

**Smart Specialisation Platform on
Agri-Food**

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EIB Overview





EIB at a Glance

The EU bank:

- Established in 1958
- Shareholders are the 28 EU Member States
- Around 90% of lending within the EU

World's largest International Financial Institution:

- Largest multilateral lender
- Largest multilateral capital markets borrower
- Primarily focused on EU but with large operations outside



Solid credit fundamentals:

- AAA-rated by the three major rating agencies
- Favourable borrowing conditions passed on to clients

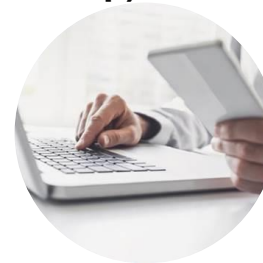
Key lending priorities (2017 levels of investments – EIB Group):



 **ENVIRONMENT**
EUR 16.7bn



 **INFRASTRUCTURE**
EUR 18.0bn



 **INNOVATION**
EUR 13.8bn



 **SMEs**
EUR 29.6bn



Financial Instruments and ESIF/EFSI Combination





ESIF Financial Instruments



- co-funded by the European Structural Investment Funds (ESIF)
- a sustainable and efficient way to invest in growth and development
- can support a broad range of development objectives for the benefit of a wide range of final recipients (FRs)



Revolving effect

Additional flows of money - generated through repayments that can be reused for further investments

