



## EAFRD Guarantee Fund in Portugal: EIF's implementation insights

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 #ficompass







# The European Investment Fund





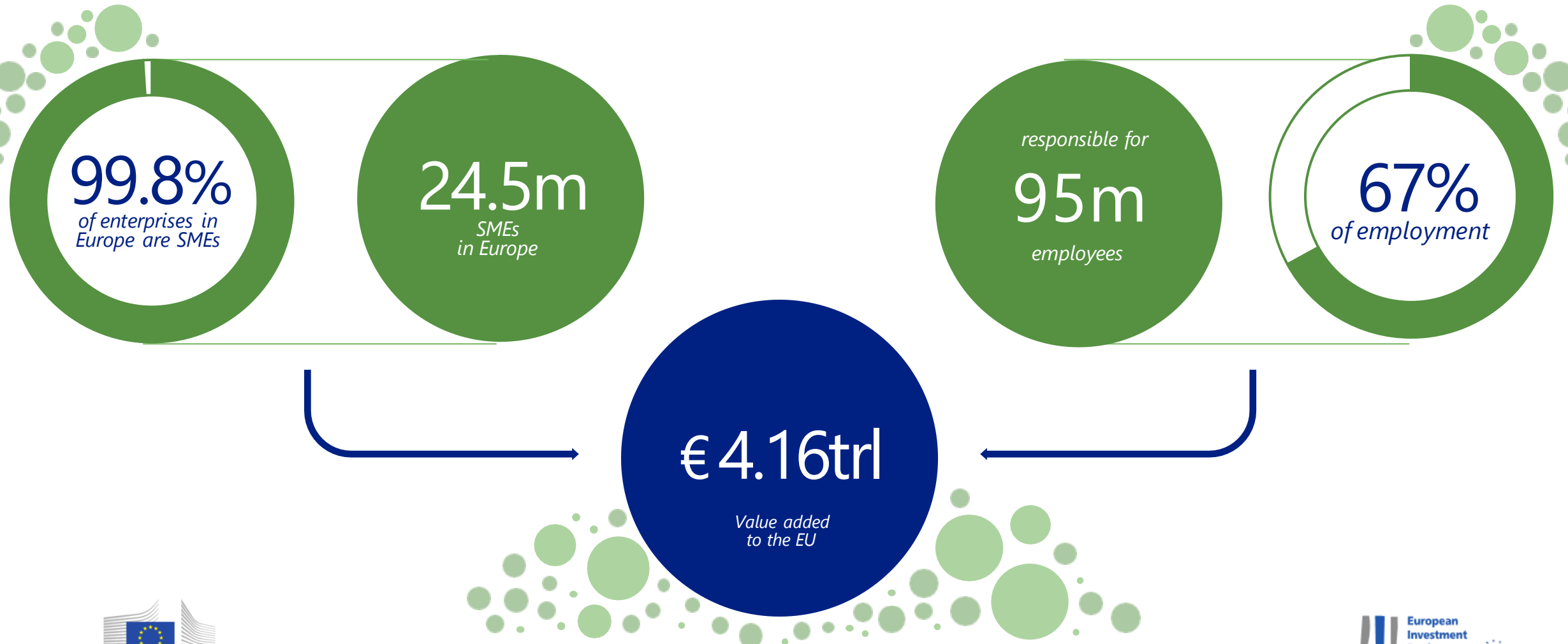


**We are an EU body dedicated to improving access to finance for small businesses.**

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



