

First EFSI-AGRI workshop

The 'Investment Plan for Europe' offers interesting opportunities to boost competitiveness, growth and jobs in the agri-business sector and rural areas. It comprises three core elements:

- [European Fund for Strategic Investments](#) (EFSI);
- [European Investment Advisory Hub](#) (EIAH); and
- [European Investment Project Portal](#) (EIPP).

The EFSI offers opportunities for a broad range of actors and fields of action through its 'Infrastructure & Innovation Window' (I&I Window) for larger-scale and long-term investments, and its 'SME Window'.

DG AGRI and the ENRD Contact Point jointly organised a workshop on "Financing opportunities for projects in agriculture and rural areas - The Investment Plan for Europe" on 23 February 2016 in Brussels. The event highlighted the following main messages:

- the EFSI fruitfully supplements the existing portfolio of support instruments for the agri-business and rural sectors with a special scope for financially riskier undertakings;
- in comparison to the provision of grants, for public households, one key advantage of the EFSI is the leverage effect;
- quick action is needed to benefit from the EFSI guarantee;
- technical assistance will be decisive for enable actors to benefit from the EFSI;
- financial intermediaries, such as promotional banks or Managing Authorities, play a key role making rural actors benefit from the EFSI 'SME Window';
- investment platforms appear to be a promising vehicle for facilitating access to EFSI's 'I&I Window';
- practically speaking, for project promoters, there is no big difference between applying for an EFSI-supported project or for a 'normal' project, supported under schemes of the European Investment Bank (EIB) and the European Investment Fund (EIF);
- EFSI, EIAH and EIPP are in a development stage and there is still potential for enhancing implementation design, and need for clarification of technical and pricing details;
- communicating the potential of the EFSI for rural areas and the agri-business sectors is strongly needed.



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The 'Investment Plan for Europe' was launched by the EU Commission in 2014 to approach an investment gap. It rests on three pillars:

- 1) *Mobilising finance for investments with the European Fund for Strategic Investments (EFSI) being the main tool,*
- 2) *Reaching the real economy by establishing the EIPP and the EIAH, and*
- 3) *Improving the investment environment by enhancing the legal framework and structural reforms.*

*For details, see [presentation](#) by **Alessandro Carano**, ECFIN.*

"We will need you – the experts at the coalface of our national and regional economies – to take ownership of the EFSI if it is to succeed".



Phil Hogan, European Commissioner for Agriculture and Rural Development

The workshop gathered over 100 participants, representing National Promotional Banks (NPBs), other financial institutes, sectoral organisations, Managing Authorities/ Ministries, and National Rural Networks to discuss with representatives of the European Investment Bank (EIB), the EU Commission and project promoters.

The workshop offered an opportunity to identify and/or develop the role of all these stakeholder groups in the implementation process of the EFSI, the EIAH and the EIPP. There was clear demand for Q&A sessions (p. 6). For the EU institutions it was relevant to see how these instruments are perceived by target groups, and how services can be improved to making them benefit.

DG AGRI committed to respond to sectoral needs with regard to accessing the EFSI; contributions / proposals can be sent to efsi@enrd.eu.

The EFSI targets a wide range of sectors and fields of action, including R&D, ICT, Environment and resource efficiency; Human capital building; and the development of rural and urban areas. Bringing these areas together with the approaches of the Infrastructure & Innovation and SME Windows, the EFSI offers great opportunities for the agri-business and rural sectors. Innovative investments in the following areas are particularly relevant:

Circular/ Bio-economy

- Reduction of food waste
- Recycling of phosphorus

Precision farming

- Marketable smart technical solutions, accessible also for smaller farms
- New business models for data management

High-speed broadband and smart villages

Water infrastructure

- Bundling small-scale irrigation investments
- Water savings and efficiency projects

Access to finance

- Development of financial products for agricultural holdings (see p. 3)
- Complement existing support instruments with the EFSI (see p. 4)

For more on this topic, see the [presentation](#) by Gregorio Davila-Diaz, DG AGRI.