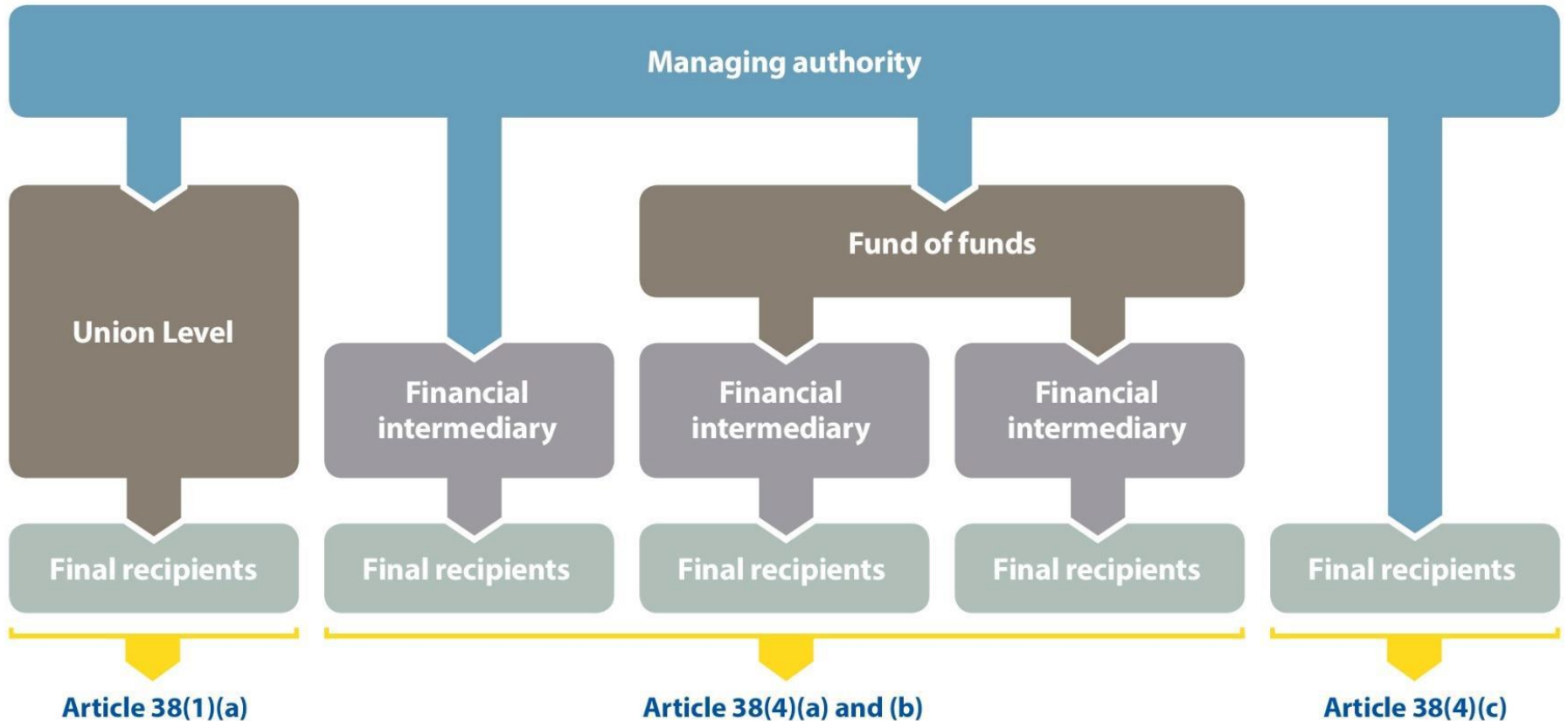


Leverage effect

Capacity to attract additional public and private resources. It is “the sum of ESIF funding and additional public and private resources raised divided by the nominal amount of the ESI Funds contribution”

State aid: FIs must be implemented in accordance with State aid rules

Implementation options



Common Provisions Regulation (CPR) (1303/2013)



❖ **Loans**

- ❖ Agreement which obliges the lender to make available to the borrower an agreed sum of money for an agreed period of time and under which the borrower is obliged to repay that amount with interest within the agreed time

❖ **Guarantees**

- ❖ Written commitment to assume responsibility for all or part of a third party's debt or obligation if an event occurs which triggers such guarantee, such as a loan default

❖ **Equity**

- ❖ Provision of capital to a firm, invested directly or indirectly in return for partial ownership of that firm. Equity investor may assume some management control of the firm and may share the firm's profits

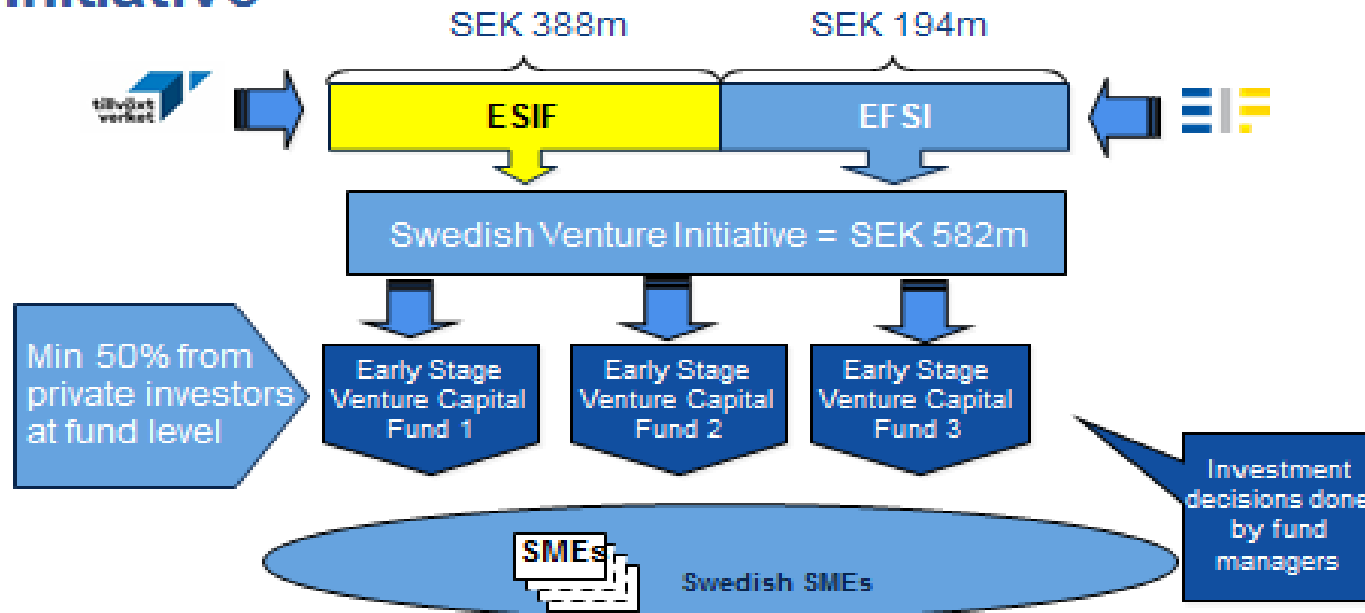


Under the CPR there are three options:

