



**EIP-Agri Seminar 'Digital Innovation Hubs:
Mainstreaming Digital Agriculture':
Agricultural Multi-Regional Guarantee
Platform (AMGP)**

**Kilkenny, Ireland / 1 June 2017
/ Hubert COTTOGNI**

What is the EIF?



“**We provide risk financing to stimulate entrepreneurship and innovation in Europe**”

OBJECTIVE

To support **smart, sustainable** and **inclusive** growth for the benefit of European SMEs.

HOW

By offering a wide range of **targeted products** to support SMEs and **mid-caps**, ranging from venture capital to guarantees and microfinance

WHERE

Working with financial intermediaries across the **EU-28** and **EFTA** countries, **candidate** and **potential candidate** countries.

“ We work with a wide range of counterparts to support SMEs ”

Resources and mandators

- EIB
- EIF own resources
- European Commission
- Member States/regions
- Managing authorities
- Corporates/private
- Public institutions
- Other third parties



Intermediaries and counterparts

- Fund managers
- Commercial banks
- Development and promotional banks
- Guarantee institutions
- Leasing companies
- Corporates
- Business angels
- Microfinance institutions



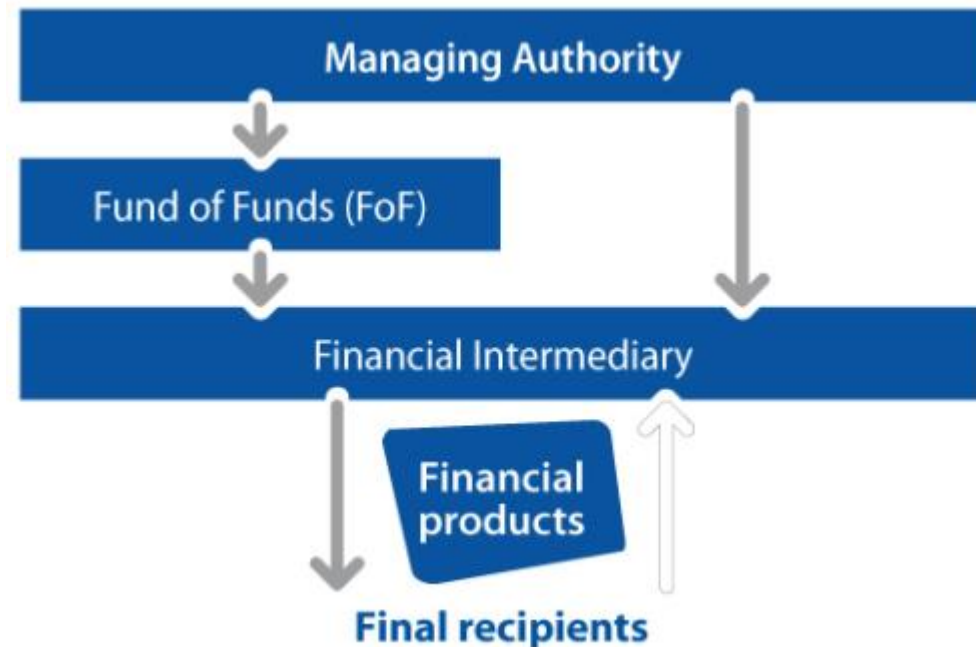
micro-
enterprises,
SMEs
and small
mid-caps

“ We manage resources on behalf of various stakeholders ”

What are financial instruments (FIs)?

Financial Instruments (FIs) transform EU resources under the EU programmes into **financial products** such as loans, guarantees, equity and other risk-bearing mechanisms. These are then used to **support economically viable projects which promote EU policy objectives**.

FIs aim to put EU funds to good and efficient use, ensuring that grants are complemented by other financial products so that EU funding can be used time and time again in a revolving fashion. FIs can be combined with technical support or guarantee/interest rate subsidies..



