

Webinar:

The EIB Group's support for agriculture and the bioeconomy:



Developing financial products – Young Farmers – Covid19

Ferran Minguella

Head of Unit and Principal Advisor, Lending Department
European Investment Bank



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Agenda

1. Intermediated activity:
 - ✓ Programme Loan lending: Financing SMEs and Young Farmers
 - ✓ Guarantees
2. Direct lending Programme Loan:
 - ✓ Financing Mid-Caps, large corporates and cooperatives
3. Covid-19
4. Climate Action
5. Conclusion

1. Intermediated Programme Loan: Young Farmers Initiative

Description

- Launch in 2019, the Programme Loan (PL) supporting agriculture-related SMEs and Mid-caps. The Programme includes a Young Farmer (YF) window of at least 10% of the loan amount. The PL was for € 700 million; when combined with the French operations it amounts to € 1bn.

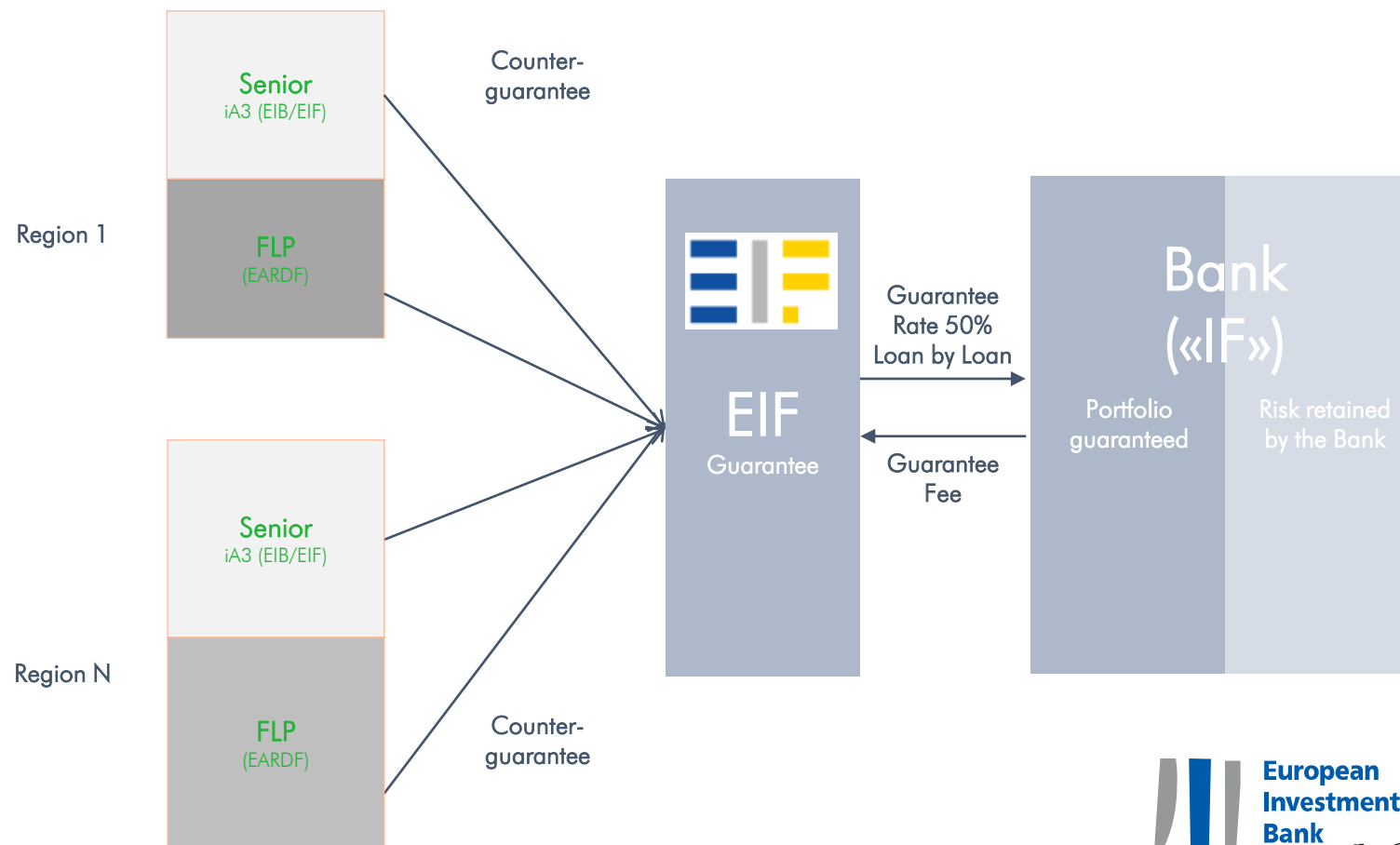
Implementation

- As of 2Q2020, 96% of the financing has been signed with intermediary banks in Italy (€350 million for four operations), France (€375 million for three operations) and Greece (€210 million for four operations).
- One operation in Croatia of €20 million will be signed during 2020, the criteria have been amended following the Covid19 outbreak.
- All loans signed fill an important financing gap as they have a window of 10 to 30% dedicated to young farmers. As of today the total amount dedicated to young farmers amounts to some EUR 150 million with the obligation for the banks to fund the same amount with their own funds.
- Overall mobilized investments amount to €2.7bn of which at least €300 million will be dedicated to young farmers.