Wind power

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Precision farming

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Snapshots from the workshop

Setting the scene

“The agriculture and food sectors together produce a value added of € 420 billion a year in the EU. Agriculture is the EU's biggest employer [...] the agri-food sector can make a decisive contribution to EU growth and jobs creation in the coming years. But we have our eyes wide open and we know this will not happen without investment. The Commission estimated that in 2014, the funding gap in the agricultural sector was between € 2 and 9 billion, varying across Member States.”

Phil Hogan, European Commissioner for Agriculture and Rural Development

“In agriculture we are talking about some 12 million farms and 22 000 cooperatives of which 95% are SMEs. This is the target group to come up with ideas for investments.”

Copa Cogeca representative

The potential of the EFSI

*“The Rural Development policy **will not achieve its full potential only** through the successful implementation of the RDPs. A competitive agricultural sector, which cares for the environment and contributes to the dynamism of rural areas will only be achieved if **more actors** are involved. These new actors are expected to bring additional resources and select the best investment opportunities throughout Europe.”*

Mario Milouchev, DG AGRI

“The EFSI will add value to get a project over the line, working in collaboration with other investment and loan instruments.”

Phil Hogan, European Commissioner for Agriculture and Rural Development

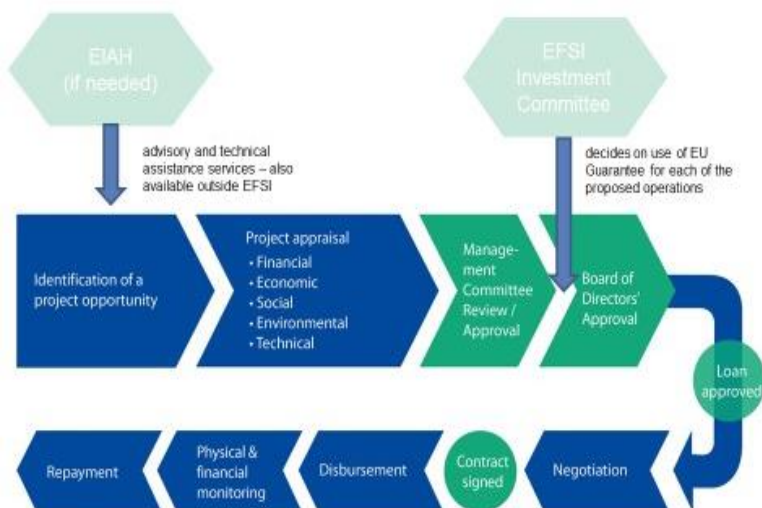
The EFSI Project Cycle

The EFSI, which is neither a fund, nor a legal entity. It is a contractual arrangement between the EU Commission and EIB Group has its own governance structures with a Managing Director, a Steering Board (EIB and EC members) and an Investment Committee, which is an independent entity granting the EU guarantee.

The EFSI will primarily be delivered through the EIB Group, and the project cycle is quite similar to that of regular EIB operations. Yet, under the EFSI high risk profile projects or projects bringing “additionality” (p. 7) are supported.

Furthermore, when identifying projects to be supported under the EFSI, there is an examination of their maturity/ readiness and their financial key features, such as revenue generating potential and projects being “bankable” (p. 8).

After the general project appraisal by the EIB, projects might be proposed for support under the EFSI and brought forward to the Investment Committee, which acts in accordance with the EFSI Investment guidelines. The application of the EFSI ‘scoreboard’ is intended to ensure that the EU guarantee is directed to projects with high value added.



The project cycle for undertakings to be supported under the I&I Window

The ‘scoreboard’ varies from general EIB appraisals in only one of its four pillars – contribution to EFSI policy objectives. EFSI project proposals can reach the EIB directly or through the EIAH.

For more details, see the presentation of the project cycle by Eva Krampe, EIB, and Florentine Hopmeier, DG ECFIN, [here](#).

First project experiences

...with the EFSI I&I Window

How to get an interesting green rural project following a novel approach financed? - This question went along with the idea of establishing a large biogas plant, from which farmers can benefit without making own investments with improved technology for liquefied natural gas which will create around 70-80 jobs and significantly reduce methane emissions. Yet, some time ago the project promoters did not succeed in receiving EIB support.

