EIF managed EAFRD financial instruments and the options for the future

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We help improve the funding environment for small Agri businesses

Factors adversely affecting access to finance			We deliver market driven solutions for lenders and investors in small businesses
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 unique approach

We do not invest or lend directly. We are not a bank.

We use financial instruments to address gaps, foster sustainability, multiply resources and in doing so, improve access to finance.

Our financial Agri-instruments share risk

Complementing existing grant schemes, our solutions share risk with our partners and increase the supply of finance

Grants

€1 *public resources*

Single use finance at a fixed amount

€1 *public resources*

Financial instruments

€1 *public resources*

EIF

Equity risk sharing

Our investments help kick start ecosystems and attract other investors to back funds investing in small businesses

Debt risk sharing

Our loan guarantees provide protection against expected losses, incentivising lending at better terms and to small businesses that would otherwise be too risky

Leverage

€5 *reaches small businesses*

Potential for reflows

*On aggregate based on 2020 transactions. Depending on the instrument and the transaction, the leverage achieved can range from 4x to 40x.

Source: EIF Annual Report 2020

Benefits of our approach

We multiply resources

We design financial instruments that share risk with banks and funds and, as a result multiply resources

Increasing the overall supply of finance for small businesses

We target funding gaps

We help our investors support new segments and target specific gaps at a European, national and local level

Increasing financing options especially where markets don't work well

We nurture ecosystems

We partner with established and new providers of equity and debt financing, often taking a cornerstone position when required

Increasing the number of local partners lending to and investing in small businesses

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Our thematic focus

In our continued commitment to supporting SMEs across Europe and beyond, we are aligned with InvestEU and the Paris Agreement

1 Competitiveness, *growth* and cohesion

Supporting SME growth & expansion as well as internationalisation.

Helping to build the financial ecosystem further.

2 Innovation

Across crucial sectors such as life sciences and health.

Harnessing disruptive technologies and fostering digital transformation.

3 Social *impact, skills* and human capital

Promoting social inclusion, diversity & wellbeing.

Nurturing impact & focussing on skills & education as well as cultural & creative sectors.

4 Sustainability and *green* transformation

Stimulating sustainable industries, products and services as well as energy efficiency and renewable energy endeavours.

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Our solutions multiply resources

We design debt financial instruments that share risk facing the financing needs of EU agriculture sector.

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

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The financing needs of EU agriculture

Great Needs for Financing and Limitations

Growth in Agri financing is needed to facilitate:

- Expansion of farms
- Necessary modernization and innovation
- Adaptation to climate change
- Promote biodiversity

Limits

Main Obstacles limiting access to finance:

- Low and volatile economic margins
- Lack of credit history or financial data, especially on innovative investments or new production practices
- Lack of assets that can be used as collateral and lack of equity capital

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Our Business Plan

Our Strategy

Facilitate access to finance at better conditions for the final beneficiaries of the agricultural sector by sharing the credit risk with Financial Intermediaries and by limiting the level of collateral required as well as the interest rate.

Create a real impact on the market by supporting particular projects relating to the upscaling, the creation of added value, and the transformation of production systems.

Facilitate complementarity with grants.

Expand even further our offer and activity for financial instruments supported by EAFRD.

Our Objectives

Improve competitiveness

To strengthen the position of farmers in the supply chain and boost the competitiveness of the agri-food sector.

Address environmental and climate objectives on supporting investments on biodiversity, water and air quality, less greenhouse gas emissions, alternative ways of energy.