- Funds where ESIF and EFSI are combined at FoF/financial intermediary level on a **pari passu** basis
- Funded **layered funds** where ESIF and EFSI are combined at FoF/financial intermediary level with each bearing a different risk and return profile (which may include ESIF providing a first loss or equity piece, and which may be subordinated to a separate EFSI tranche of funding)
- A combination of support at **final recipient** level



Swedish Venture Initiative

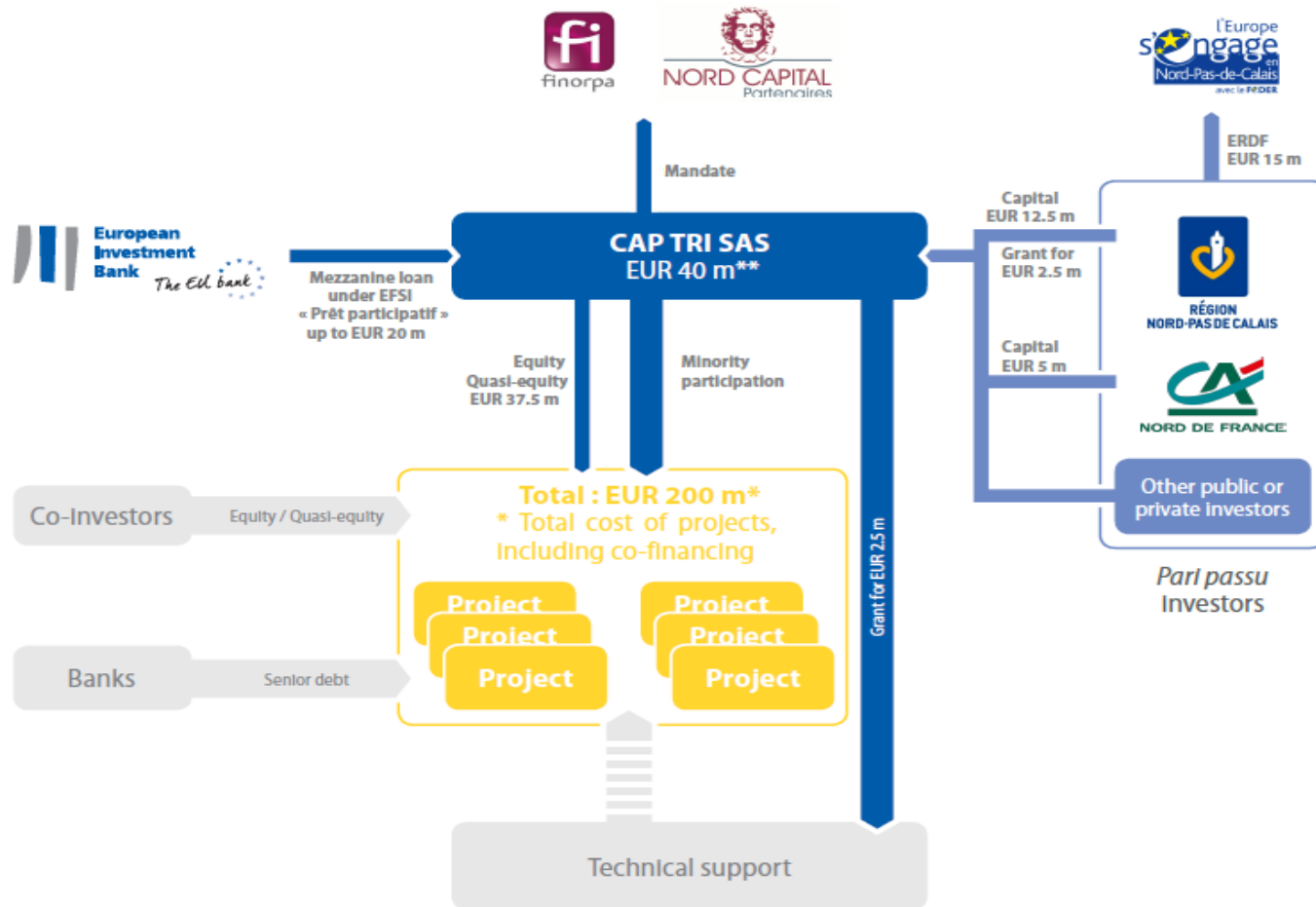


At least SEK 1 billion expected to be invested in Swedish SMEs

ESIF/EFSI Layered Fund combination



CAP TRI Fund – Haut de France

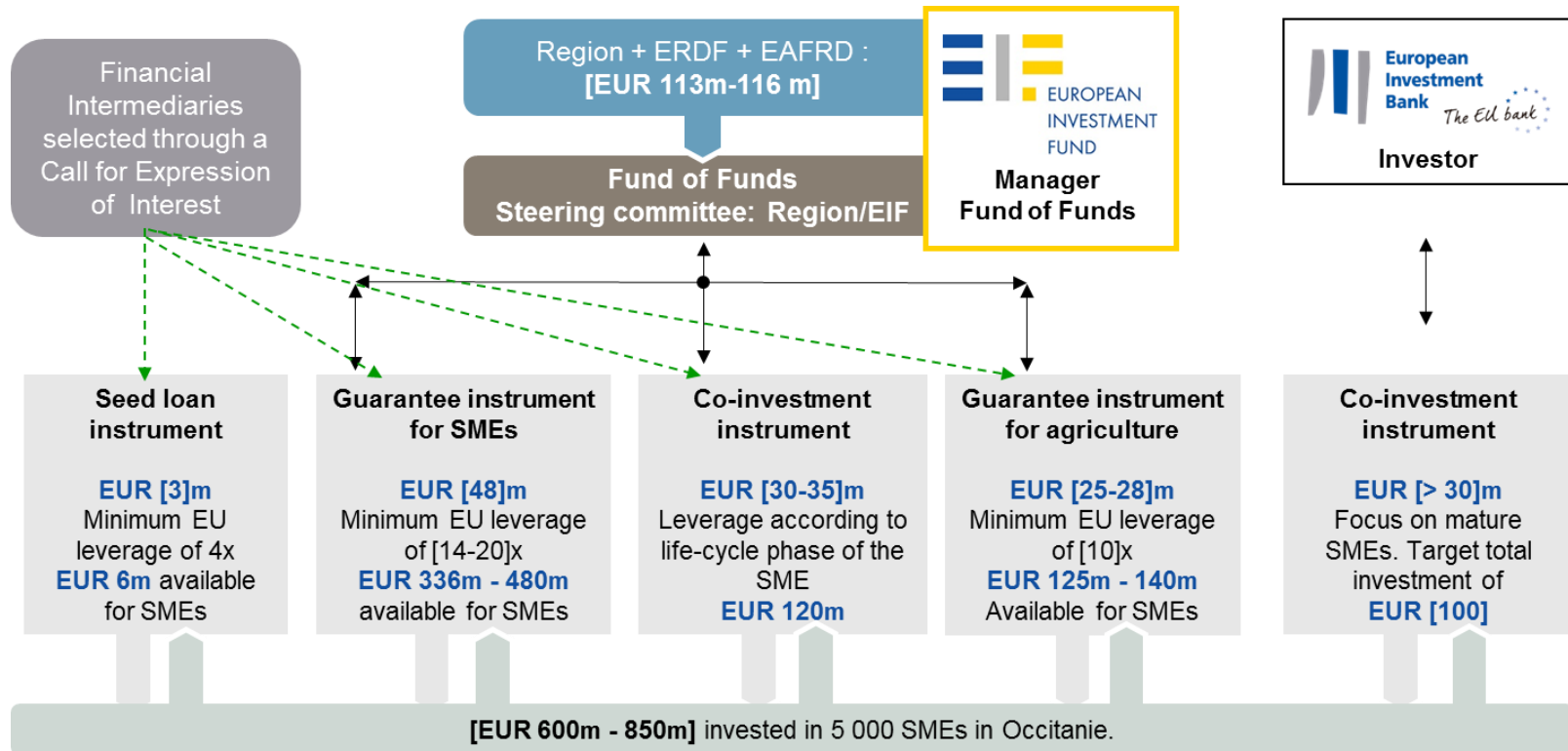




ESIF/EFSI combination at Final Recipient level



Occitanie SME Fund





Regulation proposed by the Commission (COM-2016-603) which will offer new opportunities for ESIF/EFSI combination including:

