



**European
Investment Bank** | Group

“How to foster the implementation of the Long-Term Vision for EU's Rural Areas?”

European Economic and Social Committee (EESC)

15 December 2023

All figures in this presentation are unaudited and provisional.



EIB is the EU Climate Bank

Largest multilateral lender and borrower in the world

- Over **EUR 1.5 trillion** invested since 1958
- Crowding-in bank: **EUR 4.9 trillion** overall investment mobilised.
- More than **14 900 projects** in over **160 countries**.

Committed to climate and environmental sustainability (CA&ES)

- The EIB Group aims to support **€1 trillion of investment in CA&ES** from 2021 to 2030.
- The EIB will gradually increase the share of its annual financing dedicated to CA&ES to **50% by 2025**.
- All new EIB Group operations are aligned with the **Paris Agreement**. Finance flows are consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

INVESTMENTS IN RURAL AREAS

- **Social cohesion objective.** Public investments and good public government need to address increasing inequalities also by strengthening social cohesion. The spatial inequalities in Europe show that more place-based analyses and policy responses are needed for all kinds of public interventions and investments.
- **Technology.** Next to infrastructure and human capital, technology and access to broadband internet everywhere is a key field for investment to support local and regional development.
- **Energy grid and renewable energy.** The energy grid is important and needs investment to ensure it has sufficient capacity to serve growing energy demands. This includes the shift to e-mobility and the possibility of a decentralised supply of renewable energy.
- **Bioeconomy.** Alternative development models can be enabled by new technology, and capitalise on local cultural and social potential. This creates sustainable employment and growth, while nurturing the environmental potential of a region.

STRUCTURAL PROGRAMME LOANS

- Financial instrument developed by the EIB to co-finance **structural funds** with mandatory co-financing, such as the European Structural and Investment Funds (ESIF).
- SPLs are **fundamentally multisector**, that is, they are used to finance projects targeting different sectors such as research and development, basic infrastructure, environment, SMEs and any other sector that promotes the objectives established in the operational programmes.
- The EIB tries to align with and rely on the EC's practices as much as possible and **most of the projects eligible for EU funds are eligible for the EIB – although some exclusions apply.**

STRUCTURAL PROGRAMME LOANS

- Limit of 50% of the costs of the projects financed by the SPL – calculated on a portfolio basis and not on an individual project basis, adding to the flexibility of financing.
- Cumulative EU support (EIB loans plus EU grants) is limited to 90% when co-financed with EU Funds in the EIB Cohesion Priority Regions – 70% outside of Priority regions.
- **The total volume of EIB SPL lending from 2014 to today has been EUR 19.9bn supporting a total investment volume of EUR 250bn.** The EIB share in these operations is naturally quite low because 90% of this financing volume concerned Less developed and Transition regions, which have a relatively high EU grant share in their Cohesion policy funds.

CAP Strategic Plans

- The main funding tools of the CAP are income support through direct payments and market measures funded by the European Agricultural Guarantee Fund (EAGF, the so-called first pillar) and rural development measures funded by the European Agricultural Fund for Rural Development (EAFRD, the so-called second pillar).
- The EIB provides **finance and advisory support to national and regional governments in the EU in the implementation of their CAP Strategic Plans**. This can be via a Structural Programme Loan (SPL) and via the set-up of financial instruments.
- Through financial instruments, the EAFRD acts as a source for loans, microcredit, guarantees and equities, available to recipients in agriculture, forestry and rural areas who are undertaking financially viable projects that support the priorities of the EAFRD.

CAP Strategic Plans - EIB Eligibility

- CAP SPs are eligible for EIB finance because they contribute to the **EIB's Public Policy Goals** (PPG) of
 - i) support to SMEs and Mid-Caps;
 - (ii) sustainable cities and regions
 - (iii) sustainable energy and natural resource use.
- These projects also support the horizontal policy objective **Economic and Social Cohesion**, in particular the Bank's lending target for less-developed regions.
- CAP SPs contribute to the horizontal objective **Climate Action** (CC Mitigation and Adaptation) and **Environmental Sustainability**, via resource and energy efficient investments in farming and enterprises, improved water management, ecological investments, afforestation and the renewal of degraded forested areas.
- In line with the Bank's focus on investment and enabling fixed capital formation, **area-based payments and income support measures are excluded**.

