



EIB GROUP EVALUATION

Evaluation of EIB support for agriculture and bioeconomy outside the European Union from 2014 to 2023

October 2024



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Investment Bank | Group

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ABBREVIATIONS AND ACRONYMS

ACP	African, Caribbean and Pacific States
AFD	Agence Française de Développement (French Development Agency)
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
EFTA	European Free Trade Association
ELM	External Lending Mandate
EQ	Evaluation Question
ESG	Environmental, Social and Governance
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Development Agency)
IBRD	International Bank for Reconstruction and Development
IFAD	International Fund for Agricultural Development
IFI	International Financial Institution
JC	Judgement Criterion
KfW	Kreditanstalt für Wiederaufbau (German state-owned investment and development bank)
MBIL	Multi-Beneficiary Intermediated Loan
MDB	Multilateral Development Bank
MoU	Memorandum of Understanding
MSME	Micro-, Small and Medium-sized Enterprise
NACE	Nomenclature of Economic Activities
NDICI	Neighbourhood, Development and International Cooperation Instrument
OECD	Organisation for Economic Co-operation and Development
OECD/DAC	OECD Development Assistance Committee
PCR	Project Completion Report
PPG	Public Policy Goal
RDI	Research, Development and Innovation
RSF	Risk Sharing Facility
SDG	Sustainable Development Goal
SME	Small and Medium-sized Enterprise
UN	United Nations

KEY TERMS

Bioeconomy	Following the definition provided by the European Commission in its 2018 Bioeconomy Strategy, the term bioeconomy “covers all sectors and systems that rely on biological resources—animals, plants, micro-organisms and derived biomass, including organic waste—as well as their functions and principles. It includes and interlinks land and marine ecosystems and the services they provide; all primary production sectors that use and produce biological resources (agriculture, forestry, fisheries and aquaculture); and all economic and industrial sectors that use biological resources and processes to produce food, feed, bio-based products, energy and services”. ¹
Food security	Following the definition adopted at the 1996 World Food Summit, food security exists “when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life”. The declaration defines four main dimensions of food security: the physical availability of food; the economic and physical access to food; the utilisation of food; and the stability of the other three dimensions over time. ² In its 2020 report, the High-Level Panel of Experts on Food Security and Nutrition of the Committee on World Security adds two further dimensions of food security: agency—the capacity of the food system’s actors to make their own decisions about food; and sustainability—the long-term ability of food systems to provide food security in a way that does not compromise the economic, social and environmental bases that generate food security for future generations. ³
Mandate	Formal agreement entered into by the EIB with external partners for the purpose of achieving common objectives, which is based on financial support pledged by a third party.
Multi-Beneficiary Intermediated Loans (MBILs)	Lines of credit extended to financial intermediaries (banks, leasing companies, public support institutions or any other qualifying for the role—hereafter “financial intermediaries” or “FIs”), which on-lend the proceeds (“sub-loans” made available by the EIB in the form of “ allocations ”), to a large number of final beneficiaries. Final beneficiaries can be micro-, small and medium-sized enterprises (MSMEs), mid-caps ⁴ , private-sector entities (non-SMEs and non-mid-caps), public-sector entities and private individuals. Specific rules for eligibility and submission of allocations for each type of final beneficiary can be found in a document that takes the form of a letter sent to the intermediary separately from the finance contract (the “ Side Letter ”). The term intermediated lending (or even indirect lending) is sometimes used to distinguish MBILs from the direct lending operations.
Public Policy Goals (PPGs)	Priority sectors where EIB financing is directed and are associated with specific targets/orientations in the Bank’s Corporate Operational Plans (in terms of signed amounts of financing, from EIB own resources). They correspond to specific sectors and activities where market failures persist, and where an EIB intervention is expected to address such failures.

¹ See: [Bioeconomy Strategy | Knowledge for Policy \(europa.eu\)](#).

² See: [Rome Declaration on World Food Security and the World Food Summit Plan of Action](#).

³ See: [Food Security and Nutrition: Building A Global Narrative towards 2030](#).

⁴ See: [SMEs and mid-caps \(eib.org\)](#).

**Technical
assistance**

All expert advice and expertise-based tasks delivered by the EIB or by consultants managed by EIB staff with the aim of assisting other European Union institutions, national and local authorities, project promoters and financial intermediaries to develop and implement programmes and projects or improve their institutional or regulatory arrangement.

Value chain

There is no universal definition of the term “value chain”. In the context of this evaluation, an agricultural or bioeconomy “value chain” comprises all activities, stakeholders and facilitating factors necessary for an agricultural or bioeconomy product or service to move from the producer to the final consumer, for instance, both enabling production (inputs such as fertilisers or tractors) and relating to the transformation and sale of products (agribusiness, retail, etc.), and to information flow, policy steer and educational aspects affecting agriculture and bioeconomy.

EXECUTIVE SUMMARY



Context and scope

Support for agriculture and bioeconomy from the European Investment Bank (EIB) makes up a large part of the EIB's contribution to the development, Neighbourhood and enlargement policies of the European Union (EU). While the agriculture and bioeconomy sector plays a central part in the EU's long-standing commitment to the Sustainable Development Goals (SDGs), it is also crucial for the EU association and accession agendas of countries in the Neighbourhood region.

In supporting agriculture and bioeconomy, the EIB has three broad priorities: improving infrastructure and services to increase market access, strengthening food value chains, and promoting climate-smart and resilient food production. In recent years, food system shocks—including those resulting from the Russian invasion of Ukraine in February 2022—have underlined the sector's vital role.

Between 2014 and 2023, an average of 10% of all EIB lending outside the European Union⁵ went to support the agriculture and bioeconomy sector. During this period, the EIB signed 56 direct operations in agriculture and bioeconomy outside the European Union (€2.9 billion) and 205 multi-beneficiary intermediated loan operations in this sector outside the European Union (€5.9 billion, mainly with the financial sector), serving approximately 35 000 sub-loans, mainly to small and medium-sized enterprises. The support has focused on EU candidate countries (46%), African, Caribbean and Pacific States (26%) and Mediterranean countries (15%), with other regions making up the remainder (13%).⁶

This evaluation focuses on the EIB's support to agriculture and bioeconomy outside the European Union, assessing past performance and providing lessons for future support. The evaluation combines an assessment of the EIB's strategy, business model, products and portfolio for the sector with an in-depth review of its support in seven countries, some in sub-Saharan Africa, and some among Europe's Eastern and Southern neighbours. Across the portfolio, 38 projects are examined. Of the 38, eight are subjected to a contribution analysis based on site visits. The evaluation yields five findings leading to four recommendations.



Findings

1. While EIB activities were aligned with EU policies, they did not fully benefit from the potential of coordination with EU Delegations and other partners

At a policy level, EIB projects were well aligned and evolved along with EU priorities on climate action, gender and food security. Yet, operationally, activities were not always coordinated as closely as expected with the European Commission and with EU Delegations. Close coordination with partners on the ground is important during key stages of project identification, appraisal and implementation. Yet in many countries, the EIB has no local presence. Further, EU Delegations usually operate on a time scale different from that of EIB programming and projects. As a result, coordination is challenging. Closer coordination with EU Delegations and other development partners would have helped to mobilise a wider range of support and resources for the sector, including access to grants; to improve communication between project stakeholders; to facilitate the operational implementation of projects; and to deepen the EIB's engagement with partners.

⁵ Throughout this evaluation report, the term *outside the European Union* excludes the United Kingdom and European Free Trade Association countries.

⁶ In this report, the Mediterranean Countries comprise Egypt, Jordan, Lebanon, Morocco, Israel, Palestine* and Tunisia. (*This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue).

2. The EIB generally provided what the market would not have provided, or not to the same extent. Yet the EIB modalities and product offer were not sufficient to fully respond to the range of challenges faced by the sector

In almost all operations reviewed, the EIB intervention was clearly additional to what the market alone would have achieved. All operations addressed market failures—situations where an intervention from the market alone would not have achieved socially optimal outcomes. In addition, without the EIB, most promoters would not have been able to implement their investments to the same extent or within the same timeframe. And in some cases, technical assistance from the EIB was critical to designing and kick-starting operations, especially where promoters lacked technical or administrative capacity. For intermediated lending, the EIB's financial contribution made a clear difference with respect to the market in terms of the maturity and the grace period offered, less often in terms of the pricing advantage.

Yet, the EIB's modalities and product offer in agriculture and bioeconomy outside the European Union were not sufficient to respond fully to the range of challenges in this sector. In contrast to other international financing institutions (IFIs), the EIB limited the range of promoters it could work with by imposing strict compliance with EU standards. Project promoters found the EIB's reporting requirements more demanding than those of other IFIs. In addition, outside the European Union the EIB offered senior loans mainly, which in comparison with other IFIs, that offered subordinated facilities or blended instruments to a larger extent, limited its ability to demand policy impact at the level of the investees – a critical aspect in the agriculture and bioeconomy sector due to incomplete national policy reforms. Furthermore, only about 13% of the operations reviewed benefited from technical assistance support; this restricted the EIB's ability to fund feasibility studies and to develop a pipeline of projects in a sector suffering from a lack of ready-made project proposals. A constraint in directly expanding access to finance to smaller firms was that the EIB lent mainly in hard currency, providing just 7% of its financing in local currencies – much less than other IFIs. This reliance on hard currency served export-oriented companies well — but it hindered lending to the many sub-Saharan and domestic-oriented companies in the agriculture and bioeconomy sector, whose proceeds and funding needs were in local currency.

3. The EIB-supported projects reviewed were delivered successfully, were sustained, and contributed to development and modernisation of the recipient countries' economies, and partially expanded access to finance

Of the 38 EIB-supported projects reviewed, most delivered the planned quantity and quality of outputs, and most led to sustained results, owing to rigorous promoter selection. The portfolio of loans was largely signed, disbursed and repaid as expected. The 38 sample projects generally delivered the planned outputs on quality and quantity, with evidence of sustained results. There were no outright failed projects or projects with benefits that were not sustained. A major factor in this success was the EIB's rigorous selection of sound promoters and its thorough appraisals. Funding from the EIB was found attractive by market participants—with some exceptions—and was appreciated for its long tenure. Its pricing was also generally appreciated, though this aspect was not quite as consistently remarked on: notably, many of the 38 projects took place during a period of low interest rates, when the EIB's pricing was less competitive than usual.

The EIB's support contributed to the development and modernisation of the recipient countries' economies. The supported projects facilitated the introduction of technologies—for example, in water saving and agri-processing—that enhanced productivity in the sector and promoted exports. Overall, EIB projects contributed to sustaining and creating jobs. Reported net job creation tended, however, to fall short of the expectations set in project appraisals. In some countries, the EIB-supported investments led to productivity increases that, while alleviating labour shortages, also reduced the supply of lower-skilled employment.

Dedicated Multi-Beneficiary Intermediated Loans (MBILs) to the agricultural and bioeconomy sector led to targeted sectoral interventions without compromising the full allocation of operations. Despite having a more restricted universe of eligible investments to finance, the MBILs dedicated to the agriculture and bioeconomy sector were 100% allocated, compared with 91% for non-dedicated MBILs. Among the non-dedicated MBILs, some were channelled through intermediaries with a track record of lending to the agriculture and bioeconomy sector—a practice that increased the volume of lending to the sector. Both dedicated and non-dedicated MBILs enabled the extension of longer maturities or the transfer of financial advantage to final beneficiaries (or both).

While EIB financing increased economic activity in the sector, it did not succeed in directly widening financial access beyond existing customers as much as expected. Many of the final beneficiaries of the MBILs visited as case studies were already customers of the financial intermediaries and already had good credit histories and collateral. Nevertheless, in some of the projects examined, evidence indicates that smaller individual farmers or microenterprises benefited from access to finance through on-lending. This practice led to an indirect but potentially significant credit extension upstream and downstream in value chains. In some cases, the EIB successfully used a value-chain approach to increase the impact of its support—yet this approach was not applied as widely, or as rigorously, as was called for in the 2016 EIB Sector Orientation (including for projects that used a value-chain approach after the orientation was adopted).

4. Despite increasingly prioritised food security and gender equality, the EIB’s ability to contribute to complex and ambitious development objectives faced limitations

The EIB’s support increasingly prioritised gender equality and food security. Yet its impact in food security was hampered by the lack of a systematic approach. Moreover, the scale of the challenges faced were often beyond the level of support offered. Gender-specific measures were largely absent from project designs and appraisals until 2016, when the EIB Group Gender Strategy was approved. In MBIL operations, a few financial intermediaries received technical assistance for capacity building to improve clients’ gender outcomes. But the challenges for mainstreaming gender equality and women’s economic empowerment into agriculture and bioeconomy sometimes exceeded the scope of available technical assistance and other support, whether from the EIB or from other sources. Direct loans with an explicit focus on food security scored partial successes—but in many cases the EIB’s approach to food security was not guided by a systematic analysis of how and where its operations could play a catalytic role or partner with others.

The EIB’s ability to contribute to complex and ambitious development objectives faced several limitations. The EIB aimed at development outcomes requiring multidimensional, targeted approaches with consideration for specific and often challenging country contexts—contexts frequently characterised by political fragility, incomplete reforms, low institutional capacity or a combination of these factors. Ambitions set forth in EIB project appraisal documents were often high, aiming at outcomes and impacts in several economic and social development areas. The ability of both direct loans and MBILs to achieve these ambitions was limited: first, by insufficient analysis and identification of final beneficiaries’ economic and social development needs in the sector; second, by the EIB’s business model — such as financing in foreign currency which posed a barrier for smaller companies; and third, for MBILs, by the limited resources and systems mobilised for adequately monitoring intended and unintended development outcomes.

5. Environmental and climate outcomes, while varied, were more demonstrably achieved through direct lending than through MBILs, where opportunities to embed and monitor these themes were often missed in project design

Climate has become an increasingly prominent concern in the EIB’s agriculture and bioeconomy operations. The share of climate action within the sector increased from 11% in 2014 to 29% in 2023. Where the EIB addressed environmental considerations in its agriculture and bioeconomy operations outside the European Union, it did so largely through contractual conditions on promoters, in some cases supported by technical assistance. In addition, some operations had clear environmental objectives.

Among the projects examined, the EIB’s direct lending operations largely contributed to positive environmental and climate outcomes. In some cases, direct lending operations explicitly integrated climate into project design. Whether such positive results were achieved depended on the product deployed, the country’s national system and its economic and policy links to the EU Neighbourhood countries having greater trade and regulatory incentives to adopt EU-compliant standards.

In contrast, the MBILs’ contributions on climate and environment—while insufficiently documented—appear mixed. During the evaluation period, MBILs did not sufficiently consider climate aspects in project design, even where they supported investments with a significant potential contribution in this area. Owing to this inconsistent attention to climate and environmental themes, opportunities were missed and results reporting was constrained, especially for climate change adaptation.



Way forward

Outside the European Union, The EIB's business model for the agriculture and bioeconomy sector has both strengths and limitations. The EIB's business model allowed it to reach out to many counterparts, both small and relatively large, through intermediated lending and direct lending operations. But the EIB's contribution to development outcomes—and its ability to manage projects for these outcomes—was limited, especially through MBILs. The limitations were related to: an incomplete product offering (including restrictions in offering local currency lending and/or subordinated instruments); the imposition of strict standards at the appraisal stage resulting in the exclusion of lesser skilled promoters; the low availability of technical assistance to support promoters; and incomplete monitoring of development outcomes. Furthermore, whilst the EIB's operations in the sector were well aligned with the European Commission and national partners at a policy level, the operational coordination with the European Commission and others was suboptimal. The EIB projects were generally successful and sustainable, but they did not fully realise their development, environment, or climate potential, particularly because the EIB activities did not exploit the full potential of coordination with other partners. The absence of local EIB presence in some countries also made coordination challenging.

This evaluation presents four recommendations which, if adopted, could help the EIB to respond more comprehensively to agriculture and bioeconomy challenges outside the European Union. While taking into account the EIB's business model, the recommendations highlight a need to differentiate its approach by country, with special attention to opportunities for coordinating with others and to the potential added value of each intervention. Such differentiation will require it to work closely with partners including the European Commission, EU Delegations and other partners. In many cases it will also require it to augment access to technical assistance support.

- **Recommendation 1: Enhance partnerships with the EU Delegations and other partners to achieve structural changes in agriculture and bioeconomy.** Deepen the strategic relationship with the European Commission through regular meetings and exchange. Extend and accelerate the ongoing engagements with strategic partners such as FAO, IFAD and others at the country level. Work closely with EU Delegations—building on NDICI and Team Europe—to fund and engage technical assistance to bring projects to maturity and where relevant to scale up opportunities for EIB financing to complement policy dialogue.
- **Recommendation 2: Engage selectively with partners in a comprehensive approach to strengthening agriculture value chains.** Ensure that operations are systematically well-grounded in value chain analyses. Adapt and make greater use of a combination of existing products for selected value chains. Work closely with the European Commission and others to secure technical assistance.
- **Recommendation 3: To suit the financing needs of domestically oriented farmers and firms, consider increasing local currency lending through MBILs.** The EIB would first need to carefully assess the feasibility of testing and implementing local currency lending. Beyond MBILs, the EIB might also consider local currency lending for direct loans and other interventions.
- **Recommendation 4: Enhance performance on environment and climate action—including adaptation—within agriculture and bioeconomy, especially in MBILs.** Continuously explore how to integrate technological advances and best practices related to climate change adaptation in agriculture and bioeconomy. Continue its efforts on guidelines for integrating climate considerations and for better estimating projects' contributions on climate change. Put in place technical assistance and advice to support the improvement of climate and environmental monitoring by promoters. Again, such support could especially focus on intermediated lending.

RECOMMENDATIONS AND MANAGEMENT RESPONSE

Table 1: Recommendations and Management Response

Recommendation 1

Enhance partnerships with the EU Delegations and other partners to achieve structural changes in agriculture and bioeconomy

Rationale: In the agriculture and bioeconomy sector, just as development challenges are complex and specific to each country, so are the opportunities to address market failures. The evaluation points to better development results arising where EIB projects and pipeline development benefit from in-depth sector knowledge of the country and from local, ongoing support and monitoring. Further, policy dialogue aiming at reforms is often more effective when combined with investments in the sector—and investments are more effective when combined with policy reform. While the EIB provides much-needed financing at scale and at affordable cost, its current business model (mainly project-based support with limited local presence and limited institutional dialogue) makes it very challenging and in fact inappropriate for the EIB to support alone or to take a coordinating role in needed sector reforms in the countries where it operates. It should work closely with partners equipped for local sector dialogue. To be sure, steps have been taken in the last few years to improve coordination—especially through the NDICI and Team Europe initiatives. But the EIB and the European Commission have not yet fully realised the potential of their complementarity on the ground. Especially challenging is fragmentation among technical assistance sources, an obstacle that might diminish with the advent of NDICI and Team Europe. The EU Delegations and partners such as the FAO, IFAD and other development partners have a local presence and entry points for policy dialogue. By working closely with the EIB, they can help with project origination and can supply the required monitoring and support. At present, critical constraints for the EIB include the scarcity of grant resources and of EIB time and resources to engage in these partnerships.

To implement recommendation 1, the EIB could:

- *Deepen the strategic relationship with the European Commission through regular meetings and exchange. Where relevant, jointly develop diagnostic studies and programming with EU Delegations to support the agriculture and bioeconomy sector at country level.*
- *Extend and accelerate the ongoing engagements with strategic partners such as FAO, IFAD and others at the country level. Taking into account the EIB's limited local presence, optimise coordination with multilateral and bilateral cooperation partners—for example, through silent partnerships.*
- *Work closely with EU Delegations—building on NDICI and Team Europe—to fund and engage technical assistance to bring projects to maturity and where relevant to scale up opportunities for EIB financing to complement policy dialogue. Such complementarity will contribute towards the European Commission and the EU Delegations achieving their policy aims and better ensure the development outcomes for the EIB projects.*

Management Response: Agreed

The Management Committee notes that at project level the recommendation is already largely implemented as the Neighbourhood, Development and International Cooperation Instrument approved in 2021- Global Europe (NDICI Global Europe)'s architecture established a formal project identification and review process that entails active engagement with EU delegations as well as relevant directorates in Brussels early on.

Specifically, delegations must be consulted on any new EIB project outside the EU and a 3-step consultations process combined with regular pipeline review meetings are being implemented. Efforts are also being deployed to strengthen collaboration with relevant partners notably UN Rome based agencies (IFAD, FAO) as well as other IFIs.

At the level of strategic discussions, the Management Committee agrees that further coordination and complementarity with the EU/IFI/UN family programmes and agenda should be sought to foster the policy reform agenda. Such efforts would facilitate convergent interpretations of the priorities of the Multi-annual Indicative Programme (MIP) that in some cases brought to the rejection of projects supported by the Bank and other IFIs (for example, in Ethiopia, where the delegation did not, eventually, support an irrigation project that the Bank judged to be vital for food resilience). The following aspects should be taken into consideration:

- 1) The synchronisation of the calendars for approval of grants and loans may not always be possible because of different internal requirements, delivery models, lending terms or priority settings, making cooperation difficult and resource intensive;
- 2) EIB may not have sufficient resources to finance studies and could opt to rely on the findings and evidence already produced by other partners or the government;
- 3) Some of the recommended partners may require payment of fees in exchange of the collaboration which EIB is not in a position to pay because of its own policies or other constraints;
- 4) Governments may have specific requirements on the types of projects and activities that various partners should finance or co-finance that may partially diverge from, or be broader than the priorities of the MIP;
- 5) Streamlining the strategic discussions on the sector with the European Commission's headquarters in Brussels and decentralising discussions at project level with the EU delegations, making a more systematic use of the staff in local offices, could enhance the level of cooperation.

The Management Committee agrees that efforts should be made to strengthen synergies with EC and other development partners like IFAD and FAO and that additional EU technical assistance (TA) resources are needed to enhance the cooperation with partners at all levels (delegations, UN agencies, Team Europe, etc.). This is highly challenging as donor resources are becoming increasingly scarce, focusing on specific priorities. EIB services will nevertheless aim at securing as much TA resources as possible in a coordinated way to support its actions in all sectors, including agriculture and bioeconomy within the boundaries of financial sustainability, staff intensity, and timeliness.

Recommendation 2

Engage selectively with partners in a comprehensive approach to strengthening agriculture value chains

Rationale: The challenges in agriculture and bioeconomy outside the European Union are persistent, requiring long-term solutions built on local ownership and a conducive policy environment. In some cases, a mix of private and public investments is needed. A comprehensive approach, linking EIB operations to complementary initiatives, would enable aggregation in an otherwise highly fragmented sector and a mobilisation of the EIB's specific and comparative advantage. The approach would be resource-intensive and would require the EIB to give priority in its efforts to selected countries and value chains. Over time, it would lead to cumulative benefits across specific value chains. That such an approach can be effective and potentially resource-efficient appears in the EIB's Moldova wine value chain investments. A comprehensive value-chain approach also opens a door to coordination with partners poised to complement the EIB with their local presence, their ability to enter policy dialogue, their access to grant-based assistance and their capacity for monitoring and documenting outcomes.

To implement recommendation 2, the EIB could:

- *Ensure that operations are systematically well-grounded in value chain analyses. Such analyses would enable the EIB to make sure its projects are complemented by other initiatives, including those capable of monitoring and documenting outcomes.*
- *Adapt and make greater use of a combination of existing products for selected value chains. Examples of products that could be used more fully and in combination include policy and sector-based loans, results-based loans, double intermediated loans, dedicated MBILs, de-risking instruments, local currency lending, and small ticket size direct operations serving national and regional programmes.*
- *Work closely with the European Commission and others to secure technical assistance. Such coordination entails recognising that access to technical assistance depends largely on the donor and that—even within the NDICI and Team Europe framework—it will take time and resources.*

Management Response: Agreed

The Management Committee agrees with the recommendation to effectively deploy the existing staff and limited technical assistance resources and to only selectively engage in comprehensive value chain analysis. The structured approach followed by the Bank allows engaging in pilot countries first considering such analysis is cost and resource intensive.

The Bank has implemented this practice already in countries such as Ethiopia, Liberia, Senegal, Moldova, Côte d'Ivoire and others. Usually, 2-3 years are needed to assess the results before these operations can be replicated in other countries. Based on the lessons learnt from the previous operations, the Bank could further extend this approach to other countries on a selective basis.