# Entrepreneurs are the backbone of the European economy





# We 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





# EIF financing in agriculture





# EIF financing in agriculture



Principal amount of financing in the Agri sector \*

Principal amount financed to SMEs

**EUR 16.9bn**

*up EUR 900m  
from last quarter*

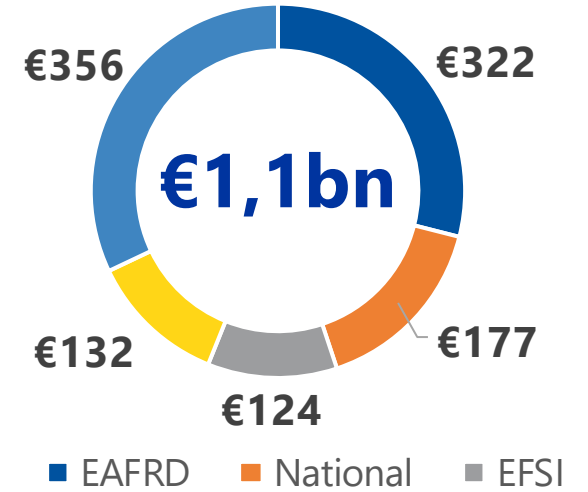
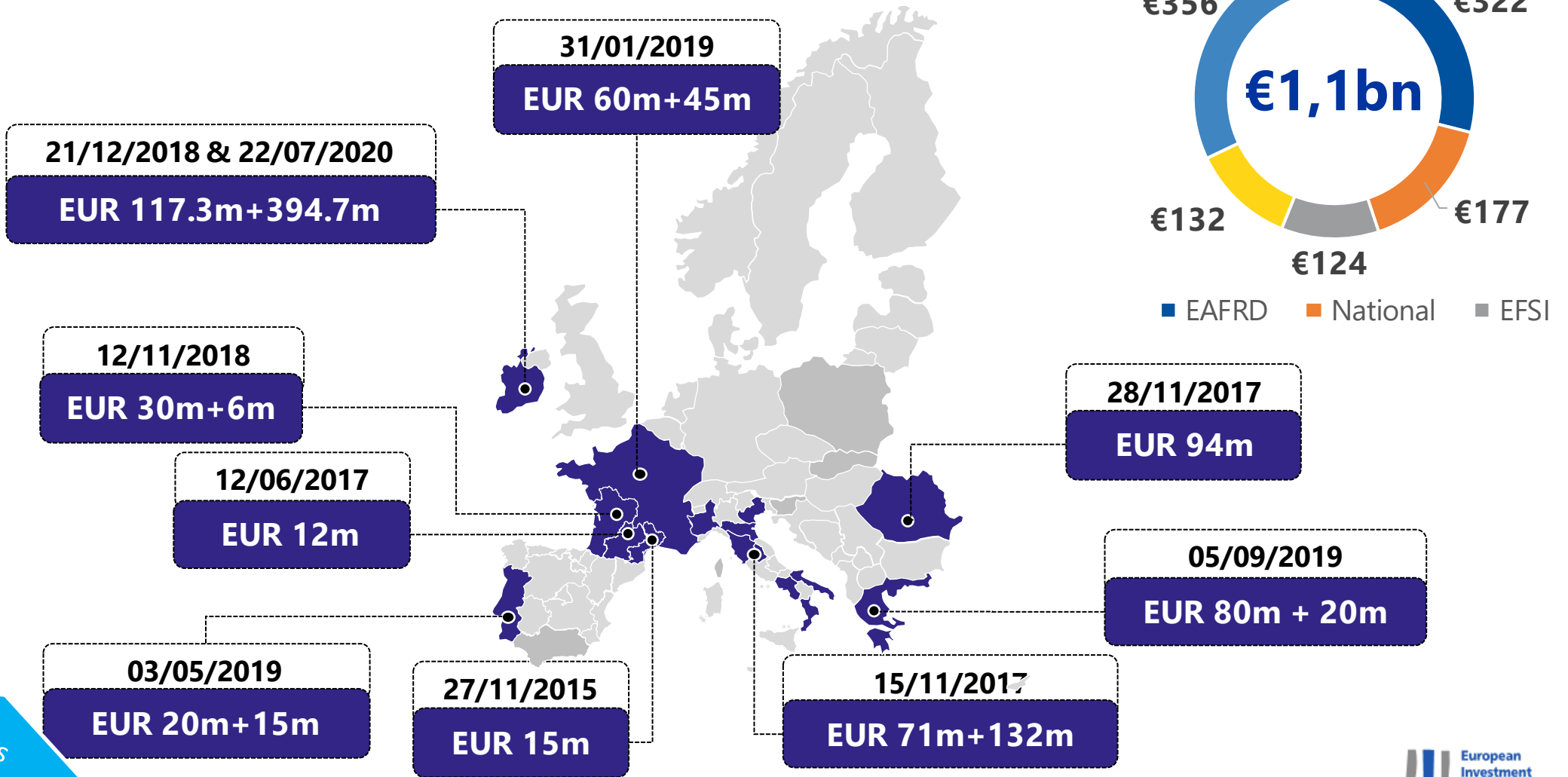


