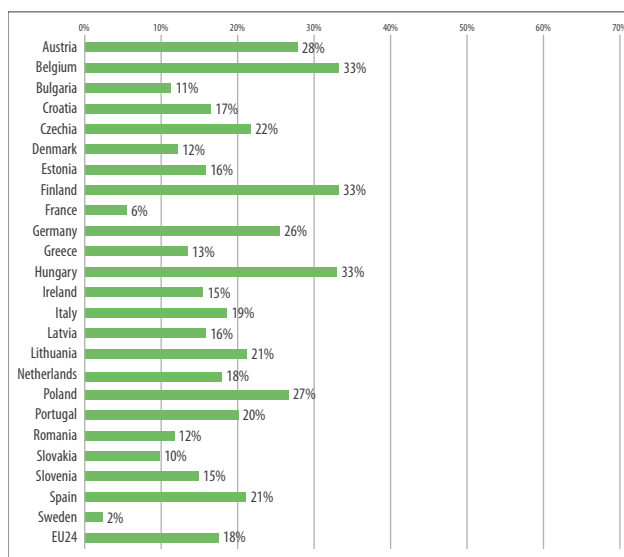
Investments to increase energy efficiency (e.g. in buildings, energy consumption in the production process)



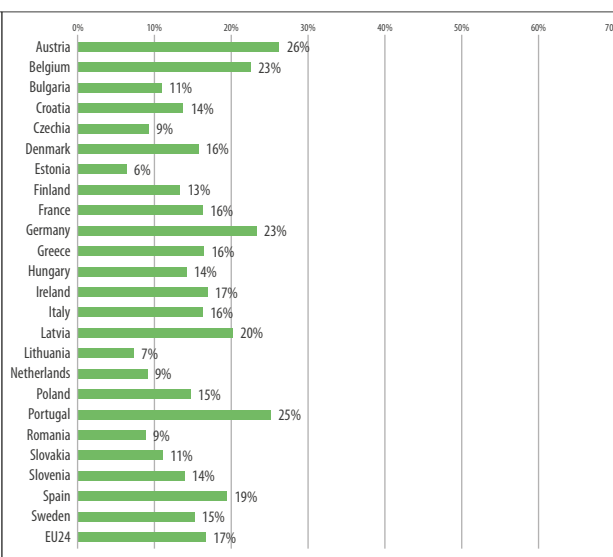
Investments to improve environmental sustainability, including to reduce greenhouse gas emissions (e.g. through changes in the production process, more sustainable packaging, input and raw material supplies, logistics and distribution)



Investments to produce renewable energy (e.g. solar energy, energy from waste or by-products)



Investments to adapt and increase resilience to climate change (e.g. resilience to extreme weather events, droughts, supply shortages)



Source: Own calculations based on question Q23a (multiple answers possible), see Annex I.

Table 4.1: Amount invested to increase environmental sustainability and improve the climate resilience of the enterprise in the last 3 years³⁶

	Investments to increase energy efficiency	Investments to produce renewable energy	Investments to improve environmental sustainability, including to reduce greenhouse gas emissions	Investments to adapt and increase resilience to climate change
Amount (EUR)	Frequency distribution	Frequency distribution	Frequency distribution	Frequency distribution
1-10 000	31%	14%	28%	29%
10 001-100 000	49%	59%	52%	48%
100 001-500 000	16%	22%	15%	18%
500 001-1 000 000	2%	3%	2%	2%
>1 000 000	1%	1%	0%	1%

Source: Own calculations based on question Q.23a, see Annex I.

For green investment, 38% of agri-food enterprises plan to invest in energy efficiency in the next 3 years (see Figure 4.5). Among these, slightly more than half are considering investing from EUR 10 000 to EUR 100 000 and 20% to invest between EUR 100 000 and EUR 500 000 (see Table 4.2).

The share of enterprises planning to invest in energy efficiency varies significantly between Member States, with France recording the lowest percentage at 23% and Hungary the highest at 64%. Romania, Greece, Lithuania and Slovenia have the highest proportions of firms planning to invest in energy efficiency (see Figure 4.6).

For renewable energy, 38% of agri-food enterprises have set their sights on this (see Figure 4.5). Among these, 58% are considering investing from EUR 10 000 to EUR 100 000, followed by more than a quarter (27%) intending to invest more than EUR 100 000 (see Table 4.2).

Notably, Hungary, Romania, Croatia, and Bulgaria have the highest share of enterprises investing in renewable energy. Companies in Denmark and France have considerably less interest, which may also be due to advances in this area in previous years (see Figure 4.6).

Some three in ten enterprises (29%) plan to invest in improving sustainability and reducing greenhouse gas emissions (see Figure 4.5). Slightly more than half (53%) are planning investments of EUR 10 000 to EUR 100 000, followed by 22% targeting investments of EUR 100 000 to EUR 500 000 or more (see Table 4.2).

Slovenia, Ireland and Denmark stand out with the highest proportions of enterprises planning to invest in environmental sustainability. Conversely, Spain and France have the lowest shares in this area (see Figure 4.6).

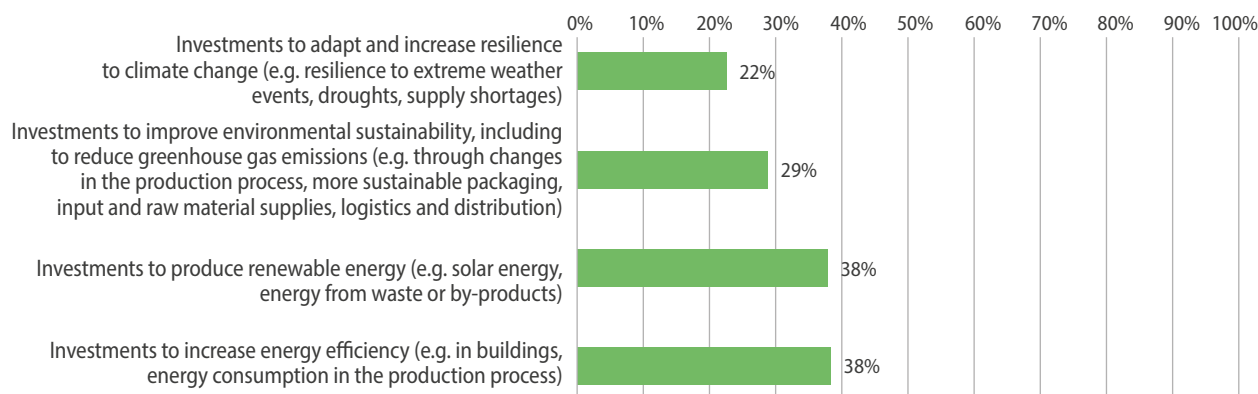
For climate change adaptation and resilience, another 22% of the agri-food companies will prioritise investments in this area in the next three years (see Figure 4.5). Most of them consider allocating from EUR 10 000 to EUR 100 000 (see Table 4.2).

³⁶ The shares are based on responses that report amounts invested, excluding 'don't know' and 'refusal'.



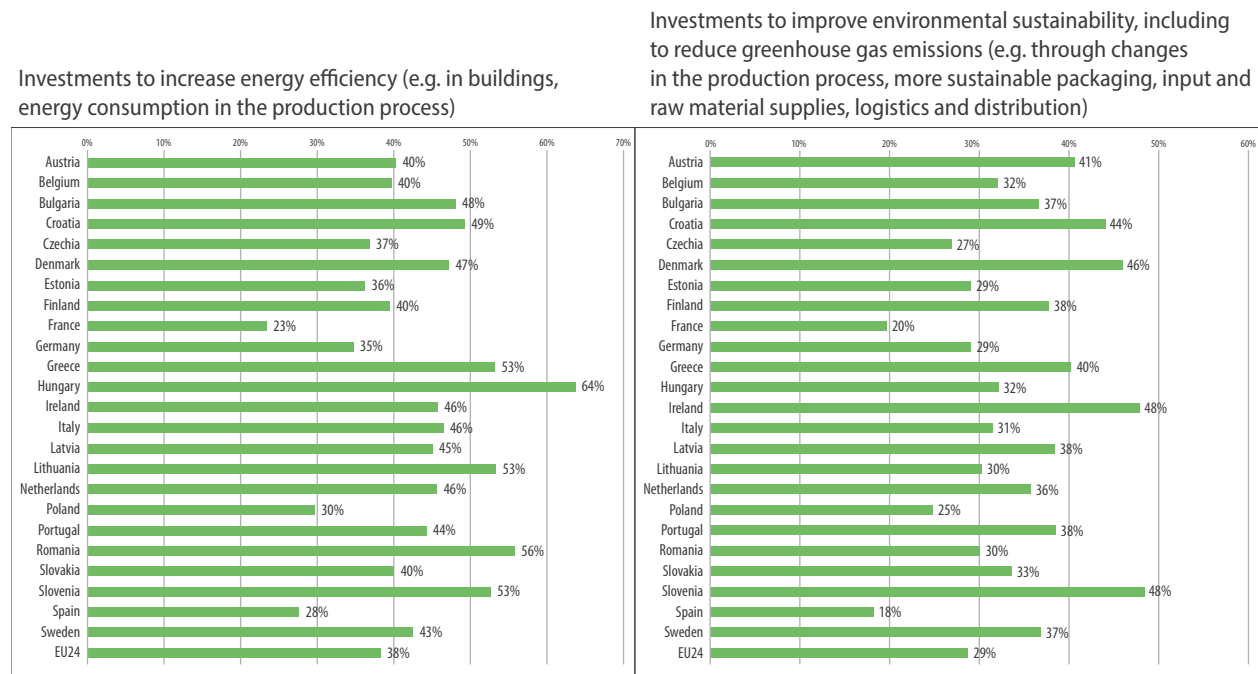
Austria and Greece have the highest likelihood of investing in climate change adaptation and increasing resilience during the next three years. Conversely, enterprises in Poland and Denmark seem to be the least proactive in this regard (see Figure 4.6).

Figure 4.5: Agri-food enterprises' expectations about investment to increase overall environmental sustainability and improve climate resilience in the next 3 years, at EU level



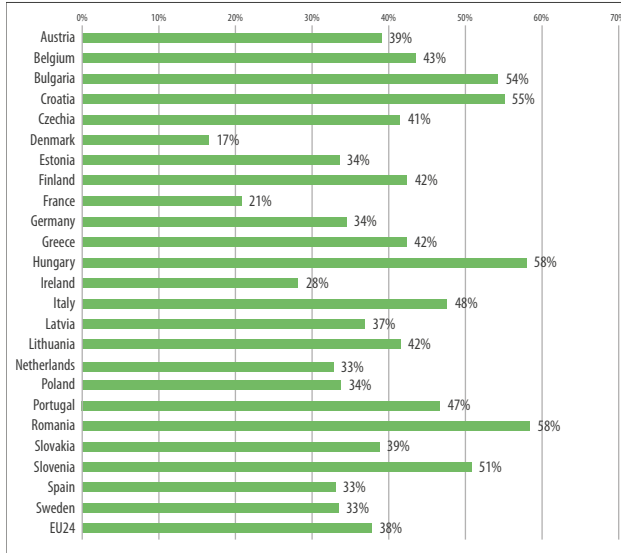
Source: Own calculations based on question Q.23b (multiple answers possible), see Annex I.

Figure 4.6: Agri-food enterprises' expectations about investment to increase overall environmental sustainability and improve the climate resilience in the next 3 years, by Member State

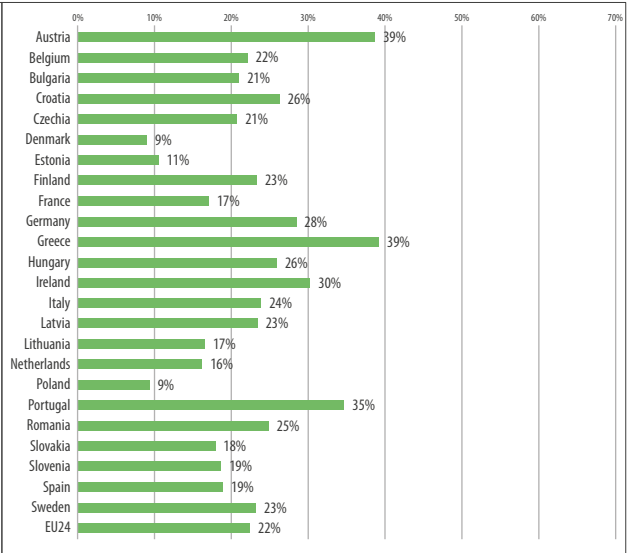




Investments to produce renewable energy
(e.g. solar energy, energy from waste or by-products)



Investments to adapt and increase resilience to climate change
(e.g. resilience to extreme weather events, droughts, supply shortages)



Source: Own calculations based on question Q.23b (multiple answers possible), see Annex I.

