



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

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 #ficompass





The European Investment Fund

1 | Our
role

2 | Our
products

3 | Our experience on
Rural Development

4 | Our *debt products*
and *InvestEU* offer

Our role

*We are an EU body
dedicated to improving
access to finance for small
businesses.*

*Entrepreneurs are the
backbone of the
European economy and a
key focal point for EU
policy.*



We multiply public resources and help improve the funding environment for small businesses

We deliver market driven solutions for lenders and investors in small businesses

Factors adversely affecting access to finance

Information asymmetry

Small businesses are often too small (lacking information) for banks to assess their risk

Highly innovative small businesses may be too disruptive for banks or funds to be able to assess risk and potential

Sharing risk

Regulatory environment

Bank capital adequacy ratios have led to a scarcity of capital and a decline in lending to higher risk small businesses

Providing capital relief

Economic environment

Smaller banks can face liquidity issues

Private investors can shy away from venture capital and private equity asset classes, especially in times of market downturn

Providing funding

Convergence & EU competitiveness

Small businesses in emerging sectors can lack access to funding opportunities or specialised financing partners

Europe remains structurally behind other major markets in terms of the scale of VC investments

Building ecosystem

*Our
products
multiply
resources*

*We design equity and
debt financial
instruments that share
risk.*

*These solutions
encourage lending and
investment in riskier
small businesses and, as
a result, increase the
supply of finance.*



Our main debt financing solutions

We share risk with our banking partners to encourage lending and improve lending terms to riskier small businesses

	Capped guarantees	Uncapped guarantees	Credit enhancement (securitisation)	Private credit
Risk sharing mechanism	AAA guarantee of losses up to a capped rate per loan (free of charge)	AAA guarantee of losses uncapped (guarantee fee)	Credit enhancement of securitized SME loan portfolios provides economic and regulatory relief for originators	Crowding in additional investors via cornerstone investments in direct lending funds
Benefit for small businesses	Loans at better terms (collateral reduction, maturity extension, lower interest rates)	Loans at better terms (collateral reduction, maturity extension, lower interest rates)	Increased lending to riskier small businesses	Bespoke debt packages, speedy deployment and flexible approach
Net commitments	EUR9.0bn	EUR43.4bn	EUR24.7bn	EUR6.4bn



Notes: Transaction level data based on net commitments (signatures), excludes capacity building investments and senior and subordinated loans under EaSI.
Source: SPA reporting, data as at 30/06/2022.