Support:

- ✓ Employment and create new jobs
- ✓ Income diversification for farmers
- ✓ Upgrade assets that no longer meet international best practices
- ✓ Innovation
- ✓ Investments to improve working conditions
- ✓ Educational reception, and
- ✓ Farm tourism

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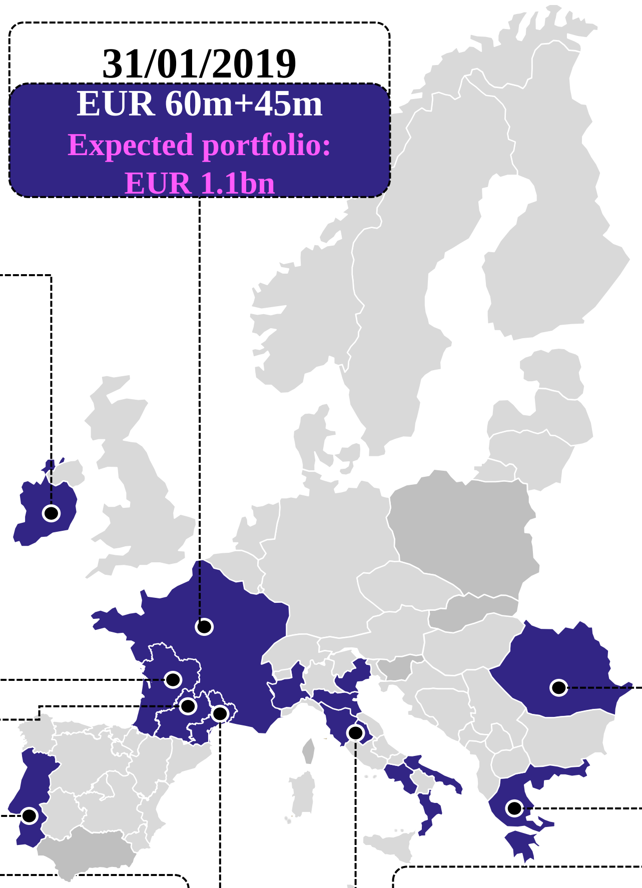
EIF and decentralised FIs in agriculture

EAFRD/national mandates and pipeline – update Q2 2021



31/01/2019
EUR 60m+45m
Expected portfolio: EUR 1.1bn

21/12/2018 & 22/07/2020
EUR 117.3m+394.7m
Expected portfolio: EUR 640m

12/11/2018
EUR 35m+6m
Expected portfolio: EUR 272m

12/06/2017
EUR 19m
Expected portfolio: EUR 99m

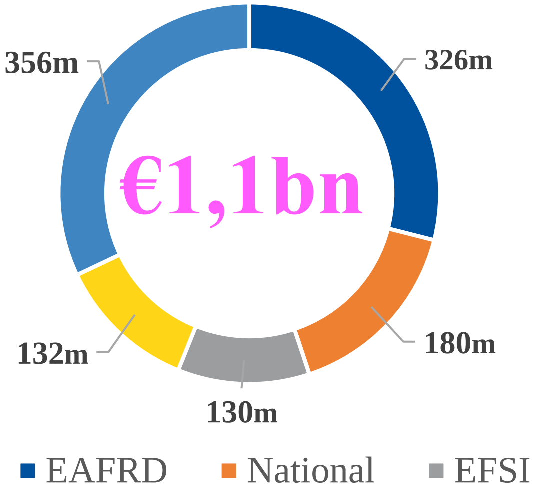
03/05/2019
EUR 20m+15m
Expected portfolio: EUR 370m

27/11/2015
EUR 15m
Expected portfolio: EUR 65.5m

15/11/2017
EUR 71m+132m
Expected portfolio: EUR 283m

05/09/2019
EUR 80m + 20m
Expected portfolio: EUR 480m

28/11/2017
EUR 94m
Expected portfolio: EUR 162m



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EIF financing in agriculture

Principal amount of financing in the Agri sector*

Principal amount financed to SMEs

EUR 21.9bn

up 6.2% from last quarter

COSME-LGF 12.1bn
25% AGRI

InnovFin SMEG 3.9bn
18% AGRI

CIP SMEG 0.8bn
4% AGRI

Other 5.1bn
10% AGRI

280k
SMEs supported

370k
Final Recipient transactions signed

EUR 59k
Average financing

** as at 30 June 2021, including NACE codes defined according to EIB holistic approach*

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Data as of Q2 2021 inclusion

Thank you!

www.fi-compass.eu

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