Main Benefits of financial instruments for the various parties:

SME / Managing Authorities / Intermediaries



For Farmers and SMEs	Easier/better access to bank financing increasing farmers' and SMEs' competitiveness	Significant Transfer of financial advantage to entrepreneurs (interest rate reduction and/or collateral requirements reduction)	More opportunities for innovative SMEs and new technology-based firms	Helps to mitigate financial market fragmentation in the EU in terms of credit cost
For Member States	Depending on the underlying type of financial instrument, significant leverage can be achieved	Provide efficient answer to EU key objectives. Clear governance structure (Managing authority is in the "driving seat")	SME credit growth may drive economic growth	More efficient use of structural funds Integration of grant-based policies with revolving financial instruments
For Financial Intermediaries	Excellent risk protection , more comfort for the Bank to issue loans to farmers and SMEs	Capital relief (depending on the type of financial instrument)	Access to new clients/segments	High visibility for farmers and SME support

What are financial products?

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 within the **agreed time**.

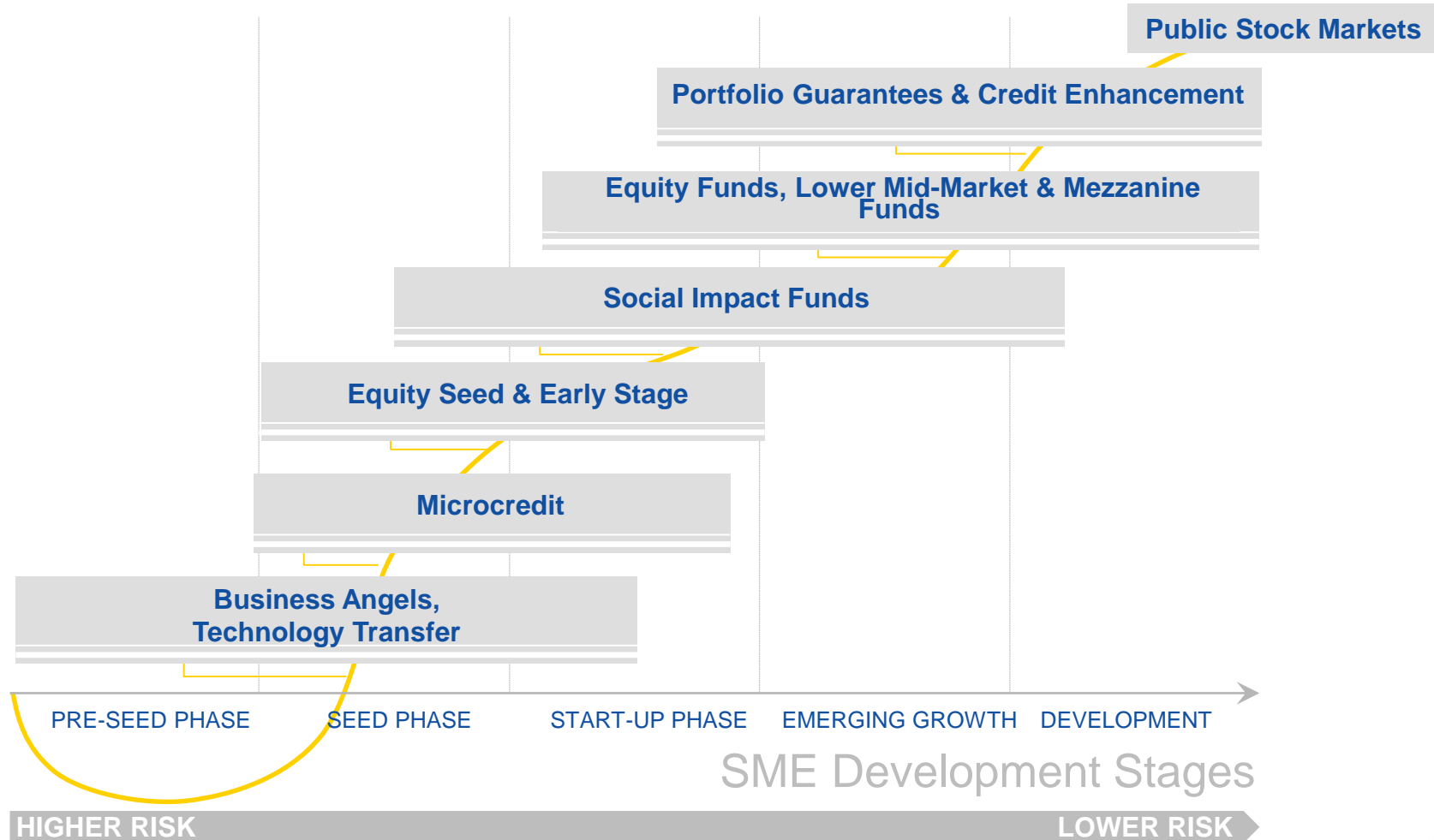
Guarantees

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**.