Like the previous recommendation, MBILs should be distinguished from direct loans and SBLs or individual equity operations and the lack of EU technical assistance resources accessible to the EIB for this sector outside the EU should be addressed with the Commission's services.

Supply chain consideration could possibly be better integrated in the development of Sector Based Lending (SBL).

Recommendation 3

To suit the financing needs of domestically oriented farmers and firms, consider increasing local currency lending through MBILs

Rationale: In the evaluated projects, the EIB sought to avoid the risks and costs of local currency lending by providing almost all its intermediated lending in euros or US dollars. Further, financial intermediaries on-lent to final beneficiaries mostly in "hard" currency. These practices were attended by two disadvantages. First, the exchange risk of MBILs in euros or US dollars is passed through from the financial intermediaries to the final beneficiaries whenever the latter borrowed in hard currency (a risk mitigated in the case of exporters trading in hard currency). Second, the limited provision of local currency lending hindered MBILs from being allocated to domestically oriented firms with proceeds and funding needs in local currency. Extending more MBILs in local currencies would make the EIB offer better adapted to the financing needs of [smaller] domestic-oriented farmers and firms, notably in sub-Saharan African countries. The EIB would first need to carefully assess the feasibility of testing and implementing local currency lending. Beyond MBILs, the EIB might also consider local currency lending for direct loans and other interventions.

Management Response: Agreed

The Management Committee acknowledges the importance of local currency lending for agricultural investments oriented towards production for the domestic market. In general, the possibility to avoid the currency risk would be favorable to any lending or financing for projects oriented towards domestic markets that do not generate revenues in hard currency. This is the case, for instance, with most of the investments under the Sustainable Development Goals. For these reasons, there is a growing demand for local currency lending (LCL). However, the possibility to offer LCL for the Bank is contingent upon various factors on the funding side, particularly the convertibility and stability of the target currency. Therefore, LCL outside the EU can come at a cost for the Bank and consequently for the borrowers and an assessment of the benefits and costs of the introduction of new instruments for LCL is required. The approach followed is to address different segments of this demand with different products devised to respond to the needs of the Bank's clients in developing countries.

The conservative interpretation of the EIB's Statute has led it to adopt synthetic local currency lending as the only acceptable model, passing on the hedging costs to the clients and ensuring zero residual risk to the Bank. The EIB is a shareholder and user of The Currency Exchange Fund (TCX), the most important provider of local currency solutions outside the European Union. Founded in 2007 by a consortium of development finance institutions, specialized microfinance investment vehicles, and donors, the TCX offers solutions to manage currency risk in developing and frontier markets on market basis. The TCX provides local currency and hedging solutions for financial institutions. Especially the Bank's financial sectors clients benefit from longer term financing in local currency as the derivative solution of the TCX enables the Bank to work in challenging markets, however almost always requiring grant funding to be provided by a third party in order to improve the otherwise prohibitively expensive swap rates provided by TCX or other hedge providers. The Bank has recently increased the number of currencies that it can cover with TCX, while the EC is increasingly reluctant to provide grants as described above.

Finally, services are considering other forms of providing local currency with central banks, which could possibly be supported by the European Commission's budget. The idea is for the EIB to obtain local currency at the best possible conditions (i.e., directly from the issuer of local currency), while providing the recipient country with access to much needed foreign exchange for covering their balance of payments financing needs. A European Commission guarantee or a grant could cover the part of the exchange rate risk due to a market failure. This could enhance the outreach of the LCL activity of the Bank.

Recommendation 4

Enhance performance on environment and climate action—including adaptation—within agriculture and bioeconomy, especially in MBILs

Rationale: Agriculture and bioeconomy can make large contributions to environmental sustainability and climate action—particularly through climate change adaptation, given the sector's dependence on weather and climate and its consequent vulnerability. Adapting the sector to climate change will enhance social and economic resilience. But it is also challenging as technical knowledge and established best practices in this area remain limited. The evaluation identified several cases of EIB support contributing significantly and successfully to adaptation, for example, through investments in food security and agricultural product storage or in water-saving irrigation technology. Despite such successes, the EIB has not consistently integrated environmental and climate considerations across its products. Direct lending operations were sometimes identified as good examples of such integration, but this was less common for MBILs.

To implement recommendation 4, the EIB could:

- *Continuously explore how to integrate technological advances and best practices related to climate change adaptation in agriculture and bioeconomy.* Adjust climate change adaptation lending strategies accordingly.
- *Continue its efforts on guidelines for integrating climate considerations and for better estimating projects' contributions on climate change.* Such efforts could focus especially on intermediated lending operations.
- *Put in place technical assistance and advice to support the improvement of climate and environmental monitoring by promoters.* Again, such support could especially focus on intermediated lending.

Management Response: Agreed

The Management Committee recognizes the importance of progressively enhancing performance of the Bank's interventions on environment and climate action including adaptation also in the agricultural sector, which is in line with the EIB's EU Climate Bank aspirations.

All EIB operations are aligned with EIB Environmental and Social (E&S) Standards in terms of sustainability. The EIB services dedicate substantial resources to the assessment of environment, social and climate aspects, as well as to project design. The EIB's public policy goals evolved with time. The evaluation covers a long period starting in 2014. While general greenhouse gas mitigation in EIB finance projects has been appraised since the introduction of the first Climate Strategy in 2015, sector specific CA&ES criteria for EIB lending were only introduced in 2021 after the approval of the EIB Climate Bank Roadmap. Subsequently, a CA&ES guide was developed for all sectors in direct lending. In 2023, the CA&ES criteria were adapted for the MBILs. This resulted in the development of the green eligibility checker which is not yet available outside the EU. This process is evolutive, and EIB services are dynamically responding to operational realities by adapting internal procedures and guidance for promoters progressively.

For example, in 2023, the benefits of sustainable agriculture practices towards reducing the risk of deforestation and biodiversity loss were introduced in the CA&ES guide. Services will continue to fine tune and adapt internal CA&ES guide seeking alignment with other Multinational Development Banks while taking into account the evolution of the regulatory environment.

As for the other recommendations, it is important to differentiate the analysis and conclusions between direct lending operations and intermediated lending operations. The Bank uses MBILs to enhance access to finance for MSMEs and MidCaps, through Financial Intermediaries, and the challenge in this context is to expand support to MSMEs to the agricultural sector which is underserved. The latest reports from the UN on food security quantify in trillions the amount of additional finance needed to achieve the SDGs targets 2.1 and 2.2 on access to food and the end of malnutrition. Intermediated financing operations rely on the financial intermediary's capacity to align with EIB E&S standards as a baseline and to other specific objectives such as CA&ES, wherever possible. The primary challenge for these operations lies in operationalisation of the CA&ES investment criteria. This must be done while considering the appraisal delegation framework applicable to these operations, necessitating a balance between the anticipated project outcomes and the substantial internal resources that intermediaries may need to allocate at their own expense. As a first step, the green eligibility checker was developed for use inside the EU and its adaptation to outside the EU is underway. On climate adaptation, the updated Joint MDB Methodology on Tracking Adaptation Finance now provides a tailored approach for tracking adaptation finance for intermediated lending, addressing challenges related to the high level of uncertainty on the use of proceeds at signature. Work is underway to integrate data on climate hazards into the Green Checker for the inside EU, to support the identification of climate vulnerabilities and confirm related adaptation investments, which will allow enhancing the tracking of adaptation finance in MBILs. In due course the possibility to extend to outside the European Union will be considered.

For intermediated loans, the EIB performs a screening of allocations based on the NACE code of the final beneficiary and the sub-project itself. Often, such screening is not sufficient to determine whether the

proposed allocation meets the EIB CA&ES criteria, and additional efforts and/or capacity building of financial intermediaries is required. For example, tropical fruit cultivation requires closer examination of specific practices to determine their sustainability.

This is often possible only through the support of technical assistance. Tailored technical assistance for financial intermediaries to sub-project screening and preparation could address this issue, taking into account a country specific strategic approach to the sector in collaboration with the EU delegations in partner countries.

For direct lending, the Bank has broader control in project preparation, appraisal, implementation, and monitoring ensuring, where possible, substantial contribution to CA&ES. Since 2021, NDICI – Global Europe brings stronger focus on environment and climate change notably through the support of sustainable agriculture, forestry and fisheries to increase climate resilience through food security and creation of economic opportunities and jobs. The Bank is continuously exploring opportunities to contribute to climate change adaptation and other CA&ES within agriculture and bioeconomy projects.

1. CONTEXT AND SCOPE

1.1. EIB support for agriculture and bioeconomy outside the European Union

The agriculture and bioeconomy sector is instrumental for meeting long-standing global commitments, most importantly Sustainable Development Goal (SDG) 2, Zero Hunger. Interventions in the sector can affect almost all SDGs: they offer high potential for climate action and environmental sustainability as well as women's economic empowerment. The deterioration in global food security following Russia's invasion of Ukraine in February 2022 has highlighted the need for support for agriculture and bioeconomy worldwide.

The support provided to the agriculture and bioeconomy sector by the EIB prioritises three areas: improving infrastructure and services to increase market access, strengthening food value chains, and promoting climate-smart and resilient food production. The 2016 Strategic Orientation of the EIB Group's Activities in Agriculture/Bioeconomy provides a strategic outlook for the sector. It recognises its key role for economic growth in rural and coastal regions, food security, healthy diets and climate action. After Russia's invasion of Ukraine and the subsequent rise in global food insecurity, EIB Services identified the above three priority areas for increased activities outside the European Union. The 2023 EIB Global Strategic Roadmap sets out that future operations will aim at building climate resilience in agriculture, strengthening agriculture digitalisation, and supporting sub-sectors with the greatest biodiversity and development co-benefits.⁷

In alignment with EU development policy objectives and national priorities, the EIB supports agriculture and bioeconomy in countries outside the European Union. The EU's policy objectives for development cooperation are driven by Agenda 2030's SDGs.⁸ While the core objective for agriculture and bioeconomy is Zero Hunger (SDG 2), interventions in the sector affect almost all SDGs, from No Poverty (SDG 1) to Life Below Water (SDG 14).⁹ EU development cooperation focuses on tackling hunger, food security and malnutrition;¹⁰ promoting sustainable agriculture; and empowering women. Further, the agriculture and bioeconomy sector is central to achieving EU policy objectives in development cooperation and climate action: it is instrumental in meeting the commitments of the 2015 Paris Agreement¹¹ and the 2019 European Green Deal.¹² Figure 1 presents a timeline of policy developments. (For a detailed policy review, see Annex 1: Policy review).

⁷ See: [23_153_GENQUEST_\(EN\)_EIB_Global_Strategic_Roadmap.pdf](#).

⁸ See: [Sustainable Food Systems: Concept and Framework \(fao.org\)](#) & [World Bank Document](#).

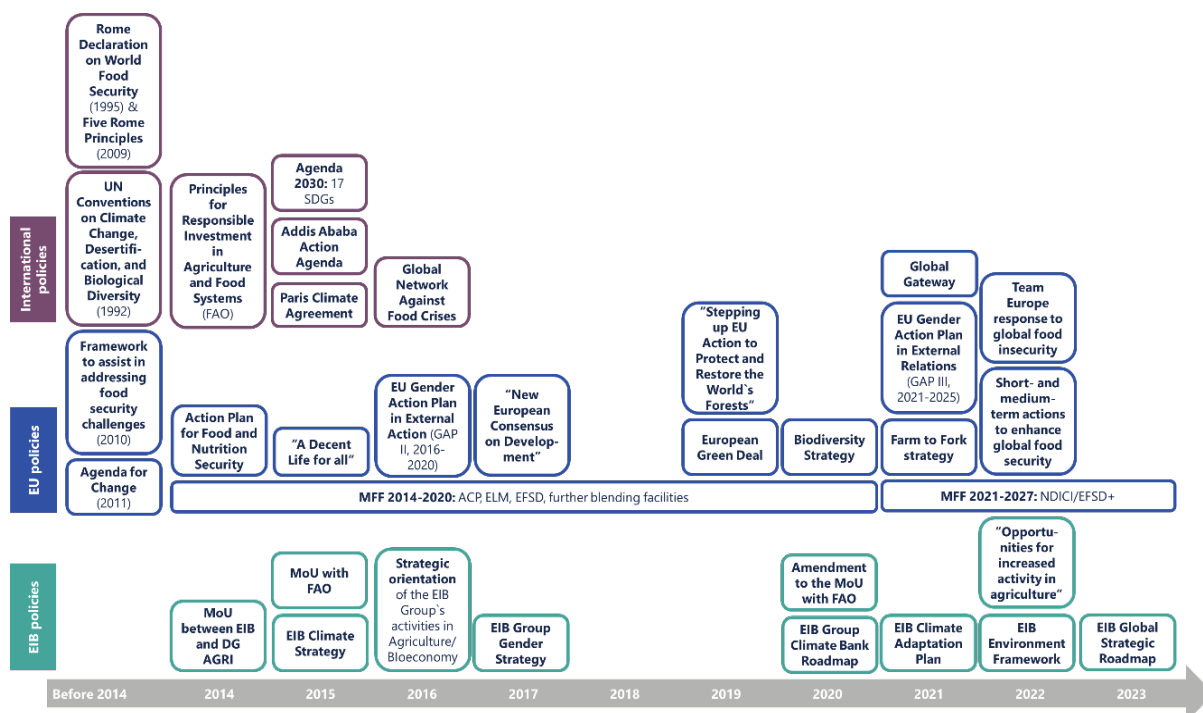
⁹ See: [Transforming Our World: The 2030 Agenda for Sustainable Development | Department of Economic and Social Affairs \(un.org\)](#).

¹⁰ See: [https://international-partnerships.ec.europa.eu/policies/climate-environment-and-energy/nutrition-and-food-security&Sustainable food systems \(europa.eu\)](https://international-partnerships.ec.europa.eu/policies/climate-environment-and-energy/nutrition-and-food-security&Sustainable%20food%20systems(europa.eu)).

¹¹ See: [Paris Agreement](#).

¹² For agriculture and bioeconomy, the core strategies of the European Green Deal are the 2020 EU Biodiversity Strategy and the 2021 Farm to Fork (F2F) Strategy. See: [Agriculture and the Green Deal \(europa.eu\)](#).

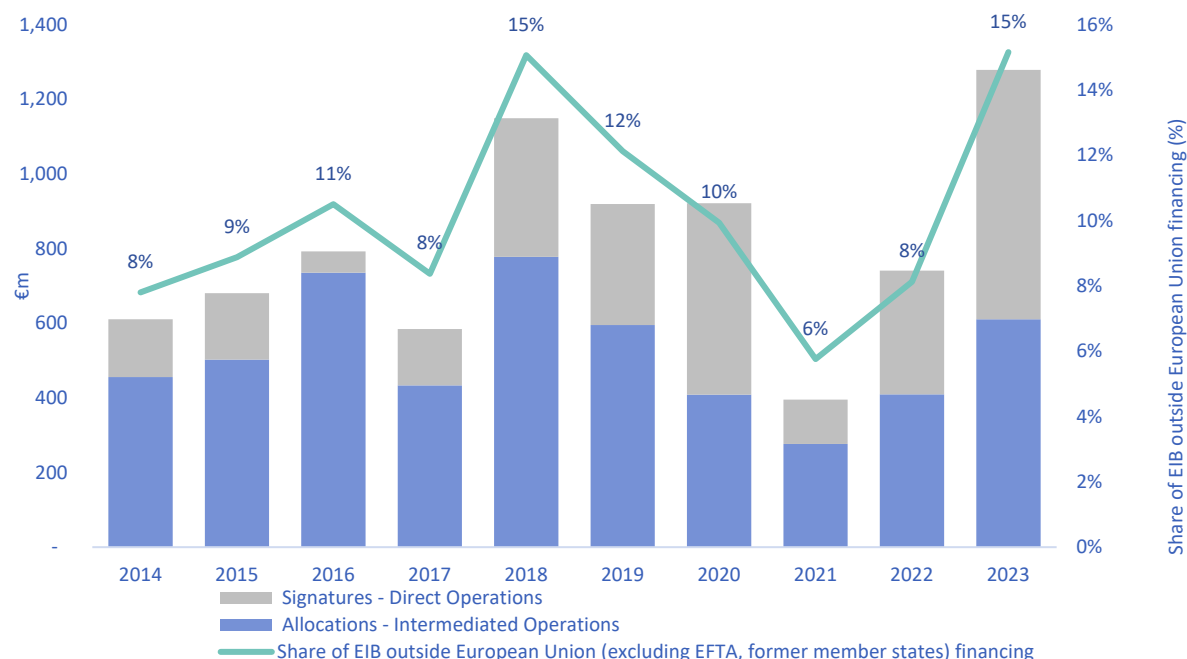
Figure 1: Timeline of policy developments



From 2014 to 2023, the EIB's support for the agriculture and bioeconomy sector represented average 10% of its total lending outside the European Union. This share ranged from 6% in 2021 to 15% in 2018 and 2023 (Figure 2). In 2014-2023, the EIB provided support to this sector outside the European Union through 56 direct operations and 205 intermediated operations. The direct operations comprise 21 investment loans, 16 framework loans and 19 equity/quasi-equity investments, worth €2.9 billion of co-financing signed projects. For the 205 Multi-Beneficiary Intermediated Loans (MBILs), the partner banks allocated approximately 35 000 loans to small and medium-sized enterprises (SMEs) in the sector, for a total of about €5.9 billion. The average size of direct operations is €74 million, and €113 million for intermediated operations.¹³ MBILs in the portfolio have on average 168 allocations to bioeconomy sub-projects, with a median size of €21 000. Approximately 10% of the total operations were co-financed with other multilateral development banks (MDBs) or international financial institutions (IFIs).

¹³ These average figures relate to the overall financing amount and not only the agriculture and bioeconomy sector.

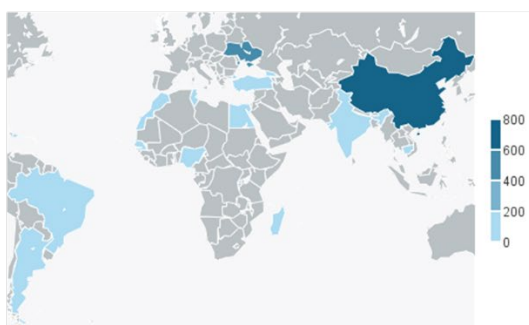
Figure 2: Agriculture and bioeconomy amounts and share of financing outside the European Union, 2014-2023¹⁴



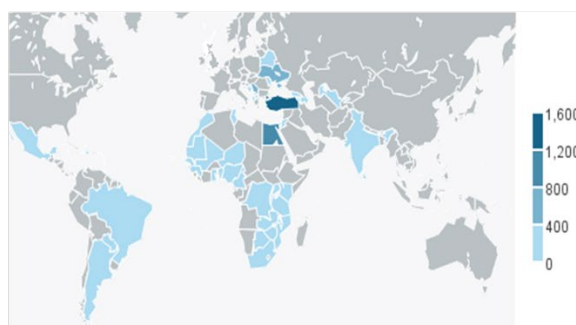
The operations are heavily concentrated in three regions: candidate countries (46%); African, Caribbean and Pacific (ACP) states (26%); and Mediterranean countries (15%). For direct operations, the largest signed amounts went to China (22%), Ukraine (19%) and Regional Africa (13%), while for intermediated operations the largest allocated amounts were in Türkiye (24%), Egypt (22%), Serbia (9%) and Ukraine (8%) (Figure 3). For direct operations, the most targeted sub-sectors were agricultural products, forestry and manufacture of food, while for intermediated operations the most targeted sub-sectors were manufacture of food, commerce and agricultural products. A total of 181 operations involved eligibilities bearing on climate action and environmental sustainability (69% of the total). Only 51 operations (20%), however, have climate action accounting for 20% or more of the total amount approved. (For more details of the portfolio review, see Annex 2: Portfolio review).

Figure 3: Agriculture and bioeconomy operations outside the European Union by country and type of financing, 2014-2023¹⁵

Direct operations, by country
Signature amounts (EURm)



MBIL operations, by country
Allocation amounts (EURm)



¹⁴ For direct operations, only amounts signed targeting the bioeconomy sector are included; while for intermediated operations, only amounts allocated to sub-projects operating in the agriculture and bioeconomy sectors are included. Source: Evaluation Division based on Serapis.

¹⁵ Source: Evaluation Division based on Serapis.

The agricultural sector outside the European Union is largely made up of smallholder farmers, and micro, small and medium-sized enterprises (MSMEs). Outside the European Union, the agriculture and bioeconomy sector represents a substantial share of gross domestic product (GDP) and even more of total employment. The final beneficiaries are typically smallholder farmers and MSMEs, to whom the EIB cannot lend directly¹⁶ given the small ticket sizes involved. Supporting SMEs and mid-caps is one of the EIB's primary public policy goals and remains a key objective for it.

The EIB's intermediated approach through the provision of MBILs is a pragmatic way to serve these numerous beneficiaries in a cost-efficient and policy-effective manner. Some 80% of the operations contributing to bioeconomy lending were intermediated lending products, notably MBILs. Approximately 35 000 loans for SMEs in the agriculture and bioeconomy sector were granted through partner banks between 2014 and 2023, for a total of about €6 billion in loans in countries outside the European Union. The median ticket size was €20 000. MSMEs accounted for 94% of the final beneficiaries. Total sub-project expected job creation was nearly 180 000 jobs, of which nearly 30% were for females. In some cases, the employment effect might be larger, given part-time and household labour. Targeting even a fraction of these counterparts through direct support would entail a significant increase in costs, and the all-cost inclusive interest rate would probably not be competitive.

Other than for MBILs, the EIB has deployed its full product range in support of different actors in the agricultural sector. Specifically, the EIB has provided:

- *Continuous support for public-sector borrowers.* One example was an investment loan to upgrade public irrigation networks and their adaptation for localised irrigation and drip irrigation equipment in Morocco, as part of a wider masterplan to make agriculture the driving force behind the country's economic growth. Another example was a framework loan to support climate action projects that facilitate the adaptation of agricultural production in Argentina to market demands and promote the increase in added value of the sector's productive value chains.
- *Direct support provided to corporates in a more opportunistic manner when several public policy goals (PPGs) were met.* One example was an investment loan to a Turkish tractor manufacturer to finance Research, Development and Innovation (RDI) investments (innovation PPG) that enabled, among other things, the development of new technologies for its future models, resulting in reduced emissions and improved climate performance (climate PPG).
- *Indirect support through different types of investment funds.* Examples include:
 - A microfinance fund operating throughout Africa with the objective of providing debt to rural microfinance institutions and small agricultural entities.
 - An impact investment fund (private equity) in Latin America investing in pro-biodiversity businesses that encourage sustainable use and conservation of natural resources, preserve and restore vulnerable ecosystems and biodiverse landscapes, mitigate climate risk, and build resilience in local economies and communities.
 - Infrastructure funds investing in forestry and forest conservation projects throughout the ACP states.

1.2. About this evaluation

This evaluation covers EIB support for the agriculture and bioeconomy sector outside the European Union from 2014 to 2023. For the Evaluation Division of the EIB Group, the sector comprises the entire agriculture and bioeconomy¹⁷ value chain, from the input provider to the final consumer. (See Annex 5: Activities included (NACE codes) for full list). This aligns with the definition used by EIB Services and the European Commission. Accordingly, the evaluation covers all EIB products, including technical assistance and upstream advisory services. The scope

¹⁶ EIB's minimum amount for direct loans is €7.5 million (for a total investment project of €15 million). Source: [Agriculture, Bioeconomy and Rural Development - Overview 2021 \(eib.org\)](#).

¹⁷ The Nomenclature of Economic Activities (NACE) rev2 codes included in the EIB's definition of agriculture and bioeconomy follow the definition provided by the European Commission in its Bioeconomy Strategy (2018): the term bioeconomy "covers all sectors and systems that rely on biological resources—animals, plants, micro-organisms and derived biomass, including organic waste—as well as their functions and principles". See Bioeconomy Strategy | Knowledge for Policy (europa.eu).

of this evaluation covers the support provided by the EIB outside the European Union, excluding the United Kingdom and European Free Trade Association countries. It covers operations signed between 2014 and 2023. As some analysis requires a focus on longer implementation timeframes, the evaluation includes some operations signed before 2014 and after 2023. This is not an EIB Group-wide evaluation, and for this reason European Investment Fund (EIF) activities are not evaluated.