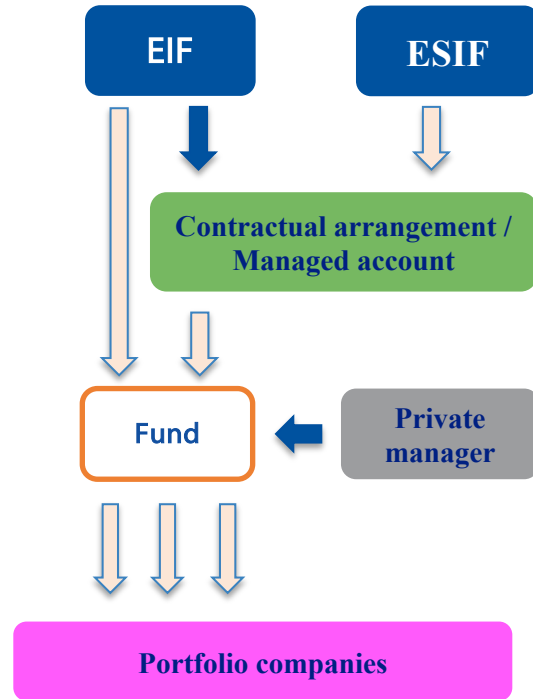
Our equity solutions

Helping start-ups, growth and the VC Ecosystem

Primary Fund Investments

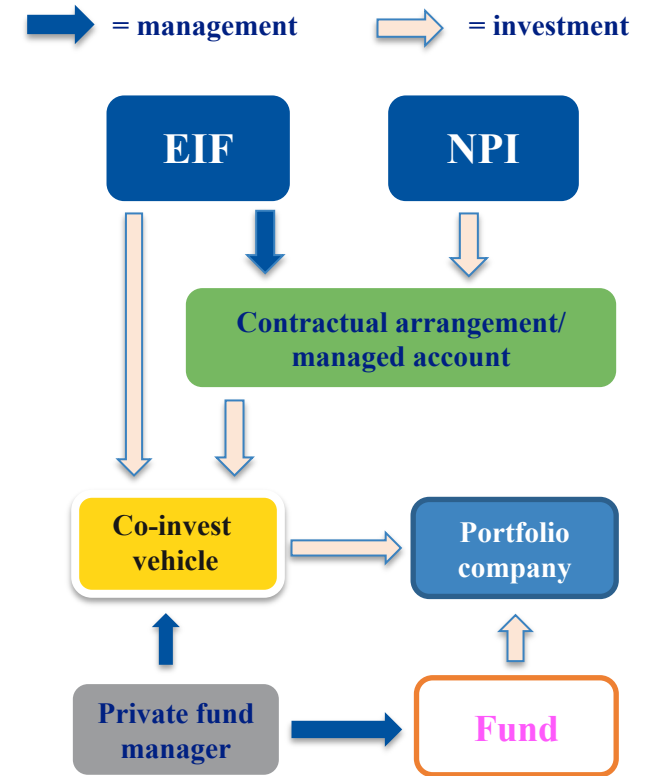
- EIF selects and invests in Venture Capital Funds
- Eligibility criteria according to ESIF:
 - Geographic scope, type of intermediaries, target companies

 = management
 = investment



Co-Investment Schemes

- A private fund manager in EIF's portfolio approaches EIF with need for co-investment funding. Only fund managers in EIF's portfolio are eligible.
- Co-investments are deployed on a deal-by-deal basis as fund managers present co-investment opportunities. Co-investment vehicle (SPV) is set up and managed by fund manager.



*Our
experience
in
Agriculture*

*We have been
supporting farmers and
SMEs in the Agri business
and we have pioneered
the implementation of
innovative financial
instruments supported
by EAFRD*

