



**DG AGRI – EIB Pilot Technical Assistance Initiative to support rural infrastructure and smart villages development**

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*Rural infrastructure:  
major challenges*



## Major challenges for rural areas

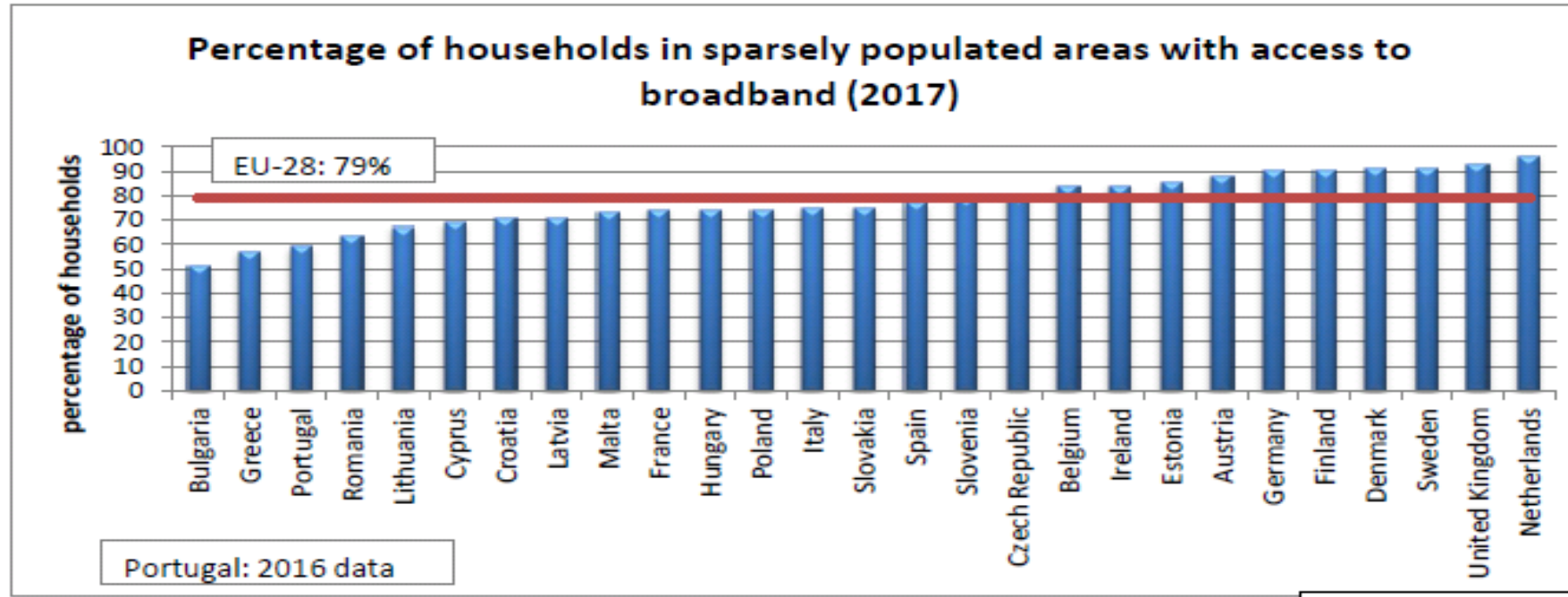
- ❑ Overall decline of infrastructure investments after the financial crisis – current infrastructure investments are equal to 75% of pre-crisis level in 2008
- ❑ The annual infrastructure investment gap for EU27 can be estimated at EUR 155bn

	EUR billion	% of GDP
ICT (broadband and digitalisation)	50	0.38
Energy generation and grids	17	0.13
Water and waste	7	0.05
Social and affordable housing	6	0.05
Education	8	0.06
Health	17	0.13
Mobility	50	0.38
Total	155	1.19



## Major challenges for rural areas

- ❑ For households in the EU as a whole, internet access at home has reached a level of 85% in 2017, slightly lower in sparsely populated areas (79%).





## Major challenges for rural areas

“Circle of decline”:

- Shortage of jobs and sustainable business activity
- Inadequate and declining services

Low or insufficient infrastructure investment:

- Local needs and demands exceed EU budget available for grants
- Small scale projects not attractive for investors

*Current EU support for infrastructure  
investment and rural areas*



## Current EU support

- ❑ CAP: in 2014 – 2020 programming period EAFRD grant support estimated 10% of overall investment volume or EUR 10bn
- ❑ Connecting Europe Facility (CEF) for transport, energy and digital infrastructures of EUR 30.4bn
- ❑ European Fund for Strategic Investments (EFSI)
- ❑ European Structural and Investment Funds (ESI Funds)



***EAFRD financial instruments:  
as a mean/tool to boost infrastructure  
investments***

# Features of EAFRD financial instruments financing rural infrastructure

- ❑ Allow for project pooling/aggregation  
→ critical mass and risk diversification
  
- ❑ Bring public authorities and private project promoters together  
→ increase awareness and build capacity
  
- ❑ Reduce the risk and/or improve “bankability” in combination with grants  
→ attract private investment
  
- ❑ Revolving nature  
→ potential reuse of resources for several times

# Potential areas for EAFRD financial instruments for infrastructure general

- ❑ Focus of the initiative is on infrastructure falling in the scope of Measure 7 of the rural development policy.
- ❑ EAFRD offers a wide scope of investment possibilities (economic, social, health-care, educational, etc.).
- ❑ FIs are most suitable to support projects that generate a revenue or cost savings.
- ❑ FIs can support the combination of profitable with non-profitable elements.

