



Opening presentations

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Fi-Compass Conference:
A new generation of financial instruments
supporting the agricultural and agri-food sector in Italy

Organised by the Directorate-General for Agriculture and Rural
Development (DG AGRI) and the European Investment Bank (EIB)

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Good morning, everyone!

I'm delighted to be here with you today, representing the European Investment Bank Group.

The EIB in Italy

- In 2023, Italy was the first recipient of EIB Group investments, signing 89 transactions for a total of €12.22 billion in Italy.
- We've continued our efforts to support the economy by directing investments towards small and medium-sized enterprises (SMEs) and to research, development, innovation and combatting climate change.
- Nearly a quarter of the Group's investments in Italy, totalling nearly €3 billion, went to the investment needs of SMEs.

The EIB and agriculture

- As our president, Nadia Calviño, recently reiterated, agriculture and the bioeconomy are mainstays among the EIB Group's eight key priorities for the coming years. They are a key component of our ambitions as the European Climate Bank, contributing both to the sustainability of food supply and to food security and social and territorial cohesion, while also having significant repercussions on employment and economic growth in rural areas.

- EIB lending in the sector amounts to roughly €5 billion per year, of which 20% on average is outside the EU.
- About 70% of the total is directed to SMEs through intermediated products, and the rest is provided through direct loans to public and private-sector promoters, investments in infrastructure, and funds dedicated to environmental sustainability.
- In terms of EIB financing, the component dedicated to climate action and environmental sustainability (CA&ES) has steadily increased over the last five years, reaching more than 60% of direct loans in 2023.
- As for the EIB Group, the EIF provides guarantee products, including under mandates using the European Agricultural Fund for Rural Development (EAFRD), with instruments mobilising roughly €3.5 billion for the sector.

Access to finance

- Investment needs in the sector are also great. A recent survey, conducted as part of fi-compass and involving around 9,000 farmers and SMEs in the agri-food sector in Europe, has shown that investment needs and, therefore, financing needs are growing. Access to finance remains a challenge across the European Union, in certain countries more than others, and especially among smallholder and young farmers.
- The same survey also has pointed to the challenges of climate mitigation and adaptation that farmers are faced with. This is done by way of plans that call for increased climate-related investment in the coming years, particularly in the areas of energy efficiency and renewable energy.
- A parallel survey recently conducted by the EIB on a select group of banks active in the sector has also confirmed these results, underscoring how agriculture could benefit from greater financing with the support of loan guarantees or a longer-term financing.
- The sheer scale of investment needed means we need to be more efficient in how we make use of the scarce public funding available. We need to make greater use of private-sector investment... and this is where financial instruments have a role to play.

The role of EIB Advisory

- Working with our colleagues at DG AGRI, through the fi-compass technical assistance programme, we are working together to try to promote greater use of financial instruments, seeking to combine them with financing from the EIB Group, commercial banks, and other investors.
- For our part, thanks in part to the fi-compass survey I mentioned earlier and to the awareness-raising efforts of last year, we have issued a greater number of loans than in previous years through our *partner banks*. At today's event, for example, colleagues will be presenting a recent deal concluded in Italy with Cassa di Risparmio di Asti.
- You will also see examples of transactions that the EIB has carried out in a number of regions: the *EU Blending Programmes*. These are lines of financing for regional SMEs, provided through partner banks active in the territory, to which we have combined an interest rate subsidy using ERDF or other regional resources. Given the positive impact of these programmes, we are exploring the possibility of structuring similar ones by combining EAFRD resources.
- So there's some good news, but it's clearly not enough. More can be done with financial instruments, and we hope that what you learn today will convince more of you – as Managing Authorities – to support this commitment.
- We hope that you will be able to take full advantage of the flexibility provided by the new EAFRD regulation to support greater use of financial instruments, which include the ability to finance working capital and the purchase of land by young farmers, as well as the combination of financial instruments with grants.
- Our colleagues at the Advisory unit, together with DG AGRI, are ready to support all Managing Authorities who would like to take advantage of these new opportunities. Through fi-compass, we can offer personalised support to Managing Authorities interested in exploring the feasibility of such instruments and funding combinations, based on the results of our detailed studies and practical knowledge of the instruments themselves.
- We invite you to contact us, by reaching out to one of the colleagues from EIB Advisory Services or DG AGRI who are present here today.

Conclusions

- Let me now close by wishing you all, dear participants, a productive day of knowledge sharing and learning about financial instruments.