\* as at 30 June 2020, including NACE codes defined according to EIB holistic approach

# EIF and decentralised FIs in agriculture



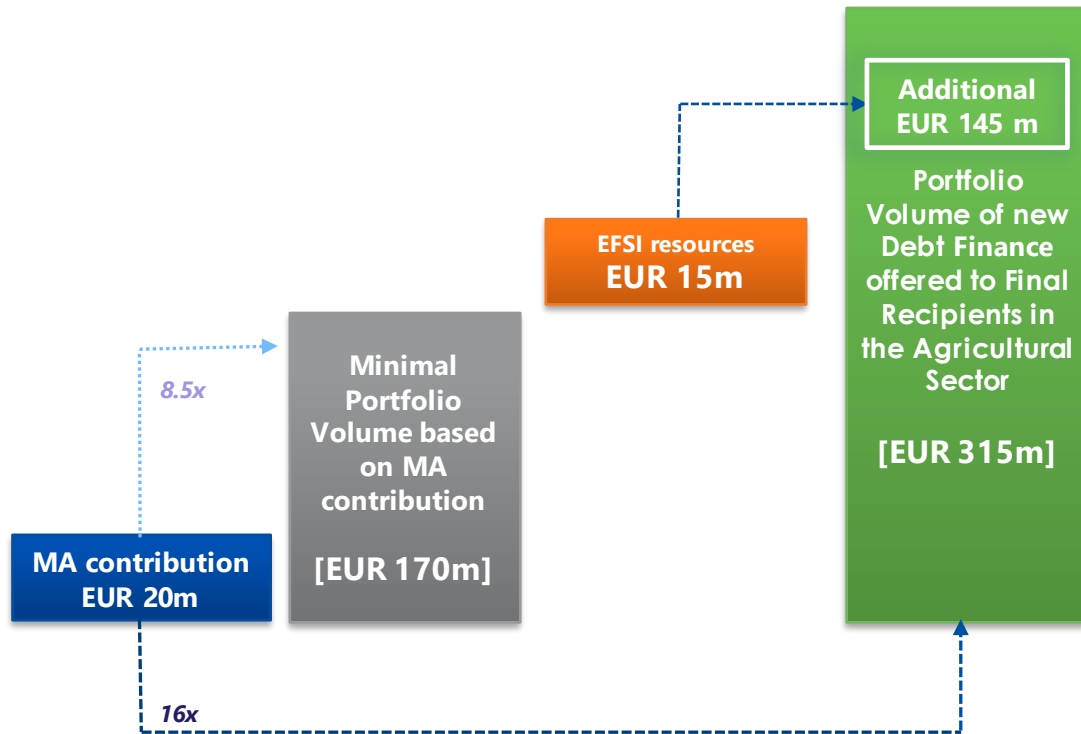
EAFRD/national mandates and pipeline – update Q4 2020



4 FIs contracted



# EAFRD Portugal FoF



## Product characteristics

- Capped guarantee
  - Guarantee rate: 70%
  - Cap rate: 13%-17%
- EFSI Combination Product
  - EFSI component complementary to EAFRD
  - First loss piece taken by MA's RDP allocation
  - EFSI will be used only after the RDP contribution is fully absorbed (additionality)
  - EFSI could increase the market impact by 85%

## Beneficiaries

- Primary agricultural producers
- Young farmers
- SMEs (processing of agricultural products)

## Financial Intermediaries

- BPI (APV = 14.25m)- signed on 03/2020
- Caixa Geral (APV = 14.25m)- signed on 03/2020
- Credito Agricola (APV = EUR 15m) - signed on 03/2020
- Santander (APV = 12m)- signed on 07/2020

# Key implementation insights



## Market assessment

- Financial instruments offering
- Final recipient needs (e.g. vs or with grants)
- Financial Intermediaries

## Cooperation among the stakeholders

- Guidelines on implementation
- Constant interaction
- Monitoring

## Policy goals vs. Demand

- Eligibility rules
- Compliance (e.g. sector reg., aid, combination with grants)
- Market driven access to finance





**Thank you!**

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