After a fresh attempt, the signature for a loan is currently awaited; this time under the EFSI I&I Window; in addition, the project will be financed from venture capital financing. In total, seven biogas plants with a value of € 73 mn each are planned.

The chance for success of a project which strongly rests on regional networks and collaboration with farmers, and which is hardly backed by collateral, is hard to determine and goes beyond technical and financial assessments. - This undeterminable risk is a case for the EFSI, and considering this, the EIB could accept the project, after EIB representatives had convinced themselves of the social coherence of the project when visiting the Danish rural region.

See [presentation](#) by Lis Peteresen, ENVO Group A/S

...with the EFSI SME Window

As financial intermediaries, German regional guarantee banks applied for support under [COSME](#) for running an agricultural guarantee scheme to the European Investment Fund (EIF). Due to EFSI front-loading, i.e. an increase in budget available, access to COSME has been enhanced and a counter-guarantee of € 200 mn been provided, supplemented by a guarantee for the same amount provided by the German Landwirtschaftliche Rentenbank. Thus, loans up to €1 Mio with a total volume of € 670 Mio can be given to SMEs in the primary sector for investments in, for example the modernisation of farm holdings and for start-ups. Final beneficiaries apply through their house bank. State-aid and de minimis rules do not apply.

After one year of planning and preparation, with the set-up of this scheme, guarantees can be offered to all kinds of agricultural companies, and the guarantee banks can extend their portfolio with better conditions as conveyor.

See [presentation](#) by Siegfried Pöpperl, Bürgschaftsbank NRW

What is the European Investment Advisory Hub (EIAH) and what does it deliver?

The demand for advice in applying for support under the EFSI became obvious in the course of the workshop. With the set-up of the [EIAH](#), the EIB and the EU Commission do not only address that demand but go beyond in order to strengthen the investment environment and improve the quality of projects.

With a single point of access and a back-up network of existing advisory services, such as [fi-compass](#), and other organisations, support will be provided to potential EFSI projects. Promoters with project proposals, which turn out not to be eligible for support under the EFSI, are like to be forwarded to EIAH partner organisations.

The EIAH Partner Network is currently being built and ten Memorandums of Understanding have been signed and an additional nine are to be signed with promotional banks/institutes across Member States. While the EIB representative expected a lot from this form of cooperation, there appears to be a need to clarify how this cooperation functions in practice.

For example, one work-shop participant reported he had to wait for three months for an answer by the EIAH, indicating that there is still potential for enhancing the service of the young and

developing EIAH, and a need for streamline the provision of timely advice. Feedback on EIAH Services is appreciated.

The structures of the EIAH and the hub's network



For further information on the EIAH, see [presentation](#) by Eberhard Böhmke, EIB.

Complementarity between EFSI and ESI Funds

New [guidance documents](#) on the European Structural and Investment Funds (ESI Funds) in the EFSI implementation process and on investment platforms have recently been published (see [presentation](#) by Stefan Appel, DG REGIO). EFSI and ESI Funds can complement each other by contributing to achieve each other's objectives. Their combination is also possible at project level, at financial instrument level and through investment platforms, provided the EFSI and ESI Funds Regulations are both respected.

Unlike ESI Funds, the EFSI has no geographical or sectorial quotas or selection criteria, which might steer the distribution of the guarantees. Yet, investment platforms, a vehicle through which financing is channelled to a portfolio of projects, can have a geographical, product or sectorial scope.

Projects may receive support under the EFSI I&I Window and other sources such as national schemes or private investors. Within the EFSI SME Window the combination of EFSI and ESI Funds may occur if the resources of a Rural Development Programme or another operational programme are allocated to an EU Financial Instrument like COSME or InnoFin, which benefits from EFSI frontloading.

A forthcoming [workshop](#) taking place in Brussels on 19 April will shed light on questions around EFSI-ESI Funds complementarity and investment platforms.



Speakers at the EFSI workshop involved into a profound discussion and addressing participants questions; from the left Stefan Appel (DG REGIO), Gregorio Davila-Diaz (DG AGRI), Martin Scheele (DG AGRI), by Vassil Georgiev (DG ECFIN), and Eberhard Böhmke (EIB).