Table 4.2: Agri-food enterprises' expectations about future investments to increase overall environmental sustainability and improve the climate resilience of the enterprise³⁷

	Investments to increase energy efficiency	Investments to produce renewable energy	Investments to improve environmental sustainability, including to reduce greenhouse gas emissions	Investments to adapt and increase resilience to climate change
Amount (EUR)	Frequency distribution	Frequency distribution	Frequency distribution	Frequency distribution
1-10 000	22%	14%	20%	20%
10 001-100 000	51%	58%	53%	56%
100 001-500 000	20%	22%	22%	19%
500 001-1 000 000	4%	4%	4%	4%
>1 000 000	2%	1%	0%	1%

Source: Own calculations based on question Q.23b, see Annex I.

37 The shares are based on responses that report amounts invested, excluding 'don't know' and 'refusal'.



A majority of agri-food enterprises consider high costs without sufficient return (56.8%) as the most significant barrier to investing in climate and environmental sustainability (see Figure 4.7). The share of enterprises holding this view varies across countries, with Croatian businesses having the lowest proportion (37%) and Slovakia the highest (81%). The Netherlands has the second-highest share, followed by the Belgium and Finland (see Figure 4.8).

Additionally, more than half the agri-food enterprises (55.2%) highlight high upfront costs as a major obstacle to investment in climate and environment sustainability (see Figure 4.7). The range of views across Member States is extensive, with Croatia at the lower end (29.5%) and Slovakia at the higher (83.3%). After Slovakia come agri-food enterprises in Austria, Slovenia, the Netherlands and Finland facing this issue (see Figure 4.8).

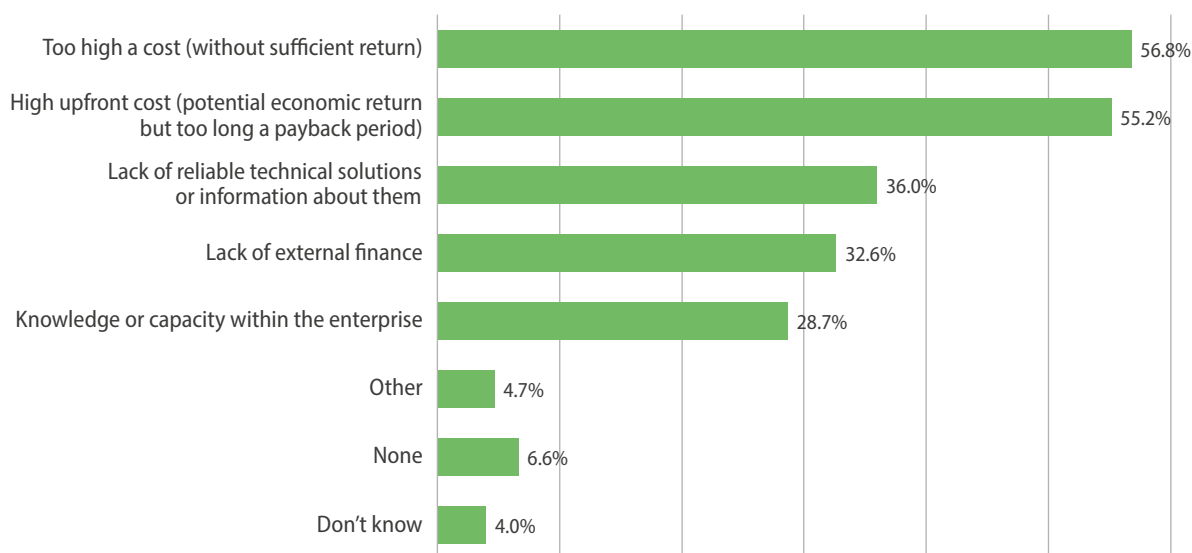
More than one third of EU-24 agri-food players (36%) cite a lack of technical solutions and information as significant barriers to investing in climate change (see Figure 4.7). This is especially true for companies in Finland, France, and Slovenia, while Hungary and Romania have the lowest percentages (each 19%) (see Figure 4.8).

Similarly, one-third of agri-food enterprises (32.6%) identify a lack of external finance as an additional obstacle for investing in climate and environmental sustainability (see Figure 4.7). In Bulgaria (57.9%), Slovakia (53%) and Lithuania (49.6%) processors report significant difficulties, whereas Portugal and Estonia have the lowest share (see Figure 4.8).

Three in ten companies lack the knowledge and capacity to invest in climate and environment sustainability (see Figure 4.7). Member States with the highest proportions of agri-food enterprises facing this issue are Lithuania, the Netherlands, Finland, Sweden and France (see Figure 4.8).

In summary, there are significant variations in the barriers to investing in climate and environmental sustainability among agri-food enterprises. High upfront costs and insufficient return are consistently cited as major hindrances. Technical solutions, external finance, as well as knowledge and capacity are also key to making investment decisions in this sector.

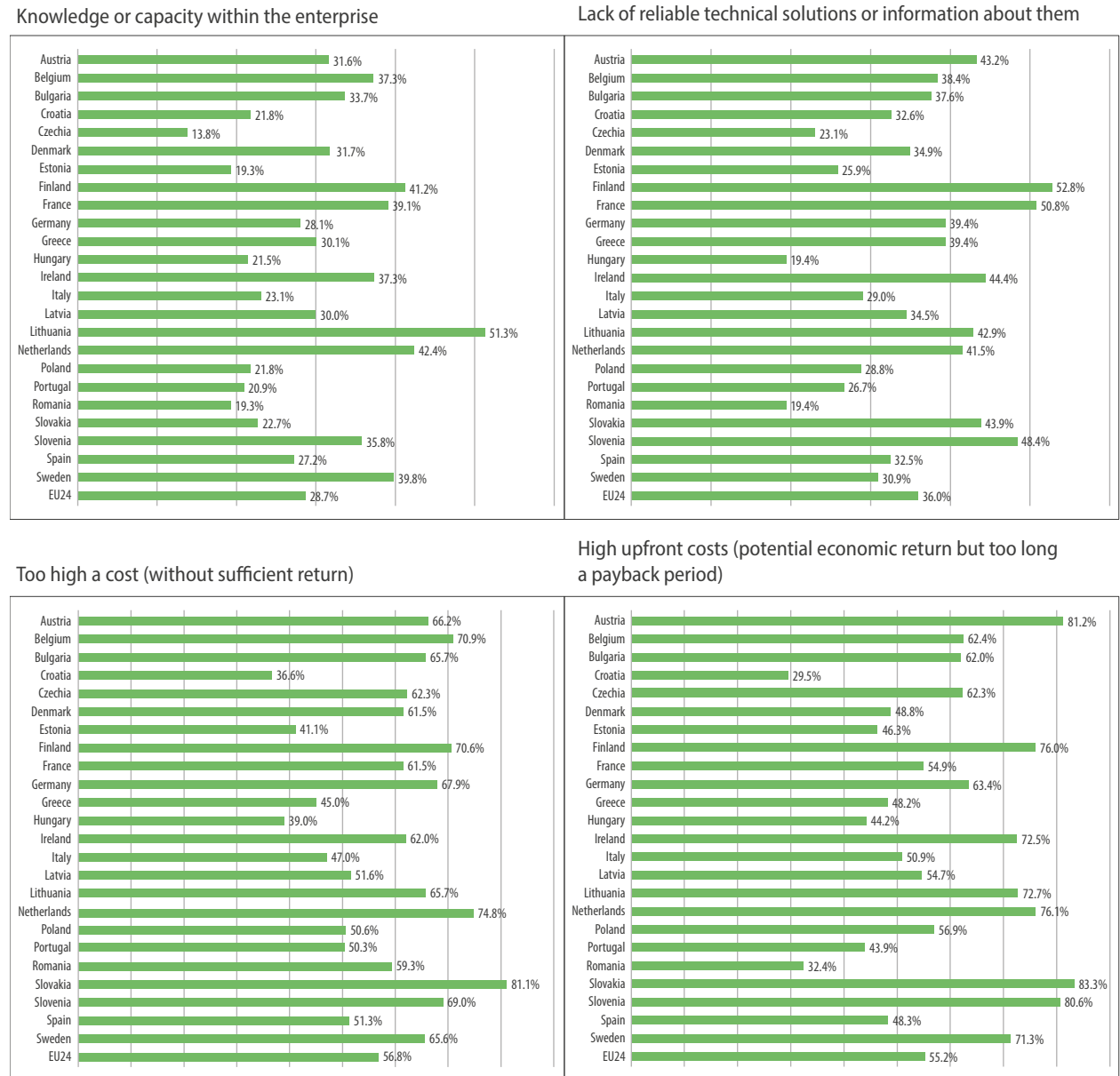
Figure 4.7: Most Significant obstacles to investing in climate and environmental sustainability



Source: Own calculations based on question Q.24 (multiple answers possible), see Annex I.

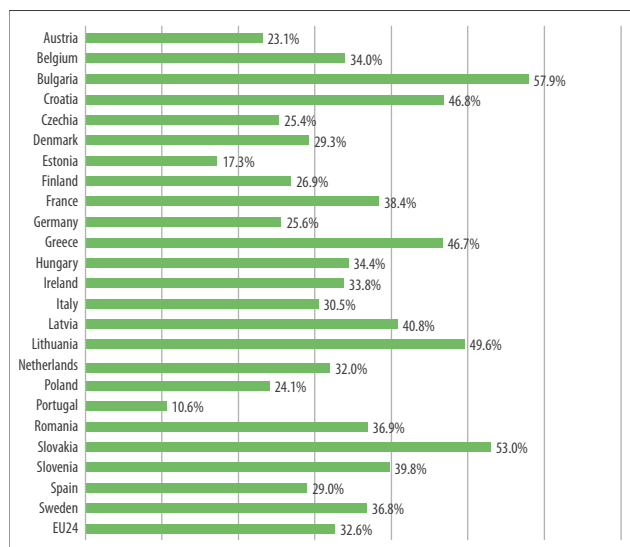


Figure 4.8: Most significant obstacles to investing in climate and environment sustainability, by Member State





Lack of external finance



Source: Own calculations based on question Q.24 (multiple answers possible), see Annex I.

05

Financial needs by size of agri-food enterprise

This section analyses the survey results by size, namely micro-, small- and medium-sized, highlighting disparities in attitudes and ability to access bank finance.

Key Findings

- There is a strong positive association between enterprise size and their attitude and ability to access bank finance;
- The smaller the enterprise the more likely it relies on resources provided by family, friends networks and/or associates;
- Micro-sized agri-food enterprises have lower financing application rates compared to small and medium-sized enterprises, for all bank products;
- Micro agri-food enterprises are most likely not to apply for bank products due to a fear of rejection (9.2%), followed by small enterprises (7.2%);
- Medium-sized agri-food enterprises are very successful (94%) in obtaining bank financing across all product categories;
- Micro agri-food enterprises face a higher rejection rate from banks (7%) primarily due to insufficient collateral (43.3%) and limited credit history (19.5%). They are also more likely to decline the offer (2%);
- Medium-sized enterprises anticipate higher financing needs in the next 2-3 years compared to small and micro enterprises;
- Expected growth in turnover and profitability varies by size, with medium-sized enterprises expressing the most optimism;
- Investments in energy efficiency remain a top priority to achieving environmental sustainability. This holds true for the past and future 3-year periods. Importantly, production of renewable energy is the second most planned investment for the next 3 years.