- a new third implementation option under Art 38.1 (c) - *“financial instruments combining such a contribution with EIB financial products under EFSI in accordance with Article 39a.”*
- A new dedicated Article (Art 39a) is also introduced – *‘Managing authorities may use ESI Funds to provide a contribution to financial instruments referred to in point (c) of Article 38(1) to attract additional private sector investment and if it contributes, inter alia, to ESI Funds objectives and to the Union strategy for smart, sustainable and inclusive growth’*
- A new Article 43a which allows for *“differentiation of support from ESIF from other funding sources based on the different sharing of the risks (losses) and returns (gains, profit) generated by ESIF”*



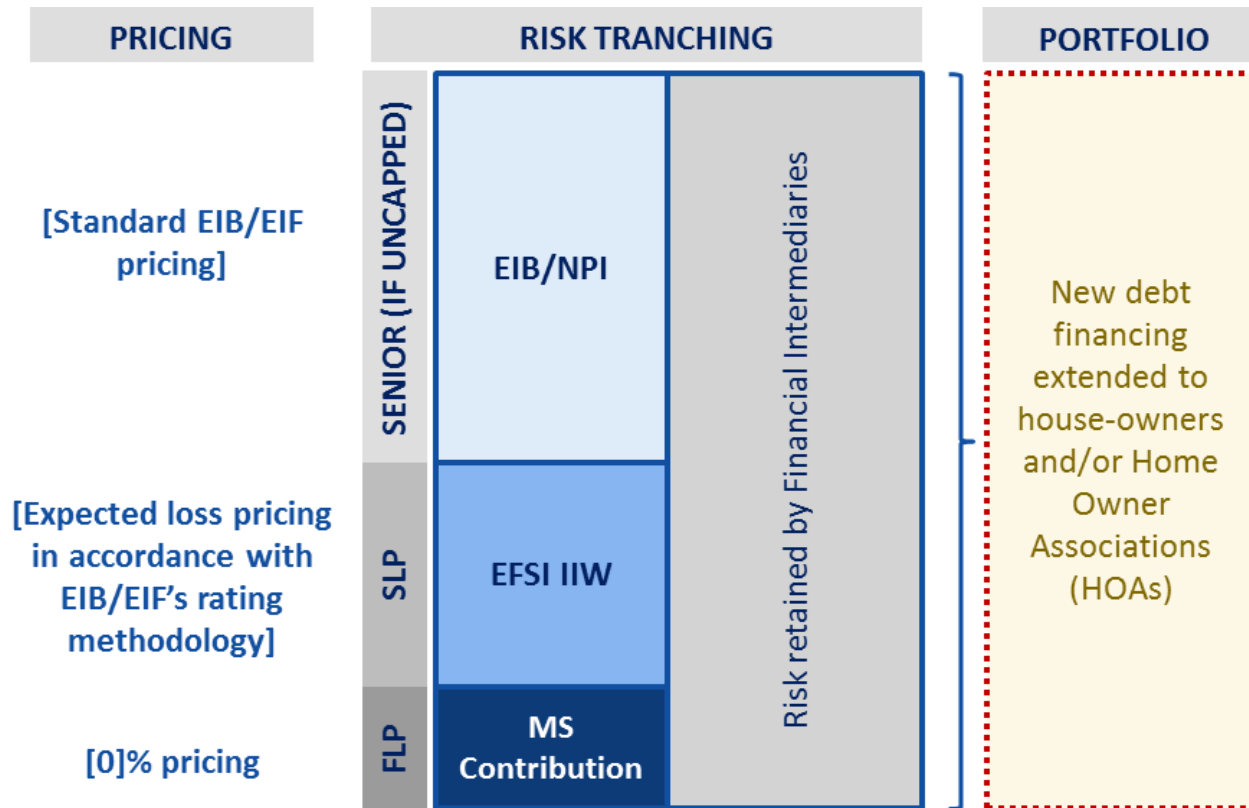
Smart Finance for Smart Buildings (SFSB)