EIF financing in agriculture



Principal amount of financing in the Agri sector *

Principal amount financed to SMEs

EUR 27.3bn

*up 8%
from last quarter*



323k
SMEs supported

436k
Final Recipient transactions signed

EUR 63k
Average financing

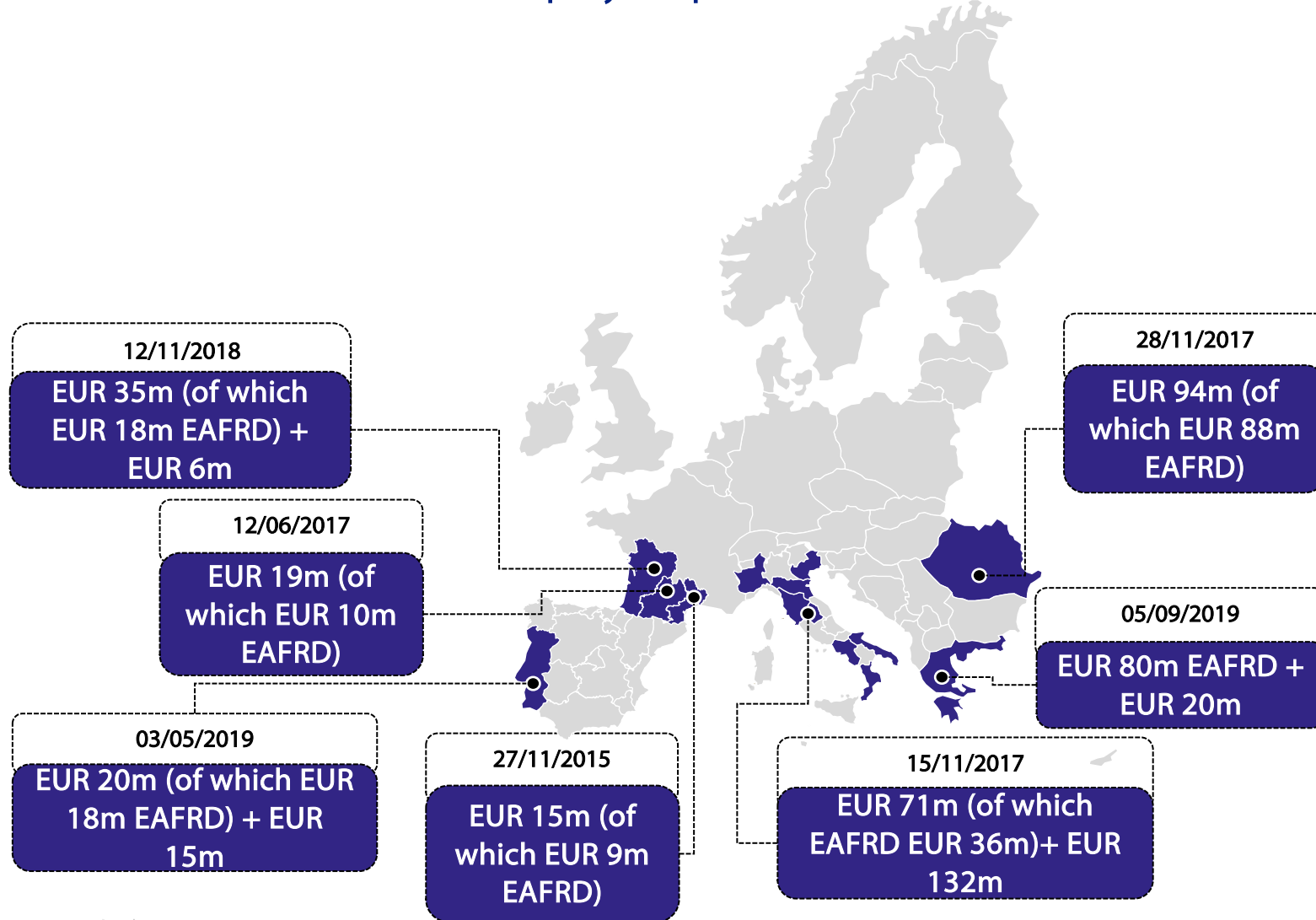


** as at 30 June 2022, including NACE codes defined according to EIB holistic approach
Data as of Q2 2022 inclusion*



EIF and decentralised Financial instruments in agriculture

EAFRD/national mandates state of play – update as at Q2 2022



COMMITTED TO SMES

EUR 438m

SMES SUPPORTED

3,055

Data as of Q2 2022 inclusion

EIF and decentralised FIs in agriculture



In 2014/2020 we have offered different products

Portfolio Risk-Sharing Loans

Uncapped portfolio guarantee

Capped portfolio guarantee

Romania

- Loan instrument available to financial intermediaries to
 - (i) co-finance (at the risk-sharing rate) a new portfolio of loans and
 - (ii) share credit risk related to the underlying portfolio at the risk-sharing rate (i.e. covered losses), up to the pre-set PRSL maximum.

Italian Regions

- FIs benefit from a 50% risk cover for each transaction in the portfolio.
- The guarantee amount is uncapped The uncapped guarantee does not increase the costs for final recipients, however, all FIs pay a guarantee fee of 0.55% to the EIF.
- The FIs must ensure that the benefit of the guarantee is fully transferred to final recipients (i.e. better pricing and/or collateral requirements compared to debt not covered by the guarantee).

Portugal, Greece, France

- It consists in a guarantee covering each eligible loan in the portfolio on a transaction-by-transaction basis.
- The liability of the FoF is limited to a cap, which is a share of the portfolio agreed with each financial institution

EIF and decentralised FIs in agriculture (1/2)



Romania : SC Sanlacta SA

Type of finance: stand-alone loan from Libra Internet Bank

Purpose of the loan: a milk pasteuriser and milk homogeniser, which increase production capacity from 2000 to 5000 liters /hour.

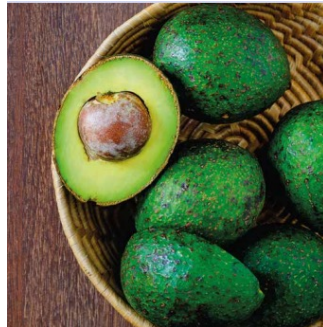
Loan amount: EUR 185 000

Maturity: 3-month ROBOR rate of 4.58%, for 3 years



The investment should significantly increase productivity and efficiency (with more products in less time and at lower cost). Without the loan supported by EAFRD, a similar investment would probably have been made through alternative financial resources from a national operational programme, according to the final recipient. The relationship with Libra Internet Bank is regarded as very positive with close collaboration and partnership.