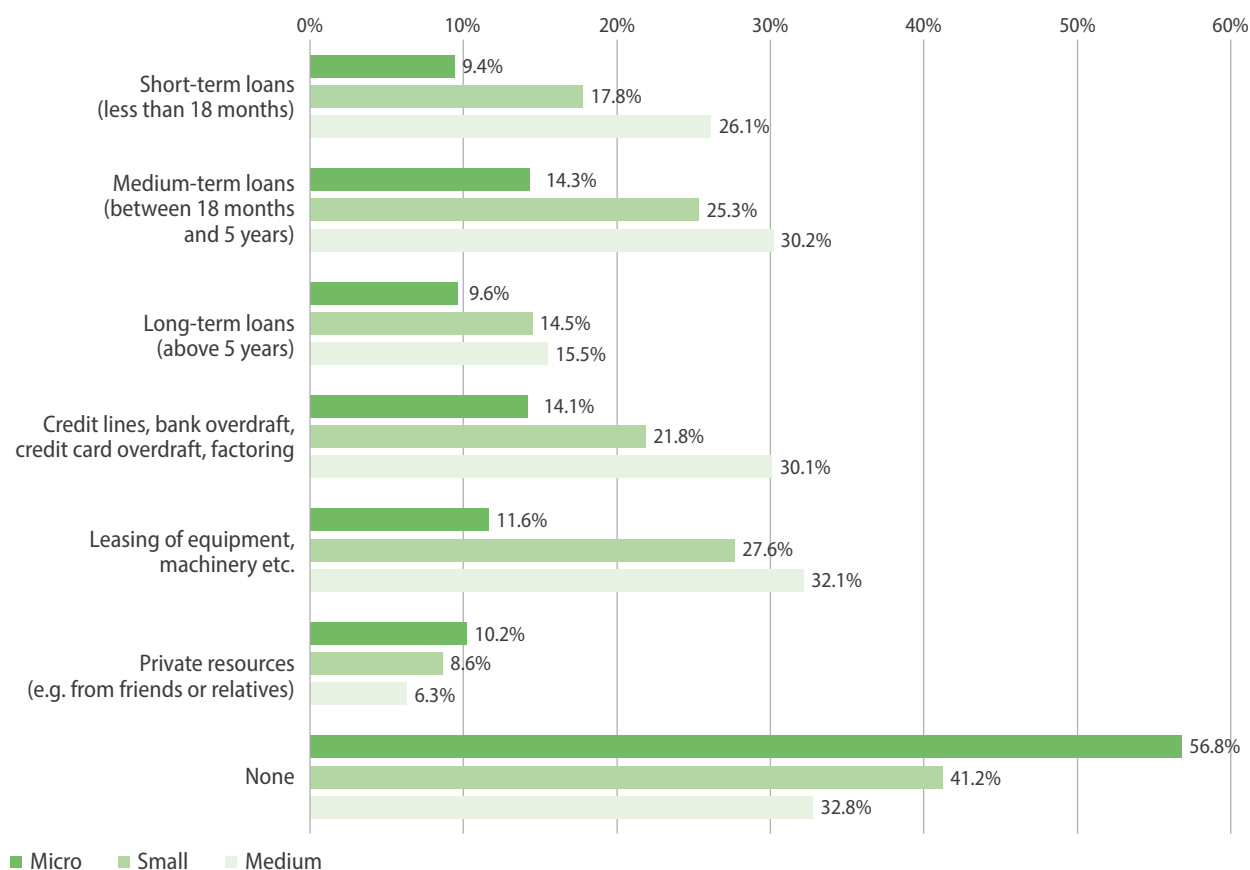
Micro-sized agri-food enterprises applied for bank financing a lot less compared to their small and medium-sized counterparts. This discrepancy is evident across all product categories (see Figure 5.1).

However, the disparity was less pronounced for long-term loans, with approximately 10% of micro enterprises, about 15% of small enterprises, and 16% of medium enterprises applying for these. Medium-sized companies request the various financial products almost equally, with about one third (32%) seeking leasing and a similar 30% for credit lines and medium-term loans.

While long-term loans are less sought after, leasing machinery and equipment has become the most important way to access financing, for both small and medium-sized enterprises (see Figure 5.1).



Figure 5.1: Shares of micro, small, and medium sized agri-food enterprises applying for financing in the previous year (2022)



Source: Own calculations based on questions Q.11 and Q.3, see Annex I.

Medium-sized agri-food enterprises have less inclination to apply for bank financing compared to small-, or micro-sized counterparts, citing a lack of need or interest in loans as the primary reason.

The survey revealed that the main reason for not applying for bank financing is a lack of need or interest in loans. This is especially pronounced for medium-sized businesses (81.7%), similar to small companies (75.3%) and micro-enterprises (68.2%) (see Figure 5.2).

Micro-enterprises are most likely to refrain from applying for bank products for fear of rejection.

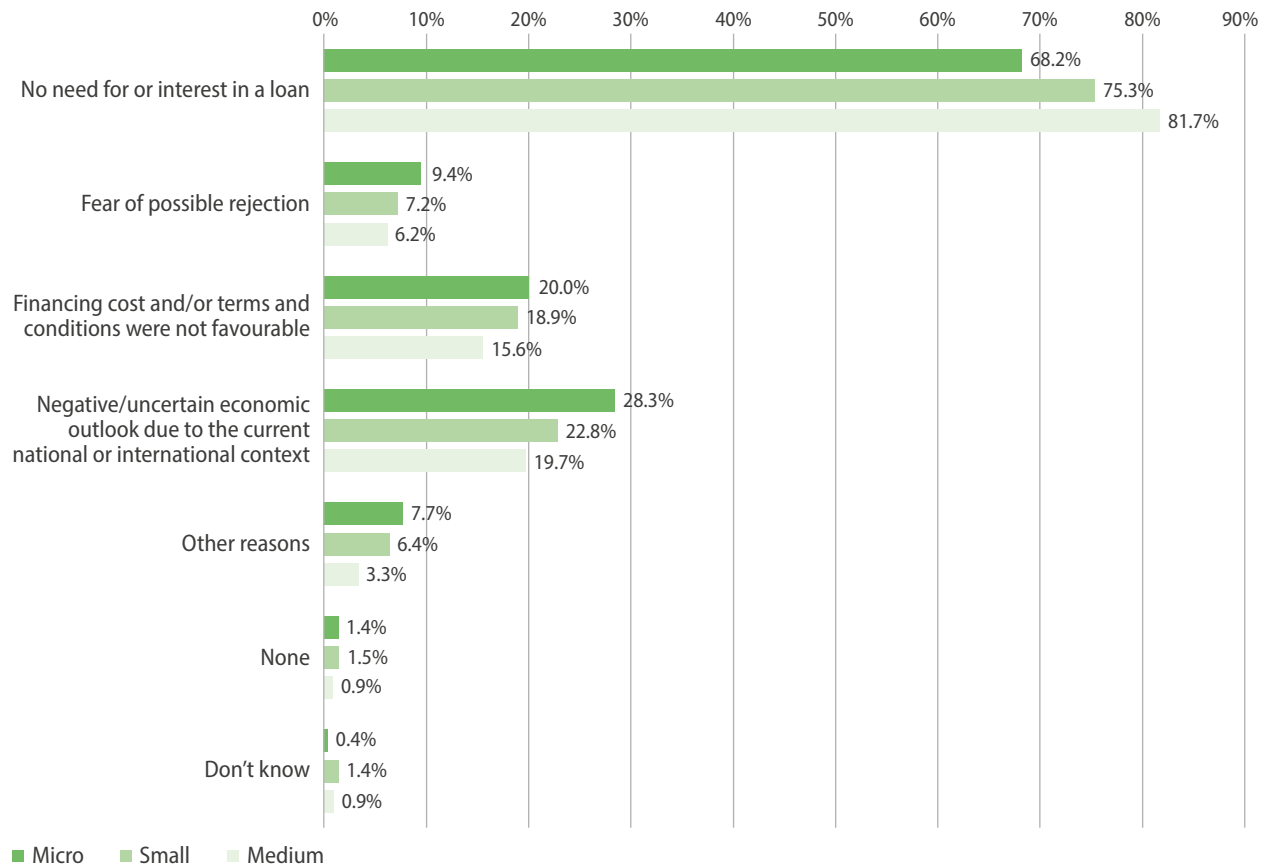
About one in ten micro agri-food enterprises (9%) did not apply for bank products in 2022 for fear of rejection. This is higher than small enterprises (7%) and medium-sized enterprises (6%).

Micro agri-food enterprises are also more likely to not apply for finance due to a negative or uncertain economic outlook resulting from the national or international context.

For 28.3% of micro agri-food enterprises the reason for not applying for loans in 2022 is the uncertainty, while medium-sized enterprises are the most likely to end up with a loan (see Figure 5.2). Unfavourable financing costs and conditions offered by banks also play a role.



Figure. 5.2: Key reasons for not applying for bank finance



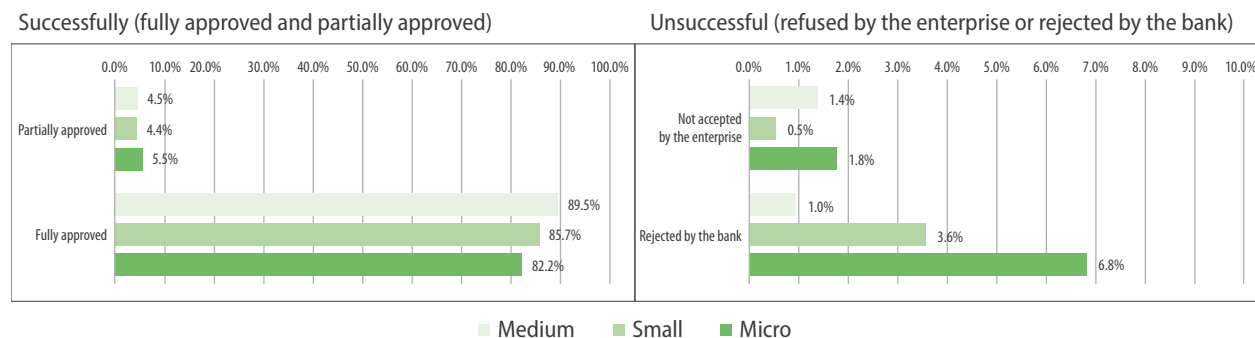
Source: Own calculations based on questions Q.12 and Q.3 (multiple answers possible), see Annex I.

Micro-businesses have the least success with financing applications.

Medium-sized enterprises have a high success rate (94%) across all product categories with minimal rejection (1%). In contrast, micro enterprises are more likely to be rejected by banks (7%) or not accepting the offer due to cost and other conditions (2%) (see Figure 5.3).



Figure 5.3: Results of the application, bank finance



Source: Own calculations based on questions Q.16 and Q.3, see Annex I.

Micro-sized agri-food enterprises are frequently rejected due to insufficient collateral.

Micro-sized agri-food enterprises stand out as being rejected due to insufficient collateral (43%) and due to limited credit history (20%).