In answering five questions, this evaluation aims to assess the performance of the EIB's support for the sector and to provide lessons for the future. Based on the evaluation criteria of the Organisation for Economic Co-operation and Development, Development Assistance Committee (OECD/DAC), this evaluation focused on five evaluation questions:

1. Relevance and coherence — To what extent has the EIB support for agriculture and bioeconomy responded to EU priorities and the priority needs of partner countries?
2. Effectiveness and sustainability — To what extent has the EIB support for agriculture and bioeconomy achieved the expected outputs and outcomes?
3. Effectiveness and impact — To what extent did the EIB's support for agriculture and bioeconomy contribute to environmental sustainability and achieving outcomes (and impact) related to climate change action?
4. Effectiveness and impact — To what extent did the EIB support for agriculture and bioeconomy facilitate development outcomes (and impact)?
5. Efficiency — To what extent were the EIB approach and products adequate for supporting agriculture and bioeconomy?

As EIB operations in agriculture and bioeconomy are highly context specific, the evaluation has a country and project case-study approach. It applies three levels of inquiry:

- **Institutional:** Assessment of EIB strategies, policies and guidelines; business model and operational practices; products; and incentive structures.
- **Country:** Portfolio analysis and case studies in seven countries, selected to provide insights into EIB support for agriculture and bioeconomy outside the European Union.
- **Project:** Within the seven countries (
- Figure 4), a sample of 15 projects were analysed (see list of projects in Table 5 of Annex 3: Evaluation methodology). In addition, thematic projects were selected to cover specific areas of interest. Further, the 23 available Project Completion Reports (PCRs) of direct operations in the agriculture and bioeconomy sector outside the European Union signed between 2007 and 2014 were reviewed.

Figure 4: Map of country case studies



The evaluation combined multiple data sources and analytical approaches to build a robust base of evidence and to triangulate data. These methods included a review and analysis of the portfolio; a policy and literature review; country and project case studies; thematic case notes on food security, gender, value chains, technical assistance/advisory services and working with IFIs; interviews; and focus discussion groups. (See Annex 3: Evaluation methodology).

2. RELEVANCE OF THE EIB OFFER

2.1. While EIB activities were aligned with EU policies, they did not fully benefit from the potential of coordination with EU Delegations and other partners

The EIB's policies and activities were aligned with EU policy objectives and followed the evolution of EU policy priorities on climate action, gender and food security

The EIB's policies and activities were aligned with EU policy objectives for the sector, regions and countries of operation. (See the detailed policy review in Annex 1: Policy review). The EIB ensured that its operations were aligned at the design stage with EU policy objectives for the sector and region/country. Projects clearly targeted EU policy objectives for the sector, including development outcomes or climate change adaptation and mitigation targets. The appraisal documents in the sample examined in this evaluation consistently describe its eligibility and how to aim to contribute to, for example, Agenda 2030, the EU–ACP Cotonou Agreement or the EU Biodiversity Strategy. Further, at project design, the EIB ensured alignment with EU priorities for the region and/or country by checking against pre-accession facilities, bilateral partnerships, European Neighbourhood Action Plans, and the Neighbourhood Investment Programme 2014-2020. For many operations, the appraisal documents also refer to EIB-specific guidance, such as the EIB's strategic orientation for the sector, climate action and environmental sustainability criteria, or EIB mandate/partnership objectives.

The EIB's operations were aligned with national priorities in countries of operation. At the design stage, the EIB ensured that the projects were aligned with national priorities. The appraisal documents of the sampled projects consistently described the expected alignment with, and contribution to, specific policies and objectives of the partner country, such as national development plans, national agriculture strategies/plans, national strategies, action plans on certain policy areas (for example, climate change, forestry and renewable energy), economic policies, specific objectives promoted by the government (for example, R&D), and programmes developed by the government (for instance, the irrigation project in Morocco addresses the pressing water supply issue, which has been the top priority of the country and of the agricultural sector, and the project is part of the Green Morocco Plan).

The EIB's policies and activities reflected evolving EU policy priorities on climate action, gender and food security. Investments in agriculture and bioeconomy outside the European Union are closely linked to climate action and environmental sustainability, and gender equality considerations. During the evaluation period, the EIB introduced the EIB Group Strategy on Gender Equality and Women's Economic Empowerment (2016)¹⁸ as well as the EIB Group Climate Bank Roadmap (2019),¹⁹ which closely followed the evolution of EU policy with the EU Gender Action Plan in External Action 2016-2020²⁰ and the 2019 European Green Deal.²¹ The evolving policies led to changes in project design, for example, in more recent MBILs supporting agricultural value chains in sub-Saharan African countries (such as the Green African Agricultural Value Chain Global), by including targets on lending dedicated to gender equality and to climate action. The EIB's approach further evolved with changing EU policy after Russia's invasion of Ukraine, which led to worsening global food security. While the European Commission adopted a package of short- and medium-term actions to respond to global food insecurity²², the EIB participated in the coordinated Team Europe response²³ and identified opportunities for increased activity in food security.

¹⁸ See: [The EIB Group Gender Strategy](#).

¹⁹ See: [The EIB Group Climate Bank Roadmap 2021-2025](#).

²⁰ See: [EU Gender Action Plan II: How EU Delegations contribute to gender equality worldwide | Capacity4dev \(europa.eu\)](#).

²¹ For agriculture and bioeconomy, the core strategies of the European Green Deal are the 2020 EU Biodiversity Strategy and the 2021 Farm to Fork (F2F) Strategy. See: [Agriculture and the Green Deal \(europa.eu\)](#).

²² See: Commission acts for global food security and for supporting EU farmers and consumers.

²³ See: [Council of the European Union agreed on four strands of action](#).

The EIB and EU Delegations did not consistently coordinate their operations as closely as expected

Cooperation and collaboration with EU Delegations varied by country and project. While the EIB often successfully coordinated with EU Delegations in originating, planning and implementing projects, challenges arose that influenced that collaboration's effectiveness. As a positive example of coordination, the EIB project on irrigation in Eswatini was strongly supported by the EU Delegation, and the project profited from a good working relationship between the EIB and the EU Delegation, close coordination during implementation, and complementary interventions of the EU Delegation. In Zambia, Kenya and Malawi²⁴, the EIB provided MBILs with agricultural value chain development that were embedded into wider EU Delegation interventions; but while the EIB and EU Delegation coordinated sufficiently to set up the programmes, the collaboration was also characterised by significant challenges.

These challenges were seen in several ways. They included different implementation time scales, with delays of EIB components leading to insufficient integration into the EU Delegation programme; a too complex project set-up; a misalignment of objectives and incentives; and insufficient communication, with misunderstandings between the EIB and the EU Delegation. Collaboration was therefore ineffective and opportunities were missed. For example, in Zambia the objective was to blend the EIB loan with a grant programme from the EU Delegation to develop agricultural value chains, but so far, no final beneficiary has received both a loan and a grant. The lack of an EIB local office in many countries also makes coordination challenging.

The new framework under the Neighbourhood, Development and International Cooperation Instrument (NDICI)²⁵ enhances coordination and policy alignment, although it may limit the EIB's ability to finance some projects in the sector as some objectives in the 2021-2027 Multi-Annual Indicative Programme²⁶ (MIP) are formulated very narrowly. From 2021, under the new NDICI²⁷ regulations, EIB support is required to match European Commission priorities per country, following a Team Europe approach coordinated by EU Delegations. The expected benefits of this change are enhanced coordination, more strategic planning, promotion of the Team Europe approach, and more resources combined. At the same time, this change has brought challenges such as, from the EIB's perspective, the need to align with specific priorities that limit space for eligible projects, leading to missed opportunities for the EIB. For example, in Eswatini, the EIB co-financed an irrigation project during the National Indicative Programme 2014-2020 and was interested in co-financing a new irrigation project with a similar approach, but this was not possible as agriculture is not a priority in the 2021-2027 Multi-Annual Indicative Programme. The problem is that some objectives in the Multi-Annual Indicative Programme are formulated very narrowly, to guide the supply of EU subsidy and grant financing. EIB financing has a much wider dimension and would require adjusted broader objectives to be viable.

The EIB did not fully exploit the potential of coordination with other IFIs and development partners

While the EIB successfully coordinated with other IFIs and development partners at the design stage, coordination during implementation was often limited, especially when there was no local EIB office. The reviewed projects present examples of satisfactory coordination with other IFIs for co-financed projects and programmes. For example, the irrigation project in Eswatini was co-financed with four other IFIs and there was extensive coordination at the design stage, such as an early donor conference and a joint pre-appraisal mission. The split of the project into separately financed components facilitated procurement processes, but impeded collaboration and access to information across components. In general, co-financing projects with other IFIs led to added value, such as higher leverage, risk more widely spread, and sufficient financing volumes.

Having a local presence facilitated co-financing, as in a project in Türkiye. In contrast, the lack of local EIB presence inhibited coordination, for example for joint monitoring missions with other IFIs as in Eswatini, and dialogue with those IFIs with which the EIB has no ongoing partnership in that sector and region/country. For

²⁴ Annex 6: Selected project case studies presents a detailed case study of the operations in Zambia, Malawi, Turkey, Morocco and Moldova.

²⁵ The NDICI has built on and further formalised earlier initiatives to enhance coordination, but still requires considerable adjustment to ensure that the coordination foreseen is achieved.

²⁶ See: [Global Europe - Programming - European Commission \(europa.eu\)](https://european-council.europa.eu/media/en/press-articles/2021/04/2021042101_en.pdf).

²⁷ Until 2020, the EIB's activities were conducted under two main mandates: the Cotonou Partnership Agreement for African, Caribbean and Pacific States (ACP), and the External Lending Mandate (ELM) for all other countries. From 2021, NDICI-Global Europe Regulation provides the primary legal basis for EU support outside the European Union. See: [Neighbourhood, Development and International Cooperation Instrument \(NDICI\)-Global Europe Regulation](https://eur-lex.europa.eu/eli/reg/2021/1060/oj).

example, in Malawi, the EIB had worked with USAID in preparing an agristorage project, which enhanced fast disbursement. Despite this collaboration and EIB's subsequent MBILs in the country, dialogue between the EIB and other IFIs or development partners involved in the sector remained largely absent, and the EIB was not part of a coordination group of other actors with local presence.

Recently, the EIB has pioneered more innovative approaches in working with international organisations that have a local presence and specialised experience in the sector: namely, the Food and Agriculture Organization of the United Nations (FAO) and the International Fund for Agricultural Development (IFAD). The EIB engaged in projects in agriculture and bioeconomy in a sector that is complex and highly country specific. Many of the earlier projects were standalone (not replicated) and were not well equipped to reach out or engage with partners that had country-level presence and insight. An example of reaching out during planning was the agristorage project in Malawi where the EIB engagement with the African Commodity Exchange and others was promising at the design stage. However, the EIB's follow-up and monitoring were limited. (See project case study in Annex 6: Selected project case studies). This operation was an MBIL, for which monitoring is restricted to allocation reports by the financial intermediary, and monitoring of physical investments is delegated to that intermediary, whereas direct EIB financing operations are monitored much more closely and during the whole implementation period (as in Eswatini).

The EIB's more recent steps to deepen institutional cooperation with key partners such as FAO and IFAD²⁸ are potentially a means of overcoming these shortcomings. Partly in reaction to worsening global food security, the EIB signed an operation to lend €500 million in support of IFAD's programme of targeted loans that aim to improve food security and reduce poverty in rural areas and provided €1.4 million to the FAO Investment Centre to deliver technical assistance for preparing climate-resilient sustainable agriculture programmes in sub-Saharan Africa, this is designed to contribute to food security, income generation for farmers, women's empowerment and job creation.²⁹

2.2. The EIB generally provided what the market would not have provided, or not to the same extent. Yet the EIB modalities and product offering were not sufficient to fully respond to the range of challenges faced by the sector

The EIB's support generally provided what the market would not have, thus fulfilling the EIB's criteria for additionality

Available information suggests that the EIB's intervention has addressed "market failures", that is, cases where the market alone would not have achieved outcomes optimal for society. Of the 48 investment loans within scope of the evaluation, 22 provide a numerical estimate of the expected economic rate of return above 10%, and 17 of those above 15%. These estimates, which the evaluation could not verify, suggest that these investments were expected to provide large economic benefits for society. Analysis of the 23 operations for which PCRs were available shows that the EIB's contribution to existing financing opportunities is manifold.³⁰ The EIB's support has provided longer-term financing, which was lacking in the local market, and has encouraged local financial intermediaries to do so in turn. In much the same logic, the private equity industry was almost non-existent in one of the countries under consideration, but EIB support demonstrated the feasibility of foreign direct investment in smaller, local companies.

Another type of market failure revealed by the PCR analysis is the overall scarcity of credit on local markets, which EIB support helped to address. The analysis also pointed out the positive "environmental externalities", for instance, climate change adaptation, which the EIB-supported projects generated. The operations covered in the project case studies corroborate these findings. They mention, in turn, two types of market failure that the

²⁸ In 2015, the EIB and FAO signed a Memorandum of Understanding (MoU) to deepen investment in agriculture, private sector development and value chains through intensified cooperation in the joint analysis, planning and execution of operations. In 2016, the EIB and IFAD signed an MoU to strengthen investments in agriculture that result in sustainable and inclusive economic growth, continued food supply for a growing population through knowledge sharing, implementation of joint projects, and provision of financial instruments for smallholder farmers.

²⁹ See: [EIB and FAO bolster sustainable agriculture and food production programmes in sub-Saharan Africa](#).

³⁰ PCRs are produced for direct operations, generally after three years of project completion.

EIB intervention helped to address: provision of public goods, and asymmetric information on banking and capital markets.

The first—provision of public goods—is illustrated by the irrigation projects (in Eswatini and Morocco), which generate substantial economic gains for farmers and society as a whole as they enable water supply to be used more efficiently, but require very heavy fixed costs that no private farmer could afford. In addition, the return on investment comprises a non-financial component (because water supply is itself a public good), making the overall economic return higher than the purely financial component. Ultimately, this justifies EIB financing of irrigation projects. The replacement of irrigation by aspersion and gravitation by drip irrigation in one EIB-supported operation illustrates the EIB approach to this market failure (Morocco).

The second—asymmetric information on banking and capital markets—refers to the inability of the lender—or any capital provider—to screen and sort the viable projects for borrowers lacking collateral or established credentials. This type of market failure is prevalent among—but not limited to—SMEs. As in the seminal work by Joseph Stiglitz and Andrew Weiss, the interest rate cannot be used to decide which projects are viable because the borrower’s willingness to accept a higher price of funds might, as well, indicate a higher risk of non-performance.³¹ While the EIB does not consider removing this issue altogether in developed and developing markets, its support provided to financial intermediaries helps to partially alleviate access to finance by expanding the lending capacity of the financial intermediary. The relevance of EIB support in expanding access to finance for SMEs was referred to by most of the interviewed financial intermediaries involved in the MBIL operations across various countries—for example, Zambia, Georgia and Malawi.

Without the EIB, many of the investment projects analysed would not have been implemented, or not to the same extent or within the same timeframe, per most of the promoters interviewed during the evaluation country visits. Similarly, the financial intermediaries interviewed in several countries, such as Georgia and Moldova, stated that they would not have expanded their portfolio as much as they did without the EIB’s support. While it is difficult to assess the veracity of these “counterfactual” claims, it is likely that in several cases the project would at least have been postponed or scaled down. For instance, in the Fruit Garden of Moldova project, per the financial intermediary met, more than 40-50% of the customers would not have borrowed and therefore would not have implemented their project. Further, the financial conditions offered by the EIB were conducive to implementing the underlying projects.

Additionality in some of the projects financed in ACP countries was, however, limited in that some financed projects would have been financed even without an EIB MBIL—if not by the financial intermediary, then by other commercial banks, because the intermediary had selected the most solid and financially viable projects—that is, those which would have been offered financing even without underlying EIB support. In Zambia, the financial intermediary indicated that the financed projects would have been financed anyway with the same features and timeframe. Beyond the specific projects, EIB support also had a major macroeconomic dimension. In Moldova, for instance, the prevailing opinion on the beneficiary side was that without the EIB the sector would have suffered major damage, with 1 million jobs lost and a decline in the wine and vine sector. The interviewed beneficiaries even went so far as to say that “the EIB saved the Moldovan economy”.

EIB support had positive reputational effects for financial intermediaries and promoters, by providing a “stamp of approval” on their investments, including investments beyond the project. This stamp signalled the quality of the project to other investors (for example, one of the MBILs signed in Türkiye, and MBILs in Georgia). Similarly, the MBIL strengthened the reputation of financial intermediaries, reinforcing their financial credibility on international capital markets. These positive signalling and reputational effects extended to all the activities of the promoters or financial intermediaries, as stated by many counterparts in the Neighbourhood countries met during the evaluation country visits.

Technical assistance from the EIB was critical in designing and kick-starting several projects. The low capacity of the promoter or the Project Implementation Unit (PMU) was an obstacle for many projects supported by the EIB outside the European Union, not only on technical expertise but also their administrative capacity to meet requirements or conditionalities associated with the EIB’s support. Thus, the close follow-up of the EIB was critical for the project’s success, specifically at the design stage and at the beginning of project implementation. This involvement avoided lengthy delays and kept implementation on track. The technical assistance from EIB staff at the inception of the first MBIL in Moldova (Filière-du-Vin) enabled the Project Implementation Unit (PIU)

³¹ “Credit Rationing in Markets with Imperfect Information”, Joseph E. Stiglitz and Andrew Weiss, *The American Economic Review*, Vol. 71, No. 3 (June 1981), pp. 393-410 (18 pages).

learning process and successful project implementation, which—according to the promoter—would have been slower otherwise. Additionally, the technical assistance provided by or funded by the EIB throughout that project—namely, advice—also enabled successful and timely implementation.

These features were attested in several case studies conducted under this evaluation in the ACP and Neighbourhood countries. Beyond specific projects, the EIB's technical assistance enhanced the capacity of the local promoter or financial intermediary in future similar projects, particularly in aligning with EU technological, legal (procurement), social and environmental standards. Across the case studies were examples where the EIB-facilitated technical assistance—financed from EU grants—generated lasting capacity improvements among financial intermediaries in agricultural lending and in their Environmental, Social and Governance (ESG) policies and practices. The technical assistance also helped the financial intermediaries to identify potential borrowers and increase their institutional capacity, via credit risk analysis, and ESG and gender standards. The analysis of PCRs corroborates these findings on the dissemination of good practices in environmental and social standards on the market, beyond the specific project, owing to the EIB's involvement.

The EIB's financial contribution resided mainly in the maturity and in the grace period, and less often in the pricing. In the portfolio, 33 of the 264 operations within scope provide at the appraisal stage a rating on the dimensions of the EIB's financial contribution and facilitation. From this subset, 45% rate the financial contribution "high" or "significant", and 9% rate the financial facilitation "significant". Similarly, for 9% of operations, EIB "advice" is rated "significant". Most of the promoters and financial intermediaries interviewed during the country visits stated that the financial conditions offered by the EIB were better than those offered on the market. While quite a few interviewees mentioned attractive pricing, the majority opinion was that the EIB made the difference mainly because of the grace period and maturity typically longer than those offered by alternative sources.

In at least one case, a government subsidising most of the interest rate payments to an individual beneficiary made the benefit of a lower interest rate of the EIB's intermediated financing less critical. In Georgia, the government's interest rate subsidy covers the interest payments for the final beneficiaries up to 12%. Thus, the interest rate of 14% on individual loans under the EIB-supported MBIL does not represent a large difference with the market rate, given that most of the interest payments are covered by the government; for example, from an interest rate of 14%, the borrower would pay only 2%, from an interest rate of 16%, only 4%. In Malawi (Kulima), delays in the inception phase, such as identifying financial intermediaries, coincided with deteriorating macroeconomic conditions, including local currency devaluations, and then lowered the EIB funding's competitiveness against what was expected during design, thereby leading to slower disbursement of the EIB's MBIL. On maturity and the grace period, in some cases the market gradually aligned with the EIB conditions, offering similar terms (for example, Georgia).

The EIB financial advantage reported by the final beneficiaries shows a wide disparity across regions. Table 2 highlights which aspect of the EIB financial advantage was reported by the final beneficiaries, across all the MBILs in the portfolio. Thus, for the ACP countries, longer maturity was the essential aspect (relevant for 74% of operations), while the reduction in the interest rate much less so (reported only for 9% of all the operations in the region—noting that a transfer the financial advantage in the form of a lower interest rate is not required on underdeveloped financial markets). By contrast, the reduction in the interest rate relative to the prevailing financing conditions on the market is widely offered in the Mediterranean countries, in Asia, in Eastern Europe/South Caucasus and in South Africa; somewhat less so, but still important, in the candidate countries and in Latin America. In the potential candidate countries, the availability of the EIB funding was critical.

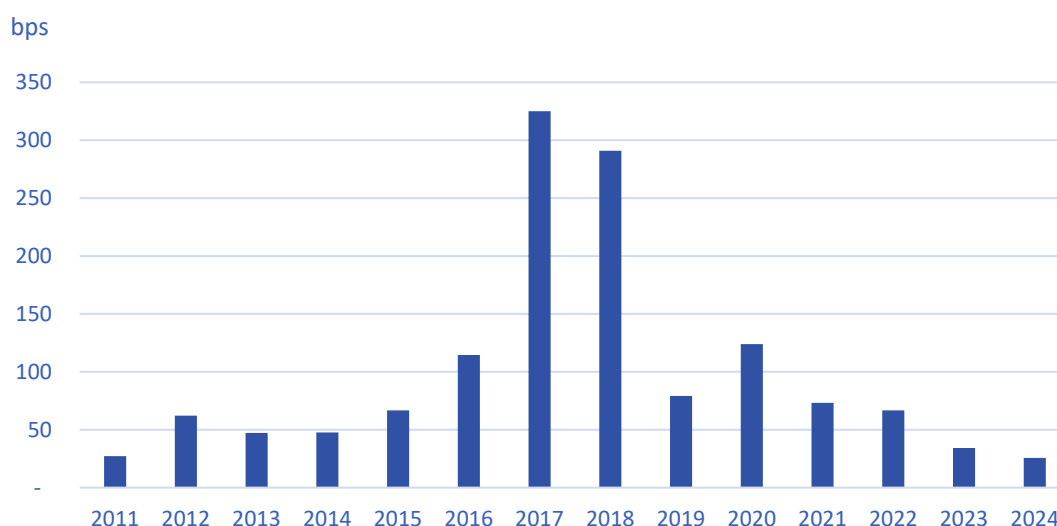
Table 2: EIB financial advantage reported by MBIL borrowers, by type (% of number of operations)

	ACP	Asia (excluding Central Asia)	Candidate countries ³²	Central Asia	Latin America	Mediterranean	Overseas Countries and Territories	Potential candidate countries ³³	Eastern Europe, South Caucasus	South Africa	Total
Nothing reported (%)	10	0	14	0	0	3	0	0	0	0	9
Availability of EIB funding (%)	1	5	1	0	0	2	55	100	0	0	2
Different currency (%)	3	0	0	0	9	0	0	0	0	0	0
Longer maturity (%)	74	0	10	6	31	5	45	0	0	2	13
Other (%)	3	0	19	0	0	1	0	0	0	0	11
Reduction in interest (%)	9	95	55	94	60	90	0	0	100	98	65
Grand TOTAL (%)	100	100	100	100	100	100	100	100	100	100	100
Number of operations	44	3	113	2	4	31	1	1	8	4	211

Source: Evaluation Division calculations based on Serapis.

The financial advantage transferred to the final beneficiaries, in euros, was substantial over the whole period, averaging 100 basis points (or 64 basis points, excluding the two outlier years 2017 and 2018), though declining in recent years (Figure 5). This demonstrates that, on markets where a transfer of the financial advantage in the form of a lower interest rate was offered, the EIB financial contribution through the interest rate reduction was sizeable and channelled to the final beneficiaries. (The approximate size and the change in the transfer of financial advantage for lending in US dollars are similar).

Figure 5: Evolution of MBIL average actual transfer of financial advantage, agriculture and bioeconomy financing, outside the European Union (in €; 2011-2024)



Source: Evaluation Division calculations based on Serapis, from the reported allocations ex post for euro contracts, in countries where a transfer of financial advantage through a lower interest rate was offered.

³² EU enlargement (europa.eu): Albania, Bosnia and Herzegovina, Georgia, Moldova, Montenegro, North Macedonia, Serbia Türkiye, Ukraine.