European Investment Project Portal: matchmaking between project promoters and investors

The future outlook of the European Investment Project Portal (EIPP), which is currently in a pre-launch state, was [presented](#) by Vassil Georgiev, DG ECFIN. With the portal, public and private EU project promoters should be linked to the international investment community.

The EIPP aims to collect top-level, transparent and forward-looking projects and boost their visibility to multiple investors from all around the world. Within the data-base, key features of project proposals are presented in two-page documents, approved by the EU Commission and Member States.

Projects have to fulfil among others the following criteria to be included in the database:

- ✓ have a minimum size of € 10 mn;
- ✓ be expected to start within three years from submission to EIPP
- ✓ be submitted by a legal entity established within a EU Member State;
- ✓ be compatible with Union and relevant national law.

While project proposals should fall under the scope of the objectives pursued with the EFSI, they do not have to be supported under the EFSI to be included in the EIPP database.

For projects not reaching the size of EUR 10 million, there are several options for being included in the database:

- a) By bundling similar projects and linking them to one legal entity, and
- b) By achieving the threshold by staging, if a smaller project can be expected to increase over time.

Submit your project proposal to the EIPP now by filling in the [form](#) or contacting eipp-project@ec.europa.eu, and benefit from a special price of € 100 during the pre-launch phase and help to achieve a critical mass of a diversified base of projects, which is needed for calling the attention of international investors. The EIPP is expected to be launched in spring 2016.

Statements from the EFSI-AGRI workshop

Implementing the EFSI

“Communication with the EIB s needed because what you cannot get from the bottom you can get from the top.

The EIB and other EU-level institutions can - if they are aware of the needs on the ground - induce the financial sector to provide to the ground level the services and tools needed.”

Eberhard Böhmcke, EIB

“(…) these new actors that complement our traditional policy implementation have the potential to select projects that can be sustained and can generate growth and jobs.

They can eventually select higher-risk investments that without EU guarantee would not be financed.”

Mario Milouchev, DG AGRI



“Therefore, it is time that we all work together: EU institutions, financial sector, Managing Authorities, National Rural Networks and innovation stakeholders. Everybody can play a role and everyone is needed.”

Mario Milouchev, DG AGRI

See below a selection of questions raised during the workshop on the developing implementation system of the EFSI and the EIAH. The collection of FAQs will be further developed and an extended set will be published with the next EFSI-AGRI-News. More FAQs on EFSI are available [here](#).

How to apply for EFSI funding? / How to access the EFSI?

Where to apply for EFSI support depends on the EFSI Window under which support is sought. If you are not sure, whether your project proposal would be eligible under the EFSI at all, or under which EFSI Window the project is eligible, you should contact the EIAH, which can be regarded as central contact point for investment-related queries.

If the project proposal does not fall under the scope of the EFSI, you might be directed to another advisory service, like JASPER or fi-compass.

Accessing the EFSI I&I Window:

- **Promoters of projects > € 25 mn costs**, e.g. agri-food enterprises, can contact the EIB directly, and make a loan application; they do not need to pass via a local authority or government or the EIAH/EIPP.
- **Promoters of projects < € 25 mn costs** should contact [EIB-/EIF-partners](#) in each country or the EIAH.
- **Promotional banks, (other) Financial intermediaries and Managing Authorities** should contact the EIB.

Accessing the EFSI SME Window:

- **SMEs and Midcaps**, e.g. farmers and other small agri-food businesses, can submit project proposals to EIF partner institutions in each country, such as certain guarantee banks (list of partners); if there is no such institution in your country, you might contact the EIF directly.
- **Financial intermediaries and Managing Authorities** should contact the EIF directly.

As a farmers' association, what to do to initiate schemes offering finance to agricultural holdings supported under the EFSI SME Window?

*As a first step, check whether the **EIF partner institution** in the country concerned has already initiated the set-up of an agri-guarantee scheme.*

*If such a scheme has not been initiated yet, it could be proposed to that partner institution to apply for such a scheme as a **financial intermediary** to the EIF.*

*This proposal could also be addressed to the **Managing Authority** of the Rural Development Programme concerned.*

If there is no EIB/EIF partner institution in the country concerned, one might contact the EIF.