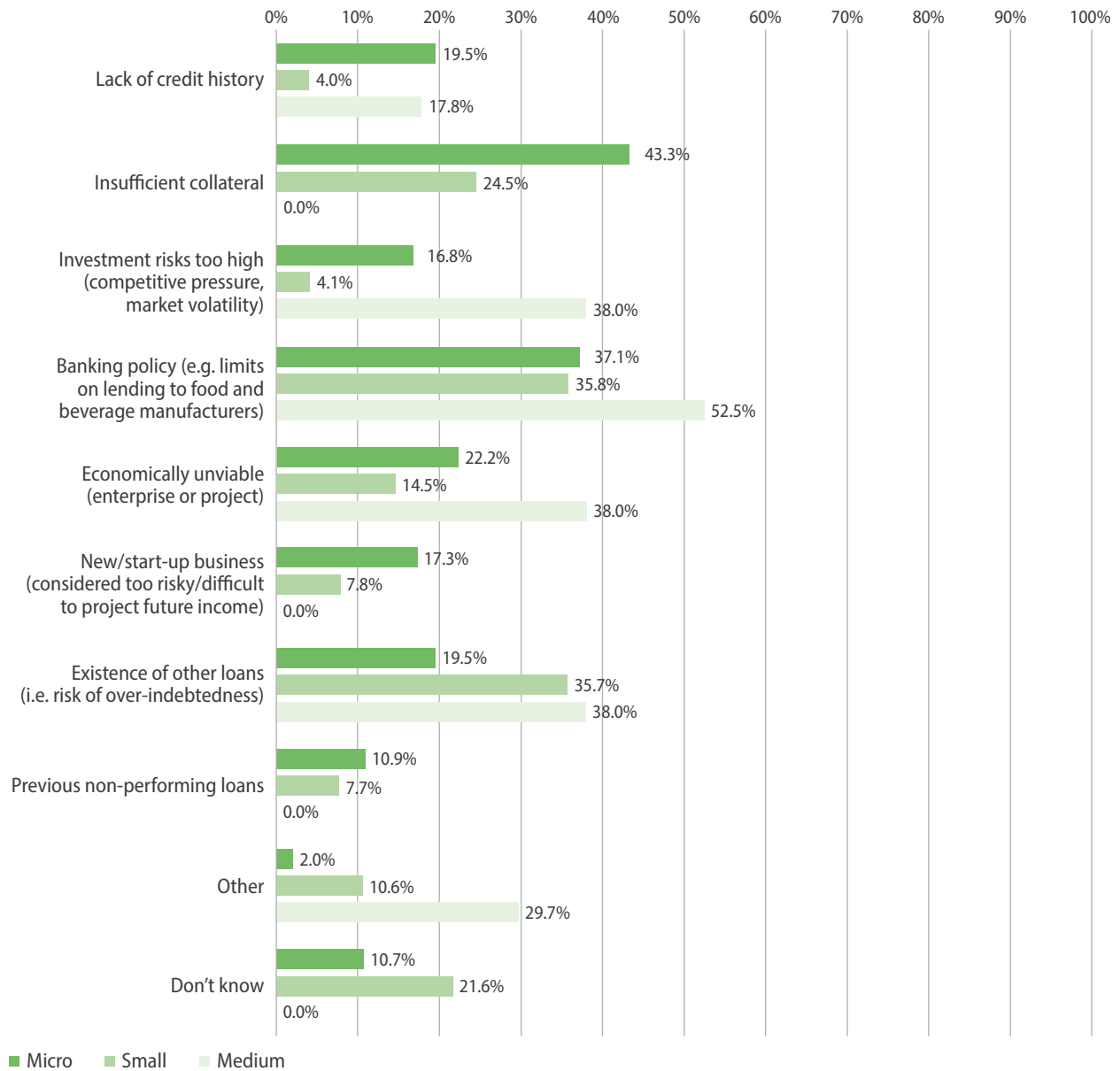
Apart from these constraints, banking sector policies limit financing of the EU agri-food sector. Commercial banks restrict their exposure to the sector and limit their portfolios. This creates financial stress and limits growth in the agri-food sector. Consequently, many businesses remain without financing and have to delay or even forget about investments. For medium-sized companies this is a particular issue as 53% of rejections fall in this category. The shares for micro- and small-sized companies are lower, but still high at 36-37% (see Figure 5.4).

Additionally, existing loans pose a noteworthy obstacle for both medium and small agri-food enterprises, with 38% and 36% respectively citing it as a reason for rejection (see Figure 5.4).

A particular case is new/start-up enterprises. While no medium-sized new business was rejected by banks, 8% of small agri-food enterprises were rejected due to risk concerns and a lack of reliable income. The most affected are micro-enterprises, where 17.3% of applications were rejected because of the associated risk. This is almost equal to a lack of credit history and general investment concerns.



Figure 5.4: Key reasons banks refuse the application, by enterprise size



Source: Own calculations based on questions Q.17 and Q.3 (multiple answers possible), see Annex I.

Investing to expand production capacity and increase efficiency, as well as obtaining working capital, remain the key priorities for all agri-food enterprises.

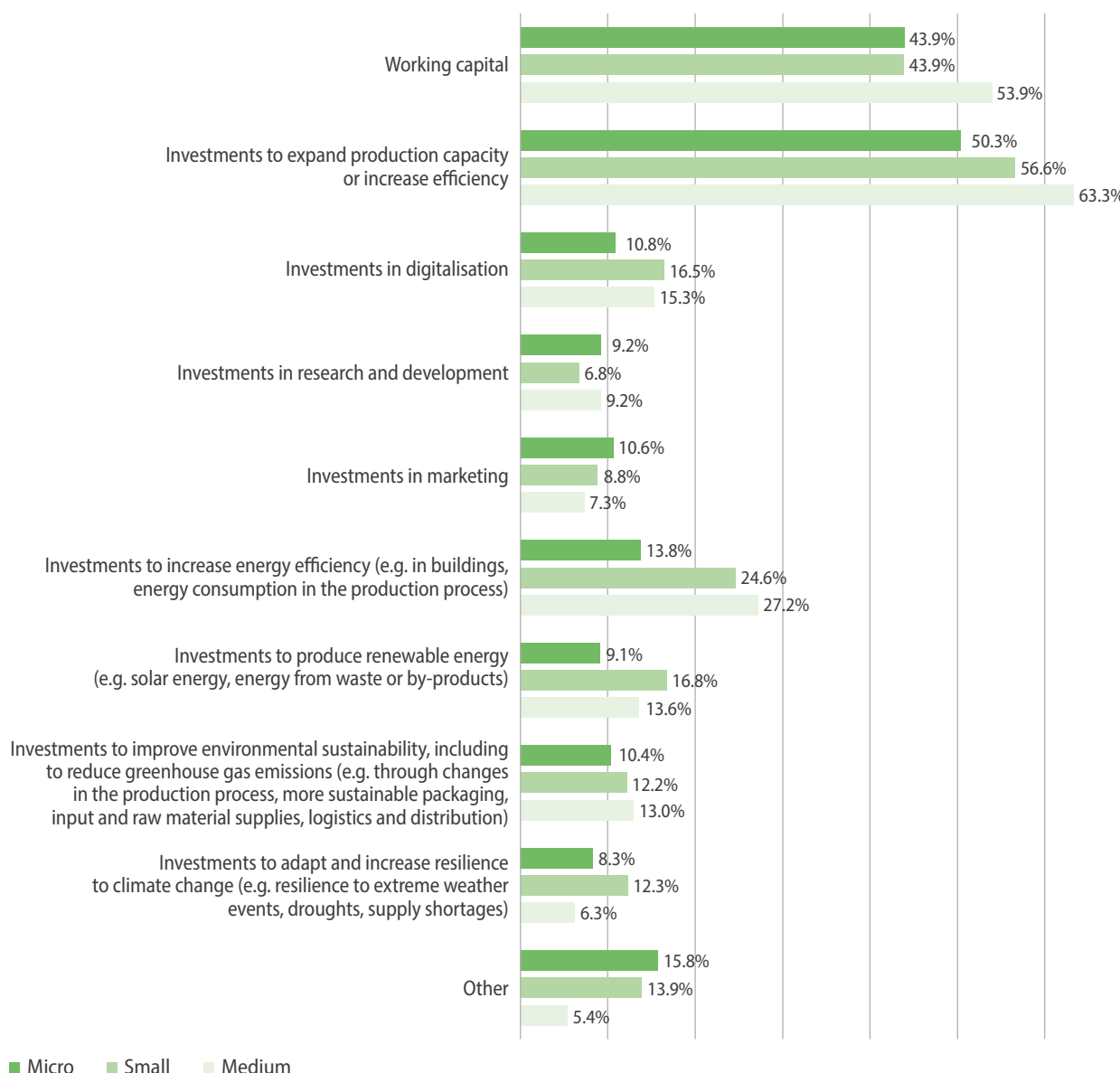
In 2022, the most favoured investment option for micro-, small-, and medium-sized agri-food enterprises was to expand production capacity or increase efficiency, with working capital investment following closely (see Figure 5.5).

Medium- and small-sized agri-food enterprises were more likely to invest in enhancing energy efficiency (27.2% and 24.6%, respectively) compared to micro agri-food enterprises (13.8%). For small companies, investments in digitalisation and renewable energy production proved to be more important than marketing and environmental sustainability, which were preferred by micro-businesses (see Figure 5.5).



What needs to be addressed is the relatively low priority for R&D investments (from 6.8% to 9.2%). This is surprising and necessitates a thorough analysis through extensive surveys and interviews. While agri-food companies could allocate their own funds to R&D, the low figures across all size categories might suggest satisfaction within the agri-food industry with its current technology and production. This could imply more inclination toward maximising returns from existing technology and consumer demand, rather than pursuing future growth, innovation and product development. Nonetheless, further study is necessary to unveil the reasons behind the low investments in R&D from bank loans across the entire sector.

Figure 5.5: Main purpose of successful applications (fully or partially received), by enterprise size



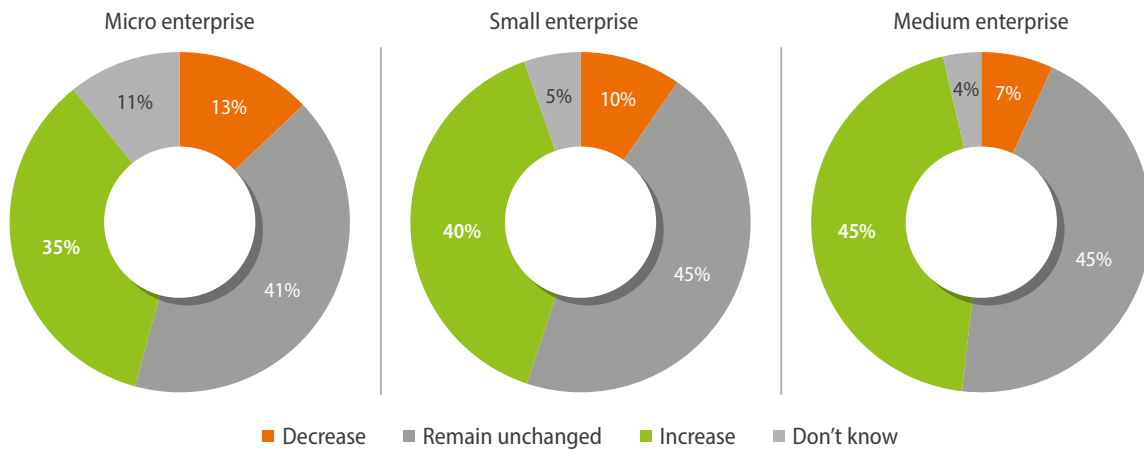
Source: Own calculations based on questions Q.15 and Q.3 (multiple answers possible), see Annex I.



Medium-sized agri-food enterprises appear to have the highest anticipated financing needs in the next 2-3 years, while micro-business are more cautious.

Almost half the medium-sized agri-food enterprises (45%) and a significant share of small ones (40%) expect increased financing needs over the next 2-3 years. The proportion anticipating no change remains consistent across all size categories (see Figure 5.6).

Figure 5.6: Expectations about agri-food enterprises' financial needs in the next 2-3 years

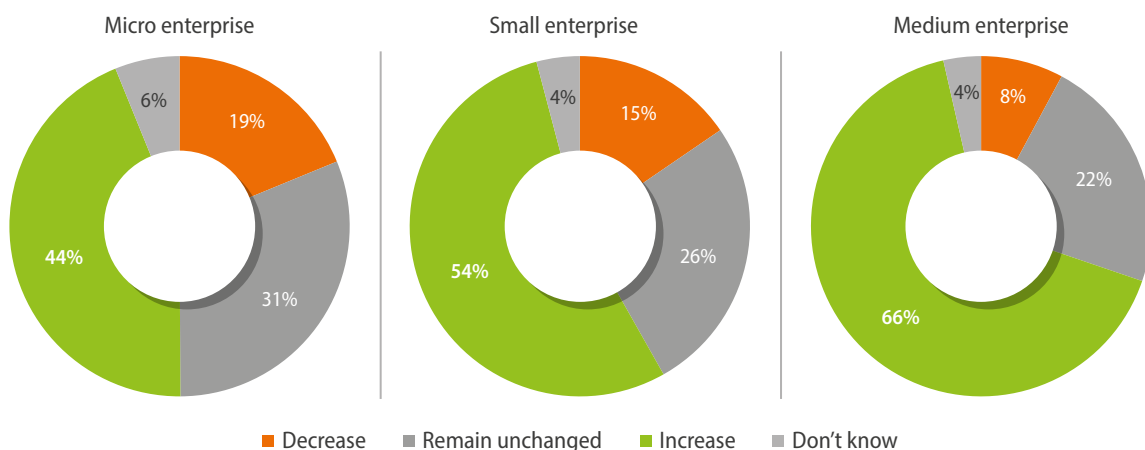


Source: Own calculations based on questions Q10 and Q3, see Annex I.

As with financing expectations, the prognosis for turnover growth is also positive across the agri-food industry.

