InvestEU and EIB Group support offer for the agriculture sector and EAFRD managing authorities

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EIB GROUP PRODUCTS TO SUPPORT AGRICULTURE AND BIOECONOMY
Sector definition: bioeconomy

- Unlocking production potential in a sustainable and resource-efficient manner

- Counterparts/Beneficiaries/3rd parties:
  - Any economic actor along the agriculture and bioeconomy value chain:
    - Farmers, fishers, forester and SMEs
    - Cooperatives
    - Agribusiness
    - Corporates active in bioeconomy up and down stream value chains
  - Public Sector Institutions
EIB financing to Bioeconomy sector
Covering the entire value chain

EIB’s bioeconomy sector finance follows EIB lending priorities:

✓ **SMEs/Mid caps**
  - Investments by SMEs + Midcaps (including e.g. farmers, foresters, fishers, agri and agro business or cooperatives, etc.)

✓ **Knowledge economy**
  - Corporate research, development and innovation programs, pilot plant and first in kind industrial scale up facilities (e.g. RDI Programme in crop seed, dairy or animal feed)

✓ **Renewable energy and energy efficiency**
  - Renewable Energy generation (e.g. Biogas production), renewable materials production, energy efficiency

✓ **Environment and climate**
  - Projects aligned with the EU Environment Action Plan (e.g. Circular Economy)

✓ **Development mandates**
  - Private sector development and infrastructure
  - Support to Sustainable Development Goals
Demand for Financing in Agriculture is driven
- Expansion of Farms
- Modernisation and Innovation
- Climate Change

Main obstacles that constrain access to finance relate to
- Low and volatile economic margin
- Intermediaries with dominant market position
- Applicant’s lack of business history or financial data for instance Young Famers
- Lack of sufficient collateral

FINANCING GAP IN THE AGRICULTURE SECTOR

BY FARM SIZE

- Small-sized farms: 22%
- Medium-sized farms: 46%
- Large-sized farms: 33%
EIB Group products

Funding
- Intermediated Loans
- Project Loans
- Framework Loans
- Quasi Equity

Blending
- Guarantees

Advisory
EIB Intermediated loan

EIB Group

Intermediation Channels

- Leasing Companies
- Commercial Banks
- Microfinance
- National Promotional Banks
- Public Sector Entities
- Funds and SPVs

Public Policy Goals

- Innovation
- Infrastructure
- Environment
- SMEs
- Climate Action
- Cohesion

Final Beneficiaries

- SMEs (Micro, Small, Medium)
- Midcaps
- Corporates
- Public Entities
EIB Intermediated Loan business case: EU Agriculture

EU AGRICULTURE PROGRAMME LOAN FOR SMEs & MID CAPS

Description

• Program Loan amounting to EUR 700m supporting agriculture-related SMEs and Mid caps. Sub-operations would be Intermediated Loans for SMEs and Midcaps through acceptable intermediaries for up to EUR 100m. The PL includes a Young Farmer (YF) window of at least 10% of the loan amount.

  (i) Enables focus on the sector

  (ii) Targets sub-projects (investment cost up to EUR 25m) and EIB support to YF

  (iii) Streamlined approval process (Programme Loans are a delegation mechanism from the Board of Directors to the Management Committee)

The Operation

• The dedicated windows for YF have a tenor of up to 15 years and a grace period of up to 5 years to be flexible and accommodate the needs of YF (including working capital facilities, succession plan, etc.).

• As of October 2022, 97% of the financing has been approved, in Italy, France, Greece and Croatia.