Source: EAFRD Risk Sharing Loan 2014-2020, Romania



Portugal : Investment to expand avocado orchards

Type of finance: Investment loan

Purpose of the loan: Expansion of orchards for avocado production

Total value of the investment: EUR 706 248

Loan amount: EUR 600 000

Maturity: 10 years

The final recipient (FR) is an agricultural producer in Algarve with 3 generations of orchard farmers in the family business. The investment, enabled by a loan from Caixa Geral de Depósitos, covers initial expenses to expand the orchards by planting 57 hectares of avocado. The production process complies with health, environment and biosafety standards, so it is eligible for agro-environmental subsidies as well.

With these investments, the FR intends to increase profitability and reduce costs through economies of scale.

EIF and decentralised FIs in agriculture (2/2)



France: Beekeeper in Corrèze

Type of finance: Investment loan

Purpose of the loan: Construction of a building, purchase of equipment and hives

Total value of the investment: EUR 237 000

Loan amount: EUR 107 000

Maturity: Up to 180 months



The final recipients are a couple of beekeepers established under a GAEC (association of producers). Their 425 beehives produce organic honey which is sold exclusively via direct sales. The loan from Crédit Mutuel – CIC supported by Alter'NA was used to increase the number of beehives to 600, support the construction of a functional building with a lab and to purchase equipment. The investment allows the final recipient to respond to strong and growing demand for biological produce and contributes to the promotion of a short supply chain as well as to ecological transition in the agriculture sector.

Source: Alter'NA EAFRD Guarantee Instrument 2014-2020 Nouvelle-Aquitaine, France



Source: EAFRD Guarantee Fund 2014-2020 Greece

Greece: Chaitas Efstathios

Type of finance: Investment loan

Purpose of the loan: Purchase of farming machinery/ construction of storage facility

Total value of the investment: EUR 276 922

Loan amount: EUR 81 368

Maturity: 10 years

The FR is a young farmer taking over the family business. He cultivates approximately 200 hectares of land with durum wheat, maize and vegetables. The loan from Piraeus Bank was used to purchase a tractor with equipment and to build an agricultural warehouse. The new tractor will help to improve and optimise crop production, lowering production costs and CO2 emissions. The new warehouse will also contribute to reducing costs, as other rented storage facilities will no longer be needed. Also, the cereals will be stored in a well-insulated and modern facility, reducing the risk of animal contamination and improving the quality of the products.

Our debt products and InvestEU offer

*Together with the EIB, we
are the main
implementing partner of
the EC for InvestEU*

*We are developing a set
of financial instruments
under InvestEU and
exploring specific debit
products for Rural
Development for the
MSC*



New thematic focus with InvestEU

Thematics

Climate & sustainability

Innovation & digitalisation

Growth & competitiveness

Social impact, inclusion, skills & education

Culture & creativity

Finance for

Green innovation & transformation – contributing to the EU Green Deal

Innovation & digitalisation to fuel productivity & competitiveness

Higher risk, high growth & recovering smaller companies to ensure European competitiveness

Microenterprises, social enterprises as well as students and learners

Enterprises active in the CCS to help hone Europe’s valuable sector & digitalise into the future

Guarantees
Products

Sustainability guarantee

Innovation & digitalisation guarantee

SME competitiveness guarantee

Micro finance & social entrepreneurship guarantee

Cultural & Creative guarantee

Skills & education guarantee

Equity
Target areas

Climate & environmental solutions

Enabling sectors

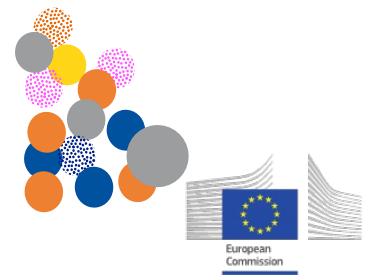
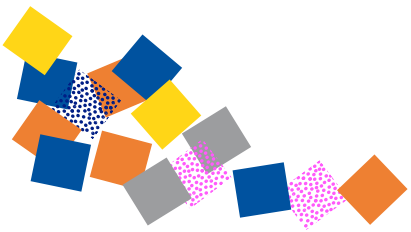
Capital Markets Union

