

## **2<sup>nd</sup> EU fi-compass conference: EAFRD financial instruments for agriculture and rural development in 2014-2020**

Brussels – 25 November 2016

Opening statements panel – Pier Luigi Gilibert (EIF)

Commissioner Hogan, Vice-President Katainen, EIB Vice-President Van Ballekom, Distinguished Ministers, Ladies and Gentlemen,

Thank you for the honour of addressing you on behalf of the European Investment Fund at this timely and important event organised by the fi-compass colleagues.

First of all, let me say that at EIF, we are fully aligned and supportive of the objectives and directions formulated by the EC and the EIB in respect of the EU's agricultural policy – including the use of financial instruments.

As part of the EIB Group, EIF has established itself as Europe's primary risk finance provider for SMEs and we have developed an unmatched level of expertise in this field.

Over the last decade, EIF has been managing over EUR 7.7 billion of assets in close partnership with EU Member States and this role continues to grow.

Through this experience, we firmly believe that financial instruments can be an important tool for boosting innovation, competitiveness and job creation in this strategic sector.

I feel strongly about this. And therefore, I am very pleased to be here today and outline EIF's interest, capability and added value to a rapid achievement of those policy objectives.

Since our establishment in 1994, we have provided access to affordable finance for more than 1.8 million SMEs. We have done this by designing effective, market-responsive financial instruments that include guarantees and equity products.

Or a combination of both as in the case of the JEREMIE 2007-2013 programme where resources are now fully committed and emerging success stories have delivered tangible evidence of the impact at SMEs level.

We have also launched the SME Initiative jointly with the EIB and the EC. This programme combines ESIF, EU budget under Horizon 2020 and/or COSME, as well as the EIB Group's own funds.

The quick market uptake of these initiatives makes us feel confident that:

- In a time in which public money is scarce, EIF has been able to effectively blend different sources of funding – including structural funds.
- And, in addition to mobilising our own resources, we have managed to live up to our goal of crowding-in additional capital from the private sector. The benefits are passed on and felt directly at the level of SMEs. This passing of benefits is crucial and we ensure it is contractually binding and effectively monitored to make sure it happens.

Further to this, I am fond of the fact that EIF has already cooperated closely with many national and regional Managing Authorities across Europe, some of whom are here with us today.

Built upon this experience and our partnership approach, I trust we are in a good place to reinforce and broaden our future cooperation with existing and new counterparts.

But there is an important question that we always ask ourselves. How could we maximise our impact even further?

EIF's Mandate Management team considered this thoroughly when devising a new proposal for the way forward using EAFRD funding.

EFSI – as we have heard from the previous speakers – has been the keyword of the year, and this is also very true for EIF.

The launch of the Investment Plan for Europe in July 2015 was a unique opportunity for us to further capitalise on our experience and expertise.

Under the EFSI SME Window, we have been able to substantially scale up our help to SMEs across Europe so that they can invest, innovate, grow and create jobs.

I am proud of our outstanding performance to date, which was also acknowledged by the EC.

EFSI's extension proposal from mid-September 2016 stated that the Investment Plan for Europe is firmly on track to deliver its objectives, and the market absorption has been particularly quick under the SME Window where results are well beyond expectations.

Indeed, by end-October 2016 EIF has approved transactions with financial intermediaries that are foreseen to mobilise EUR 66.3bn (80% of the current target). Over 375,000 companies are estimated to be able to benefit from access to finance under these transactions.

These good results triggered an initial EUR 500m increase of the SME Window already in July 2016.

Furthermore, EC President Juncker's State of the Union speech suggested that a lot more financing – about 40% of the increased EFSI risk bearing capacity – should be geared towards access to finance for SMEs in future.

I trust you will all agree that major opportunities lie ahead, and therefore it is important that we make the right choices.

For EIF, bringing our cooperation with national and regional Managing Authorities responsible for EAFRD to the next level, and supporting the achievement of strategic EU policy objectives also in the agricultural sector is now among the key priorities.

We are on home ground, as I partly mentioned before.

EIF has already built up a significant portfolio in this important sector, catalysing over EUR 3.4bn of financing and bringing benefit to more than 53,000 enterprises.

Our support to SMEs in the agriculture sector spans across different instruments, including for example the COSME loan guarantee facility, a flagship mandate by the EC.

Under COSME, EIF signed 3 guarantee transactions totalling EUR 23m in the past two years. This is expected to attract significant additional public and private resources, and to provide a total financing of EUR 580m to an estimated 6,000 final recipients in the agricultural sector in Denmark, Germany and Hungary.

Furthermore, the Managing Authority of Languedoc Roussillon has decided to entrust part of its EAFRD resources as well as additional own budget to EIF with a view to developing a new financial instrument dedicated to boosting investments in its agricultural sector.

This first EAFRD pilot project is now well on track, with EIF overseeing the implementation of a EUR 15m first loss portfolio guarantee in the region that has been warmly received by the market place.

Further implementation is already foreseen in the neighbouring Midi Pyrenees of France, negotiations are proceeding in Romania and in Italy; and there are ongoing initial discussions also in Finland, Poland and in the Netherlands.

Based on these experiences, we are now confident about the next steps.

In this respect, today's announcement of the EAFRD/EFSI platform is the outcome of efforts to devise a concept that would combine the usefulness of EIF financial instruments with the considerable fire power of the Investment Plan for Europe (EFSI).

It will allow us to do more with less: to gear a lot more financial supports towards SMEs in the agriculture sector with less ESIF resources than it would have been possible otherwise.

Following an exemplary partnership on the policy side among DG AGRI, the EIB and EIF in the development process, we are now pleased to deliver and open up this new platform to interested Managing Authorities.

They will benefit from voluntarily joining the platform in the following key ways:

- A feasibility study will be provided free of charge by EIB Advisory Services (the fi-compass team), allowing Managing Authorities to kick-start the use of financial instruments;
- An investment strategy will be devised by EIF experts so that financial instruments are tailor-made to the local market needs;
- These financial instruments will be designed to incorporate, wherever possible, an EFSI financing from EIB that provides additional leverage. This is a central new feature that we are able to offer as part of EIF's expertise in structuring and implementing the mandate.

Each contributing MA will therefore receive the 'full service' and support of the EIB Group to formulate and deliver financial instruments within their respective geography.

Additionally, if a Managing Authority has already begun the process of implementation (for example having already completed their Ex Ante Analysis) – it will still be fully possible to participate in the platform and we would welcome that.

Hubert Cottogni, Head of EIF's Mandate Management team will walk you through all the additional details and therefore I recommend listening to his presentation after the coffee break [between noon and 1 p.m. today].

Ladies and gentlemen,

To sum up, I trust that the new EAFRD/EFSA platform is yet another good example of EIF's ability to keep the ear close to the ground and devise meaningful funding instruments that effectively tackle policy objectives as well as market needs.

The platform's launch today underlines our commitment to continue forging partnership with key stakeholders on both the policy and the implementation side, so that we can jointly build a modern, resilient and dynamic agriculture sector.

At EIF, we understand the imperative of achieving this as part of our broader mission to enhance economic growth and create more jobs in Europe. And we are ready to play this role.

Thank you for your attention.