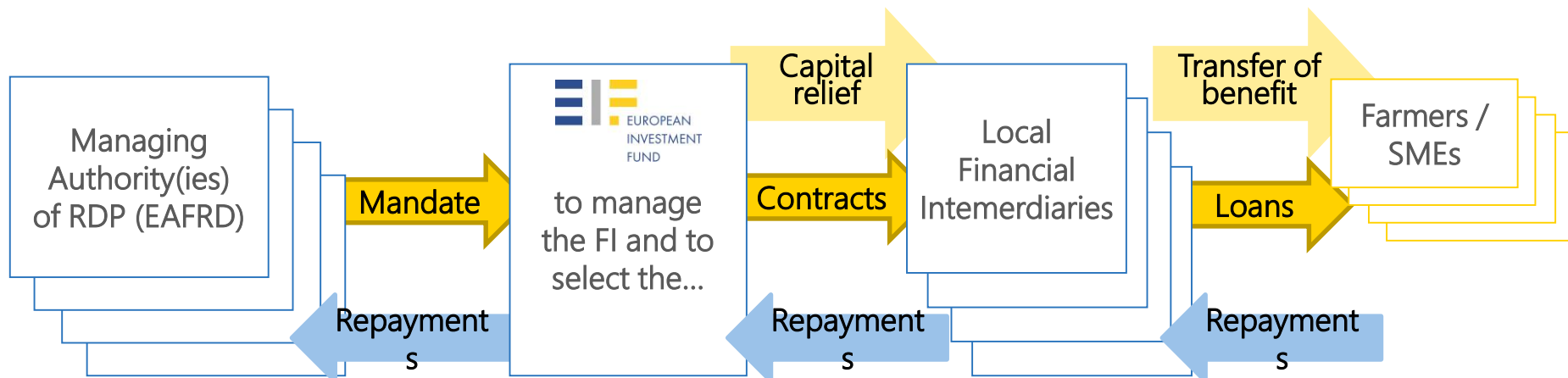
Equity

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.