- Joint European Commission/EIB initiative
- Targets domestic premises
- A Guarantee Facility to provide an enhanced access to commercial financing for Energy Efficiency Investments
- Benefits from:
 - ❖ Implementation under Art 38(1)(c)
 - ❖ Flexibilities under Art 39a CPR and
 - ❖ Differential treatment of investors under Art 43a
- Supported by ELENA TA facility



The SFSB Model



First loss portfolio guarantee also possible under SFSB



provides targeted support to identify, prepare and develop investment projects across the European Union



provides financial advisory support to project holders, implements strategic access to finance studies and supports the development of thematic IPs with a view to improve the bankability and investment-readiness across sectors and geographies



platform for advisory services on financial instruments under the European Structural and Investment funds (ESIF).



Access to finance study for innovation along the agri-food value chain





Project plan

Background

Project developed in co-operation with Commission DG RTD (under the InnovFin Advisory mandate), with the support of DG Agri

Procurement

Consultant Roland Berger appointed to undertake the market consultation phase (industry and finance)

Market consultation

Conducted stakeholder consultations across Europe

- c.40 with innovative agri-food companies & c.20 financing/funding institutions (all finance classes)
- Workshops with key sector intermediaries (federations like FoodDrinkEurope, competence centres etc.

Current phase



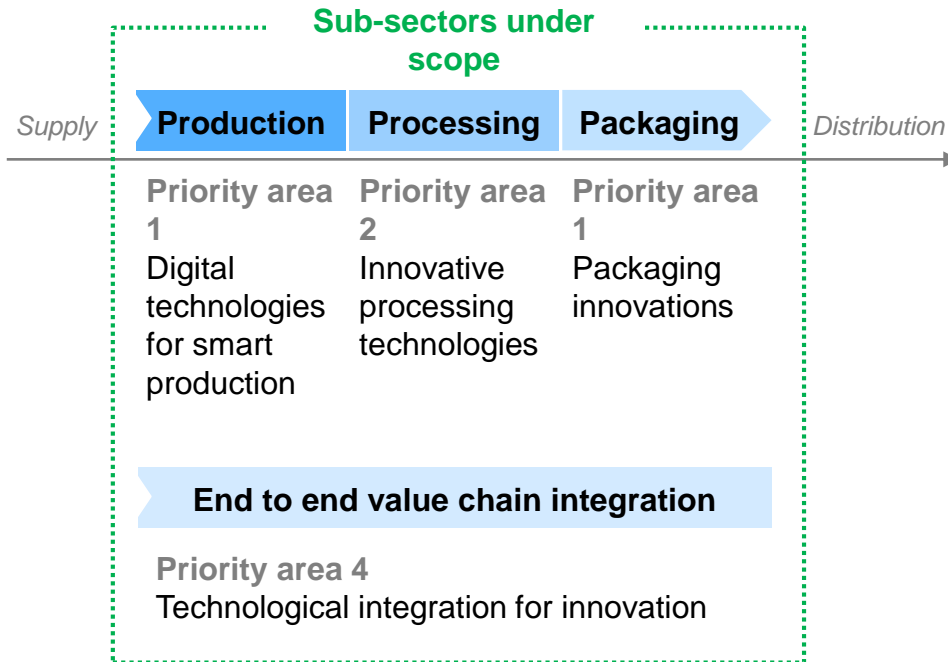
Analysis and publication

(Draft) Final report due in Q3/2018



Scope of study

Selected priority areas along the value chain



Topics that are addressed

- 1 Investment landscape**
Identification and analysis of existing financing mechanisms (equity, hybrid, loans) offered by public (EIB) and private players (commercial banks and others).
- 2 Funding challenges**
Identification and analysis of funding challenges (market analysis) related to the development and commercialisation of key innovations in selected segments.
- 3 Policy**
Formulation of policy relevant conclusions and recommendations (including potential new financial instruments/adaptation of existing instruments) to remove financial bottlenecks.



Your contacts at EIB

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