• Thanks to its success, a new operation may follow.
EIB Intermediated Loan business case: Banque Fédérative du Crédit Mutuel (« BFCM »)

- **France**

- Loan to BFCM, a leading Financial Institution in France
- Experienced in agricultural finance (17% market share) to facilitate access to finance for agricultural businesses (SMEs)
- EUR 100 m, approved in 2019
- Tenor up to 15 years
- 30% dedicated to **Young Farmer** and 50% to **Climate Action** projects in France
- Allocated to 297 sub-operations
- EUR 168 000 average loan amount
- 147 months average term
- An additional EUR 100m will be signed by 2022 year end
EIB Intermediated Loan business case: Crédit Agricole (« CASA »)

France

- Loan to CASA, a leading global financial institution and one of the largest bank in Europe
- Leader in agricultural finance (65% market share in France) to facilitate access to finance for agricultural businesses (SMEs)
- EUR 300 m, approved in 2022
- Tenor up to 15 years
- 30% female entrepreneurship in the Agriculture and Bioeconomy
- 30% new businesses or generational change;
- 15% Climate Action (e.g. renewable energy, energy efficiency and climate action and mitigation fields promoted by SMEs and Mid caps)
EIB Group products

Funding
- Intermediated Loans
- Project Loans
- Framework Loans
- Quasi Equity

Blending
- Guarantees

Advisory
Direct lending operations

AGRICULTURE AND BIOECONOMY PROGRAM LOAN (2017-0628)

EUR 400 m credit line authorisation under the European Fund for Strategic Investment (EFSI):

(i) Enables focus on the bioeconomy sector
(ii) Targets any size corporates and agricultural cooperatives
(iii) Targets projects (investment cost between EUR 15 m - 200 m)
(iv) Streamlined approval process

<table>
<thead>
<tr>
<th>Operation Name</th>
<th>Project Cost (M EUR)</th>
<th>EIB Financing Amount (M EUR)</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGRIA GRAIN PORT TERMINAL</td>
<td>29.2</td>
<td>14</td>
<td>Bulgaria</td>
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<tr>
<td>CARBERY GROUP INVESTMENT PROGRAMME</td>
<td>75.0</td>
<td>35</td>
<td>Ireland</td>
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<tr>
<td>DE CECCO FOOD PRODUCTION EXPANSION &amp; INNOVATION</td>
<td>92.8</td>
<td>45</td>
<td>Italy</td>
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<td>E-PIIM DAIRY EXPANSION</td>
<td>119.6</td>
<td>28</td>
<td>Estonia</td>
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<tr>
<td>FOOD PRODUCTION MODERNISATION</td>
<td>94.1</td>
<td>47</td>
<td>Poland, Romania, Bulgaria</td>
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<td>GROUPE ROULLIER RDI PROGRAMME FINANCING</td>
<td>104.8</td>
<td>50</td>
<td>France</td>
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<td>INVIVO DIGITAL AGRICULTURE PLATFORM</td>
<td>75.4</td>
<td>37.5</td>
<td>France</td>
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<td>PLYWOOD PRODUCTION INVESTMENT PROGRAMME LATVIA</td>
<td>82.5</td>
<td>40</td>
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<tr>
<td>SILL INFANT MILK AND RDI INVESTMENT</td>
<td>105.4</td>
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<td>France</td>
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<tr>
<td>SODIAAL RDI IN DAIRY ACTIVITIES</td>
<td>80.0</td>
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<td>France</td>
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<td><strong>TOTAL</strong></td>
<td><strong>858.7</strong></td>
<td><strong>376.5</strong></td>
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</table>
EIB Project Cycle

1. PROPOSAL
   - Financial
   - Economic
   - Social
   - Environmental
   - Technical assessment

2. APPRAISAL
   - EIB Management Committee
   - EIB Board of Directors

3. APPROVAL

4. SIGNATURE

5. DISBURSEMENT

6. MONITORING AND REPORTING

7. REPAYMENT
Conclusion

• The EIB Group supports the EC policies through financial products (lending and blending) other than the traditional grant funding

• EIB supports sustainable and resource-efficient projects

• Cooperative, SME (including farmers), Mid cap and Large Corporate can benefit from EIB funding – guarantees

• Financial instruments should enable to do “more with less”

• EIB facilitates the crowding-in of other financial institutions funding in the projects