Intermediated Lending

- As a relevant example for support to the bioeconomy, the **intermediated lending activity of the EIB to SMEs** address a market gap with constrained financing to most EU SME enterprises active in the bioeconomy value chains. For SMEs and in particular for young farmers, these projects ease financial constraints related to the lack of track record, insufficient security and high screening costs for small investments.
- The **Financial Instruments implemented by EIF** transfer preferential terms and conditions to the intermediaries (i.e. reduced interest rate, collateral requirements). This is especially relevant in rural areas, where final recipients often lack sufficient collateral or the necessary own resources, and investments are often regarded riskier.

Direct Lending

- The direct lending to corporates and larger cooperatives of the EIB addresses the market failure and sub-optimal investment situations related to the **limited availability of long-term financing** and alternative funding sources in the Agriculture/Bioeconomy sectors and in particular for investments in rural areas.
- **Midcap agri-cooperatives** (i.e. up to 3000 employees) are considered eligible for the bank's finance across the EU under the priority objective of SME. This is because agri-cooperatives are associative enterprises, jointly majority-owned and self-governed by SME's (i.e. one member one vote) which, due to the ownership structure, commonly face similar constraints in their access to finance than farming SMEs.
- Businesses and public bodies in rural areas who wish to undertake economically viable investments can benefit from **InvestEU**. The European Investment Bank Group is the main implementing partner of the InvestEU programme.