1. Guarantees: Business case Italy

Description

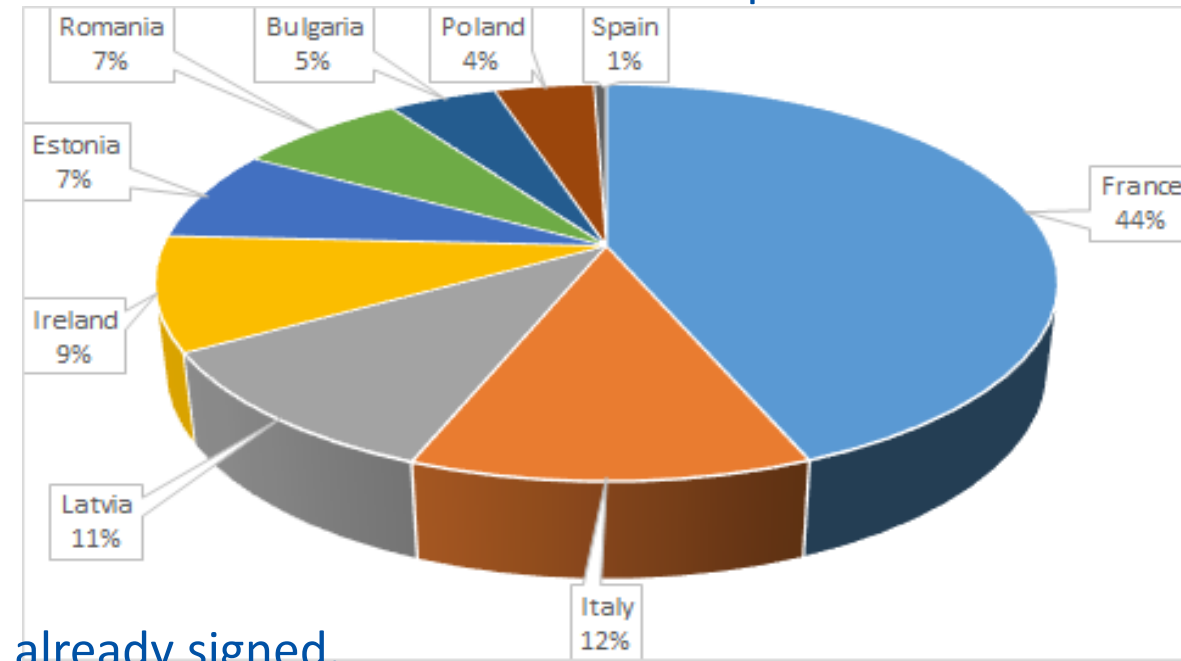
- Italian Agri Guarantee Platform: Each Transaction covered at the Guarantee Rate 50%. EIF issues the uncapped guarantee to the selected Financial Institutions. The EIF guarantee is counter-guaranteed by structural funds (FLP) and EIB/EIF



2. Direct Programme Loan

Description

- Launched in 2018 the Programme Loan for €400 million and was allocated under the European Fund of Strategic Investments (EFSI).
 - (i) Enables focus on the sector
 - (ii) Targets any size corporates and small cooperatives
 - (iii) Investment cost between €15m- 200m



Implementation

- Amount allocated €398m and 11 projects appraised, 9 already signed.
- Loans range €14-50 million.
- Second Programme Loan amounting to €700 million approved 4Q2019 by the EIB.
 - ✓ Already 4 projects approved for €195 million of which signed €50 million. Pipeline under appraisal €375 million.

3. Covid19 measures

For direct lending

- Investments costs financed by the EIB loans have been amended to include investments need generated by the Covid19 outbreak, including working capital needs.
- Possibility to top-up the EIB loan to strengthen the counterparts liquidity needs.

For intermediated lending

- Longer disbursement and allocation periods.
- 100% financing of working capital or liquidity needs of less than one year including revolving, overdraft credit lines.

4. EIB's new ambition for the critical decade

THE EUROPEAN INVESTMENT BANK IS EUROPE'S CLIMATE BANK

€1 trillion for climate action and the environment unlocked by 2030

50% of total financing to climate action and the environment by 2025 (current level: 30%)

2020 Fully aligned with the Paris agreement by the end of the year



4. Climate Bank Roadmap - Bioeconomy

*Support to nature-based solutions in the bioeconomy and LULUCF sectors
Biodiversity protection*



*Sustainable forestry and land management / Reforestation
Regenerative agriculture
No burning biomass for energy*

*Food Security
Local regional food
Small farm support*



*No increase industrial agriculture
No industrial animal rearing
Plant-based diets*

*Support to innovation and substitution research
Smart-*



Bioeconomy alternatives, e.g. carbon-free ammonia production, biofuels, green hydrogen as feedstock

5. Conclusion

- The EIB supports the EC policies through financial products (lending and blending) other than the traditional grant funding.
- EIB supports sustainable and resource-efficient projects, including projects promoted by Young Farmers and investments needs generated by the Covid19 outbreak
- Cooperative, SME, Mid-cap and Large Corporate can benefit from EIB funding – guarantees
- EIB products can be adapted to short term changes though the implementation of Covid19 measures and in a longer run on Climate Action.
- EIB facilitates the crowding-in of other financial institutions funding in the projects