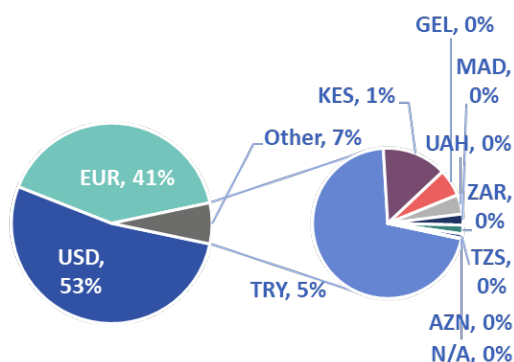
³³ EU enlargement (europa.eu): Kosovo.

The EIB products used in agriculture and bioeconomy were, though, insufficient to respond fully to the range of challenges faced by this sector outside the European Union

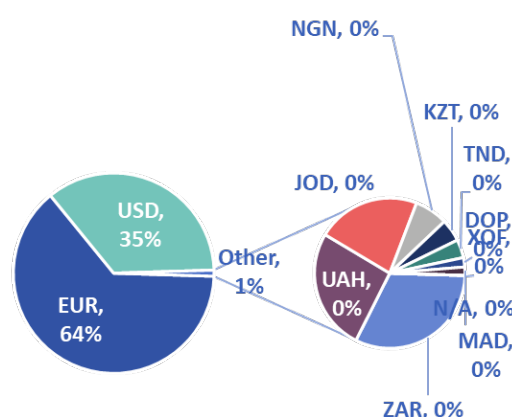
For MBILs, the limited provision of financing in local currency (Figure 6) inhibited the EIB’s ability to support local development and to directly reach smaller farmers and companies. The EIB relies strongly on MBILs for supporting agriculture and bioeconomy outside the European Union, aiming to reach SMEs and mid-caps in the sector. While the amount of local currency lending for agriculture and bioeconomy operations is slightly higher than that for other sectors—7% versus 1%—the EIB provided almost all its intermediated lending in foreign currency, owing to the risks and costs associated with local currency lending. The financial intermediaries generally also on-lent in foreign currency to the final beneficiaries. The needs for foreign currency lending are high for financial intermediaries—to assure asset–liability matching—and for export-oriented companies. In contrast, the evaluation found that providing only foreign currency was not conducive for supporting local development or for reaching smaller farmers and companies. The limited provision of local currency lending hindered the capacity to allocate MBILs to domestic-oriented companies whose proceeds and funding needs are in local currency, and was particularly true in sub-Saharan countries. Striking examples are the Zambia Agriculture Value Chain project and Malawi’s Kulima Access to Finance project. In both, the EIB provided MBILs to local banks to support integration of smallholder farmers into agricultural value chains and to expand access to finance. But as the loan was in foreign currency, the EIB could not directly reach smaller farmers or companies—as they would have required credit in local currency. In some cases, however, larger companies—financially strong enough to take on foreign currency loans—were able to pass on credit in local currency to smaller SMEs and even to individual farmers.

Figure 6: Disbursement currencies of EIB support for agriculture and bioeconomy outside the European Union

Bioeconomy outside the EU



Other sector operations outside the EU



Source: Evaluation Division based on Serapis.

Support for trade instruments was lacking. Trade instruments are crucial for companies trading internationally because they can help to reduce the risks associated with global trade by reconciling the divergent needs of exporters and importers. Commercial banks are very keen on such instruments, for which other IFIs—such as the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC)³⁴—provide support, typically through guarantees. The EIB does not offer this type of instrument, except for a

³⁴ EBRD’s Trade Facilitation Programme (ebrd.com) and IFC’s Global Trade Finance | International Finance Corporation (IFC).

temporary facility approved in 2013 and dedicated only to supporting Greek SMEs and mid-caps. Any provision of such support should always be underpinned by a sound justification for promoting additionality and addressing the market failures that can stem from SMEs' inability to access international trade markets. The EIB should avoid being associated with providing support to large trading companies or with operating in markets where others can offer such support.

The adoption of EU standards was challenging for the counterparts interviewed. The interviewed counterparts found the EIB to have a stricter approach than other IFIs to compliance with ESG or labour standards in the EU: if counterparts are not compliant at the appraisal stage, the EIB cannot support the operation. Other IFIs such as EBRD have a more flexible approach, and can approve an operation even if the counterpart does not yet meet the standards, but commits to entering into dialogue with the IFI and aiming to transition to these higher standards.

There was no possibility of offering subordinated instruments. Outside the European Union, the EIB offers only senior loans. It does not offer subordinated instruments because it lacks mandate-driven support schemes and blended instruments. The IFC and EBRD have a product offering that contemplates higher levels of subordination to corporates and financial institutions, including a vast range of products such as profit-participating loans, convertible loans, preferred shares (IFC), growth capital, and initial public offering (IPO) and pre-IPO financing (EBRD). Alongside financial returns, these IFIs try both to create a positive policy impact among investees, typically through the nomination of directors to sit on their boards, and to contribute to better governance and strategic decision-making.

Technical assistance availability was limited. Only about 13% of the agriculture and bioeconomy operations outside the European Union benefited from technical assistance. According to the EIB Services, there is a lack of technical assistance funds for pipeline and project development and feasibility studies. As it is a scarce resource, technical assistance has been channelled quite thoroughly to operations where it was the most needed. Other IFIs (such as IFC, EBRD) have greater relative access to funds that help them to develop pipelines and prepare projects, which in turn enables them to expedite the appraisal process.

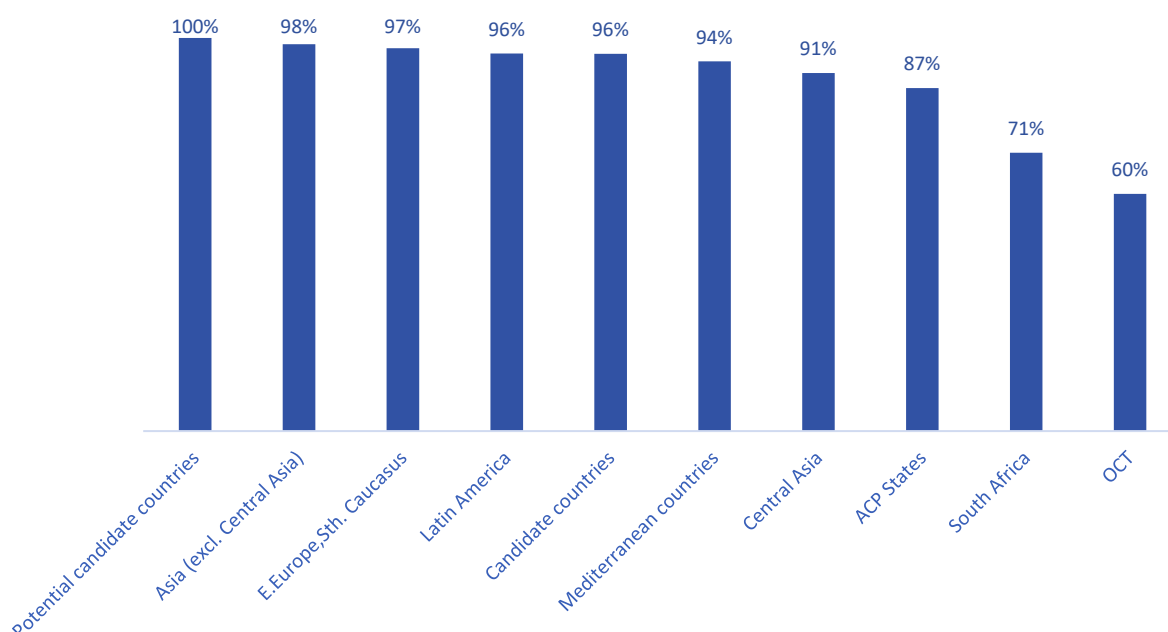
3. DELIVERY AND RESULTS ACHIEVED

3.1. The EIB-supported projects reviewed were delivered successfully, were sustained, and contributed to development and modernisation of the recipient countries' economies, and partially expanded access to finance

EIB-financed projects generally delivered the planned outputs on quantity and quality, and were sustained

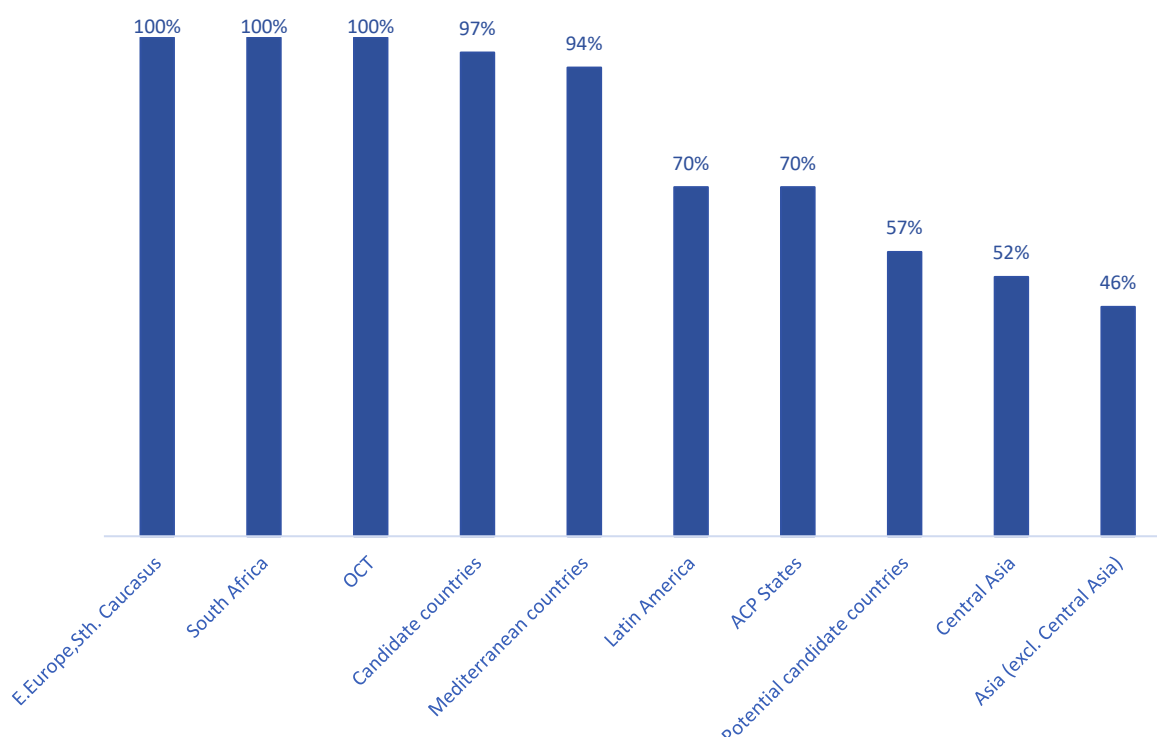
At a portfolio level, approved financing has largely been signed (Figure 7); allocated—in the case of intermediated financing, disbursed (Figure 8); and repaid as expected. The high share of approvals converted into signatures demonstrated the viability of the projects appraised and approved. Similarly, the high proportion of disbursement shows the operational success in the take-off and implementation of the supported projects (or the projects supported through intermediated financing), even if, for many operations, the EIB had to lengthen the availability period. Thus, for most MBILs, underlying investments were—or are going to be—allocated and disbursed globally within the planned timeframe. For all regions, the approved amounts were ultimately translated into signatures (Figure 7, Figure 8). The lower figures for South Africa and the Overseas Countries and Territories are based on too few operations to allow interpretation.

Figure 7: Share of agriculture and bioeconomy sector approvals ultimately converted to signatures (% of total volume approved)



Source: EIB internal database.

Figure 8: Share of agriculture and bioeconomy sector net signatures ultimately disbursed to borrowers (% of total volume signed)



Source: EIB internal database.

The projects analysed in depth have generally been successfully implemented, the outputs corresponded to what had been envisaged ex ante for quality and quantity, and the projects are likely to be sustained. Financial intermediaries lent to financially solid and responsible clients with clear business cases, both for capital expenditures and working capital. EIB-supported projects generally delivered on quality and quantity: for example, financed storage facilities, processing plants and machinery, and irrigation infrastructure were purchased or built and are operating. Also, project design usually included factors that could enhance the sustainability of greater lending to the agricultural sector and expanded access to finance. For MBILs, the vetting of financial intermediaries implicitly involved considerations of financial and organisational sustainability, selecting financially strong intermediaries with a track record of lending to the agricultural sector. Working capital loans have, as far as the evaluation team could establish, been used by clients as intended to sustain or expand their operations. An MBIL in Zambia, however, was not on course to deliver some expected outcomes, for example, the adoption of new technology and smallholder integration. Also, the MBIL was only partially on course to deliver the outcomes, as the financial intermediary had mainly lent to large commercial farmers who were expanding existing primary production. In Malawi, the storage facilities built were almost exclusively for own use, and third parties were not reached through the warehouse receipt system as intended.

While EIB support has increased activity in the sector, it has not succeeded in directly widening access to finance as much as expected

The operations analysed have helped to alleviate liquidity issues—and so made greater lending to the agriculture and bioeconomy sector possible in the short term—but are unlikely to have led to a long-term expansion of agricultural lending. In Zambia, the agriculture value chain facility did not lead to the expected results in expanding access to finance to new clients among smaller companies, such as through blending with an EU Delegation grant facility or the provision of a risk sharing facility (RSF), which remains unused. MBIL default rates were negligible (or zero), indicating that the financed underlying investment projects were commercially sound and implementation was successful; however, they also hint at the relatively less risky profiles of the borrowers—or put another way, that the financial intermediaries were very cautious in reaching out to new clients. As the EIB credit line was in US dollars, it mainly enabled the financial intermediary to lend to larger clients with export revenues in foreign currency. In all the countries visited, financial intermediaries were well-

established banks with the capacity to effectively manage the EIB operations and were generally quite strong in the agricultural/agribusiness sector. Thus, financial intermediaries were largely using EIB credit lines for lending to existing clients, as in Zambia and Malawi (the agristorage facility and the credit line for exporting industries). Increased lending after the EIB support through an MBIL did occur, however, helping the final beneficiaries across all the regions and countries receiving EIB support, though it is unclear how much this applied to the underserved agricultural and rural sectors.

The EIB has not directly widened access to finance as much as expected through MBILs. The financial intermediaries' risk aversion and established risk-management practice requirements meant that it was mainly existing customers with a good credit record and collateral that accessed EIB finance. Thus, the financial intermediaries only rarely revised their assessment of risk in agricultural lending or their risk management policies, and therefore rarely extended lending to new clients, let alone more marginal players in agricultural value chains (as in ACP MBILs). This approach is understandable without RSFs, but in some cases it was also seen when RSFs were present, as in Zambia (agriculture value chain facility). In Türkiye, one of the MBILs did adhere to the minimum 70% of allocation to SMEs, with enterprises with fewer than 50 employees representing just over half the number of SME allocations (95 out of 189). For another MBIL, allocations did not necessarily go to weaker/poorer regions of the country. Some MBILs did not meet an intended goal of financing microenterprises as well, and SME operators were targeted and reached to only a limited extent. In addition, financial intermediaries preferred to lend to fewer clients, and allocations were generally too large for smaller firms. Frequently, when there was an expectation to change lending behaviour, not only financing but also technical assistance was needed to support the change.

There is some evidence that the EIB's MBILs have led to credit extension up and down value chains to suppliers and/or off-takers. Positive examples were seen where EIB-supported lending to strong players led to trickle-down effects to smaller players that commercial banks would not normally service. In Malawi, credit was extended up value chains to smallholder producers and/or suppliers, either in the form of farm inputs to out-growers/contract farmers or as a down payment to suppliers (credit line for exporting industries and Kulima Access to Finance facility). Another example, from Türkiye (Turk tractor RDI), was the extension of credit from the promoter both up and down a value chain to suppliers of inputs and buyers of tractors.

The EIB's support for agriculture and bioeconomy has in some cases successfully used a value-chain approach to maximise impact, but not so successfully for some MBILs (Box 1). The 2016 Strategic Orientation highlights the importance of the EIB's strengthening not only agriculture and other bio-based primary production but the value chains within the agriculture and bioeconomy sector. A value-chain approach in agricultural development would help to identify weak points or bottlenecks in a given value chain and to design actions for broader systemic change, in line with the relevant EU Delegation country programme. Guidance on how to use a value-chain approach for identifying, designing and implementing operations has yet to be introduced, however.

Box 1: Examples of EIB using a value-chain approach in MBILs

In Moldova, two value-chain operations have been highly successful and are EIB showcases of the coherent use of a value-chain approach. One sought to revitalise the Moldovan wine industry, the other, its horticultural sector. Funded activities were meant to strengthen and restructure the entire value chain as well as improve the enabling environment. It was found that the market alone would not have made similar simultaneous investments in all parts of the value chains.

In Zambia and Malawi, two agricultural value-chain “flagship projects” were not based on a value-chain approach. Findings and recommendations from the EIB-funded analysis of smallholder farmers’ integration in agricultural value chains were not applied. Instead, financial intermediaries could finance more or less anyone and anything in agriculture, and opportunities for more systemic impacts on the countries’ agricultural sectors were missed.

Future EIB agricultural value-chain projects are more likely to contribute to systemic change if they focus on a specific commodity or sector where this has sufficient scale rather than broadly on “agricultural value chains”. The Moldovan success stemmed from, among other factors, a focus on specific sectors with a coherent application of a value-chain approach. Still, the replicability of that country’s project approach may be limited, given that few countries have similar geographical, structural and political conditions, including its small size, existing well-defined value chains that could be readily built on, and very strong political ownership and support. Further, the technical assistance that was provided in the framework of the two operations in Moldova—although very valuable for expediting implementation—put a strain on the EIB’s resources. More generally, as shown in Figure 49, the median number of days required for an operation involving technical assistance is far higher than for such an operation without technical assistance. Yet, sometimes, the additional days are required, as projects needing technical assistance are often the more challenging and complex.

The EIB built partnerships with local banks, especially those with the best local knowledge and ability to on-lend more effectively. Local banks are better placed to assess the financing needs and creditworthiness of counterparts, and to allocate more efficiently the amounts put at their disposal. In exchange, the EIB has allowed these banks to extend longer maturities to its final beneficiaries and/or transfer a portion of the EIB’s financial advantage (an approach found more frequently in candidate and Neighbourhood countries than in sub-Saharan African countries). Moreover, in some cases (such as projects in Zambia, Kenya and Malawi), the EIB has enhanced intermediaries’ risk-taking capacity where an MBIL was combined with an RSF funded by the European Commission, allowing underserved higher-risk beneficiaries to be financed under these facilities.

Dedicated MBILs allowed for more targeted sectoral interventions

Dedicated MBILs delivered more targeted results without compromising the full allocation of operations. Out of the 205 MBILs that contributed to agriculture and bioeconomy sector lending, only 17 facilities were dedicated to the sector, typically expressed through side-letter commitments. Overall, and as expected, dedicated facilities achieved a far larger share of sectoral allocations than non-dedicated facilities (60% vs. 27%).³⁵ Moreover, there was no compromise on the full allocation of dedicated facilities. Despite having a more restricted universe of eligible operations to finance, amounts disbursed from dedicated facilities were fully allocated, while non-dedicated facilities fell short (91%).

Dedicated and non-dedicated MBILs were instrumental in supporting the agriculture and bioeconomy sector. Some MBILs, while non-dedicated, were channelled through carefully chosen intermediaries with a demonstrated high commitment to lending in the sector. For example, in Türkiye, the EIB supported one of the leading private banks for agribusiness support, with a focus on least developed regions. This intermediary had a tailor-made approach to this sector, with sector-specific risk management considerations, enabling customised pricing and repayment conditions for lending, dedicated advisory products, and specialised front office staff, mainly agricultural engineers placed in rural regions.

³⁵ These figures exclude a dedicated facility in Ukraine which has been repurposed and whose funds have been fully disbursed for sectors other than bioeconomy.

The projects analysed in depth contributed to higher productivity and technological modernisation

The EIB-supported investments visited as case studies contributed to higher productivity in the sector owing to improvements in the technology used. An EIB-supported irrigation project in Morocco illustrates the impact on productivity. The replacement of irrigation by aspersion or gravitation by drip irrigation reduced water used by 30% while boosting yields and enabling farmers to grow more crops with higher value added. In other cases, the use of better technologies (such as cold storage) enabled selling year-round instead of immediately after the harvest, which depresses prices. This technological modernisation was attested to in almost all the evaluation case studies. In one country, Moldova, replacing labour by capital alleviated labour shortages in the economy. Moldova had experienced serious labour shortages in agriculture and the economy at large, undermining its production potential. The new equipment financed with EIB support partly offset these shortages.

The EIB-supported projects led to more diversified and increased volume of exports. In Moldova, adversely affected by Russian embargoes on its agricultural output since 2014, the EIB supported projects that helped to reorient exports to the European Union and other world markets. The context of the EIB intervention was an extreme dependency on Russia, which absorbed most of the country's wine and fruit exports. After the Russian ban on the country's exports, the agricultural sector experienced a sharp negative demand shock. Considering the share of the sector in total output and the labour force, this shock risked fragilising the economy with subsequent negative social and political effects. The EIB's support allowed for the technological modernisation of agriculture, which in turn enabled the sector to move more upmarket (from producing wines in bulk to producing high-quality wines) and to sell to new markets, in particular the European Union. While the counterfactual had not been explicitly envisaged in the evaluation, it is likely that without the EIB's support this agricultural modernisation and export diversification would have taken longer and possibly been less successful, and the social costs of the transition—layoffs of low-skilled staff and production losses—would have been higher.

Technological modernisation was hindered by structural challenges. For instance, the drip irrigation project in Morocco was constrained by falling water supply. Although the efficiency of water use was greatly increased by the project, drought—exacerbated by climate change—reduced the water supply so much that the new irrigation and water-dispatching infrastructure could not be used. Another structural challenge was the fragmentation of land ownership in countries such as Moldova, Morocco. The fragmentation precluded economies of scale, limiting productivity gains.

The net impact on direct employment is equivocal: some projects created or sustained jobs; in others, productivity growth reduced net employment or did not lead to new jobs. The evaluation collected information only on direct employment generated by the supported projects. From that standpoint, many supported projects generated or sustained jobs: the figures for the sampled projects are within hundreds or thousands, depending on the project, although the increased productivity in the agricultural sector also reduced labour input. In Zambia MBIL, one example of financing irrigation and mechanised farming probably eliminated existing on-farm jobs and harmed income opportunities for neighbouring smallholders. In some countries such as Moldova, the EIB-supported investments led to productivity gains that alleviated labour shortages but also reduced lower-skilled employment.

The EIB lacks the capacity and resources to quantify the effects on poverty reduction, which were therefore not assessed over the portfolio. Poverty reduction is a core development target (SDG 1) and an explicit objective of many EIB projects, and is explicitly included in the appraisal documents. Yet despite its importance, the EIB lacks the capacity and resources to adequately document and monitor its projects' contributions to poverty reduction. None of the reviewed projects had, for example, the relevant indicators or an adequate monitoring system for such monitoring. Among the finalised direct operations, only one PCR reported on the effects for poverty reduction, such as improved living conditions through reconstructing earthquake-damaged facilities. For the project case studies, although it *appears* likely that the investments contributed to poverty reduction (through the construction of infrastructure and the creation or maintenance of employment, as in ACP, Moldova and Türkiye), the extent and pathways of the EIB contribution remain under-documented.

3.2. Despite an increasing prioritisation of food security and gender equality, the EIB's ability to contribute to complex and ambitious development objectives faced limitations

Food security was increasingly prioritised, but the EIB did not use a systematic approach that considered the multiple dimensions of food security

The EIB gave greater priority to food security in the evaluation period, and many direct loans included food security as a target. Food security was an issue to be addressed in several project documents, including agristorage investments in Malawi and Ukraine; and a large irrigation infrastructure development project in Eswatini with irrigation of home gardens and crop diversification from sugar. The EIB increased its focus on food security from 2022 in reaction to worsening global food insecurity following the Russian invasion of Ukraine, leading to agristorage investments in Egypt³⁶ and Tunisia³⁷. In addition, a €500 million loan to IFAD finances investments, boosting agricultural output and reinforcing food value chains to generate resilience.³⁸ The EIB aims to increase investments in food security further. Two evaluated projects with an explicit focus on food security were partially successful (Box 2).

