

Loans for the Processing of Agricultural Products

The Ministry of Agriculture, Forestry and Fisheries, acting as the Managing Authority for the 2023-2027 Strategic Plan of the Common Agricultural Policy of the Republic of Croatia (CAP SP), has entrusted the Croatian Bank for Reconstruction and Development (HBOR) with the implementation of the financial instrument "Loans for the Processing of Agricultural Products" (Financial Instrument), funded by the CAP SP and HBOR, which, in accordance with state aid rules, finances financially viable investments of micro, small, and medium-sized enterprises from highly vulnerable sectors identified through an ex-ante assessment by providing more favourable finance terms and conditions for investments that contribute to strengthening the competitiveness and market position of agricultural product processors.

1. BORROWERS

Micro, small and medium-sized enterprises in accordance with the definition from Commission Recommendation 2003/361/EC¹, operating in the sector of processing of agricultural products covered by Annex I to the Treaty on the Functioning of the European Union (Annex I to the TFEU)² in such a way that the final product after processing is also covered by Annex I to the TFEU, subject to the fulfilment of the following conditions:

- **Entities engaged exclusively in the processing of agricultural products** must be registered, in accordance with national legislation, for the activity of processing agricultural products or for a specific activity related to the planned eligible investment by the time of loan application submission at the latest
- **Entities engaged in both primary production and processing of agricultural products** must be registered in the Registry of Agricultural Holdings and have a registered agricultural product processing activity related to the planned eligible investment by the time of loan application submission at the latest
- Must have registered headquarters or a branch office in the Republic of Croatia

2. PURPOSE OF LOANS

- Investments in fixed assets (investments in tangible and intangible assets) in agricultural product processing activities in the meat, cereals, fruit and/or vegetable processing sectors that include:
 - Construction, purchase, reconstruction and/or equipping³ of slaughterhouses;
 - Construction, purchase, reconstruction and/or equipping³ of cereal processing plants;
 - Construction, purchase, reconstruction and/or equipping³ of fruit and/or vegetable processing plants.
- Financing of working capital is not eligible.

¹ Companies or producer organisations, crafts businesses, natural persons performing an independent activity, family farms, cooperatives, other legal entities

² The list referred to in Article 38 of the Treaty on the Functioning of the European Union. The wording of the document is available at: [EUR-Lex - 12016ME/TXT - EN - EUR-Lex](#)

³ The purchase of used equipment is eligible

3. ELIGIBLE INVESTMENTS	• Investments in tangible and intangible assets relating to agricultural product processors in the meat, cereals, fruit and/or vegetable processing sectors are eligible, provided that both the input product and the final product after processing comply with Annex I to the TFEU • Financing the purchase of an existing plant that is not operational or is not performing agricultural product processing activities at the time of loan application submission is eligible, subject to the condition of re-establishing or improving the production activity • Financing the purchase of an existing agricultural product processing plant that is operational at the time of loan application submission is eligible, subject to the condition that the transaction does not relate exclusively to a transfer of ownership without implementing a new investment, modernisation or capacity expansion • A loan cannot be approved to entities that, at the time of loan approval, cannot prove that the planned investment will meet the conditions for achieving capital rebate • Ineligible investments are defined in Schedule 1 to the Loan Programme – Ineligible Activities and Borrowers
4. MANNER OF IMPLEMENTATION	• Direct lending to borrowers – application and related documentation shall be submitted to HBOR by the borrower • Loans are approved from CAP SP funds and HBOR funds in a 50:50 ratio with the possibility of writing off a part of the loan principal approved from CAP SP funds (up to a maximum of 40% of the total disbursed loan principal amount) upon the fulfilment of predefined criteria; • During the implementation of the Loan Programme, only one loan may be contracted with a single borrower and/or its related and/or partner enterprises
5. LOAN AMOUNT	• Minimum loan amount: EUR 200,000.00 • Maximum loan amount: EUR 3,000,000.00 Generally, HBOR may finance up to 85% of the estimated investment value in accordance with state aid rules. The estimated investment value does not include VAT, except for the borrowers who supply goods or perform services exempt from VAT and/or for the borrowers who do not operate within the VAT system.
6. LOAN CURRENCY	EUR
7. CAPITAL REBATE (write-off of a part of loan principal)	• A borrower may qualify for a capital rebate, i.e. a partial loan principal write-off • The capital rebate is granted in accordance with state aid rules and constitutes aid in the form of a grant • The right to a capital rebate is acquired upon fulfilment of the specified criteria and may amount to a maximum of 40% of the total disbursed loan principal amount, provided that the calculated amount of the capital rebate is written off from the part of the loan principal from CAP SP funds • A project that does not meet the minimum criteria for achieving a capital rebate is not eligible for financing under the Financial Instrument • The criteria for the capital rebate and the percentage of the partial loan principal write-off that can be achieved based on each fulfilled criterion are defined in Schedule 2 to the Loan Programme – Capital Rebate Criteria

8. INTEREST RATE	- On the part of loan principal from CAP SP funds: 0.00% p.a., fixed - On the part of loan principal from HBOR funds: a fixed interest rate determined separately for each individual loan based on risk assessment
9. FEES	- Loan application processing fee: no fee is charged - Commitment fee: no fee is charged Other fees in accordance with the Ordinance on Fees for HBOR Services valid on the day of calculation are charged on the part of loan financed from HBOR funds. Other fees are not charged on the part of loan financed from CAP SP funds.
10. PERIOD AND MANNER OF LOAN DISBURSEMENT	- Generally, disbursement period is up to 12 months; depending on purpose and dynamics of investment, it is also possible to approve a longer period of loan disbursement - Loan is disbursed to the account of the seller / supplier / contractor based on the documentation providing evidence of loan utilisation for earmarked purposes - Refund is allowed only for eligible expenses which were incurred after the date of making of investment announcement or, if the announcement was not made, after the submission of loan application, and which were paid after the making of loan approval decision
11. PERIOD OF REPAYMENT	Depending on the purpose and structure of investment, up to 20 years, including a grace period of up to 3 years
12. MANNER OF REPAYMENT	Generally, in equal monthly, three-monthly or semi-annual instalments
13. COLLATERAL	In accordance with HBOR's internal documents (e.g. bills of exchange, debentures, blank debentures, pledge of property with insurance policy for the property endorsed in favour of HBOR, business shares insurance, bank guarantees and other security instruments customary in banking operations) and the risk assessment of the investment and the borrower
14. SCHEDULES	- Schedule 1 – Ineligible Activities and Borrowers - Schedule 2 – Capital Rebate Criteria
15. RELATED DOCUMENTATION	- General Eligibility Criteria - List of Documentation (Loans for the Processing of Agricultural Products) - Decision on General Terms and Conditions of HBOR Lending Activities

The Loan Programme shall apply as of 28 October 2026

Loans may be disbursed to borrowers until 31 December 2029, and the criteria for the capital rebate may be met after that date.