Helping businesses at every stage of their development



How a financial instrument supported by EAFRD and managed by EIF works

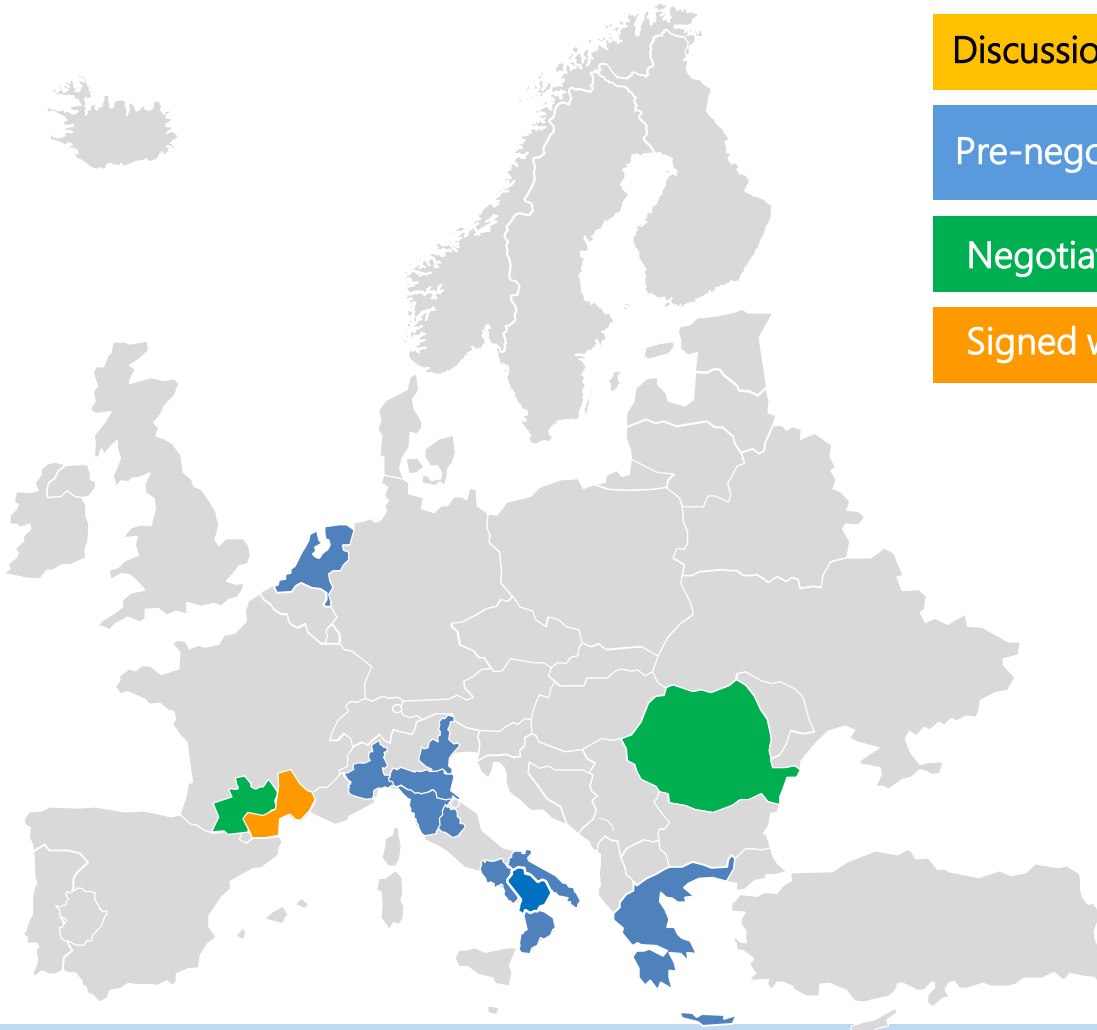


- EIF supports the Managing Authority(ies) in performing/reviewing the ex-ante assessment (article 37) and in changing the RDP(s) if needed
- MA(s) and EIF sign a funding agreement regulating all the aspects of the Financial Instrument

- Design of the best possible product
- *Market test* with the Banks
- Attraction of additional resources (EIB, EFSI, other investors)
- Definition of the leverage
- Selection of a limited number of Banks
- Monitoring, reporting, audit, state aid

- The selection of the final recipients is delegated to the financial intermediaries
- Loans can be *stand alone* or combined with other support by the RDP
- Lower interest rate and/or less collaterals set by EIF and enforced through the contracts with the Banks

European Agricultural Fund for Rural Development (EAFRD) mandate activities



Discussions with DG AGRI

Pre-negotiation with MA

Negotiation with MA

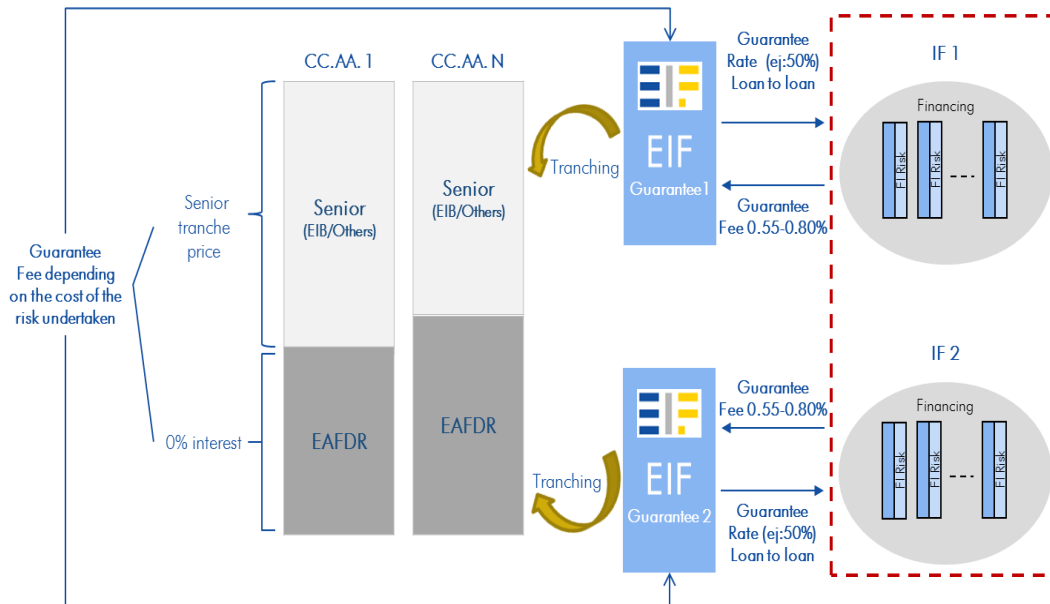
Signed with MA

EARFD	(Expected) Funding (EUR)
Languedoc-Roussillon	15m
Calabria	10m
Campania	10m
Friuli Venezia Giulia	5m
Piemonte	5m
Puglia	10m
Toscana	10m
Umbria	5m
Veneto	15m
Midi-Pyrénées	12m
Romania	87m
Total	184m