³⁶ See: [EGYPT FOOD RESILIENCE A \(eib.org\)](#).

³⁷ See: [A boost for Tunisia's food resilience \(eib.org\)](#).

³⁸ See: [IFAD - FOOD SECURITY LOAN \(eib.org\)](#).

Box 2: Examples of and lessons learnt from EIB projects on food security

Rationale and EIB policy

Achieving Zero Hunger (SDG 2) is the core development policy objective for the agriculture and bioeconomy sector, but hunger, food insecurity and malnutrition remain global challenges. Nutrition and food security are therefore key objectives for EU development policy. The 2021-2027 Multi-Annual Indicative Programme defines food security as a major global challenge and sets the transition towards resilient and sustainable agrifood systems as a specific objective.

Without formally adopting them, the EIB adheres to the Rome Declaration on World Food Security and the World Food Summit Plan of Action. The declaration and recent (2020) amendments define six pillars for achieving food security: (1) increasing availability of food; (2) improving access to food; (3) improving nutritional adequacy of food intake; (4) enhancing crisis prevention and management; (5) agency, that is, the capacity of the food system's actors to make their own decisions about food; and (6) sustainability: the long-term ability of food systems to provide food security in a way that does not compromise the economic, social and environmental bases that generate food security for future generations.

Examples of relevant EIB operations

National Bank of Malawi Agristorage Facility: In Malawi, in cooperation with USAID, the EIB provided an MBIL to the National Bank of Malawi for the construction of agricultural storage facilities by private companies. To enable smallholder farmers to store their harvest through a warehouse receipt system, it was an EIB requirement that the storage facilities should be registered by the operator of such a system and that the storage capacity must be made available to relevant third parties. In financing construction of warehouses that increase agristorage capacity, the operation was successful, but it failed in making warehouse capacity available to third parties and in supporting the use of the warehouse receipt system: the promoter did not adhere to these requirements in the finance contract. Smallholder farmers still tended to sell their crops to traders immediately after the harvest when prices are low and may need to buy commodities for their own consumption at higher prices.

Eswatini—Lower Usuthu Smallholder Irrigation: The EIB co-financed a large irrigation project, which contributes to food security through income generation for farmers and the irrigation of home gardens for production for home consumption. The EIB required, in the design of the project, that at least 30% of the area was to be used for crops other than the main cash crop, sugar, to ensure diversification and so increase food availability on the local market. A first view of the evidence suggests that the project's diversification aims were partially effective. The non-sugar area was mainly used for banana plantations for export, enhancing the ability of farmers to buy food owing to improved incomes and lower risk of poor harvests. The project has not, however, directly increased availability of food on local markets, as intended.

In one case analysed, a project under an MBIL might even have contributed to increased inequality. In Malawi, some stakeholders interviewed (Ministry of Finance, FAO, and civil society organisations) pointed towards increasing inequality as an unintended outcome of MBIL lending to mainly bigger companies, such as large commercial farms. The same issue was raised by a civil society organisation in Zambia. In one project visited in Zambia, the financing expansion of irrigation (erroneously recorded as financing for warehousing in EIB records) for a large primary producer may have been detrimental to communities downstream as it reduced their access to water for irrigation and potentially affected their food security (based on a site visit and interviews with the communities and final beneficiary).

The EIB's approach to food security was not systematic. At the design and appraisal stages, analysis rarely explicitly considered the six dimensions of the internationally agreed definition of food security that the EIB also recognises.³⁹ Among the reviewed projects with PCRs, only one project, in Ukraine, considered food security at the design and appraisal stages for ensuring domestically processed agricultural products and for buffering grain availability against climate events. More recently, other food security dimensions have been targeted, including, for example, food fortification to add nutritional value. The lack of a systematic approach means that outcomes

³⁹ The dimensions are: availability, access, nutritional adequacy, crisis prevention and management, agency of actors, sustainability. See: [Rome Declaration on World Food Security and the World Food Summit Plan of Action; food security and nutrition: building a global narrative towards 2030](#).

and impacts, as well as unintended results, are insufficiently captured for feeding into future project design (Box 3).

Box 3: Examples of and lessons learnt from EIB projects on food security

Examples

The EIB contributed to the Team Europe response to worsening global food security in 2022. The operations Egypt Food Resilience and Strengthening Tunisia Food Resilience were designed to strengthen resilience to food shortages by increasing and modernising the cereal storage and logistics infrastructure in the countries. Further, the EIB is lending €500 million to IFAD to finance investments that boost agricultural production and strengthen food value chains to generate resilience.

Lessons learnt

- **Adopt a systematic approach:** The EIB does not have a systematic approach to food security that consistently considers the six dimensions of food security in project design and implementation. Operations with a focus on food security are conducted in a reactive way. To strengthen the EIB's activities in food security and ensure targeted impacts, a more strategic and systematic approach is needed.
- **Work with others:** As the EIB's expertise and capacity on food security are limited, the EIB can profit from strengthened partnership with IFAD and FAO, including access to expertise and the co-financing of projects, at headquarters level. For specific operations, the EIB can strengthen engagement with country offices of these two Rome-based agencies and enhance cooperation with the EU Delegation for policy engagement and context-specific project design.
- **Ensure monitoring:** The absence of impact monitoring of EIB food security operations limits understanding of how EIB operations contribute. More consistent and reliable monitoring would allow the EIB to make impacts visible, hold counterparts accountable and ensure learning for future operations.

The introduction of the 2016 EIB Group Gender Strategy increased prioritisation of gender equality and economic empowerment

Gender-specific measures were largely absent in project designs and appraisals before the 2016 EIB Group Gender Strategy was introduced. The review of projects with PCRs shows that integration of gender considerations into pre-2016 projects was inconsistent. The evaluation team identified a few examples of operations in the agriculture and bioeconomy sector outside the European Union pre-2016 with a consideration of gender equality: a project in Moldova that was intended to focus on women entrepreneurs (and youth) but that did not see this through with initial needs assessment or analysis, and that did not systematically monitor implementation; many beneficiaries, however, were women-led businesses. An investment loan for an irrigation project in Eswatini was conducted with a promoter that focused on empowering women and working gender-sensitively (Box 4).

Box 4: Thematic focus: gender equality and women's economic empowerment

Rationale and EIB policy

The agriculture and bioeconomy sector is a major employer of women globally, but women face several challenges and barriers: women's working conditions are likely to be worse than men's; women's access to land, inputs, services and technology lags behind men's; and women are disadvantaged by social norms. Therefore, empowering women and closing gender gaps in the sector have the potential to enhance the well-being of women and their households, reduce hunger, boost incomes, and strengthen resilience.

The 2016 EIB Group Gender Strategy provides a framework for embedding gender equality considerations and women's economic empowerment in the EIB's portfolio via a three-pronged approach: Protect, Impact, Invest. The guidance document for the agricultural sector distinguishes three levels of impact: investments that enable access to infrastructure services and other benefits, investments that contribute to women's economic empowerment, and investments that lead to transformative impact.

Observation of relevant EIB operations

Eswatini—Lower Usuthu Smallholder Irrigation: The investment loan was signed before the EIB Group Gender Strategy was promulgated, but with a promoter that had a gender-sensitive approach. The irrigation project sought to improve the situation for women by providing capacity building and training, expanding income opportunities, and ensuring representation as shareholders in the farmer companies that manage the irrigated land. Implementation and monitoring of the interventions' effectiveness were, however, largely left with the promoter, who had limited capacity and resources. More effective monitoring was needed to fully capture the economic and social effects for women.

Malawi—Kulima Access to Finance: This gender-tagged intermediated operation combines an MBIL with an RSF guarantee and technical assistance that had a strong gender component. The objective is that at least 30% of the portfolio of the MBIL meets the EIB's financing for gender equality criteria (2X criteria); in practice, the operation faces difficulties in allocating financing in foreign currency given the local economic situation. The provided technical assistance conducted an analysis of women in agriculture and directly targeted women entrepreneurs. It also conducted a five-day training programme plus a "pitch night" that brings the entrepreneurs and banks together, helping to develop an ecosystem/network of women entrepreneurs in agriculture and supporting the entrepreneurs' capacity. By the time of the evaluation, three companies had secured a local currency loan from the financial intermediaries that benefited from the guarantee provided by the EU Delegation through the EIB; further positive results for women entrepreneurs can be expected as implementation progresses.

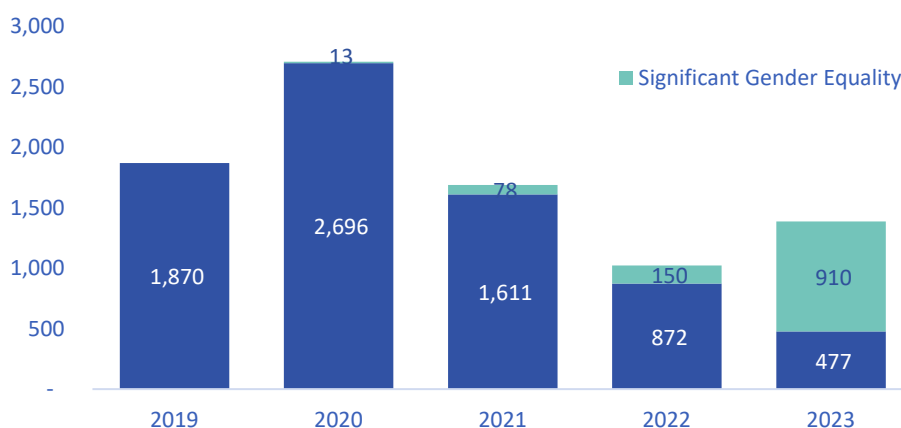
Lessons

- **Improve context specificity:** The situation of women in the sector differs by country context. To effectively design impactful interventions, the EIB needs to build expertise differentiated by country and/or cooperate more strongly with other IFIs/development partners.
- **Monitor targets:** In direct operations, the EIB can set conditions and require measures to protect and support women, while in intermediated operations it can set targets for investments that fulfil the 2X criteria. However, the EIB lacked resources and structures for monitoring achievement of targets and cannot therefore ensure that they are fulfilled.
- **Ensure gender-focused technical assistance:** Impacts on gender equality require resources and targeted support. The provision of gender-focused technical assistance is an important measure that can help the promoter fulfil conditions, strengthen capacities, and build bridges between financial intermediaries and beneficiaries.

With the introduction of the EIB Group Gender Strategy, the consideration of gender equality and women's economic empowerment increased. After adopting the strategy, the EIB introduced the gender tag (which can be either "principal or significant gender equality" or "no significant gender equality") for operations in 2019, with full implementation in the system from 2021, and developed a document on incorporating gender-based

solutions into EIB operations in agriculture.⁴⁰ The number of signatures tagged as “significant for gender equality” in agriculture and bioeconomy outside the European Union portfolio increased steadily, reaching €910 million in 2023 (Figure 9). In 2023, the EIB signed 15 projects in the sector outside the European Union, of which eight projects were labelled as significantly contributing to gender equality and women’s economic empowerment.

Figure 9: Signatures of EIB support for bioeconomy and agriculture outside the European Union, by year and contribution to gender equality (€ million)



The approach of the operations varied. In 2023, they included a loan to a company in Madagascar working with agricultural smallholders and focusing on women’s equitable access to resources (2022-0466), a project on inclusive forests in Morocco where the EIB will provide technical assistance to the promoter for a specific gender action plan, a project with the Argentina Provincial Agricultural Services that will implement a gender action plan for each sub-investment, the second signature of the food security operation with IFAD that contributes to gender equality, and four bioeconomy gender-focused MBILs across Africa where at least 30% of the portfolio dedicated to SMEs meets the EIB’s financing for gender equality criteria.⁴¹ Within the sample, the Kulima Access to Finance project in Malawi aims for 30% of the lending to be dedicated to investments that fulfil the EIB’s financing for gender equality criteria (Box 4).

⁴⁰ See: [Practical_Guidance_to_Incorporate_Gender-based_Solutions_into_EIB_Operations_-_AGRICULTURE.pdf](#).

⁴¹ To qualify as supporting gender equality and women’s economic empowerment, a final beneficiary needs to confirm that it fulfils at least one of the following criteria:

- (a) Women’s entrepreneurship: Women own 51% or more of the final beneficiary; and/or
- (b) Women’s leadership: The executive management or, when there is one, the board/investment committee of the final beneficiary consists of more than 30% women; and/or
- (c) Women in workforce: The share of women in the final beneficiary’s workforce is equal to or exceeds the sector-specific threshold for the share of women in the workforce (40% for agriculture), and the conditions for at least one quality indicator (recruitment/retention/career advancement); and
- (d) Consumption: The final beneficiary generates product(s) or services that specifically or disproportionately benefit women and address critical barriers to gender equality and women’s economic empowerment.

Figure 10: Bottling of baobab juice, Malawi—Kulima Access to Finance facility



The provision of technical assistance is an important feature of many EIB operations in the agriculture and bioeconomy sector outside the European Union. An intermediated facility in Armenia, appraised after 2016, included a technical assistance specifically targeting access to finance for women-led SMEs. The PCR does not, however, give any insight into the outcomes of the technical assistance. For the Zambia Agriculture Value Chain and the Kulima Access to Finance facility (Figure 10), the technical assistance provided included a component dedicated to supporting gender equality and women's economic empowerment. In both countries, the technical assistance provider conducted a gender analysis and provided gender-specific capacity building to the financial intermediaries. With more resources for Malawi, the technical assistance worked directly with final beneficiaries. The provider organised training and pitch nights for female entrepreneurs, which helped some of them to obtain loans from the financial intermediaries, sensitised the financial intermediaries to gender equality, and supported the creation of an ecosystem of women entrepreneurs in the sector in Malawi. This example shows that gender-focused technical

assistance can be an impactful resource for improving gender outcomes and supporting financial intermediaries in achieving agreed gender targets.

The recognition of gender equality and women's economic empowerment has not been mainstreamed into EIB-provided technical assistance. For example, in Georgia, technical assistance was provided to intermediaries, but awareness of the 2016 EIB Group Gender Strategy was low, and intermediaries did not accept that there should be a focus on lending to female entrepreneurs. More recently, increased resources have become available to include gender action plans in the EIB's infrastructure projects.

The EIB's ability to achieve complex and ambitious development objectives faced limitations

The EIB pursued ambitious development outcomes in challenging country contexts but faced limitations. The EIB aims to contribute to development outcomes such as poverty reduction, food security and gender equality, which require multi-dimensional and targeted approaches that consider the specific and often challenging country context, such as economic uncertainty, the political system and weak institutional capacity. The ambitions set out in the project appraisal documents are often high, but the EIB struggled to achieve them, as now detailed.

The EIB's guidance documents for the agriculture and bioeconomy sector are more developed for operations inside the European Union than outside. Unlike other IFIs and despite the importance of the agriculture and bioeconomy sector in countries outside the European Union, the EIB does not have a specific and up-to-date orientation/strategic approach to the sector outside the European Union. The 2016 Strategic Orientation of the EIB Group's Activities in Agriculture/Bioeconomy is the main EIB policy document for the sector. It provides an overview of activities and a strategic outlook, but focuses mainly on the EIB's activities in the European Union, and has not been systematically updated since publication in 2016. With the 2022 note on Opportunities for Increased Activity for the EIB Group in Agriculture, requested after Russia's invasion of Ukraine aggravated global food insecurity, EIB Services presented priority areas for investments outside the European Union. Further strategic work was done with the 2023 EIB Global Strategic Roadmap,⁴² which touches on agriculture in several parts but does not present a specific approach to lending in agriculture and bioeconomy outside the European Union. Despite the importance of poverty reduction (SDG 1) and food security (SDG 2) as development objectives, the EIB has not developed guidance/strategic orientations for them.

⁴² See: [23_153_GENQUEST_\(EN\)_EIB_Global_Strategic_Roadmap.pdf](#).

While EIB operations aimed to address the needs of final beneficiaries in the sector, the analysis and identification of needs often remained general. For many projects in the sample examined, the needs of final beneficiaries were identified in the appraisal documents at a general level, usually without a detailed analysis of these needs nor how to best target them. In some cases, further analysis was done, but given time pressure only after the project design had already been concluded. Where an early and detailed analysis of the needs of communities affected was conducted, it enhanced project design, as shown by the example of the EIB's co-financing for a large irrigation project in Eswatini. For this project, the appraisal documents identified the needs of the population in a detailed way based on comprehensive studies, and the project design profited from lessons from a previous project. The operation in this manner addressed the needs of the smallholder farmers in the project area comprehensively, for example, by including sanitation facilities and irrigation provision for home gardens.

The 2016 EIB Group Gender Strategy was ambitious, but targeted interventions supporting gender equality and women's economic empowerment were hampered by inadequate technical assistance, absence of in-country presence, and limited staff resources at headquarters. In some cases, the scale of mainstreaming gender equality and women's economic empowerment into operations in agriculture and bioeconomy was beyond the resources that were available or applied by the EIB and project partners and stakeholders. A meaningful integration of gender equality and women's economic empowerment as a cross-cutting aspect is challenging, not least because of the existence of multiple cross-cutting themes of equal levels of complexity, such as food security, and the demands that this makes on resources and capacities. The current level of awareness, strategic approaches and resources is insufficient. Although EIB staff awareness of the 2016 EIB Group Gender Strategy is high, it is less clear whether it is fully embraced, with some stakeholders arguing that introducing gender requirements into credit lines distorts the market. Among beneficiaries, awareness of the strategy is generally low, and country attitudes vary widely. For example, in Morocco, the existing legal framework limits women's ownership of agricultural land. In Moldova, there is generally a high awareness of gender and women's empowerment which can, however, drift into tokenism, such as measures that superficially support women but fail to acknowledge real ownership issues.

The EIB did not put in place the systems and resources needed for adequate monitoring of intended development outcomes and potential unintended outcomes. The EIB lacks the systems and resources to adequately document and monitor the outcomes and impact of its operations. At project design stage, the EIB did not formulate indicators that would enable outcomes such as poverty reduction or food security to be monitored in a meaningful way. During project implementation, the staff and/or technical assistance resources for monitoring and follow-up did not allow for effective monitoring beyond project outputs, not only limiting the assessment of contributions to development outcomes, but also failing to capture and address potential unintended outcomes that may aggravate resource scarcity and/or conflicts over resources, which can be detrimental to the EIB's reputation.

The evaluation team found some evidence of unintended negative results. For example, an EIB investment project on irrigation in Morocco took place in the context of short-term, intensive farming focused on water-intensive export crops, but the increased efficiency of water use did not offset the trend of falling water supply. In Malawi, stakeholders highlighted that increased inequality could be an outcome of EIB lending to mainly larger companies. The assessments conducted after project finalisation were very limited, relying heavily on reporting by the promoter, which failed to capture the contributions to development objectives. For example, only one PCR reported on effects for poverty reduction. For the project case studies, it appears likely that the investments contributed to development objectives, but the pathways and the extent of the EIB's contribution remain unclear, given the lack of monitoring.

3.3. Environmental and climate outcomes, while varied, were more demonstrably achieved through direct lending than through MBILs, where opportunities to embed and monitor these themes were often missed in project design

Direct operations largely contributed to positive environmental outcomes, but the results of MBILs were mixed and not well documented

The EIB addressed environmental considerations mainly through contractual conditions on promoters, with implementation in some cases supported by technical assistance. All operations, direct and intermediated, had to comply with relevant national and/or EU/EIB environmental and social standards. To ensure compliance, the EIB pursued three interlinked environmental objectives: preventing negative environmental impacts due to EIB investments; raising the environmental standards of EIB clients; and promoting and facilitating positive environmental outcomes. To achieve these objectives, the EIB incorporated environmental standards into the design and appraisal processes of its investments by setting conditions on promoters and, in some cases, by providing technical assistance to help to enhance promoters' environmental policies and procedures and so contribute to improved environmental outcomes.

To prevent the potential adverse effects of its intermediated operations (MBILs), the EIB required promoters to screen on-lending operations for negative environmental impacts, either independently or with support from EIB-provided technical assistance. In direct lending, the EIB conducted operation-specific environmental and social impact assessments (ESIAs) in accordance with EU environmental legislation. To improve environmental standards among its clients and advocate for environmentally friendly solutions, the EIB focused on enhancing the ESG frameworks of financial intermediaries involved in MBIL operations, including strengthening their capacity to identify and manage environmental risks systematically, in line with the EIB's environmental standards. This also involved, to a very limited extent, strengthening the monitoring and reporting capacities of promoters vis-à-vis the environmental sustainability of their on-lending operations. Concrete examples are seen in multiple projects, such as Eswatini, Zambia, Malawi and Türkiye.

In addition, there were direct operations with clear environmental objectives. While the EIB's focus on environmental benefits in its agriculture and bioeconomy portfolio involved mainly conditions for operations not directly targeting environmental issues, direct initiatives set clear environmental targets and indicators. Examples are forest initiatives in Türkiye and China. The operation in Türkiye focused on afforestation, forest rehabilitation, erosion control, rangeland rehabilitation and nursery facilities. The main project outcomes were public goods, mainly improved health of the forest ecosystem, reduced soil erosion, carbon sequestration, watershed protection, and prevention of forest fires. Similarly, the operation in China focused on afforestation, nursery recovery, renewal of forest vegetation, and capacity building for forest protection, and worked on restoring and reconstructing infrastructure for forest protection and maintenance.

The results of MBILs on improving the financial intermediaries' environmental standards were mixed: notable improvements in ESG standards were seen, but also cases where the ambitions were too high, given the weak capacity of some financial intermediaries. Progress in ESG standards was observed when technical assistance was of high quality and persistent, and when promoters demonstrated willingness and clear incentives to enhance their policies and procedures.⁴³ Challenges were encountered, however, in implementing environmental objectives set during the design phase, partly reflecting the overly ambitious targets set at that stage and partly reflecting insufficient assessment of partner capacity and too few incentives to allow for targeting realistic ambitions. For instance, with an MBIL in Malawi, change was difficult to achieve owing to the financial intermediary's affiliation with a larger group, which prevailed over new policy developments at country level, despite the provision of technical assistance. Further, the financial intermediary already had an established environmental and social risk assessment checklist, which it considered adequate.

⁴³ For example, despite initial resistance from one of the financial intermediaries in Malawi to adopting new ESG standards, persistent efforts and high-quality technical assistance eventually led to the endorsement of these standards by the bank's board. In Türkiye, successful implementation of environmental activities was evident in some cases, where ESG procedures introduced by the EIB and other IFIs had a significant downstream effect: the environmental obligations were passed onto the bank's customers through loan agreements. Similarly, the approach promoted by the EIB in an operation in Türkiye led to significant structural changes, including setting high targets and price incentives for environmentally sustainable projects and using ESG rating systems.

Direct operations often led to positive results. The forest initiative in Türkiye facilitated implementation of Türkiye's Strategic Investment Plan for Forestry and Erosion Control supporting afforestation (80 000 ha), forest rehabilitation (20 000 ha), erosion control (155 600 ha) and avalanche control activities (360 ha) in 2017 and 2018, with 921 874 ha under new or improved management. In China, more than 70 000 ha were afforested, over 200 000 ha of other full vegetation established and about 60 000 ha had broadcast sowing. In addition, more than 3 000 km of forest roads and about 1 300 km of forest fire-breaks were constructed or rehabilitated. The reservoir reconstruction component was also successfully completed, with 118 earthquake-damaged reservoirs reinforced with EIB funds and the remaining 411 reservoirs with financing from Chinese counterparts.