EIB GROUP FINANCING IN 2022



€65.15
billion



€9.18
billion

OUR PRIORITIES

**INNOVATION,
DIGITAL AND
HUMAN CAPITAL**

€17.93
billion

**SUSTAINABLE
ENERGY AND
NATURAL
RESOURCES**

€20.86
billion

**SUSTAINABLE
CITIES AND
REGIONS**

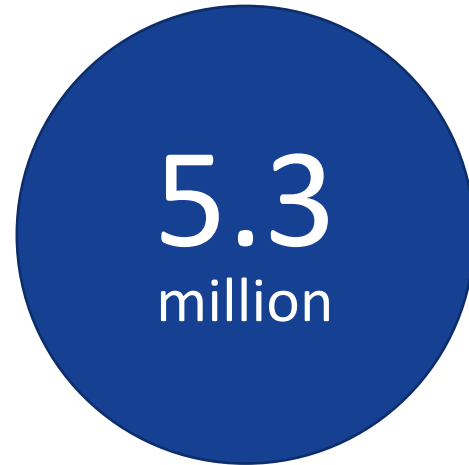
€17.31
billion

**SMEs
AND
MID-CAPS**

€16.35
billion

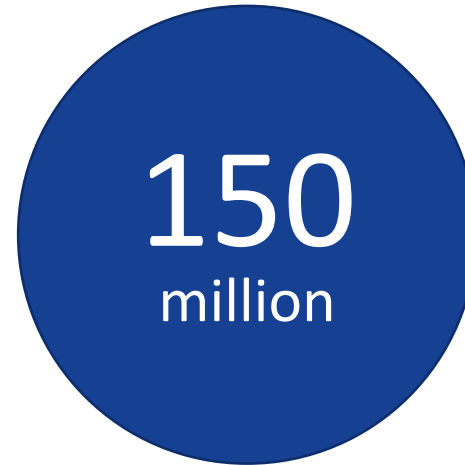
OUR IMPACT IN 2022*

JOBS



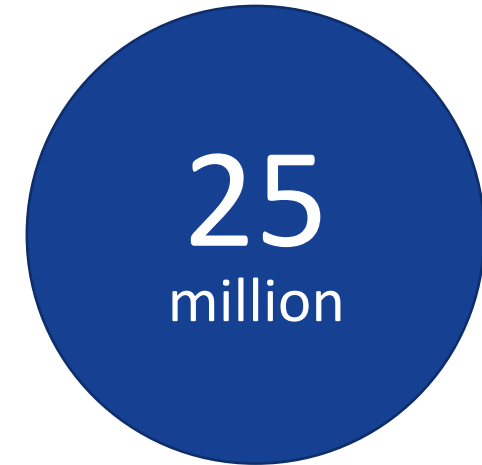
jobs sustained
in small businesses

HEALTH



patients benefiting from
improved health services

WATER



people with access
to safer drinking water

OUR IMPACT IN 2022

TRANSPORT

517
million

additional passenger trips on
EIB-financed public transport

ENERGY

8.4
million

households with
access to power

DIGITAL

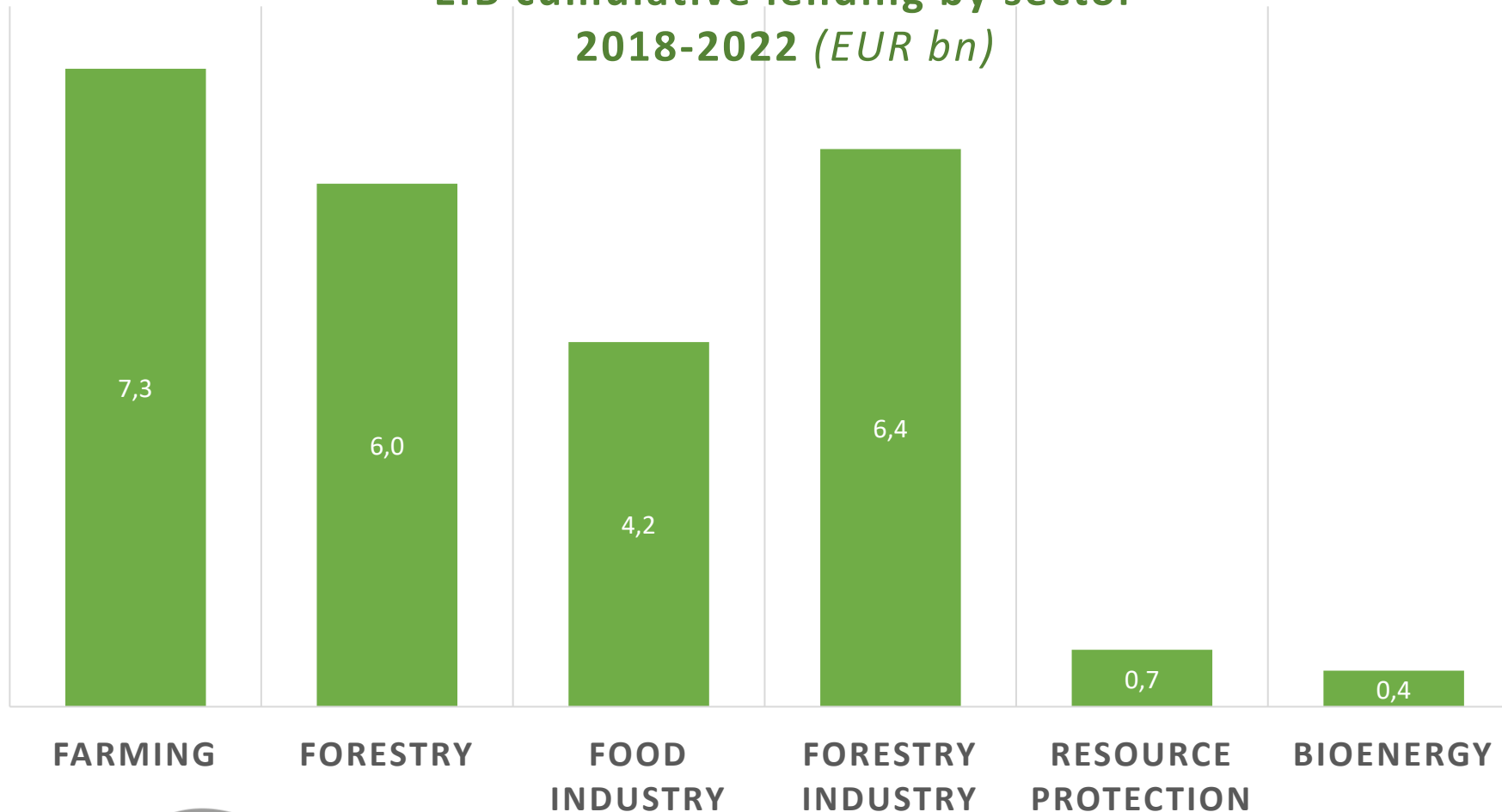
6.6
million

new subscribers
with 5G services enabled

Our support to agriculture

Financing reached EUR 25bn in the past 5 years, through a range of products

EIB cumulative lending by sector
2018-2022 (EUR bn)



Focus on food quality and security, sustainable and inclusive rural development, climate-smart production, innovation, resource efficiency and forestry.

THANK YOU



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