Alongside such partly pre-defined schemes, the EIF also invests in, for example venture capital or private equity funds under the EFSI. Additionally, new instruments will be launched in 2016 and 2017.

Is there a minimum size for an EFSI project?

*According to the EFSI Regulation, projects of any size can be supported under the EFSI. Yet, for reasons of efficiency and applying normal EIB procedures under the EFSI I&I Window, projects normally have a minimum size of **€ 25 mn**.*

*There is no overarching minimum threshold for projects receiving support under the EFSI **SME Window**. Financial intermediaries offering a scheme supported under the SME Window might define a minimum threshold.*

How to reach the critical mass to apply for support under the I&I Window?

One possibility to reach this critical mass is to set up an Investment Platform under which projects of a certain scope are bundled (see p. 5).

Alternatively, a framework loan can be applied for.

Is there need for a “formal” modification of a Rural Development Programme in order to introduce a Financial Instrument linked to the EFSI?

Yes.

As for the introduction of any Financial Instrument (FI) into a Rural Development Programme (RDP), this applies also to FIs which are supported under the EFSI.

Yet, as DG AGRI/ the EU Commission acknowledges that this a burden for Managing Authorities, this common approach might become more flexible, allowing for privileged programme modifications for modifications which are related to the introduction of FIs.

For this reason, Managing Authorities should attentively follow related announcements or contact DG AGRI.

Can support under the EFSI SME Window be combined with investment support under the EAFRD?

The EFSI Regulation allows Member States to use RDP resources (including resources programmed to be delivered through Financial Instruments) with a view to contributing to the financing of projects eligible for EFSI support.

At the same time, the CPR as the legal basis of the ESI Funds, allows that beneficiaries and final recipients receiving support from grants and Financial Instruments under ESI Funds programmes may also receive assistance from other instruments supported by the Union budget.

The combination of ESI Funds and EFSI is therefore possible either at individual project or at Financial Instrument level in cases where the respective applicable eligibility criteria are satisfied.

Why is quick action needed when one wants to benefit from the EFSI?

*In comparison to most other EU support instruments, the EFSI has a quite short initial life-time. The guarantees should be given within 3-4 years. As there are no sectoral or geographical quotas, the **first-come-first-served principle** applies. However, project proposals are likely to have reached an advanced stage to have the status that they can be approved, i.e. project ideas which have to be brought to maturity have an advantage.*

The number of requests for counter-guarantees by financial intermediaries under the SME Window is high, and it can be assumed that by the end of 2016 the EFSI guarantee sum devoted to COSME and InnoFin will be fully used.

How to understand “additionality” in the context of the EFSI?

EFSI added value should be achieved by:

a) addressing market failure or sub-optimal investment situations that block viable investments,

b) attracting other sources of finance, and by

c) orientation on impact with regard to maximising growth and supporting employment creation and retention.

What is understood as a 'bankable project'?

There is no universal definition of a 'bankable project', nor is there a 'one-fits-all' solution. Bankable projects are based on realistic projections of both costs and revenues, and are compliant with the EIB's social and environmental standards. This implies that a project can only be assessed as 'bankable', if the EIB/EIF has all key features of the project and a feasibility study at hand.

Are there significant differences between applying for an EFSI supported project (either in comparison to regular EIB and COSME projects)?

No, there are no significant differences. Yet, one difference which might be relevant for some projects is the eligibility: projects must fall within the scope of the EFSI Regulation. Under the SME Window, the application process for financial intermediaries and final recipients/beneficiaries does not vary from that under COSME or InnoFin. Under the I&I Window, the application process is quite similar to that for regular EIB projects. There is only one additional step in the back-office part of the application process, the decision of the EFSI Investment Committee. For projects supported under the EFSI, there is a fast-track state-aid approval process.

Is the service of the EIAH free of charge?

The service provided by the EIAH is organised in stages; support at the initial stages is free of charge. For more in-depth support, e.g. advice on ex-ante assessments, fees will have to be paid, whereby the pricing system has not been established yet.