Social impact

Digital and CCS

Climate & infrastructure projects

Capacity Building Investment Product





Sustainability Guarantee for InvestEU, example of contribution to the MSC of IEU

- One of our new flagship products will be the **Sustainability Guarantee**, specifically aimed at supporting the green transition of SMEs, Small Mid-caps, as well as private individual beneficiaries (“Final Recipients”)
- The Sustainability Guarantee is EIF’s first pan-EU guarantee product designed to contributing to climate action and environmental sustainability
- The Sustainability Guarantee is designed to be aligned with the CA&ES policy goals of the EU (under InvestEU its eligibility criteria are aligned with the scope of the EU Taxonomy for Sustainable Finance). **Specific investments are targeted for Sustainable and organic agricultural activities and for Sustainable forests and other climate mitigation investments**
- Complementing this risk sharing, the Sustainability Guarantee can provide technical assistance in order to help lenders in improving expertise for assessing green investments.
- Member States can contribute resources (e.g. from the CAP Strategic Plans) to the **Member State Compartment of InvestEU** in order to support additional portfolios in targeted Geographies and for the Final Recipients and the Operations consistent with the policy goals of the source of funding

Key products for the new programming period

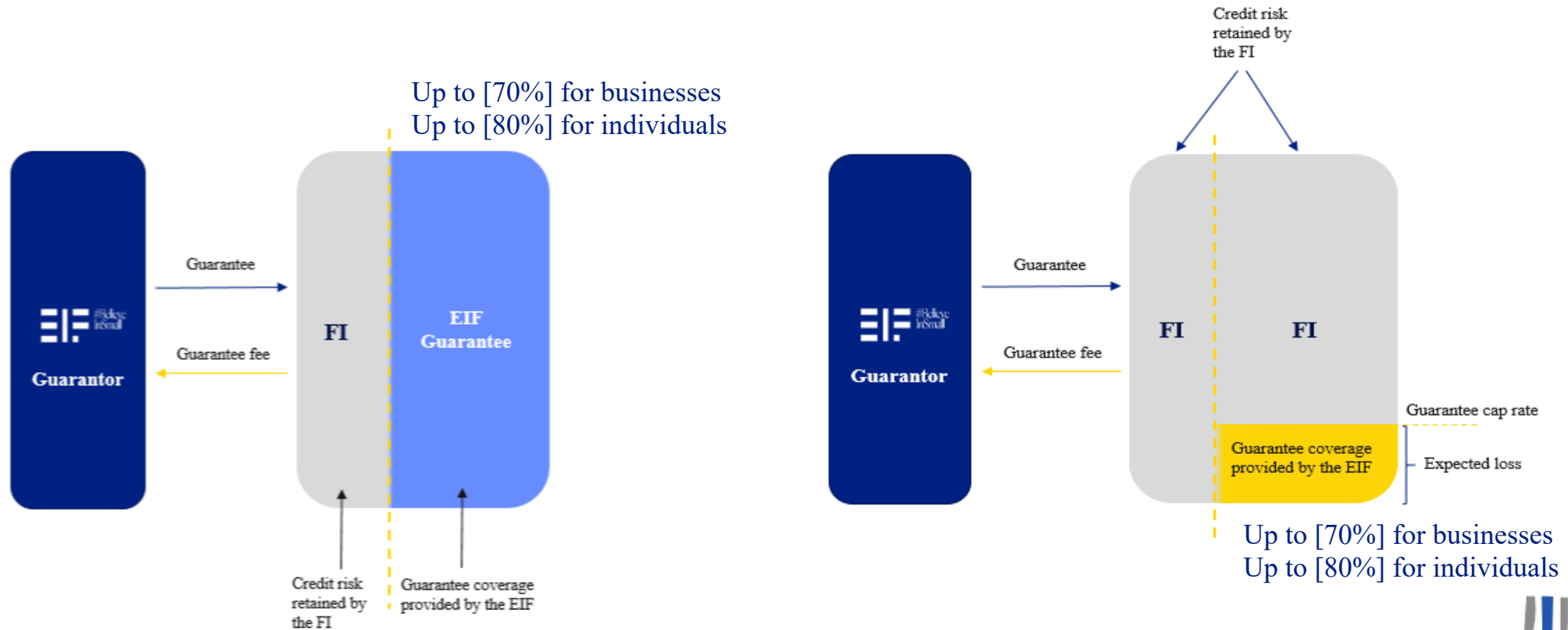


EIF will continue offering Portfolio Guarantees to the Managing Authorities of the CAP Strategic Plans, possibly exploring combination with a grant component (e.g. interest subsidies) and with the goal of combining the resources with additional resources from the EIB Group.

1. Uncapped guarantee

OR

2. Capped guarantee: (capped at the portfolio expected loss)





Thank you!

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