Medium-sized agri-food enterprises are the most optimistic about turnover growth in the next 2-3 years (66%). Small-sized companies (54%) are still optimistic but the micro-segment less so (44%) (see Figure 5.7). **As anticipated, micro-enterprises express greater concerns about their future prospects and have the highest share of negative turnover expectations.**

Figure 5.7: Expectations about agri-food enterprises' turnover in the next 2-3 years



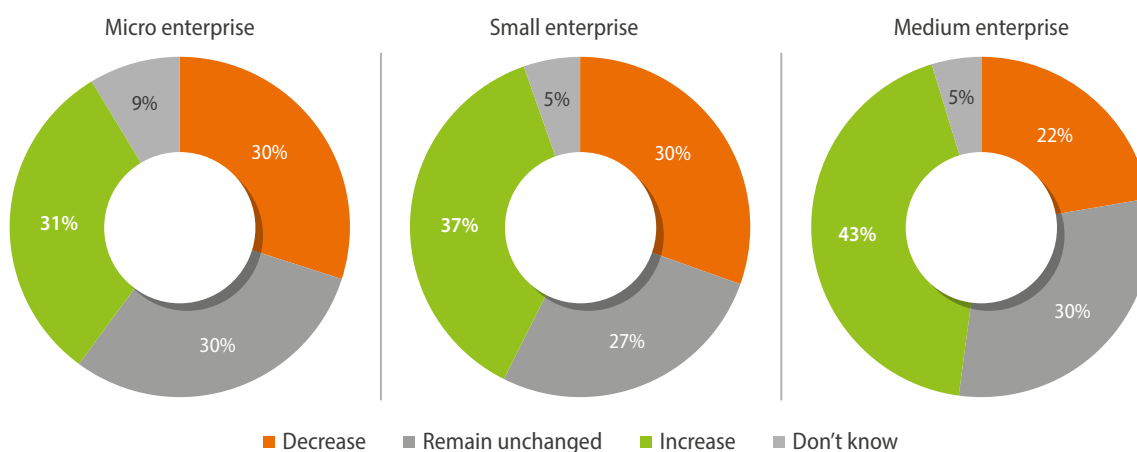
Source: Own calculations based on questions Q.10 and Q.3, see Annex I.

It seems more difficult for businesses to predict profitability than investments or turnover. Despite positive expectations for turnover, EU-24 agri-food companies have divergent opinions about future profitability, though with more balance between the groups.



There is an expectation for lower profits among a significant share of micro and small agri-food processors, almost as high as those thinking the opposite (30%). Medium-sized agri-food enterprises are most likely (43%) to anticipate an increase in profit during the next 2-3 years, (see Figure 5.8).

Figure 5.8: Expectations about agri-food enterprises' profit in the next 2-3 years

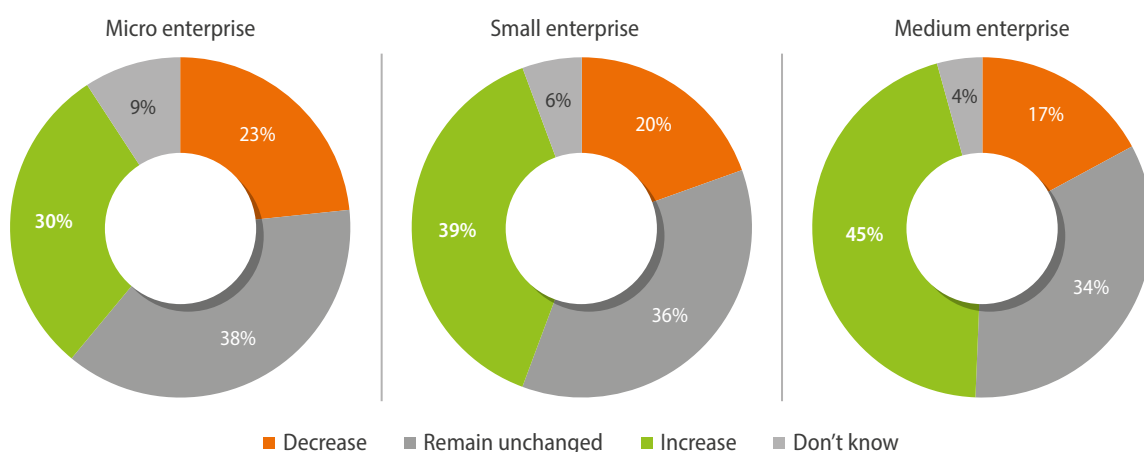


Source: Own calculations based on questions Q.10 and Q.3, see Annex I.

Medium-sized enterprises appear to be more confident and forward-thinking, with the highest expectations of increased investment in the next 2-3 years.

Medium-sized agri-food enterprises show the highest anticipation of increased investment (45%), similar to small agri-food companies (39%). Micro-sized businesses have a slightly more negative outlook, even so about two-thirds of them do not expect lower investments (refer to Figure 5.9).

Figure 5.9: Expectations about change in agri-food enterprises' investment in the next 2-3 years



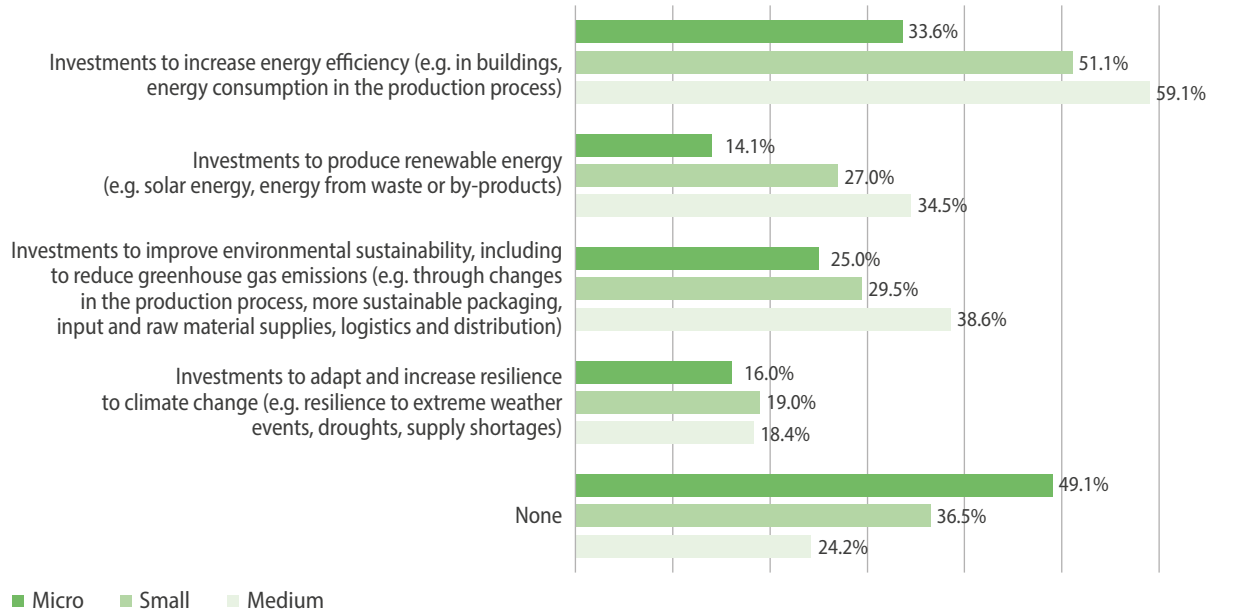
Source: Own calculations based on questions Q.10 and Q.3, see Annex I.

Around half of small-sized companies (51%) remain focused on improving energy efficiency alongside changes in production processes and new technology to reduce greenhouse gas emissions (30%). These priorities are similar for micro-sized enterprises, although a much lower share invest in them (34% and 25% respectively).

In the past three years, approximately half (51%) of micro-sized agri-food enterprises and two-thirds of small-sized ones have enhanced their environmental sustainability. Notably, around 76% of medium-sized companies have also undertaken similar initiatives. These statistics highlight the agri-food industry's commitment to becoming more environmentally friendly (see Figure 5.10).



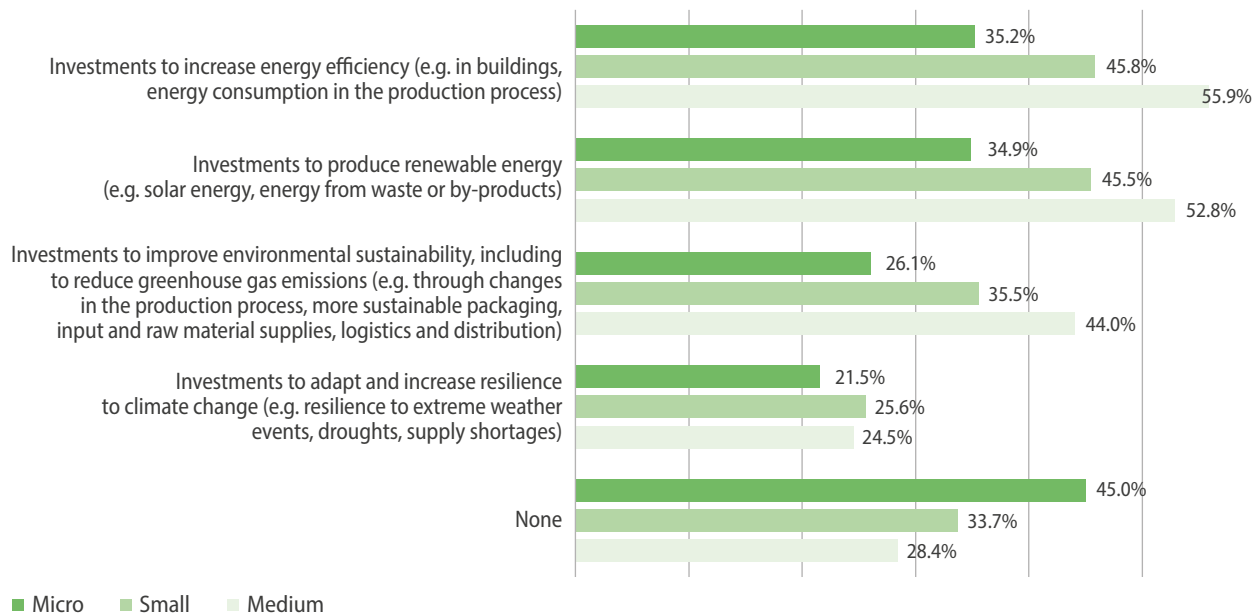
Figure 5.10: Investments to increase environmental sustainability and improve the climate resilience of the enterprise in the last 3 years



Source: Own calculations based on questions Q.23 (multiple answers possible) and Q.3, see Annex I.

Energy efficiency continues to be a primary focus of investment plans for the next three years across EU-24 agri-food enterprises, regardless of size. The production of renewable energy is the second most significant investment area. An important point is that the proportion of agri-food enterprises willing to invest in environmental initiatives remains unchanged compared to the past three years (see Figure 5.11).