Most of the advisory support provided via the Hub is free of charge for public sector promoters. However, under certain conditions and for private sector counterparts a contribution from the beneficiary will be requested in order to align interests and ensure ownership of results.

For SMEs the price of the service provided by the EIAH will have a significant reduction (approx. 70%); yet the final pricing policy of the EIAH has not been adopted yet.

What is the role of Managing Authorities in the implementation of the EIAH?

Managing Authorities (MAs) can seek advice from the EIAH themselves. Ideally, MAs will contribute to making the EIAH Network a useful tool by directing project promoters to the EIAH or existing partners (e.g. regional/national promotional bank) if the project has special needs in terms of financial structuring, market reach or technological challenges. Projects receiving EIAH advice can later on be submitted to EFSI, ESI Funds or make use of the European Investment Project Portal.

What to do when one has wants to propose a question to be addressed under the FAQs?

If you want to propose a question for the collection of FAQs related to the implementation of the EFSI, the EIAH, and the EIPP, send it to efsi@enrd.eu.

Looking ahead

The workshop and a follow-up survey invited people to look ahead and to address the questions on needs in implementing the EFSI effectively, and what has to be brought forward to harvest the potential the EFSI offers to the agri-business, forestry and food sectors and rural areas.

The following statements are only some examples underlining the needs for information adapted to various target groups and for the contribution of multiple players.

The EU institutions can do a lot, but they need multipliers, financial experts who advise rural actors on what is possible under the EFSI and who have novel ideas on financial modelling suitable to address rural concerns.

Finally, initiators such as promotional banks, Managing Authorities and project promoters, who take the step and apply for EFSI support, are essential. Especially, financial intermediaries stimulating schemes for SMEs and midcaps will play a key role.

Open & supportive “(...) there are many opportunities out there for forward-thinking authorities. The EFSI can add huge value to you, if leveraged in the correct way. The European Commission is ready and willing to assist you in this process, and we greatly look forward to seeing what you have in mind. Together, we can close the funding gap and allow these vital sectors to fully deliver on their economic promise.”

Phil Hogan, European Commissioner for Agriculture and Rural Development

Collaboration & information “Success can only be achieved through information and cooperation of all concerned organisations.”

Promotional bank representative

Promotion “Relevant events and actions should be organised to mobilise EU farmers and agri-cooperatives to take part in the respective procedures and to get in contact with EIAH and EIPP.”

Copa Cogeca representative

Making the EFSI feasible “For our members, EFSI, EIAH and EIPP are just another three difficult-to-remember acronyms, but at the end of the day what they will search for will be the opportunities to get money (or other support) for their project, no matter whether it is a Financial Instrument, grant or advisory service. (...) Specifically for EFSI, a focus should be put on explaining to stakeholders that there are ways of coping with projects below € 10 mn such as project aggregation or commitment to scaling-up.”

FurEurope

Upcoming activities

In addition to the ongoing actions for enhancing the delivery system of and access to the EFSI, the EIAH, and the EIPP. There are a series of upcoming activities:

- ✓ [Workshop on Investment Platforms and complementarities between EFSI and ESI Funds](#) (Brussels, 19 April 2016);
- ✓ Article on investment platforms in the ENRD magazine “Rural Connections” (April 2016);
- ✓ Launch of the EIPP (Spring 2016);
- ✓ Introduction of new products under the EFSI SME Window (in the course of 2016 and 2017).

Furthermore, the ENRD will disseminate information on sector-related EFSI projects. The next EFSI-AGRI-Newsletter will be published in May 2016.

If you wish to make a proposal for improving EFSI’s accessibility to the agri-business and rural sectors, please write to efsi@enrd.eu

Useful information

- [EFSI state of play](#)
- Implementation of the [EFSI by sector](#)
- [Presentation of the EFSI](#) by the European Investment Bank
- The [European Investment Advisory Hub](#)
- The [European Investment Project Portal](#)
- Article “[The European Fund for Strategic Investments: potential for rural areas](#)” in the EU Rural Review
- Article [on the EFSI in AGRI INSIDE by DG AGRI](#)
- The “[EFSI Regulation](#)”, Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 — the European Fund for Strategic Investments.