Positive results from direct operations were seen in other projects. In Eswatini's irrigation operation, efforts were made to comply with EIB conditions. In line with national legislation and EIB standards, the operation conducted a strategic environmental assessment (SEA) and a comprehensive ESIA, and prepared an environmental and social management plan (ESMP). The EIB assessed these documents in detail and concluded that they were aligned with its standards. The ESMP, which includes a plan for afforestation, is being implemented. The EIB progress report (2023) noted no significant environmental issues worth reporting, except for erosion control and the observation of buffer zones between waterways, wetlands and the irrigation areas in some of the infield development areas. Morocco's drip irrigation project reduced the amount of water used by more than 30% but there were concerns that in the long run it might contribute to increased water use and water stress given the severe imbalance between water extraction and precipitation. Specifically, indications were that drip irrigation in Morocco is associated with higher crop density, a transition to more water-intensive crops, and the reuse of "saved water" to expand cultivated areas, ultimately resulting in increased water consumption.⁴⁴

The EIB, among other bodies, inadequately monitored and documented the environmental outcomes of intermediated operations. Even where the appraisal documents emphasised the importance of such monitoring and associated capacity building on the intermediary side, particularly through technical assistance provided, the implementation of capacity-development activities was often lacking. Examples include the intermediated Zambia Agriculture Value Chain (2018-0241), the Kulima Access to Finance operation in Malawi (2017-0370), and the Credit Line for Exporting Industries in Malawi (2013-0225). In these cases, the need to monitor the environmental performance of final beneficiaries was underscored during appraisal, with responsibility delegated to the intermediaries who, however, did not seem to have clear incentives—commercial, policy or market—to develop their capacity for meaningful data collection and reporting on their customers' environmental performance. Similarly, in Malawi's Credit Line for Exporting Industries operation, despite obligatory reporting on environmental risks and planned training courses to enhance reporting capabilities of the intermediary, in-depth and effective monitoring of environmental aspects was lacking. The evidence was further underscored by an EIB mission in 2018 in Malawi, which confirmed that the intermediary monitoring of the environment was inadequate.⁴⁵ In the Zambia Agriculture Value Chain and Malawi's Kulima Access to Finance operation, the technical assistance provider was tasked with monitoring and reporting on expected results overall, but no specific contractual obligation for environmental reporting was set with the financial intermediary.

Monitoring and reporting were better in direct investments, but still less thorough than expected. For example, in the irrigation operation in Eswatini, the promoter had sufficient capacity to meet the EIB's environmental requirements. Yet despite otherwise good monitoring performance, for instance on water quality, detailed reporting on the use of chemicals in cultivated land was not provided. Even in operations with clear environmental relevance, such as those focusing on afforestation and erosion control in Türkiye and China, the monitoring and reporting conducted by the promoter were unsatisfactory according to the PCRs. Likewise, in Moldova's Filière-du-Vin operation, the promoter lacked systems to collect and analyse data on environmental sustainability.

The EIB projects contributed to climate action, but climate aspects were insufficiently integrated into the design of MBILs during the evaluation period

The agriculture and bioeconomy sector offers multiple opportunities for climate-focused lending outside the European Union, in particular for climate change adaptation, but scope for improvement remains. The potential for climate action in the agriculture and bioeconomy portfolio was widely acknowledged. Climate

⁴⁴ François Molle and Oumaima Tanouti, "Squaring the circle: Agricultural intensification vs. water conservation in Morocco", *Agricultural Water Management*, Volume 192, 2017, 170-179 <https://www.sciencedirect.com/science/article/abs/pii/S037837741730238X>.

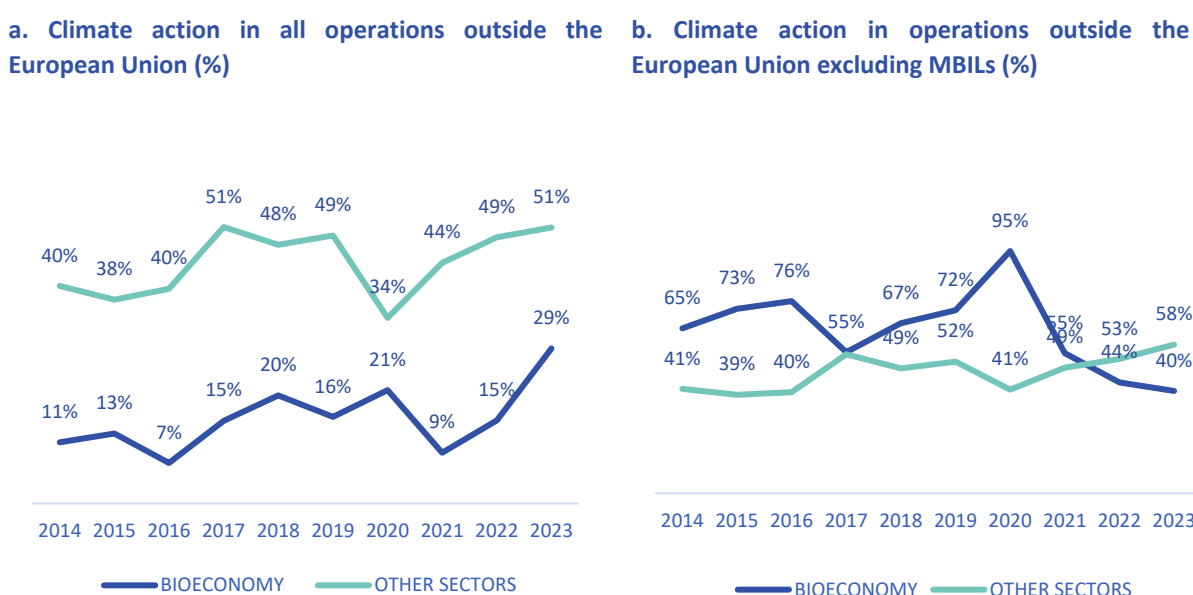
⁴⁵ EIB mission to Lilongwe (Malawi): 12 September 2018. Visit to warehouses financed under the National Bank of Malawi Storage Facility.

action is likely to be crucial in the EIB's interventions in the sector, given its commitment as the EU climate bank and, not least, the 2023 EIB Global Strategic Roadmap.⁴⁶ In 2019, the EIB set ambitious climate action targets, building on its pledge in 2015 to increase climate lending to 35% of its total investment in developing countries by 2020. Subsequently, in 2020, the EIB Group Climate Bank Roadmap⁴⁷ was adopted: its objectives extend to the 2023 EIB Global Strategic Roadmap, aiming for over half of EIB annual lending outside the European Union to be allocated to investments in climate action and environmental sustainability by 2025, with a specific allocation of 15% for adaptation efforts.

While the share of climate action in the sector increased from 11% in 2014 to 29% in 2023, it remained far lower than in other sectors in the same period (Figure 11). This reflects the fact that much of the agriculture and bioeconomy portfolio consists of MBILs—product types with a lower share of climate action. Excluding MBILs, the agriculture and bioeconomy sector showed a higher share of climate action than other sectors for nearly every year except 2022 and 2023 (Figure 11). The share of climate action in MBILs was often limited to a flat rate of 2%, although indications are that this is now changing: for instance, a green MBIL was recently signed in Argentina, with the contribution to climate and environment estimated at 90%.

Despite increased climate lending, driven mainly by non-MBIL operations, as well as recent 'greener' MBILs, room for improvement remains in both MBILs and direct lending. This is true for all stages of the operation cycle, including preparation, design, implementation, monitoring, and reporting. Several stakeholders consulted for this evaluation highlighted two main areas to improve, specifically for MBILs: embracing more risk while providing robust technical support and adequate resources to fulfil climate objectives; and addressing shortfalls in national systems.

Figure 11: Trends in climate action share in agriculture and bioeconomy compared to other sectors



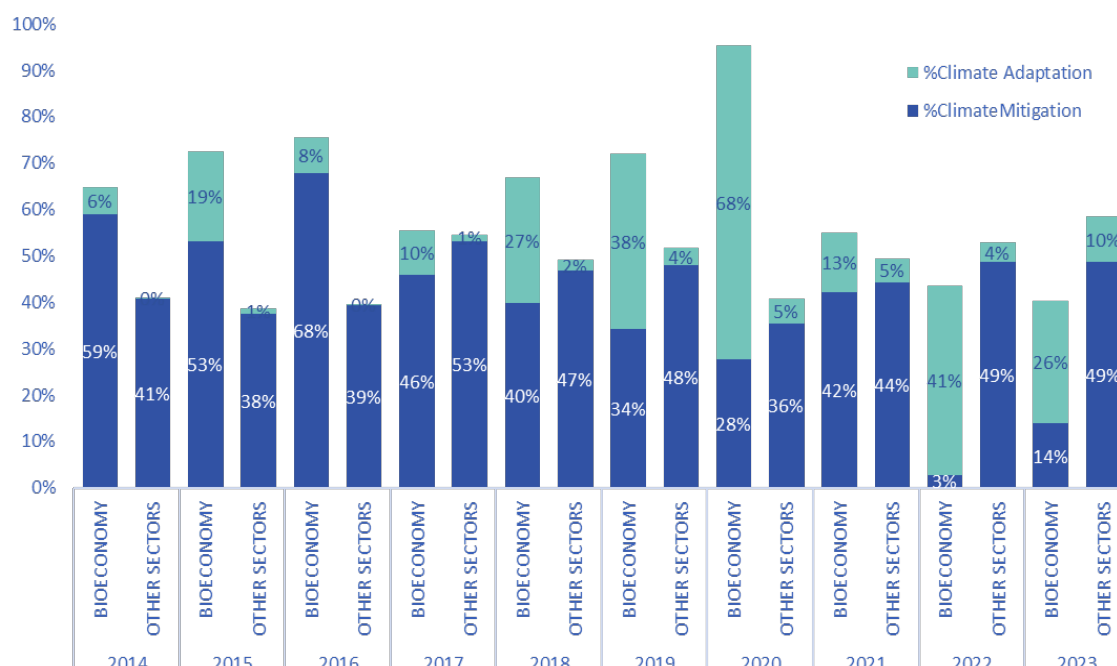
Climate change adaptation has become increasingly important in agriculture and bioeconomy operations, although adapting the sector to climate change remains challenging given a lack of comprehensive understanding and established best practices for adaptation. For most of the evaluation period, climate mitigation was the main climate action component of the EIB's operations (excluding MBILs); climate adaptation has, however, been growing in importance for operations in the sector (Figure 12). The 2023 EIB Global Strategic Roadmap commits to increased investments in climate change adaptation, including in agriculture. In the sample examined in this evaluation, a number of operations supported climate change adaptation by investing in irrigation and other climate-relevant agricultural solutions, such as expanding storage facilities. Conversely, operations relevant to climate change mitigation were primarily centred on forest initiatives, as well as the provision of energy-efficient technologies for large irrigation infrastructure projects. Yet adapting agriculture and

⁴⁶ 23_153_GENQUEST_(EN)_EIB_Global_Strategic_Roadmap.pdf.

⁴⁷ See: The EIB Group Climate Bank Roadmap 2021-2025.

bioeconomy to climate change is challenging because the topic is at the frontiers of technical knowledge, and comprehensive knowledge and best practices are still to be established. Overall, the case studies in this evaluation point to the lack of a clear definition of climate change adaptation in the agriculture and bioeconomy sector. Similarly, the EIB's 2020 guide for climate action⁴⁸, which outlines eligible sectors and criteria, fails to provide clear guidance on eligible climate change adaptation activities or definitions of adaptation in the sector.

Figure 12: Breakdown of the EIB's climate action operations into climate adaptation and mitigation components



Note: The figure represents 21% of the total agriculture and bioeconomy portfolio, as it excludes MBILs.

Climate action was inconsistently integrated into the design of intermediated operations, which restricted the ability to report on this topic. Climate-relevant targets and indicators were inconsistently specified in design documents of intermediated operations, partly owing to the cautious approach taken by the EIB to prevent overreporting on its climate contributions and to avoid “greenwashing”. Such caution maintains trust, credibility and a genuine climate commitment. Still, based on the sample evaluated, there were opportunities to enhance and report on climate action in intermediated lending. For example, despite the climate challenges faced by smallholder farmers in Southern Africa, particularly in Zambia and Malawi, the first MBIL operations in these countries received the standard 2% climate action contribution, without establishing specific climate-relevant indicators. The decision not to incorporate climate targets in these MBILs was based on the belief that introducing such targets could add complexity to already complex operations, and the understandable decision to simplify the project in some cases led to potentially understating the urgency of climate action.

In some operations’ project design, climate considerations were implicit only. In these cases, the absence of explicit indicators hindered reporting on climate outcomes. For example, in one operation in Türkiye, climate considerations were not explicitly highlighted in the side letter but were implicit in chosen focus areas such as renewable energy, water management and, perhaps, food security. Similarly, although climate considerations were touched on in the design documents for Malawi’s agristorage facility, the operation’s expansion of storage capacity was potentially relevant for climate change resilience and adaptation.

Direct investment saw cases of an explicit integration of climate into design documents. Irrigation projects in Eswatini and Morocco, and the grain storage facility in Ukraine were focused on climate change adaptation and demonstrated explicit climate integration with defined targets and indicators. Similarly, climate change

⁴⁸ See: [European Investment Bank Climate Action - Eligible sectors and eligibility criteria \(eib.org\)](https://www.eib.org/en/press/2020/01/eib-climate-action-guide) and updated: [European Investment Bank Climate Action and Environmental Sustainability - List of eligible sectors and eligibility criteria \(eib.org\)](https://www.eib.org/en/press/2023/01/eib-climate-action-guide).

mitigation aspects were clearly addressed, as evidenced by direct operations focusing on environmental and climate issues, such as the forest projects in Türkiye and China, and the Turk Traktor agriculture project in Türkiye.

Addressing climate adaptation in the agriculture and bioeconomy sector is crucial, as it is highly vulnerable to climate change given its heavy weather dependency. The sector, by better adapting to climate change, can contribute to social and economic resilience, especially for economies that rely heavily on the sector. The evaluation found many cases of important and successful contributions to adaptation, such as improvements in food security and storage of agricultural produce, as well as investments in irrigation infrastructure and water-saving irrigation technology, mainly in direct lending (see above).

Yet inconsistent mainstreaming of climate action in intermediated operations led to missed opportunities, particularly in climate change adaptation. Although influencing final beneficiaries is difficult, opportunities were missed in MBILs, especially in Africa, for encouraging the promotion and adoption of climate-smart agricultural practices by final beneficiaries, such as the use of climate-smart seeds, conservation agriculture, agroforestry, integrated crop livestock systems, and access to climate insurance and other financial products that can help manage climate risks. The lack of a comprehensive global understanding of best practices in the sector for adapting to climate change, inadequate definitions of what constitutes climate change adaptation in the sector, and shortage of guidance on how to mainstream adaptation into sector operations may all have contributed to these missed opportunities.

Although the integration of climate action varied over time, the EIB's operations, in particular direct ones, contributed to climate-relevant outcomes. Across diverse countries and operations, the evaluation recorded clear climate-relevant results, more so in direct operations. For example, a direct investment in irrigation in Morocco yielded multiple results, from the use of energy- and water-efficient irrigation technology to increased food security through increased production. Likewise, direct operations in Ukraine and Türkiye led to climate benefits linked to eco-friendly transport and afforestation. In Ukraine, they facilitated the transition of grain transport from road to water, which is more environmentally friendly. Likewise, another investment loan in Türkiye, the Turk Traktor project, supported the development of a new electronic engine, reducing fuel consumption, CO₂ emissions and other pollution. China's Sichuan forest project demonstrated the resilience of nature-based solutions. An intermediated loan in Malawi led to the expansion of storage capacity, which enhanced local smallholders' climate resilience. All visited beneficiaries in Moldova demonstrated the use of energy-efficient technology and provided data on energy savings, such as the proportion of energy needs met by solar panels for their business. Additionally, adoption of irrigation technology generated substantial water savings and more efficient farming practices. The Athelia Climate Fund contributed to enhanced deforestation standards.

Agriculture and bioeconomy MBILs are now seen as having a much higher contribution to climate action than estimated in previous years. Non-dedicated MBIL facilities are attributed in advance a 2% contribution to climate action. Dedicated facilities might have a higher contribution if justified. It is likely, however, that the projects financed by final beneficiaries in the agriculture and bioeconomy sector have a much higher contribution to climate action, yet the EIB has no internal process to report on the actual climate action contribution, which can be verified subsequently, once information on allocations is received from the intermediaries. Such a process would most likely see an increase in the level of agriculture and bioeconomy MBILs' contributions to climate action, but would be highly resource demanding on all concerned, including the EIB. The rationale for this conservative approach is the fear of reputational damage stemming from accusations of greenwashing.

The effectiveness of environmental and climate efforts depended on the product type, the country's national system and its economic and policy links to the EU

The EIB's better environmental and climate performance in direct lending stems from its ability to exert more direct control, leverage internal expertise, manage risks more effectively, align closely with its objectives, and maintain higher levels of accountability and transparency throughout the operation cycle. The EIB performed better in direct investments than intermediated loans because in direct investments it had direct control over and oversight of the entire operation process. This included establishing clear implementation plans, assuring closer monitoring, and ensuring that environmental standards were met throughout the operation cycle. Direct operations allowed the EIB to leverage its own expertise and resources more effectively. Additionally, direct operations involved lower risks and better risk management than intermediated loans, providing more flexibility to pursue the EIB's environmental and climate objectives. Equally important, direct operations facilitated more efficient communication and coordination between the EIB and implementing partners, contributing to more effective implementation and better environmental and climate outcomes. In contrast, intermediated lending

via financial intermediaries led to challenges in maintaining rigorous environmental standards and effective monitoring, as the EIB had less direct control and oversight over how funds were ultimately used and whether environmental criteria were fully met.

The effectiveness of environmental and climate initiatives also depended on national systems—a factor underemphasised in project design. Weak legislative frameworks and enforcement capacities of national entities, as well as low environmental awareness, hindered the effectiveness of the EIB's efforts. Unlike in Türkiye, where the legislative framework is relatively well developed, the legislative framework in many African countries is either underdeveloped or, if developed, lacks effective implementation and enforcement. For example, Zambia has no specific legislation to regulate ESG standards, and instead, various laws address different ESG aspects. Many African countries face challenges in enforcing environmental standards given limited financial resources and technical expertise. In addition, inadequate public awareness, competing economic priorities, and other factors hindered the implementation of initiatives and their compliance with the EIB's environmental standards.

In countries with closer economic, trade and policy links to the European Union, promoters were more responsive to ESG standards and better results were achieved, with exceptions. An important factor that contributed to positive responses to the EIB environmental standards in Türkiye and subsequent outcomes there involved the preparations the government had made as an EU candidate country. All investments in Turkey were aligned with its environmental legislation, which mirrored those of the European Union, adopted as part of the accession agenda. Moreover, in Türkiye, strong incentives for the adoption of EU/EIB environmental standards were associated with economic links and exports to the European Union. Similarly, Moldova has shown indications of increased use of food safety standards, including levels of residual pesticides, as a result of the potential to export to the European Union. By contrast, in Georgia, the evidence suggests that EU standards on pesticides were applied less rigorously than would be the normal practice, due in part to the potential to sell produce both domestically and in markets further east. In contrast, the EIB's investment in irrigation for the watermelon industry (and that of other crops) in Morocco, which is a major EU supplier, took place within a national policy framework favouring short-term, intensive farming—but potentially posing long-term, water-scarcity risks. While there was a clear need and demand for larger investments in irrigation in Morocco (and elsewhere), the lack of an internal irrigation policy limiting irrigation to environmentally safe levels allowed for potentially detrimental irrigation investments.

4. WAY FORWARD

This evaluation has drawn five main conclusions based on more specific answers to a set of initial evaluation questions. The five main conclusions are:

1. While EIB activities were aligned with EU policies, they did not fully benefit from the potential of coordination with EU Delegations and other partners.
2. The EIB generally provided what the market would not have provided, or not to the same extent. Yet the EIB modalities and product offer were not sufficient to fully respond to the range of challenges faced by the sector.
3. The EIB-supported projects reviewed were delivered successfully, were sustained and contributed to development and modernisation of the recipient countries' economies, and partially expanded access to finance.
4. Despite increasingly prioritised food security and gender equality, the EIB's ability to contribute to complex and ambitious development objectives faced limitations.
5. Environmental and climate outcomes, while varied, were more demonstrably achieved through direct lending than through MBILs, where opportunities to embed and monitor these themes were often missed in project design.

Outside the European Union, The EIB's business model for the agriculture and bioeconomy sector has both strengths and limitations. The EIB's business model allowed it to reach out to many counterparts, both small and relatively large, through intermediated lending and direct lending operations. But the EIB's contribution to development outcomes—and its ability to manage projects for these outcomes—was limited, especially through MBILs. The limitations were related to: an incomplete product offering (including restrictions in offering local currency lending and/or subordinated instruments); the imposition of strict standards at the appraisal stage resulting in the exclusion of lesser skilled promoters; the low availability of technical assistance to support promoters; and incomplete monitoring of development outcomes. Furthermore, whilst the EIB's operations in the sector were well aligned with the European Commission and national partners at a policy level, the operational coordination with the European Commission and others was suboptimal. The EIB projects were generally successful and sustainable, but they did not fully realise their development, environment, or climate potential, particularly because the EIB activities did not exploit the full potential of coordination with other partners. The absence of local EIB presence in some countries also made coordination challenging.

This evaluation presents four recommendations which, if adopted, could help the EIB to respond more comprehensively to agriculture and bioeconomy challenges outside the European Union. While taking into account the EIB's business model, the recommendations highlight a need to differentiate its approach by country, with special attention to opportunities for coordinating with others and to the potential added value of each intervention. Such differentiation will require it to work closely with partners including the European Commission, EU Delegations and other partners. In many cases it will also require it to augment access to technical assistance support.

Recommendation 1: Enhance partnerships with the EU Delegations and other partners to achieve structural changes in agriculture and bioeconomy

Rationale: In the agriculture and bioeconomy sector, just as development challenges are complex and specific to each country, so are the opportunities to address market failures. The evaluation points to better development results arising where EIB projects and pipeline development benefit from in-depth sector knowledge of the country and from local, ongoing support and monitoring. Further, policy dialogue aiming at reforms is often more effective when combined with investments in the sector—and investments are more effective when combined with policy reform. While the EIB provides much-needed financing at scale and at affordable cost, its current business model (mainly project-based support with limited local presence and limited institutional dialogue) makes it very challenging and in fact inappropriate for the EIB to support alone or to take a coordinating role in needed sector reforms in the countries where it operates. It should work closely with partners equipped for local sector dialogue. To be sure, steps have been taken in the last few years to improve coordination—especially through the NDICI and Team Europe initiatives. But the EIB and the European Commission have not yet fully

realised the potential of their complementarity on the ground. Especially challenging is fragmentation among technical assistance sources, an obstacle that might diminish with the advent of NDICI and Team Europe. The EU Delegations and partners such as the FAO, IFAD and other development partners have a local presence and entry points for policy dialogue. By working closely with the EIB, they can help with project origination and can supply the required monitoring and support. At present, critical constraints for the EIB include the scarcity of grant resources and of EIB time and resources to engage in these partnerships.

To implement recommendation 1, the EIB could:

- *Deepen the strategic relationship with the European Commission through regular meetings and exchange.* Where relevant, jointly develop diagnostic studies and programming with EU Delegations to support the agriculture and bioeconomy sector at country level.
- *Extend and accelerate the ongoing engagements with strategic partners such as FAO, IFAD and others at the country level.* Taking into account the EIB's limited local presence, optimise coordination with multilateral and bilateral cooperation partners—for example, through silent partnerships.⁴⁹
- *Work closely with EU Delegations—building on NDICI and Team Europe—to fund and engage technical assistance to bring projects to maturity and where relevant to scale up opportunities for EIB financing to complement policy dialogue.* Such complementarity will contribute towards the European Commission and the EU Delegations achieving their policy aims and better ensure the development outcomes for the EIB projects.

Recommendation 2: Engage selectively with partners in a comprehensive approach to strengthening agriculture value chains

Rationale: The challenges in agriculture and bioeconomy outside the European Union are persistent, requiring long-term solutions built on local ownership and a conducive policy environment. In some cases, a mix of private and public investments is needed. A comprehensive approach, linking EIB operations to complementary initiatives, would enable aggregation in an otherwise highly fragmented sector and a mobilisation of the EIB's specific and comparative advantage. The approach would be resource-intensive and would require the EIB to give priority in its efforts to selected countries and value chains. Over time, it would lead to cumulative benefits across specific value chains. That such an approach can be effective and potentially resource-efficient appears in the EIB's Moldova wine value chain investments. A comprehensive value-chain approach also opens a door to coordination with partners poised to complement the EIB with their local presence, their ability to enter policy dialogue, their access to grant-based assistance and their capacity for monitoring and documenting outcomes.

To implement recommendation 2, the EIB could:

- *Ensure that operations are systematically well-grounded in value chain analyses.* Such analyses would enable the EIB to make sure its projects are complemented by other initiatives, including those capable of monitoring and documenting outcomes.
- *Adapt and make greater use of a combination of existing products for selected value chains.* Examples of products that could be used more fully and in combination include policy and sector-based loans, results-based loans, double intermediated loans, dedicated MBILs, de-risking instruments, local currency lending, and small ticket size direct operations serving national and regional programmes.
- *Work closely with the European Commission and others to secure technical assistance.* Such coordination entails recognising that access to technical assistance depends largely on the donor and that—even within the NDICI and Team Europe framework—it will take time and resources.