# Potential areas for EAFRD financial instruments for infrastructure in detail

- Broadband and ICT remain crucial;
- Smart investments in transport and electricity/lightning;
- Efficient and eco-friendly waste collection and treatment;
- Cost-saving public water irrigation systems/infrastructure, purification and supply;
- Energy efficiency (primarily in public buildings, storage facilities, etc.);
- Renewable energy production (primarily biomass, wind and solar) and distribution (district networks, underground electrical conduits, etc.);
- Smart investments in basic services and related infrastructure (e.g. cultural and leisure centres, medical points, etc.);
- Rural tourism infrastructure;
- Short supply chain, including new market outlets to the bio-economy; and
- Forestry infrastructure.

***DG AGRI – EIB***  
***Pilot Joint Technical Assistance***  
***Initiative***

Let's start from the beginning

## STATE OF PLAY FOR FINANCING RURAL INFRASTRUCTURES

### ➤ Current period

- ❑ Use existing FIs for infrastructure schemes



### ➤ Post-2020

- ❑ Consider FIs in the preparation of 2021-2027 CAP Strategic Plans and ex-ante evaluation

# BACKGROUND OF THE DG AGRI – EIB PILOT TECHNICAL ASSISTANCE INITIATIVE

## ➤ Workshops

- ❑ In June 2018 and February 2019 workshops on financing rural infrastructures and smart villages development have taken place to discuss existing support, develop new ideas and discuss potential financing structures.

## ➤ Study

- ❑ The study “Financing rural, agricultural and forestry infrastructure” has been undertaken to analyse the status quo and the potential for financial instruments.

# BACKGROUND OF THE DG AGRI – EIB PILOT TECHNICAL ASSISTANCE INITIATIVE

## ➤ Existing financial instruments

- ❑ Financial instruments for financing infrastructure exist under different ESIF or centrally managed policies: Cohesion policy, European Fund for Strategic Investments, Connecting Europe Facility, etc.

## ➤ SMART villages initiative

- ❑ Modern, efficient, environmentally-friendly and financially viable rural infrastructures are key factors contributing to the SMART villages initiative.



# BACKGROUND OF THE DG AGRI – EIB PILOT TECHNICAL ASSISTANCE INITIATIVE

## ➤ Successful examples

- ❑ Broadband and Information and Communication Technology is already financed through financial instruments under the Connecting Europe Facility (to be presented later).
- ❑ Small municipal infrastructure projects are financed through JESSICA (to be presented later).

# OBJECTIVE OF THE DG AGRI – EIB PILOT TECHNICAL ASSISTANCE INITIATIVE

## ➤ **Managing Authorities**

- ❑ Assess the needs for financing rural infrastructures through financial instruments.
- ❑ Familiarise with the use of financial instruments to support rural infrastructures.
- ❑ Raise awareness of the possible role of financial instruments to supplement EAFRD grants or to complement with EIB financing.
- ❑ Encourage and provide support in the implementation of financial instruments, including preparation of documentation.



# OBJECTIVE OF THE DG AGRI – EIB PILOT TECHNICAL ASSISTANCE INITIATIVE

## ➤ Stakeholders

- ❑ Enable Managing Authorities to involve national or local stakeholders to contribute to the discussion.
- ❑ Raise awareness on new ways to finance rural infrastructures through financial instruments.

# DELIVERABLES OF THE DG AGRI – EIB PILOT TECHNICAL ASSISTANCE INITIATIVE

- ❑ DG AGRI and EIB (*fi-compass*) provide **advisory support** with focus on the use of financial instruments to support infrastructure projects.
- ❑ **Advice on ex-ante assessment** and content (but no ex-ante assessment to be carried out by EIB under the Initiative, unless paid by the MA TA budget).
- ❑ Creation of roadmaps, concrete planning and recommendations for structuring the financial instrument.
- ❑ Discussions on successful business cases and their important elements.
- ❑ Preparatory work by the MA, including work on documentation, tender specification, funding agreements, etc.
- ❑ Potential check for synergies with EIB financing in the same area and country / region.

# DELIVERABLES OF THE DG AGRI – EIB PILOT TECHNICAL ASSISTANCE INITIATIVE

□ *fi-compass* EAFRD study



**Financing rural, agricultural  
and forestry infrastructure**

# STEPS TO JOIN THE DG AGRI – EIB PILOT TECHNICAL ASSISTANCE INITIATIVE

- E-mail to DG AGRI F3 or official letter
- E-mail *fi-compass* <https://www.fi-compass.eu/info/contact>

# INFORMATION SUPPORT TO THE DG AGRI – EIB PILOT TECHNICAL ASSISTANCE INITIATIVE

## ➤ *fi-compass*

Use of *fi-compass* EAFRD analytical material, studies and survey results:

Good practices on market assessment:

<https://www.fi-compass.eu/resources/ex-ante-assessment-summary>

... and soon much more for the post-2020 period on the *fi-compass* website:

<https://www.fi-compass.eu/esif/eafrd>