Figure 5.11: Expectations about agri-food enterprises' investment to increase overall environmental sustainability and climate resilience in the next 3 years



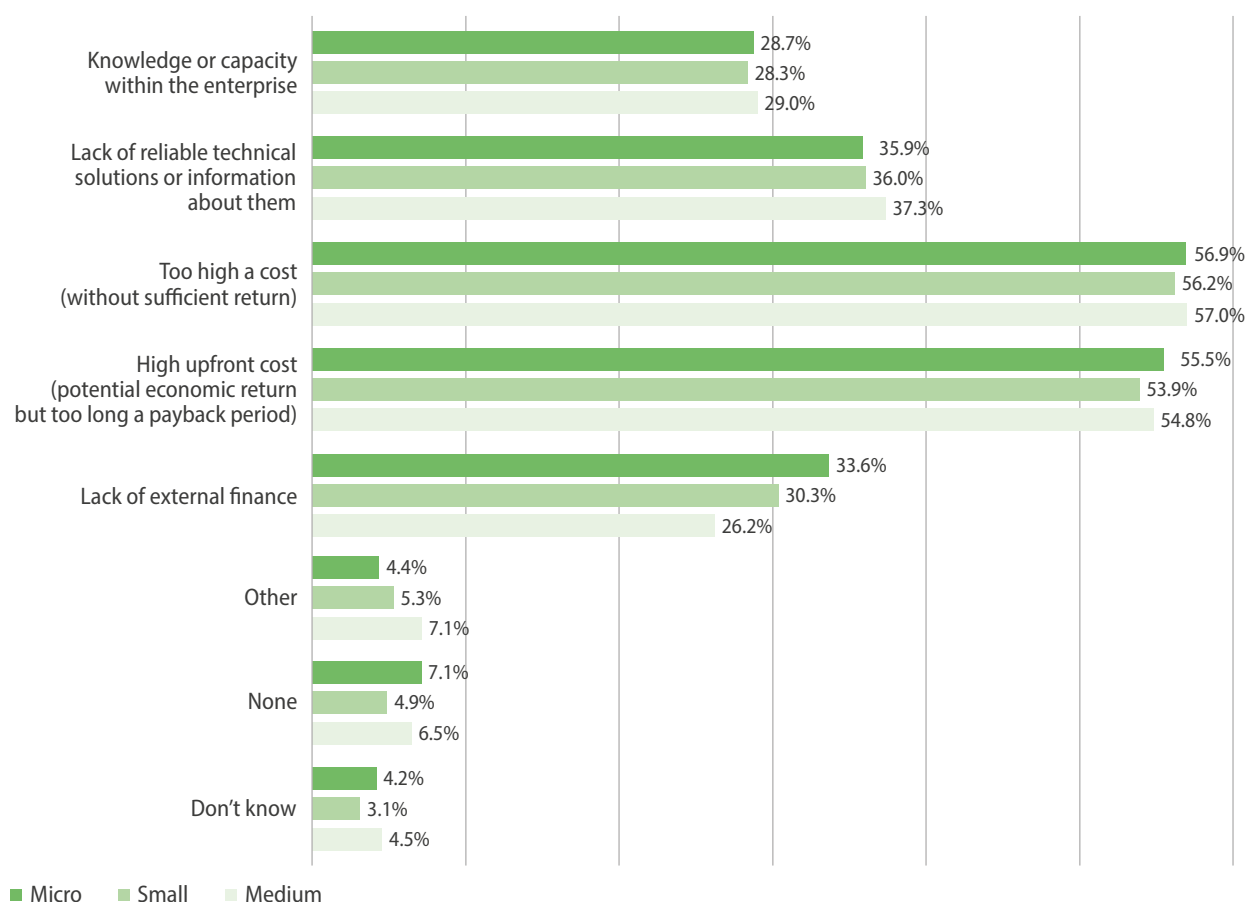
Source: Own calculations based on questions Q.23 (multiple answers possible) and Q.3, see Annex I.



The foremost obstacles hindering investments in climate and environmental sustainability for all size categories, are high costs (without sufficient return), especially upfront costs.

In the pursuit of climate and environmental sustainability, agri-food enterprises face significant obstacles to making investments. Regardless of their size, the biggest hindrances are high costs that often fail to yield sufficient returns, especially substantial upfront expenses with long payback periods. Micro agri-food enterprises stand out by pinpointing the lack of access to external financing from banks as a crucial obstacle to enhancing their green investment (see Figure 5.12).

Figure 5.12: Significant barriers to investment in climate and environmental sustainability, by enterprise size

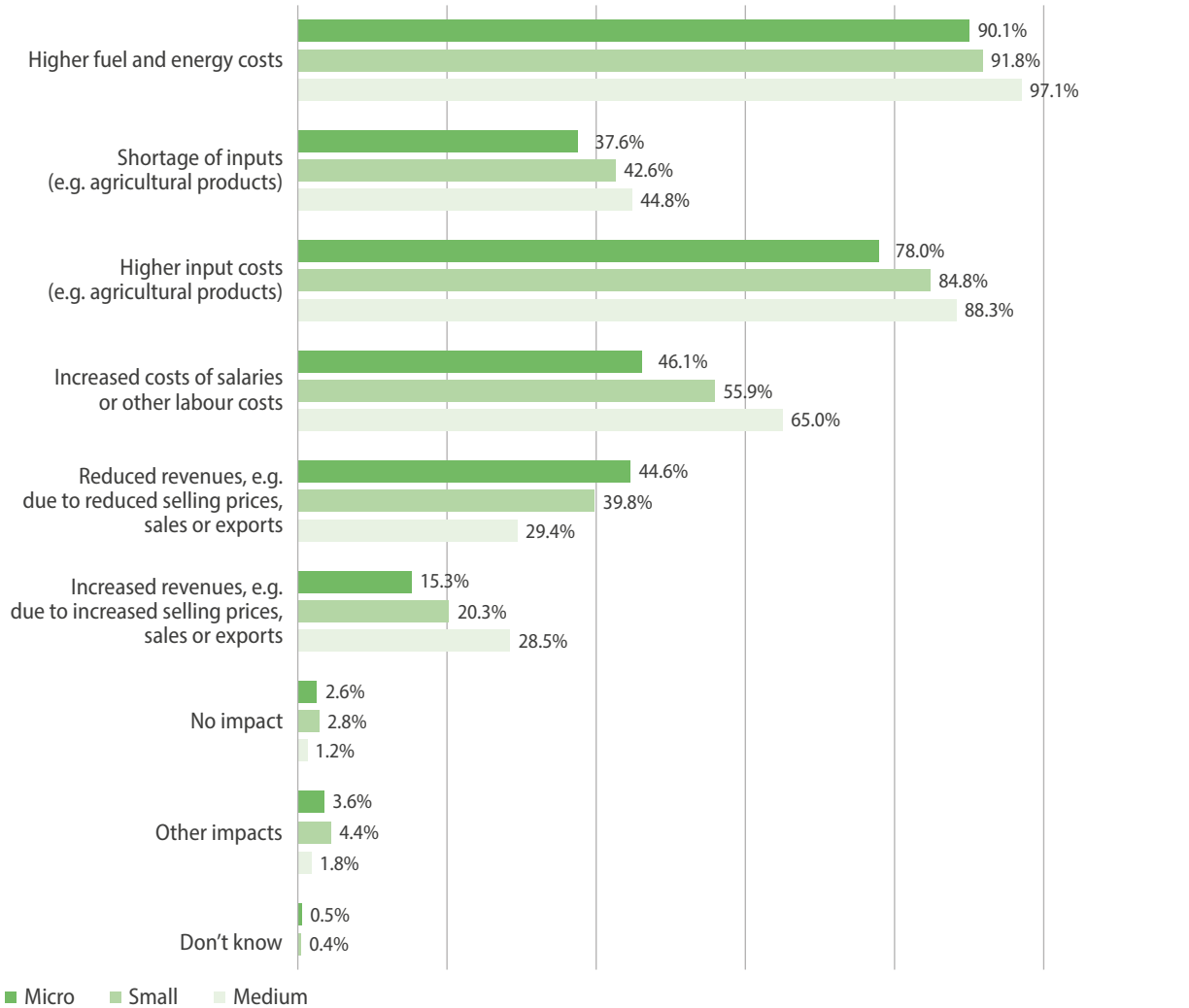


Source: Own calculations based on question Q.24 (multiple answers possible), see Annex I.

The survey also covers the impact of the Russian invasion of Ukraine on EU-24 agri-food enterprises. The rise in energy prices, inflation, disturbed supply chains and input deliveries have caused major changes in expenditure and the profitability of enterprises. Especially for micro- and small-sized businesses, the war has led to reduced revenues for many companies (45% and 40%, respectively). Few managed to increase their revenues. Not surprisingly, increased labour costs, higher agricultural prices as well as fuel and energy costs were the biggest negative impacts on the industry (see Figure 5.13).



Figure 5.13: Impact on business from the Russian invasion of Ukraine, including the energy crisis



Source: Own calculations based on question Q.9 (multiple answers possible) and Q3, see Annex I.

06 Conclusions

In 2022, the performance of EU-24 agri-food enterprises was shaped by a complex interplay of factors. Some of the key determinants were production cost dynamics, pricing strategies and geopolitical impacts of the Russian invasion of Ukraine.

While a significant proportion of SMEs in the sector faced increased production costs, their ability to adjust selling prices varied, but in most cases was successful. This differed to agriculture, where farmers could not raise prices and transfer part of the burden on. Regional variations played a substantial role, with companies in some Member States more able to adjust sales prices to counter cost increases.

Despite certain difficulties, a notable portion of the businesses managed to increase turnover, highlighting adaptability and resilience within the sector.

The survey highlights the financial resilience of the sector. Most importantly, access to credit and conditions for agri-food enterprises have remained stable or even improved compared to the previous fi-compass study, despite the health and economic crises.

From 2018 to 2023, the share of agri-food enterprises applying for finance declined, but enterprises which did apply, found a more open attitude from the banking sector. The share of loan applications rejected by banks has declined since 2018, while the share of financial offers declined by enterprises due to unsatisfactory conditions remained stable. However, this stability implies that some of the challenges identified in the previous analysis remain.

The reasons banks reject loan application shed light on challenges faced by the agri-food SMEs. These include insufficient collateral, stringent banking policies and existing debt. Other issues such as strict eligibility criteria, sector-specific limits, or insufficient awareness of financial options have also been barriers.

The higher share of potential applications for bank loans not being submitted due to fear of rejection compared to other sectors might be due to the sector's unique characteristics such as seasonality, market volatility and higher perceived risks. The ability of farmers to maintain delivery of (quality) produce during crises also affect processors' market and financial behaviour. This underscores the importance of financial institutions understanding the sector's characteristics and adapting their lending practices accordingly.

The disparities between Member States for loan application success, rejection reasons and financing preferences indicate national influences. Economic conditions, institutional frameworks and financial market maturity all contribute to these variations. These highlight the importance of tailored financial instruments that consider specific challenges and opportunities in each Member State, including possible combinations with grant support.

The survey provides an insight into the financial landscape across different enterprise size groups within the sector. Notably, micro-sized agri-food enterprises have a more cautious approach to external financing. This may be driven by the impact of scale on financial decision-making, potentially reflecting factors such as risk perception, resource constraints and market positioning. This prompts considerations about the accessibility of financing options given the specific needs and circumstances of micro-sized entities. Furthermore, the diverse reasons for abstaining from seeking bank financing shed light on different concerns for agri-food enterprises of varying sizes. While micro-sized companies express fear of rejection, their small and medium-sized counterparts lack the need or interest, or avoid applying because of their pessimistic economic outlook.



The contrasting success rates for applications underline disparities in financial risk profiles for enterprises of different sizes. Micro-sized ones face higher hurdles to securing financing, which might be attributed to limited collateral, credit history or banking policy. The higher success rates for medium-sized enterprises could signify their advantageous position, possibly with an established financial track record, asset base and related creditworthiness.

The findings also underline the association between enterprise size and expectations for future growth, turnover and profitability. Medium-sized enterprises are more optimistic, possibly reflecting their ability to navigate challenges and capitalise on opportunities. Variations between enterprise sizes underscore the importance of tailored financial solutions that acknowledge the distinctive challenges and opportunities faced by micro-, small- and medium-sized businesses.

The findings in this study offer a nuanced understanding of the dynamics that agri-food enterprises face in the context of climate change. The variation in impacts underlines the diverse nature of climate change repercussions across distinct geographical regions. This divergence highlights the interplay between local climate characteristics and vulnerability levels.

The diversity in awareness and attitudes towards climate-related regulations signifies a need for tailored communication strategies. Many EU-24 processors either underestimate the potential ramifications of these regulations on their operations or consider them as prospective avenues for growth. It is unclear how much attention agri-food enterprises pay to the impact of climate change on their suppliers, especially micro- and small-scale enterprises.

The investment trends shed light on a sector striving to harmonise economic considerations with environmental sustainability. The prioritisation of energy efficiency implies a growing recognition of the significance of resource optimisation. Additionally, the considerable share of enterprises intending to invest in renewable energy, sustainability and climate adaptation shows a broader acknowledgment of the long-term advantages associated with environmentally conscious business approaches.

Expectations for the near future remain generally optimistic, signalling the potential for expansion and innovation within the sector. Notably, around one-third of the enterprises anticipate increased financial needs, while approximately half envision turnover growth. Higher profits and increased investments over the next three years are expected by one third of the agri-food SMEs. However, these expectations are not uniform across Member States, highlighting the diversity of challenges and opportunities.