Recommendation 3: To suit the financing needs of domestically oriented farmers and firms, consider increasing local currency lending through MBILs

Rationale: In the evaluated projects, the EIB sought to avoid the risks and costs of local currency lending by providing almost all its intermediated lending in euros or US dollars. Further, financial intermediaries on-lent to final beneficiaries mostly in “hard” currency. These practices were attended by two disadvantages. First, the

⁴⁹ In a silent partnership—also known as delegated cooperation—donors provide financial support to a programme administered by a lead donor but jointly owned by all. The extent of delegation can range from one component of specific projects to entire sectoral programmes.

exchange risk of MBILs in euros or US dollars is passed through from the financial intermediaries to the final beneficiaries whenever the latter borrowed in hard currency (a risk mitigated in the case of exporters trading in hard currency). Second, the limited provision of local currency lending hindered MBILs from being allocated to domestically oriented firms with proceeds and funding needs in local currency. Extending more MBILs in local currencies would make the EIB offer better adapted to the financing needs of [smaller] domestic-oriented farmers and firms, notably in sub-Saharan African countries. The EIB would first need to carefully assess the feasibility of testing and implementing local currency lending. Beyond MBILs, the EIB might also consider local currency lending for direct loans and other interventions.

Recommendation 4: Enhance performance on environment and climate action—including adaptation—within agriculture and bioeconomy, especially in MBILs

Rationale: Agriculture and bioeconomy can make large contributions to environmental sustainability and climate action—particularly through climate change adaptation, given the sector’s dependence on weather and climate and its consequent vulnerability. Adapting the sector to climate change will enhance social and economic resilience. But it is also challenging as technical knowledge and established best practices in this area remain limited. The evaluation identified several cases of EIB support contributing significantly and successfully to adaptation, for example, through investments in food security and agricultural product storage or in water-saving irrigation technology. Despite such successes, the EIB has not consistently integrated environmental and climate considerations across its products. Direct lending operations were sometimes identified as good examples of such integration, but this was less common for MBILs.

To implement recommendation 4, the EIB could:

- *Continuously explore how to integrate technological advances and best practices related to climate change adaptation in agriculture and bioeconomy.* Adjust climate change adaptation lending strategies accordingly.
- *Continue its efforts on guidelines for integrating climate considerations and for better estimating projects’ contributions on climate change.* Such efforts could focus especially on intermediated lending operations.
- *Put in place technical assistance and advice to support the improvement of climate and environmental monitoring by promoters.* Again, such support could especially focus on intermediated lending.

ANNEX 1: POLICY REVIEW

The agriculture and bioeconomy sector is an important sector for European Investment Bank (EIB) financing. As the European Union (EU) bank, the EIB's objective is to provide long-term finance for sound, sustainable investment projects in support of EU policy goals. The agriculture and bioeconomy sector is of strategic importance for the EIB and can have considerable economic effects. Outside the European Union, the sector represents a substantial share of the national GDP, up to more than 50% in countries like Sierra Leone or Chad,⁵⁰ and is of high importance for economic and social development, particularly in rural and coastal regions. The EIB Strategic Orientation of the EIB Group's Activities in Agriculture/Bioeconomy outlines the sector's contribution to EIB policy goals, noting that a viable and sustainable agriculture and bioeconomy sector is crucial for ensuring food security, healthy diets, and resilience to climate change.

The period from 2014 to 2023 was characterised by an increasing interest in agriculture and bioeconomy. At the beginning of the evaluation period, the European Commission, the private sector and wider society showed a strong interest in concepts like sustainable agriculture; food security and nutrition; green/blue growth; bio-based industries; and the circular economy. With climate action acquiring increased urgency, and against the background of worsening global food security, the interest in agriculture and bioeconomy has increased, providing a favourable backdrop for EIB activities in the sector.

International and EU policy rationale for the EIB's support for agriculture and bioeconomy outside European Union

The agriculture and bioeconomy sector plays a central role in meeting long-standing commitments established by the global community. This includes the Conventions of the 1992 Rio Earth Summit—the United Nations Framework Convention on Climate Change;⁵¹ the United Nations Convention to Combat Desertification;⁵² and the United Nations Convention on Biological Diversity⁵³—as well as the commitments under the Rome Declaration on World Food Security adopted at the 1996 World Food Summit.⁵⁴ Following the 2009 World Food Summit on Food Security, the international community specified the commitments to achieving food security by declaring the Five Rome Principles for Sustainable Global Food Security.⁵⁵

The EU policy objectives for development cooperation are driven by the Agenda 2030 for Sustainable Development (Figure 13).⁵⁶ Its 17 Sustainable Development Goals (SDGs), which replaced the Millennium Development Goals in 2015, represent the global framework for eradicating poverty and achieving worldwide sustainable development by 2030. For agriculture and bioeconomy, the core objective is SDG 2: "End hunger, achieve food security and improved nutrition and promote sustainable agriculture".⁵⁷ As shown in Figure 13, the interconnectedness of the SDGs requires an integrated approach, with agriculture and bioeconomy as a key sector that affects almost all the SDGs, including Decent Work and Economic Growth (SDG 8); Industry, Innovation and Infrastructure (SDG 9); Reduced Inequalities (SDG 10); Climate Action (SDG 13); Conservation of Natural Resources and Vital Ecosystem Services (SDGs 14 and 15); and No Poverty (SDG 1).⁵⁸

⁵⁰ Agriculture, forestry, and fishing, value added (% of GDP), 2021, World Bank.

⁵¹ See: [UNTC](#).

⁵² See: [936_UNCCD_Convention_ENG.pdf](#).

⁵³ See: [Convention on Biodiversity | United Nations](#).

⁵⁴ See: [Rome Declaration on World Food Security and the World Food Summit Plan of Action](#).

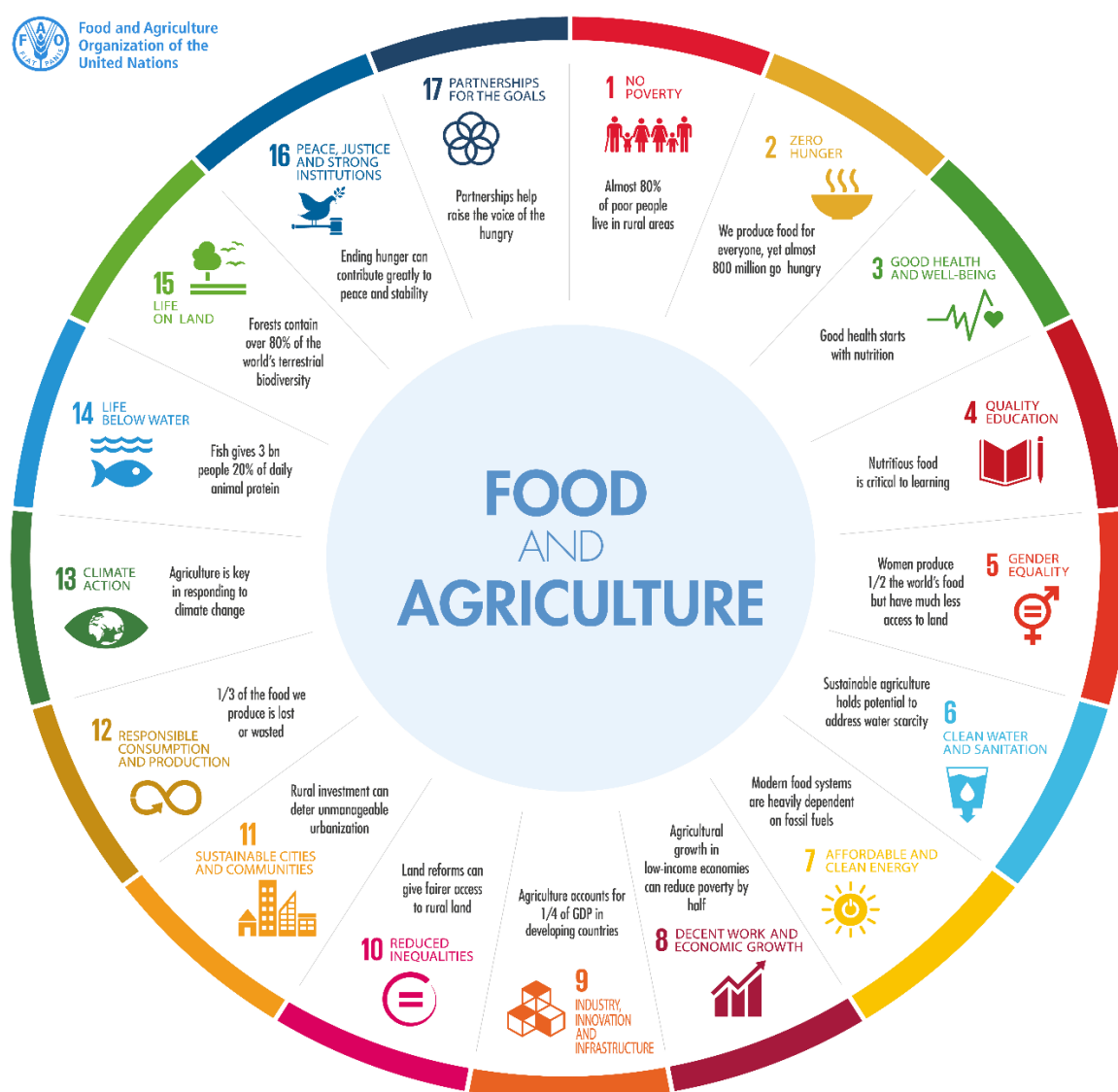
⁵⁵ See: [Five Rome Principles for Sustainable Global Food Security](#).

⁵⁶ See: [Sustainable food systems: Concept and framework \(fao.org\)](#) & [World Bank Document](#).

⁵⁷ The objective sets the following sub-goals with relevance to food security: "By 2030, end hunger and ensure access by all people to safe, nutritious, and sufficient food all year round; By 2030, end all forms of malnutrition; By 2030, double the agricultural productivity and incomes of small-scale food producers; By 2030, ensure sustainable food production systems and implement resilient agricultural practices; By 2020, maintain the genetic diversity of seeds, cultivated plants and farmed and domesticated animals and their related wild species; Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks; Correct and prevent trade restrictions and distortions in world agricultural markets; Adopt measures to ensure the proper functioning of food commodity markets and their derivatives and facilitate timely access to market information, including on food reserves". See: [Transforming our world: the 2030 Agenda for Sustainable Development | Department of Economic and Social Affairs \(un.org\)](#).

⁵⁸ See: [Transforming our world: the 2030 Agenda for Sustainable Development | Department of Economic and Social Affairs \(un.org\)](#).

Figure 13: SDG Wheel for Food and Agriculture⁵⁹



The 2015 Addis Ababa Action Agenda (AAAA) on Financing for Development establishes the foundation to support the implementation of Agenda 2030. It provides a framework for financing sustainable development by aligning financing flows and policies with economic, social and environmental priorities. The AAAA places great emphasis on the role of the private sector and the need to leverage private investments to trigger growth, while contributing to economic, environmental and social prosperity.⁶⁰ For investments in the agriculture and bioeconomy sector, the 2014 Principles for Responsible Investment in Agriculture and Food Systems of the Committee on World Food Security of the Food and Agriculture Organization of the United Nations (FAO) provide guidelines for responsible conduct among a variety of stakeholders across all types of agricultural investments.⁶¹ They were developed against the background of increased land grabbing and the need for more investments in

⁵⁹ See: [SDG-Wheel.jpg \(7500x7500\) \(fao.org\)](#).

⁶⁰ See: [2015 Addis Ababa Action Agenda \(AAAA\)](#).

⁶¹ The ten principles are: "(1) Contribute to food security and nutrition; (2) Contribute to sustainable and inclusive economic development and the eradication of poverty; (3) Foster gender equality and women's empowerment; (4) Engage and empower youth; (5) Respect tenure, of land, fisheries, and forests, and access to water; (6) Conserve and sustainably manage natural resources, increase resilience, and reduce disaster risk; (7) Respect cultural heritage and traditional knowledge, and support diversity and innovation; (8) Promote safe and healthy agriculture and food systems; (9) Incorporate inclusive and transparent governance structures, processes, and grievance mechanisms; and (10) Assess and address impacts and promote accountability". See: [Principles for Responsible Investment in Agriculture and Food Systems](#).

food systems. The Principles were adopted by all member states of the Committee on World Food Security, which is supported by the European Union.

In 2015, the European Union and its Member States also signed the Paris Agreement, which constitutes the first legally binding global agreement on climate change. Its goal is to limit global warming to well below 2 (preferably 1.5) degrees Celsius, comparable to pre-industrial levels. This has significant implications for agriculture and bioeconomy. The agreement recognises the “fundamental priority of safeguarding food security and ending hunger, and the particular vulnerabilities of food production systems to the adverse impacts of climate change”.⁶²

The overarching EU development cooperation frameworks lay the foundation for EU support for partner countries. The 2011 Agenda for Change was adopted to increase the impact of EU development cooperation. It highlights good governance, as well as inclusive and sustainable growth as EU priorities for human development. The communication defines sustainable agriculture as one of the priority sectors contributing to inclusive and sustainable growth and frames food security as a global public good.⁶³ The 2014 EU Communication—A Decent Life for All: From Vision to Collective Action—sets out a common EU vision for the post-2015 development agenda.⁶⁴ It identifies food security and nutrition as well as sustainable agriculture and fisheries as priority areas. In 2017, the European Union made a further step towards a shared development policy with the New European Consensus on Development. The Consensus acknowledges the crucial role of agriculture as a key sector for poverty reduction, food security and economic growth. It also highlights the need for sustainable and inclusive agricultural practices that prioritise small-scale farmers, particularly women and youth; the importance of supporting agricultural value chains; and the promotion of climate resilience and biodiversity conservation. The Consensus also confirms the commitment to a human rights-based approach guiding all EU development cooperation.⁶⁵

Agriculture and bioeconomy activities contribute to several policy areas that the EU development cooperation focuses on, most notably, sustainable food systems and nutrition and food security.⁶⁶ The European Commission describes this as follows: “Food systems need to change to deliver adequate nutrition outcomes for all. Smallholder agriculture and agri-businesses, with their multiple economic linkages, should be the engines of growth and employment creation, raising incomes and increasing resilience. [...] Unleashing the potential of the rural economy is not only a national imperative for individual countries, but also an international one, as it will facilitate more sustainable resource use, contribute to reduced poverty and global stability, and reduce migratory pressures”.⁶⁷ Further, activities in the agriculture and bioeconomy sector contribute to a variety of focused policy areas of the Directorate-General for International Partnerships (DG INTPA), including Biodiversity and Ecosystems; Climate Change; Forests; Oceans; Sustainable Energy; Transboundary Water Cooperation; Water, Energy, Food, and Ecosystem Nexus; Transport; Gender Equality and the Empowerment of Women and Girls; Education; Employment and Decent Work.⁶⁸ In cooperation with partner countries, the European Commission follows the Water-Energy-Food-Ecosystem Nexus approach, which highlights the interdependence of water, energy and food security, and ecosystems (water, soil, land) that underpin that security. The goal is to identify mutually beneficial responses that are based on understanding the synergies between water, energy and agricultural policy.⁶⁹

Tackling the global challenges of hunger, food insecurity and malnutrition (Figure 14, Figure 15) is a core policy area for the European Commission.⁷⁰ The EU activities on nutrition and food security are guided by the 2010 EU Policy Framework to Assist Developing Countries in Addressing Food Security Challenges. It provides comprehensive policy guidance that builds on the 2009 Rome Principles.⁷¹ The Action Plan for Food and Nutrition Security for 2014-2020 operationalises the commitments of the policy framework. It sets the following six policy priorities: improving smallholder resilience and rural livelihoods; supporting effective governance; supporting

⁶² See: [Paris Agreement](#).

⁶³ See: [The Agenda for Change | Capacity4dev \(europa.eu\)](#).

⁶⁴ See: [A Decent Life for All: From Vision to Collective Action](#).

⁶⁵ See: [The new European consensus on development 'our World, our Dignity, our Future' - Publications Office of the EU \(europa.eu\)](#).

⁶⁶ See: https://international-partnerships.ec.europa.eu/policies/climate-environment-and-energy/nutrition-and-food-security_en & [Sustainable food systems \(europa.eu\)](#).

⁶⁷ See: [2018_EU_Achievement_in_food_and_nutrition_security_and_sustainable_agriculture.pdf \(eib.org\)](#).

⁶⁸ See: [Policies \(europa.eu\)](#).

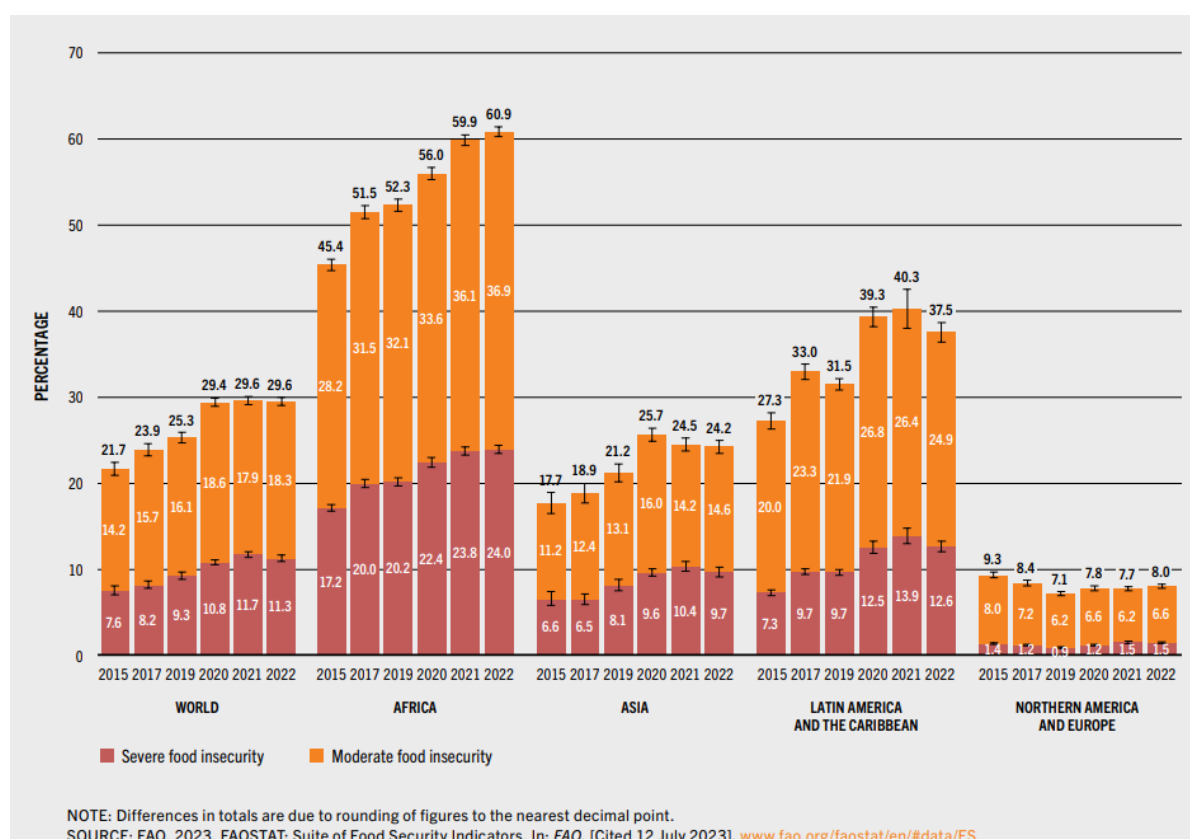
⁶⁹ See: [Water-Energy-Food-Ecosystem Nexus \(europa.eu\)](#).

⁷⁰ See: <https://international-partnerships.ec.europa.eu/policies/climate-environment-and-energy/nutrition-and-food-security>.

⁷¹ See: [EU Policy framework to assist developing countries in addressing food security challenges](#).

regional agriculture and food and nutrition security policies; strengthening social protection mechanisms for food and nutrition security, particularly for vulnerable population groups; enhancing nutrition, in particular for mothers, infants and children; and enhancing coordination between development and humanitarian actors to build resilience and promote sustainable food and nutrition security.⁷² In 2016 the European Union, FAO and the World Food Programme (WFP) launched the Global Network Against Food Crises to tackle the root causes of such crises by generating evidence-based information and analysis; leveraging strategic investments to prepare, prevent and respond to food crises; and fostering political uptake and function coordination across clusters/sectors addressing other dimensions driving food security crisis scenarios.⁷³

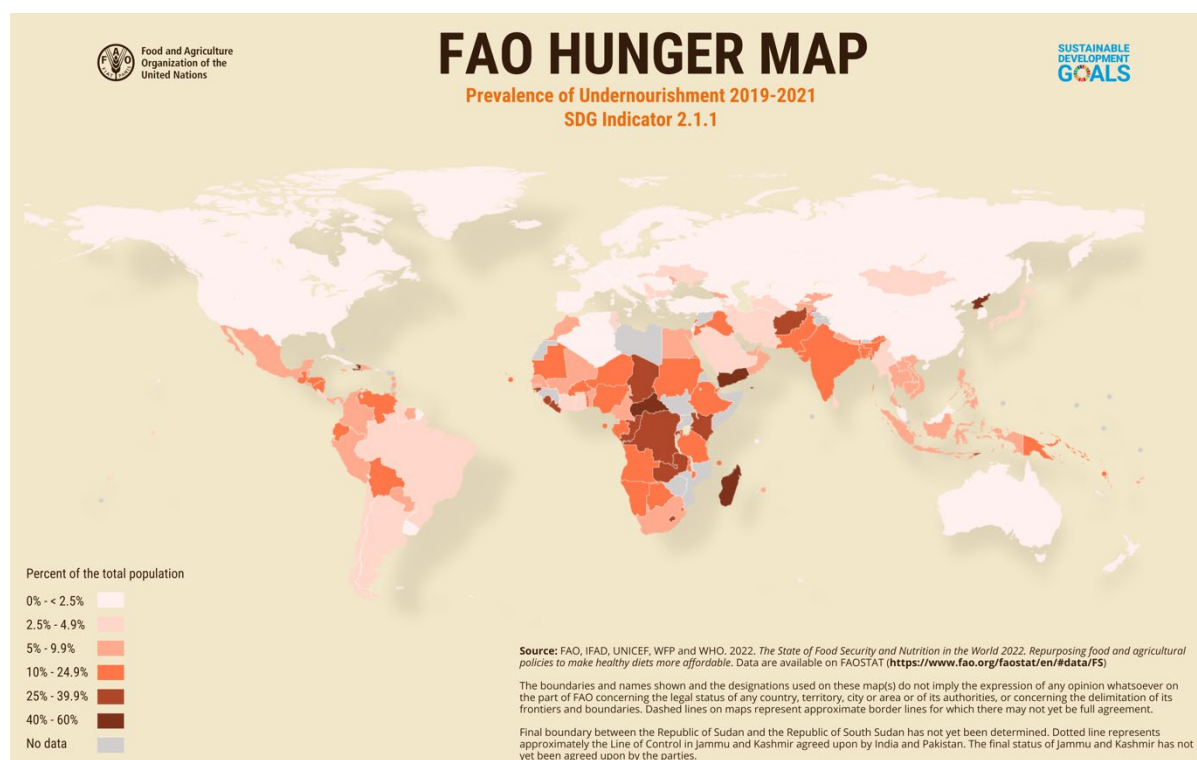
Figure 14: Moderate and severe food insecurity in 2015-2022, by region



⁷² See: Implementation Plan for Food and Nutrition Security.

⁷³ See: Global Network Against Food Crises.