AGRI Italia Multi-Regional Guarantee

Structure and Features

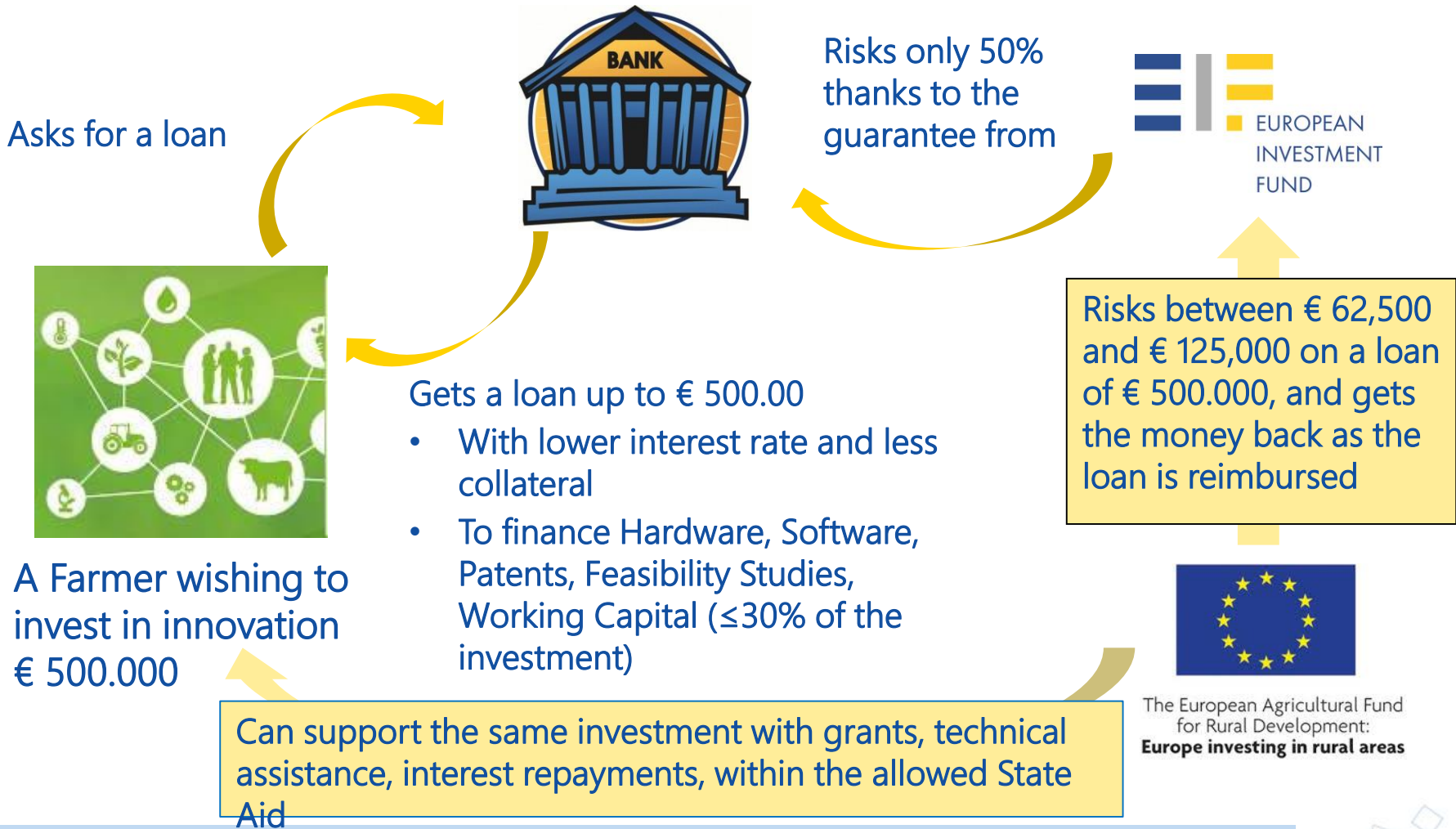
- First Multi-Regional ESIF Platform with 10 different Regions supporting the same Financial Instrument through their RDP
- Each Euro of the RDP to cover the first losses is matched by 1 to 3 Euro of EIB Group and the IT NPI to achieve a min 4x leverage and a possible max leverage up to 8x