The barriers highlight challenges that agri-food enterprises face when transitioning towards more climate-resilient operations. The substantial concern over costs, especially initial outlays and returns, reflects financial considerations that frequently accompany sustainable investments. A lack of technical solutions and diverse, or tailored, external financing options emphasises the need for collaborative efforts between public and private sectors to surmount these obstacles. Bridging the gap between awareness and action, while mitigating financial and knowledge-related barriers, is a significant challenge. As the agri-food sector navigates a climate-transformed landscape, encouraging a comprehensive approach that combines economic viability, environmental responsibility and policy coherence within the whole agri-food supply chain will be critical in shaping a resilient and sustainable future.

07 References

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08 Annex I – Structure of the interview and the survey

INTRODUCTION AND SCREENER

Hello, my name is <interviewer> and I am calling from <survey company> on behalf of the European Investment Bank and the European Commission. Your business has been selected to participate in a Europe-wide survey on the financing needs and the availability of financing among companies like yours.

European policymakers want to have a better understanding of the issues and circumstances faced by small and medium-sized enterprises in the agri-food sector when it comes to accessing finance from banks and other institutions. This survey is now being conducted across Europe and your input is of the utmost importance: the responses to the survey will help shape policy decisions by the European Investment Bank and the European Commission.

[READ IF NECESSARY (IF RESPONDENTS ASK FOR MORE INFORMATION ABOUT THE PROJECT): The results of the survey will help the European Institutions in their evidence-based policymaking to improve the access to finance for businesses and in the credit policy of the European Investment Bank. Can I email you some more information about the survey?]

May I speak with the most appropriate person – the person best able to provide information on how your company is financed?

[READ IF NECESSARY: This person could be the owner or co-owner, CEO, a finance manager, the finance director or the chief financial officer (CFO).]

INTERVIEWER: PASS GATEKEEPER AND REACH ELIGIBLE RESPONDENT. IF NEEDED, READ INTRODUCTION AGAIN. AGREE APPOINTMENT IF NEEDED.

This interview may be recorded for quality control purposes.

The interview will take around 15 to 20 minutes. Your answers to this voluntary survey will be treated in strict confidence. The survey is used for statistical or policy research purposes and published in aggregate form only. Do you agree to take part in the interview?

Yes	1
No	2

[If answer 'no' is selected, then stop interview]



SECTION I - ENTERPRISE INFORMATION

Q1a What is the main activity of your enterprise?

[Single answer – read out]

Manufacture of food products	1
Manufacture of beverages	2
None of these [SPONT.]	3
Don't know [SPONT.]	4

[If answer 'none' (code 3) or 'don't know' (code 4) in Q1a, then stop interview]

[If answer 'manufacture of food products' (code 1) in Q1a, then ask Q1b]

Q1b More specifically, is your enterprise's main activity ...?

[Single answer – read out]

Processing and preserving of meat and production of meat products	1
Processing and preserving of fruit and vegetables	2
Manufacture of vegetable and animal oils and fats	3
Manufacture of dairy products	4
Manufacture of grain mill products, starches and starch products	5
Manufacture of bakery and farinaceous products	6
Manufacture of other food products	7
Manufacture of prepared animal feeds	8
None of these [SPONT.]	9
Don't know [SPONT.]	10

[If answer 'none' (code 9) or 'don't know' (code 10) in Q1b, then stop interview]

Q.2 In which region is your enterprise located?

[Read out or record answer – depending on country]

[country specific region list]	...
Don't know [SPONT.]	99



Q.3 How many persons did your enterprise employ on average during the last fiscal year?

[Single answer – read out]

From 1 to 9 employees	1
From 10 to 49 employees	2
From 50 to 249 employees	3
More than 250 employees	4
Don't know [SPONT.]	5

[If answer code 4 or 5 in Q.3 then stop the interview]

Q.4 What was the annual turnover of the enterprise in the last fiscal year?

[Single answer – read out]

Up to 500 000 euro	1
More than 500 000 and up to 1 million euro	2
More than 1 million and up to 2 million euro	3
More than 2 million and up to 10 million euro	4
More than 10 million and up to 50 million euro	5
More than 50 million euro	6
Don't know [SPONT.]	7
Not applicable [SPONT.]	8

[If answer code 6, 7 or 8 in Q.4 then stop the interview]

Q.5a What is your role in the enterprise?

[Single answer – read out]

Founder or owner	1
Co-founder or co-owner	2
CEO or managing director	3
CFO or finance director	4
Other management staff	5
Other employee (please, specify)	6
Don't know [SPONT.]	7

[If answer 'Other employee' (code 6) or 'Don't know' (code 7) in Q.5a then ask question Q.5b]



Q.5b Are you the best person to provide information on how the company is financed?

[Single answer]

Yes	1
No	2
Don't know [SPONT.]	3

[If answer 'No' (code 2) or 'Don't know' (code 3) in Q.5b then ask for eligible respondent]

Q.6a In which year was this enterprise established?

[Open answer]

Year:	_____
Don't know [SPONT.]	2
Refusal [SPONT.]	3

[If answer 'Don't know' (code 2) or 'Refusal' (code 3) in question Q.6a, then ask question Q.6b]

Q.6b In which year was this enterprise established? Was it ...?

[Single answer – read out]

Less than 2 years ago	1
Between 2 and 5 years ago	2
More than 5 years ago	3
Don't know [SPONT.]	4

[Ask Q.7 if respondent is not the CEO or managing director. If interviewer is speaking to the CEO or managing director, then record the gender in Q.7 without asking the question.]

Q.7 Thinking about the CEO or managing director of your enterprise, can you tell me the gender of this person?

[Single answer]

Female	1
Male	2
Other/non-binary [SPONT.]	3
Refusal [SPONT.]	4
Don't know [SPONT.]	5



SECTION II – ECONOMIC SITUATION

Q.8 Have the following company indicators changed in the last year (2022 compared with 2021)?

[Single answer per line - read out – rotate items]

	Significantly decreased	Slightly decreased	Stayed more or less unchanged	Slightly increased	Significantly increased	Don't know [SPONT.]
Turnover	1	2	3	4	5	6
Selling prices of your production	1	2	3	4	5	6
Production costs	1	2	3	4	5	6

Q.9 Are you experiencing an impact on your business from the Russian invasion of Ukraine, including the current energy crisis, in any of the following aspects?

[Multiple answers possible – read out – codes 7,9 exclusive – rotate answers 1-6]

Higher fuel and energy costs	1
Shortage of inputs (e.g. agricultural products)	2
Higher input costs (e.g. agricultural products)	3
Increased costs of salaries or other labour costs	4
Reduced revenues, e.g., due to reduced selling prices, sales or exports	5
Increased revenues, e.g. due to increased selling prices, sales or exports	6
No impact [SPONT.]	7
Other impacts [please, specify ____] [SPONT.]	8
Don't know [SPONT.]	9



Q.10 Thinking about your business, what are your expectations for the next 3 years in terms of ...?

[Single answer per line – read out – rotate items]

	Significantly decrease	Slightly decrease	Stay more or less unchanged	Slightly increase	Significantly increase	Don't know [SPONT.]
Turnover	1	2	3	4	5	6
Profit	1	2	3	4	5	6
Investments	1	2	3	4	5	6
Financing needs	1	2	3	4	5	6

**SECTION III - ACCESS TO FINANCE**

Q.11 What kind of financing, if any, have you applied for in the last year (2022)?

[Single answer per line]

	Yes	No	Don't know [SPONT.]	If 'yes': What was the amount you applied for? (local currency)
a) Short-term loans (less than 18 months)	1	2	3	_____
b) Investment (medium-term) loans (between 18 months and 5 years loan)	1	2	3	_____
c) Long-term loan (above 5 years)	1	2	3	_____
d) Credit lines, bank overdraft, credit card overdraft, factoring	1	2	3	_____
e) Leasing of equipment, machinery etc.	1	2	3	_____ 99 Don't know [SPONT.] 98 Refusal [SPONT.]
f) Private resources (e.g. from friends or relatives)	1	2	3	_____ 99 Don't know [SPONT.] 98 Refusal [SPONT.]

Q.12 For each 'No' to Q11 (a-d), ask:

For what reasons did you not apply for...[Q11 a-d if 'No']?

[Multiple answers possible - read out – rotate answers 1-4]

No need for or interest in a loan	1
Fear of possible rejection	2
Financing cost and/or terms and conditions were not favourable	3
Negative/uncertain economic outlook due to the national or international context	4
Other reasons: _____ [please, specify] [SPONT.]	5
None [SPONT.]	6
Don't know [SPONT.]	7



Q. 13 If any 'Yes' to Q12: 2, 3 or 4

If you had applied for a loan, what would have been the main purpose of the loan?

[Multiple answers possible – read out – rotate items]

	Selection	If 'selected'? What was the amount you would have applied for? (local currency)
Working capital	1	_____
Investment to expand production capacity or increase efficiency	2	_____
Digitalisation	3	_____
Research and development	4	_____
Marketing	5	_____
Increasing energy efficiency (e.g., in buildings, energy consumption in the production process)	6	_____
Producing renewable energy (e.g., solar, from wastes or by-products)	7	_____
Improving environmental sustainability, including reducing greenhouse gas emissions (e.g., through changes in the production process, more sustainable packaging, input and raw material supplies, logistics and distribution)	8	_____
Adapting and increasing resilience to climate change (e.g., to increase resilience to extreme weather events, droughts, supply shortages)	9	_____
Other [please, specify] [SPONTANEOUS]	10	_____

Q.14 For each 'Yes' at Q11 (a-d), ask:

You mentioned that you applied for the following loan: [answer from Q11 (a-d)]. Thinking about your most recent application for such a loan, was the application linked to any form of financial support or grant from the Common Agricultural Policy or the European Agricultural Fund for Rural Development?

[Single answer]

Yes	1
No	2
Don't know [SPONTANEOUS]	3



Q.15 For any 'Yes' at Q11(a-d), ask:

Considering your loan applications in the last year, what was the main purpose of these loans? [Multiple answers possible – read out – rotate items]

	Selection	If selected: What percentage share of the loan did you plan to allocate for this purpose? (Answer in %)
Working capital	1	_____
Investment to expand production capacity or increase efficiency	2	_____
Digitalisation	3	_____
Research and development	4	
Marketing	5	
Increasing energy efficiency (e.g., in buildings, energy consumption in the production process)	6	_____
Producing renewable energy (e.g., solar, from wastes or by-products)	7	
Improving environmental sustainability, including reducing greenhouse gas emissions (e.g., through changes in the production process, more sustainable packaging, input and raw material supplies, logistics and distribution)	8	_____
Adapting and increasing resilience to climate change (e.g., to increase resilience to extreme weather events, droughts, supply shortages)	9	_____
Other [please, specify] [SPONTANEOUS]	10	_____



Q.16 For each 'Yes' to Q11 (a-d), ask:

Regarding your last application for.....[Q11 a-d if 'Yes'], what was the outcome of your application?

[Single answer per line – read out]

	Fully approved	Partially approved	Rejected by the bank	Not accepted by you	Still pending	What was the duration of the loan?	What was the interest rate on the loan?
a) Short-term loans (less than 18 months)	1		2	3	4	_____ (answer in months) 99 Don't know [SPONT.] 98 Refusal [SPONT.]	_____ 99 Don't know [SPONT.] 98 Refusal [SPONT.]
b) Investment (medium-term) loans (more than 18 months and less than 5 years)	1		2	3	4	_____ (answer in years) 99 Don't know [SPONT.] 98 Refusal [SPONT.]	_____ 99 Don't know [SPONT.] 98 Refusal [SPONT.]
c) Long-term loan (above 5 years)	1		2	3	4	_____ (answer in years) 99 Don't know [SPONT.] 98 Refusal [SPONT.]	_____ 99 Don't know [SPONT.] 98 Refusal [SPONT.]
d) Credit lines, bank overdraft, credit card overdraft, factoring	1		2	3	4	[Not asked]	_____ 99 Don't know [SPONT.] 98 Refusal [SPONT.]



Q.17 For each 'Yes' at Q11 (a-d) and 'Rejected by the bank' at Q16, please, ask:

When your loan application was rejected by the bank, what reasons did the bank give?

[Multiple answers possible – read out – rotate answers 1-9]

Lack of credit history	1
Insufficient collateral	2
Investment risks too high (competitive pressure, market volatility)	3
Banking policy (e.g., limits on lending to food and beverage manufacturers)	4
Economically unviable (enterprise or project)	5
New/start-up business (considered too risky/difficult to project future income)	6
Existence of other loans (i.e., risk of over indebtedness)	7
Previous non-performing loans	8
Other [please, specify] [SPONTANEOUS]	9
Don't know [SPONTANEOUS]	10

Q.18 In the last three years, have you tried to raise risk capital finance (for example, seed capital, venture capital, private equity) for your enterprise?

[Single answer – read out]

Yes, and I have been successful	1
Yes, but I was not able to attract any potential investors	2
No	3
Don't know [SPONTANEOUS]	4

[If answers 2 ('Yes, but was not able') or 3 ('No') in Q18, then ask Q19]

Q.19 Do you see risk capital finance as a potential source of financing for your enterprise in the next three years?

[Single answer]

Yes	1
No	2
Don't know [SPONTANEOUS]	3

[If answers 2 ('No') in Q19, then ask Q20]



Q.20 What is the reason why you do not consider risk capital finance as a potential source of financing? Please mention all that apply.

[Multiple answers possible – read out – rotate answers 1-4]

Your business plan or the financial indicators of your enterprise are not attractive for venture capital or private equity operators	1
You do not want to share the ownership of your enterprise outside the family or current shareholders	2
You do not have sufficient expertise	3
There are no specialised venture capital or private equity operators interested in being active in your sector or geographical area	4
Other, please specify: _____ [SPONTANEOUS]	5



SECTION IV – Green Deal – INVESTMENT NEEDS FOR CLIMATE AND ENVIRONMENT

Q.21 Thinking about climate change and the related changes in weather patterns, would you say these weather events currently have a major impact, a minor impact, or no impact at all on your business?

[Single answer – read out]

Major impact	1
Minor impact	2
No impact	3
Don't know [SPONTANEOUS]	4

Q.22 You may be aware that in order to limit global warming, stricter climate rules and standards are being set at international, EU, and national level. Thinking about these changes in rules and standards, which of the following comes closest to your view?

[Rotate answer options – single answer – read out]

You are not aware or not interested	1
You are aware but this will not have an impact on your business	2
It will be rather an opportunity for your business	3
It will be rather a risk for your business	4
Don't know [SPONTANEOUS]	5

Q.23a In the last 3 years, have you implemented any changes or made investments in any of the following areas? If yes, please indicate the total amount you have invested.

[Single answer per line – rotate items]

Category	Yes	No	Don't know [SPONT.]	Not applicable [SPONT.]	Invested amount in local currency
Increasing energy efficiency (e.g., in buildings, energy consumption in the production process)	1	2	3	4	_____
Producing renewable energy (e.g., solar, wind, from wastes or by-products)	1	2	3	4	_____



Improving environmental sustainability, including reducing greenhouse gas emissions (e.g., through changes in the production process, more sustainable packaging, input and raw material supplies, logistics and distribution)	1	2	3	4	_____
Adapting and increasing resilience to climate change (e.g., to increase resilience to extreme weather events, droughts, supply shortages)	1	2	3	4	_____

[Follow up each line in 23a with the question Q.23b]

Q.23b And thinking about next three years, are you planning any changes or investments in this area? If yes, please indicate the total amount you plan to invest.

[Single answer – if ‘yes’ then fill in open ended amount of investment]

Yes	1
No	2
Don't know [SPONT.]	3
Planned investment in local currency	_____ 99 Don't know [SPONT.] 98 Refusal [SPONT.]

[If item 3 (greenhouse gas emissions) was answered ‘yes’ (code 1) in question Q.23a, then ask question Q.23c immediately after]

Q.23c In which resources or activities have you invested to reduce greenhouse gas emissions or to improve the overall environmental footprint?

[Open ended – interviewers record answer]

Activities:	_____
Don't know [SPONT.]	2



Q.24 In your view, what are the most significant barriers for your business in terms of climate and environmental sustainability investment?

[Multiple answers possible – rotate answers 1-5 – read out]

Knowledge or capacity available in your enterprise	1
Availability of reliable technical solutions or lack of information about such solutions	2
Too high a cost (without sufficient return)	3
High upfront cost (potential economic return but too long a payback period)	4
Lack of availability of external finance (e.g., from banks) for such investments	5
Other [SPONT.]	6
None [SPONT.]	7
Don't know [SPONT.]	8



SECTION V – FINANCIAL IMPLICATIONS OF SUPPLY CHAIN RELATIONS

With Suppliers

READ: Now I would like to ask a few questions about the relation with your suppliers. These are the last questions of the interview.

Q.25 Thinking about the agricultural inputs your enterprise uses for agri-food processing, do you buy them or produce them yourself?

[Single answer – invert scale – read out]

You buy all or nearly all agricultural inputs	1
You produce all or nearly all agricultural inputs	2
You partly buy them, you partly produce them	3
Don't know (SPONT.)	4
Not applicable (SPONT.)	5

[If answers 1 (buys all) or 3 (partly buys) in question Q.25, then ask Q.26]

Q.26 When you buy products for your production, where do you get most of the products or raw materials?

[Multiple answers possible - rotate answers 1-6 – read out]

From local small to medium-sized farmers	1
From local large farmers	2
From a local farmers' cooperative	3
From various local markets	4
From intermediaries or wholesalers	5
Import	6
Other [please, specify: _____] [SPONT.]	7



Q.27 What type of contractual relations do you have with your supplier or suppliers? If you have more than one supplier, please consider the majority of your suppliers.

[Single answer - rotate answers 1-4]

You do not have any contract	1
You have a verbal or informal agreement	2
You have short-term contracts running for a few months or one to two years at most	3
You have medium to long-term contracts	4
Not applicable [SPONT.]	5

With Buyers

Q.28 How do you sell most of your production? Please mention all that apply.

[Multiple answer possible – read out – rotate answers 1-8]

You sell to local small to medium-sized supermarkets	1
You sell to large supermarket networks	2
You sell to restaurants, hotels, and other businesses in your area	3
You sell at (various) local markets	4
You sell directly to consumers coming to your shop or restaurant	5
You sell directly to consumers online	6
You sell to intermediaries or wholesalers	7
You export	8
Not applicable [SPONT.]	9

Q.29 What type of contractual relations do you have with the buyer or buyers of your production? If you have more than one buyer, please consider those who buy the majority of your production

[Single answer – read out]

You do not have any contract	1
You have a verbal or informal agreement	2
You have short-term contracts running for a few months or for one or at most two years	3
You have medium to long-term contract	4
Not applicable [SPONT.]	5



[If answer 3 (short term contract) or 4 (long term contract) in Q.29, then ask Q.30]

Q.30 What are the predominant payment terms under the contract for you? If you have more than one contract with buyers in place, please consider the payment terms in relation to the majority of your production.

[Single answer – read out]

Up to 7 days	1
Between 8 and 30 days	2
Between 31 - 60 days	3
Between 61 - 120 days	4
More than 120 days	5
Not applicable [SPONT.]	6

END MESSAGES

[Interview completed:] Thank you for taking part in the survey. We have reached the end of the interview. I wish you a pleasant day.

[Screen out/quota full:] Thank you for taking part in the survey. These were all the questions I had for you today. We have reached the end of the interview. I wish you a pleasant day.

09 Annex II – Methodology

The survey was conducted between February and May 2023 across 24 Member States of the European Union (EU-24): Austria, Belgium, Bulgaria, Croatia, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden.

The survey covered enterprises whose main activity is manufacturing food products (NACE C.10) or manufacturing beverages (NACE C.11). Enterprises involved in 'Processing and preserving of fish, crustaceans and molluscs' (NACE code C10.2) were not included in the survey. The target group was limited to SMEs. Enterprises with more than 250 employees or an annual turnover higher than EUR 50 million were excluded from the survey. The survey includes enterprises with at least one employee who could be the owner.

To ensure representativeness of the entire SME population, the survey aimed for 2 350 interviews across all 24 Member States covered by the study, with an initial target of 62 to 100 interviews per Member State. The survey was conducted via telephone (CATI). The target respondent was a person in higher level management, such as a company founder or owner, chief executive officer, co-founder or co-owner, chief financial officer, managing director or other manager. The following table summarises the sample coverage, the target and achieved number of interviews.

Table A.1: Sample coverage and interviews.

	Population	Sample frame(s)	Coverage of frame(s)	Target number of interviews	Achieved interviews
Austria	3 933	4 222	100%*	66	66
Belgium	7 258	7 996	100%*	75	75
Bulgaria	6 120	11 442	100%*	70	70
Croatia	3 294	2 889	88%	46	50
Czechia	11 249	2 796	25%	71	71
Denmark	1 570	2 639	100%*	64	64
Estonia	750	2 761	100%*	62	62
Finland	1 743	2 703	100%*	65	65
France	54 666	32 342	59%	210	210
Germany	28 691	10 7115	100%*	200	201
Greece	16 181	7 769	48%	75	75
Hungary	6 595	3 844	58%	70	70
Ireland	1 692	2 929	100%*	64	64
Italy	54 181	33 666	62%	210	210
Latvia	1 251	1 978	100%*	67	67



Lithuania	1 691	3 356	100%*	64	64
Netherlands	7 382	8 073	100%*	100	101
Poland	18 648	8 715	47%	120	120
Portugal	11 540	6 323	55%	70	70
Romania	10 088	17 626	100%*	200	203
Slovakia	4 742	2 786	59%	50	50
Slovenia	2 642	2 902	100%*	65	65
Spain	29 667	32 374	100%*	200	200
Sweden	4 114	2 663	65%	66	66

* Coverage of frame higher than population figures due to establishment level entries on some frames.

The sample frame relied on a commercial global company register in each country. The coverage is high (above 70%) in 15 of the 24 Member States (Austria, Belgium, Bulgaria, Croatia, Denmark, Estonia, Finland, Denmark, Ireland, Latvia, Lithuania, the Netherlands, Romania, Slovenia, and Spain) and average (40-69%) in 8 (France, Greece, Hungary, Italy, Poland, Portugal, Slovakia, and Sweden). In one country (Czech Republic), the coverage is below 40%. We supplemented the primary sample with other sources to maximise coverage. In several countries, additional national lists were identified through desk research and added to the sample frame.

The same questionnaire was scripted centrally, administered in all countries and translated into the main business language of each country in a double revision translation process. Local language versions of the script were provided to the interview teams through a centralised CATI system. A pilot survey was carried out in all 24 countries between 7 and 14 February 2023 with a minimum of three interviews per country.

The main fieldwork was conducted from 22 February to 4 May 2023. In four countries, the initial target could not be reached, due to a lack of sample contacts (Czech Republic, Ireland, Lithuania and Slovenia). In these countries, a lower revised target was set. The remaining interviews to reach the overall target were distributed to other countries. The response rate of the study was 1.6%, which follows the American Association for Public Opinion Research (AAPOR) standard definition of basic response rates and corresponds to Response Rate 3.

The financial values of loans were collected with open-ended questions. To mitigate the problem of extreme values, we applied outlier trimming in the tabulation of results. The decision on the outlier threshold was made after testing the effect of different thresholds on the maximum value for each variable. The values were capped at the 95th percentile for variables with extreme values. This was carried out separately for different levels of reported turnover (five brackets).

We expected the distribution of firms by employee size to be markedly skewed towards the smallest sizes, however the deviation was within bounds. Corrective weighting was applied to match the universe profile of Eurostat.



The weighting adjusted sample agri-food enterprise categorisation data (firmographics) to match population parameters. These weights adjust the sample to account for non-responses by sector and company size. The final weighting variable ensures the weighted sample matches the enterprise population by

- Sectors: manufacture of food products, manufacture of beverages
- Company size: adjusting for company size bands (number of employees)

The population targets used for weighting were sourced from the structural business statistics database on the Eurostat website³⁸. Due to differences in the sample profile and population distributions, weighting led reduces precision in survey estimates. To mitigate for this, we trimmed outlying weights. Therefore, the weighted data will slightly deviate from the Eurostat population figures. However, this deviation is expected to have minimal impact on the survey outcomes due to the relatively small deviations post weighting and the typically weak relationship between the profiling variables we weighted by and the survey outcomes.

Data quality is to a large extent ensured by the centralised CATI scripting and controls during fieldwork. In addition to this, there were quality procedures for data collection, processing and editing. These controls included fieldwork monitoring of interviewers (around 10% of interviews were monitored, each interviewer was monitored at least once) and detailed checks on intermediary data.

³⁸ <https://ec.europa.eu/eurostat/web/structural-business-statistics>.





Notes



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