- Efficient approach to the market with private resources mobilized at the same conditions throughout the Country
- Uncapped Guarantee with 50% Guarantee Rate
- To finance Investments supported by the Rural Development Programme

Let's talk business!

An actual example of what can be financed in Italy



Contacts



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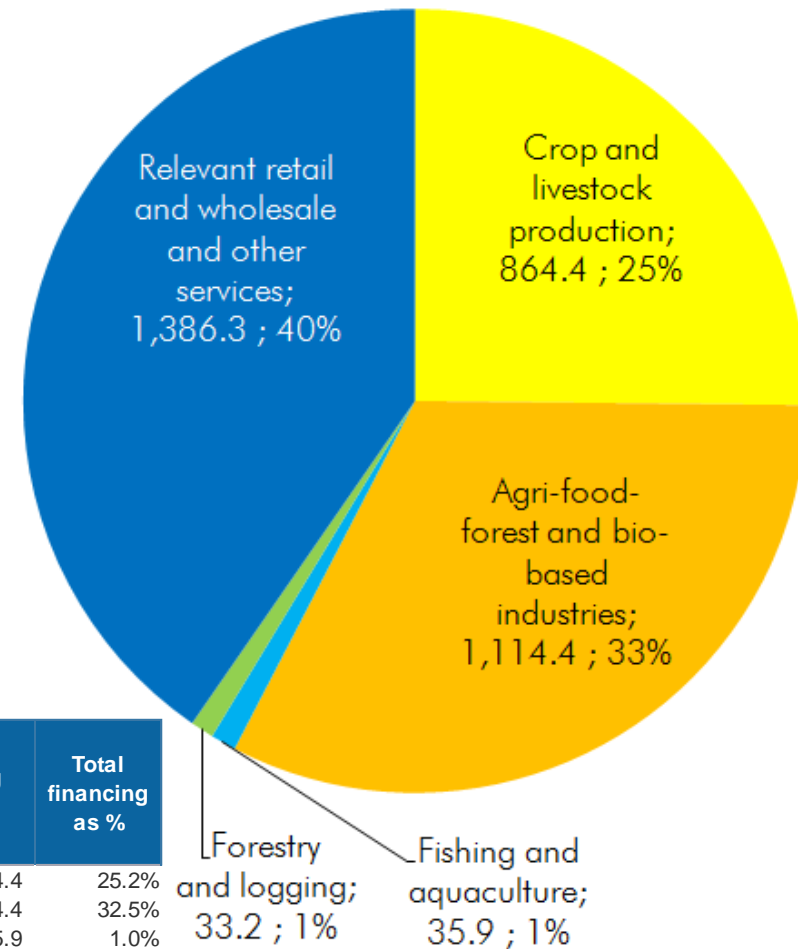
Annex

EIF and the agricultural sector



Total financing amount (mEUR)

- EIF has already created a significant portfolio in this sector
 - Over EUR 3.4bn of financing catalysed
 - Over 53,400 enterprises supported since 2000 with average financing of EUR 64,300



Bioeconomy/ Agriculture Sector (as of 30 June 2016)	Total number of SMEs and small mid-caps	Number as %	Average financing amount	Total financing amount (mEUR)	Total financing as %
Crop and livestock production	17,623	33.0%	49,051	864.4	25.2%
Agri-food-forest and bio-based industries	7,110	13.3%	156,744	1,114.4	32.5%
Fishing and aquaculture	375	0.7%	95,785	35.9	1.0%
Forestry and logging	504	0.9%	65,920	33.2	1.0%
Relevant retail and wholesale and other services	27,796	52.0%	49,875	1,386.3	40.4%
Total	53,408	100%	64,304	3,434.3	100%

Cooperation between EIF and a Managing Authority