Figure 15: FAO Hunger Map, Prevalence of Undernourishment 2019-2021



The European Commission further defines sustainable agriculture as a central topic of the development cooperation agenda with partner countries. The activities are focused on investing in small-scale farms; supporting governmental initiatives and programmes that encourage sustainability and innovation in the agricultural sector; promoting agricultural practices and technologies that raise rural income while being sustainable in terms of water, soils, ecosystems and biodiversity; improving farmers' access to productive assets, notably by encouraging local cooperation between farmers; leveraging more private investments in the agricultural sector; and empowering women in agriculture.⁷⁴

The importance of food and nutrition security and sustainable agriculture is reflected in the EU international development programming during the evaluation period. The international development programming defines the medium and long-term cooperation policies of the European Union and is linked to the Multiannual Financial Frameworks (MFFs). During the 2014-2020 MFF, 61 countries selected Food and Nutrition Security and Sustainable Agriculture as a priority sector for partnering with the European Union. In support of this call for action, the European Union committed more than €8.8 billion to this intervention, corresponding to 20% of the EU development portfolio. Most of the support—60% of the total—is being directed to Africa, followed by Asia (13%).⁷⁵ In Global Europe Programming 2021-2027, the European Commission defines its priority areas and specific objectives. The Thematic Multi-Annual Indicative Programmes define food security as a major global challenge and set the transition towards resilient and sustainable agrifood systems as a specific objective. Within the country programmes, working together on developing the sustainability of food systems and ensuring food security are defined as a priority for about 70 partner countries.⁷⁶

Further, gender equality and women's and girls' empowerment are an intrinsic part of EU development cooperation in agriculture and bioeconomy. This action is guided by the EU Plan of Action for Gender Equality and Women's Empowerment in External Action 2016-2020 (GAP II) and the EU Action Plan on Gender Equality and Women's Empowerment in External Relations 2021-2025 (GAP III).⁷⁷

The 2019 European Green Deal (EGD) and its related strategies are an integral element of the EU's strategy to implement the Paris Agreement and the UN Agenda 2030. The EGD defines a roadmap for comprehensive

⁷⁴ See: Sustainable food systems (europa.eu).

⁷⁵ See: EU Financial Framework (2014-2020).

⁷⁶ See: NDICI — Global Europe "Global Challenges" thematic programme: Multi-annual indicative programme 2021-2027.

⁷⁷ See: join-2020-17-final_en.pdf (europa.eu).

transformation towards climate neutrality inside the European Union by 2050—to decouple economic growth from resource use and ensure that no one is left behind.⁷⁸ For agriculture and bioeconomy, the policy priorities are to ensure food security in the face of climate change and biodiversity loss; reduce the environmental and climate footprint of the food system; strengthen the food systems’ resilience; and lead a global transition towards competitive sustainability from farm to fork.⁷⁹ The EGD strongly influences EU development cooperation policy, as the European Union has the ambition to lead on addressing environmental challenges and promoting the implementation of strong climate policies across the globe. In bilateral cooperation, the European Union aims to support partner countries to transition towards more sustainable development pathways.⁸⁰

The 2020 EU Biodiversity Strategy is a core element of the EGD, which is instrumental for EU development cooperation on agriculture and bioeconomy. It commits to halting and reversing the loss of biodiversity in Europe. The strategy aims to ensure that farming practices are in harmony with nature; and promotes sustainable land management and the role of agriculture in preserving biodiversity. It emphasises the importance of integrating biodiversity considerations into agricultural practices, and supports farmers in adopting agroecological approaches, and in preserving and restoring ecosystems.⁸¹ The Biodiversity Strategy shapes EU development cooperation policies aiming to protect biodiversity and ecosystems,⁸² forests⁸³ and oceans.⁸⁴ In addition, the 2019 Communication, Stepping Up EU Action to Protect and Restore the World’s Forests, provides for combining domestic and external action to protect the health of existing forests and increase sustainable and biodiverse forest coverage globally.⁸⁵

The 2021 Farm to Fork (F2F) Strategy is another core element of the EGD and the first comprehensive strategy adopting a food systems approach. The strategy constitutes a major frame of reference for EU development cooperation in agriculture and bioeconomy. The overall objective is to create a sustainable, healthy and resilient food system inside and outside the European Union. This requires major transformations such as promoting healthy diets; reducing the environmental impact of agriculture; ensuring fair economic returns for farmers; decreasing the use of pesticides and antimicrobials; and encouraging a shift towards organic and locally sourced food.⁸⁶

Russia’s invasion of Ukraine in February 2022 worsened global food security, accelerating the rise in food prices and input costs. The European Commission adopted a package of short- and medium-term actions to enhance global food security and to support farmers and consumers. The European Union increased humanitarian aid and international development efforts to support food security, with humanitarian funding growing by 32% in 2022.⁸⁷ In June 2022, the Council of the European Union agreed on four “strands of action” for a coordinated Team Europe response to global food insecurity by the European Union, Member States and European development finance institutions: (1) a Solidarity strand to step up emergency aid and macroeconomic support; (2) a Sustainable production strand to strengthen local food production systems and resilience; (3) a Facilitating Trade strand to help Ukraine export agricultural goods via different land routes and EU ports and promote open global trade in food and fertilisers; and (4) a Multilateral strand to work closely with international partners.⁸⁸

⁷⁸ See: [A European Green Deal \(europa.eu\)](https://european-council.europa.eu/media/e300042f-829d-4f20-b01d-3b5101d8003f/policy-communication-and-action/2020/07/23/EGD_en.pdf).

⁷⁹ See: [Agriculture and the Green Deal \(europa.eu\)](https://european-council.europa.eu/media/e300042f-829d-4f20-b01d-3b5101d8003f/policy-communication-and-action/2020/07/23/EGD_en.pdf).

⁸⁰ See: [Climate, environment and energy \(europa.eu\)](https://european-council.europa.eu/media/e300042f-829d-4f20-b01d-3b5101d8003f/policy-communication-and-action/2020/07/23/EGD_en.pdf).

⁸¹ See: [EU biodiversity strategy for 2030 - Publications Office of the EU \(europa.eu\)](https://european-council.europa.eu/media/e300042f-829d-4f20-b01d-3b5101d8003f/policy-communication-and-action/2020/07/23/EGD_en.pdf).

⁸² See: [Biodiversity and ecosystems \(europa.eu\)](https://european-council.europa.eu/media/e300042f-829d-4f20-b01d-3b5101d8003f/policy-communication-and-action/2020/07/23/EGD_en.pdf).

⁸³ See: [Forests \(europa.eu\)](https://european-council.europa.eu/media/e300042f-829d-4f20-b01d-3b5101d8003f/policy-communication-and-action/2020/07/23/EGD_en.pdf).

⁸⁴ See: [Oceans \(europa.eu\)](https://european-council.europa.eu/media/e300042f-829d-4f20-b01d-3b5101d8003f/policy-communication-and-action/2020/07/23/EGD_en.pdf).

⁸⁵ The communication sets five priorities: “Reduce the footprint of EU consumption on land and encourage the consumption of products from deforestation-free supply chains in the EU; Work in partnership with producer countries to reduce pressures on forests and to “deforest-proof” EU development cooperation; Strengthen international cooperation to halt deforestation and forest degradation, and encourage forest restoration; Redirect finance to support more sustainable land-use practices; and Support the availability and quality of information on forests and commodity supply chains, the access to that information, and support research and innovation”. See: https://commission.europa.eu/system/files/2019-07/communication-eu-action-protect-restore-forests_en.pdf.

⁸⁶ See: [f2f_action-plan_2020_strategy-info_en.pdf \(europa.eu\)](https://commission.europa.eu/system/files/2020-07/f2f_action-plan_2020_strategy-info_en.pdf).

⁸⁷ See: [short-term and medium-term actions to enhance global food security and to support farmers and consumers in the EU](https://commission.europa.eu/system/files/2022-02/short-term_and_medium-term_actions_to_enhance_global_food_security_and_to_support_farmers_and_consumers_in_the_EU_en.pdf).

⁸⁸ See: [Council of the European Union agreed on four strands of action](https://council.europa.eu/council/press-releases/12484).

The EIB's policy framework for support for agriculture and bioeconomy outside the European Union

The EIB applies a holistic lending approach for both direct and intermediated lending products outside the European Union, covering the investment needs throughout bio-based value chains. This approach covers upstream activities; natural resource management and primary production; transport, storage and quality control infrastructure; processing facilities; and the final distribution of food, disposal of waste and productive use of by-products. Most operators in the sector are small businesses and cooperatives, which are typically funded via intermediated lending products. Corporates can benefit from direct EIB support, and the wider public infrastructure needs of the rural economy can be supported via direct and framework loans to public authorities or public-private partnerships. The EIB also provides upstream technical assistance.

The EIB supports EU development cooperation policies and priorities by financing sound projects in partner countries. The EIB activities are closely linked to the Agenda 2030 SDGs, most importantly SDG 2, Zero Hunger.⁸⁹ The EIB further highlights the contribution to fostering economic growth and decent employment (SDG 8); building resilient infrastructure, promoting inclusive and sustainable industrialisation, and fostering innovation (SDG 9); and promoting responsible and sustainable production and consumption (SDG 12).

Investments and eligibility for agriculture and bioeconomy outside the European Union are driven by mandates and partnerships. Until 2020, the EIB's activities outside the European Union were conducted under two main mandates from the EU: the Cotonou Partnership Agreement for EIB operations in ACP countries, and the External Lending Mandate (ELM) for EIB operations in all countries outside the European Union, except the ACP countries. Since 2021, the Neighbourhood, Development and International Cooperation Instrument (NDICI)—Global Europe Regulation has provided the primary legal basis for EU assistance outside the European Union. It replaces the ELM and other instruments and establishes the European Fund for Sustainable Development Plus (EFSD+). Under NDICI, the EIB's role to implement the EU's development cooperation policy is embedded in the Treaties. The EIB cooperates closely with the European Commission, and most projects that benefit from the EIB's blending capacity obtain financing from both EIB loans and grants from the Commission.⁹⁰

The EIB works in close cooperation with the European Commission, External Action Service, EU Delegations, and other development banks and financial institutions to strengthen support for partner countries.⁹¹ Since the 2016 Strategic Orientation, the EIB has collaborated with the Directorate-General for International Partnerships (DG INTPA) and the Directorate-General for European Neighbourhood Policy and Enlargement Negotiations (DG NEAR) to increase the overall lending and impact of EIB lending to the agricultural sector in certain constituencies. The EIB has established a wide cooperation network for activities in agriculture and bioeconomy. This includes other IFIs such as IBRD and EBRD, UN agencies such as FAO and IFAD, and multilateral research networks, such as the International Food Policy Research Institute. Bilaterally, the EIB coordinates with national agricultural ministries and key partners, such as AFD, KfW and GIZ.

The 2016 Strategic Orientation of the EIB Group's Activities in Agriculture/Bioeconomy provides an overview of activities and a strategic outlook. Agriculture/bioeconomy is recognised as a key economic sector, particularly for contributing to economic growth in rural and coastal regions. At the same time, the smart and sustainable management of bio-based value chains is perceived as playing a vital role in food security, healthy diets and resilience to climate change, while these value chains also produce valuable inputs for bio-based industries that are important for greening the economy. The Strategic Orientation therefore argues that investments in agriculture and bioeconomy can reduce dependence on natural resources; transform manufacturing of food and bio-materials; promote sustainable and resource-efficient production; and increase the use of renewable resources from land, fisheries and aquaculture, while creating employment and new industries.

The Strategic Orientation states that for outside the European Union, investments are perceived as critical for rural economic development, food security and safety, and poverty reduction. Further, the support for agriculture and bioeconomy is envisaged playing a major role in implementing the Economic Resilience Initiative⁹² and in combating rural-urban migration by providing income opportunities in rural areas. Support in countries outside the European Union is expected to deliver impacts on three levels. At the farm level, increases

⁸⁹ See: Cotonou Agreement - Consilium (europa.eu); 21_459_CADOC_(EN)_GENQUEST_NDICI_-_EIB_OUTSIDE_EU_MANDATE_UNDER_THE_2021-27_MFF_-_REQUEST_OF_BOARD_OF_GOVERNORS'_AUTHORIZATION.pdf.

⁹⁰ See: Neighbourhood, Development and International Cooperation Instrument (NDICI)-Global Europe Regulation.

⁹¹ See: 23_153_GENQUEST_(EN)_EIB_Global_Strategic_Roadmap.pdf.

⁹² See: Economic Resilience Initiative at a glance (eib.org).

in income for primary production may result in increased household savings, in better education of children and in the facilitation of further investments, leading to a modernised rural economy. At the level of upstream and downstream industries, opportunities arise to set up new businesses, or to expand business activities, as either raw materials are provided on a more stable basis and at competitive prices, or as farmers' demand for inputs increases, which leads to job creation outside primary production, ideally resulting in a vibrant local community sustaining the attractiveness of rural areas. At the country level, the envisaged results are improved food security, import substitution, enhanced economic growth, poverty reduction, and sustainable and inclusive agribusiness development.

Agriculture and bioeconomy outside the European Union is a key sector for achieving EIB Group objectives in climate action and environmental sustainability. Following the 2015 Climate Strategy,⁹³ climate action has become a cornerstone of EIB Group operations. Since 2020, the EIB Group Climate Bank Roadmap has committed the EIB to align all operations with the goals of the Paris Agreement, and to increase the share of its lending dedicated to climate action and environmental sustainability to 50% by 2025. The EIB Group Climate Bank Roadmap defines 12 focus areas for accelerating the transition through green finance. Focus area eight, "Farm to Fork", follows the EU F2F Strategy and commits the EIB to contribute to the global transition to sustainable agrifood systems that are fair, healthy and environmentally friendly. Other relevant focus areas are "Building greater resilience to climate change", committing to invest in technological innovation for resilience (for example, resistant crops); and "Protecting nature", committing to invest in ecosystem conservation, restoration transition and sustainable forestry.⁹⁴ Closely linked to the EIB Group Climate Bank Roadmap, the 2021 EIB Climate Adaptation Plan defines food systems, forests and ecosystems as key investment areas. It emphasises the need for financing sustainable production and food value chains that can withstand extreme weather; afforestation and reforestation; climate-resilient land management practices; land and marine ecosystem protection and restoration; and research, development and innovation (RDI).⁹⁵ The 2022 EIB Environment Framework describes how the EIB aims to support the four environmental objectives of the EU taxonomy,⁹⁶ with the most relevant commitments for agriculture and bioeconomy the reduction of agricultural pollution and water overuse; the development of a sustainable blue economy; an increase in reuse and recycling through the bioeconomy and the efficient use of resources and by-products; and biodiversity restoration and conservation.⁹⁷

The EIB's support for agriculture and bioeconomy outside the European Union is also linked to gender-responsive investments. The 2016 EIB Group Strategy on Gender Equality and Women's Economic Empowerment provides an overarching framework for embedding gender equality considerations and women's economic empowerment in the EIB's operational portfolio. To implement the strategy, the EIB Group's first Gender Action Plan (GAP I) was executed between 2018 and 2020, and a second GAP was adopted in 2021.⁹⁸ While women account for between 20% and 50% of the agricultural labour force, they face barriers in terms of time and mobility; access to inputs and services; and land ownership. At the same time, they have the potential to enhance market productivity; promote climate-smart investment; increase efficiency through a diverse workforce; and enhance corporate performance. The EIB distinguishes three categories: (1) investments that enable access to agricultural inputs, services and benefits; (2) investments that contribute to women's economic

⁹³ In 2015, the EIB adopted its *Climate Strategy*, identifying three strategic focus areas: reinforcing the impact of climate financing, building resilience to climate change, and integrating climate change considerations across all EIB standards, methods and processes. See: https://www.eib.org/attachments/strategies/eib_climate_strategy_en.pdf.

⁹⁴ See: *The EIB Group Climate Bank Roadmap 2021-2025*.

⁹⁵ As one of the commitments under the *Climate Bank Roadmap*, the EIB developed its Climate Adaptation Plan with the aim of supporting smarter, more systemic and faster adaptation, as well as stepping up international action for climate resilience designed to support sub-national, national and regional approaches to adaptation. See: *The EIB Climate Adaptation Plan*.

⁹⁶ The EU Taxonomy is a classification system for sustainable economic activities. See: *EU taxonomy for sustainable activities (europa.eu)*.

⁹⁷ See: https://www.eib.org/attachments/lucalli/20220213_eib_environment_framework_en.pdf.

⁹⁸ The EIB Group Strategy on Gender Equality and Women's Economic Empowerment puts forward the following objectives: "(1) To ensure that the gender specific impacts, vulnerabilities and barriers that women and girls face are considered and addressed across EIB activities, so as to minimise any harm that they may generate in EIB operations; (2) To promote the equal ability to access and utilise the assets, services, benefits and opportunities generated by EIB Group investments, regardless of sex, so as to maximise their positive impacts; and, (3) To identify investment opportunities and markets that increase women's participation, on equal terms, in the economy and labour market". The strategy calls for a three-pronged approach of protecting the rights of all, enhancing the impact of operations on gender equality, and identify targeted opportunities to invest in women's economic empowerment. To carry out the strategy, the EIB Group's first Gender Action Plan (GAP I) was executed between 2018 and 2020, and a second gender action plan was adopted in 2021. See: *The EIB Group Strategy on Gender Equality and Women's Economic Empowerment*.

empowerment; and (3) investments that lead to transformative impacts on gender equality and women's economic empowerment.⁹⁹

The EIB activities outside the European Union are currently reshaped by the establishment of EIB Global. Building on existing technical expertise, the new branch of the EIB will have an increasing focus on development impact across all sectors. As stated in the EIB Global Strategic Roadmap, EIB Global is envisaged serving as “the development finance arm of the European Union, supporting EU external policies and priorities, including the Sustainable Development Goals and global public goods such as responding to climate change and pandemics”. Part of the strategy is to increase local presence, including in EU Delegations and regional hubs, and to enable stronger upstream work with clients and development partners. Client engagements are guided by European Commission-led programming.¹⁰⁰

The EIB Global Strategic Roadmap was first presented to the Board of Directors in May 2023. It states that the activities of EIB Global will focus on the areas of “climate action, digital, energy, infrastructure, MSMEs and job creation, education and health”. The agriculture and bioeconomy sector is highly relevant for the focus areas of climate action; digital infrastructure; micro, small and medium-sized enterprises (MSMEs); and job creation. The Strategic Roadmap describes more specifically that future operations will aim at building climate resilience in agriculture; at strengthening agriculture digitalisation; and at supporting sectors with the greatest biodiversity and development co-benefits such as water, sanitation, oceans and agriculture/forestry.¹⁰¹

In response to Russia's invasion of Ukraine and the subsequent rise in global food insecurity, EIB Services presented a note on Opportunities for Increased Activity for the EIB Group in Agriculture to the Management Committee and the Board of Directors. The new high of global food prices emphasised the importance of investment in agriculture and bioeconomy. The note identifies the following priority areas for investments outside the European Union: the improvement of infrastructure and services to increase market access, particularly for smaller farmers (notably access to reliable electricity, water management, information and communication technology, and education); the strengthening of food value chains and enhancing product delivery (while minimising loss), storage facilities, dedicated agricultural port terminals and facilities for processing agricultural products; and the strengthening of climate-smart and resilient food production. The focus therefore lies in investments that will build resilience of agricultural value chains, and in support for SMEs that make up the majority of food producers in developing countries. EIB Global aims to strengthen collaboration with IFAD to take a more programmatic approach towards enhancing food security and resilience.¹⁰²

⁹⁹ See: [Practical_Guidance_to_Incorporate_Gender-based_Solutions_into_EIB_Operations_-_AGRICULTURE.pdf](#).

¹⁰⁰ See: [Presentation of the EIB global strategy and regional analysis](#).

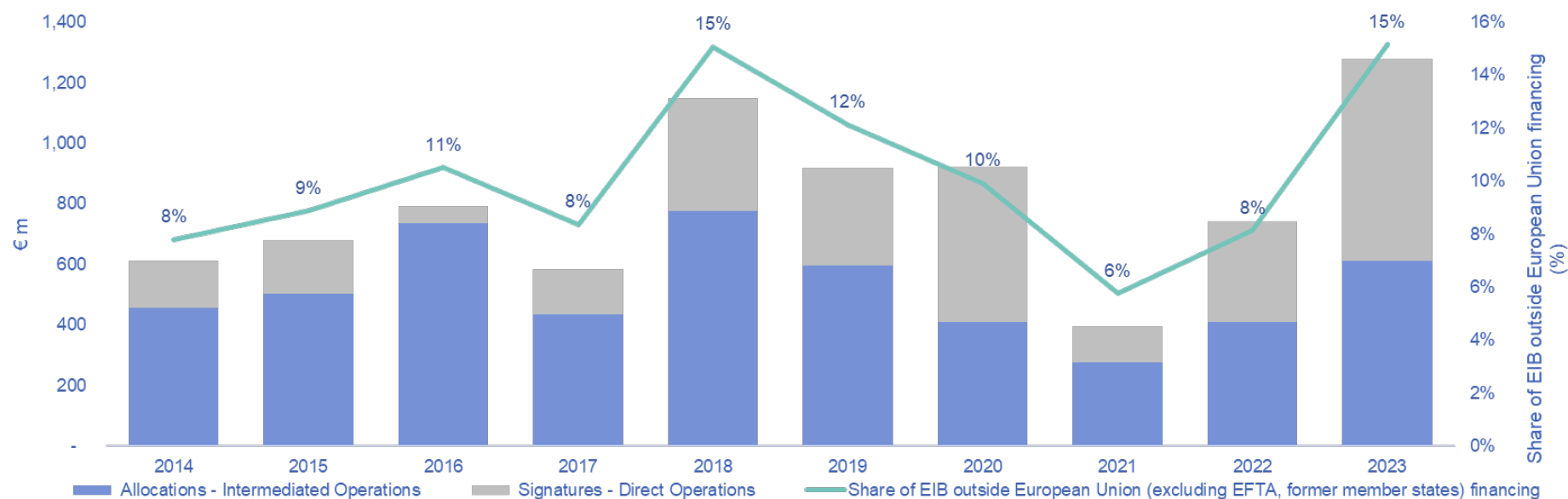
¹⁰¹ See: [23_153_GENQUEST_\(EN\)_EIB_Global_Strategic_Roadmap.pdf](#).

¹⁰² See: <https://www.eib.org/en/press/all/2022-485-eib-confirms-eur-500-million-loan-to-ifad-to-invest-in-global-food-security>.

ANNEX 2: PORTFOLIO REVIEW

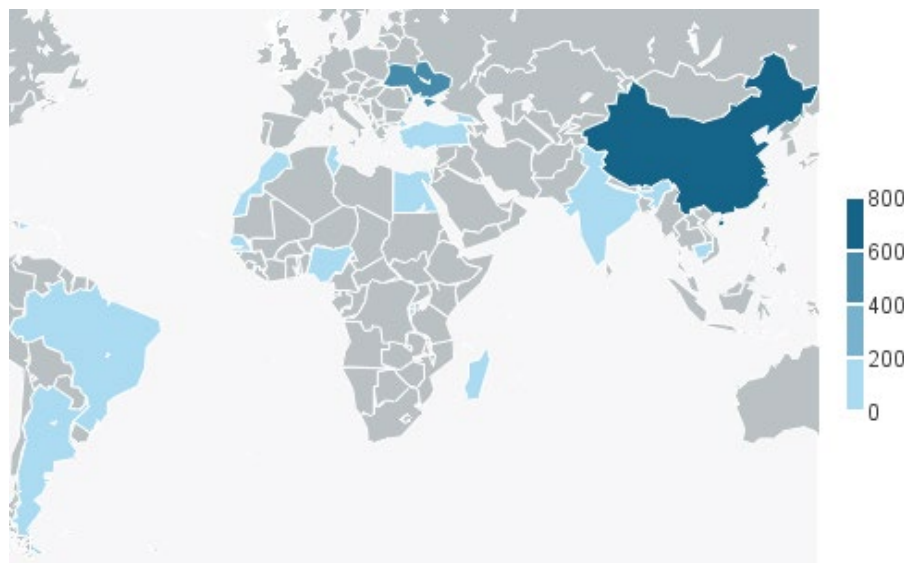
EIB support for agriculture and bioeconomy represented on average 10% of EIB financing outside the European Union (EU). MBIL financing allocated to agriculture and bioeconomy sub-projects outweighed direct financing every year, except for 2020 and 2023.

Figure 16: EIB support for agriculture and bioeconomy outside the European Union 2014-2023, by year



For direct operations, the largest signed amounts went to China (22%), Ukraine (19%), Regional Africa—not pictured (13%), Nigeria (6%), Morocco (6%), Turkey (5%) and Tunisia (5%).

Figure 17: Direct operations, by country; signature amounts (€ million)



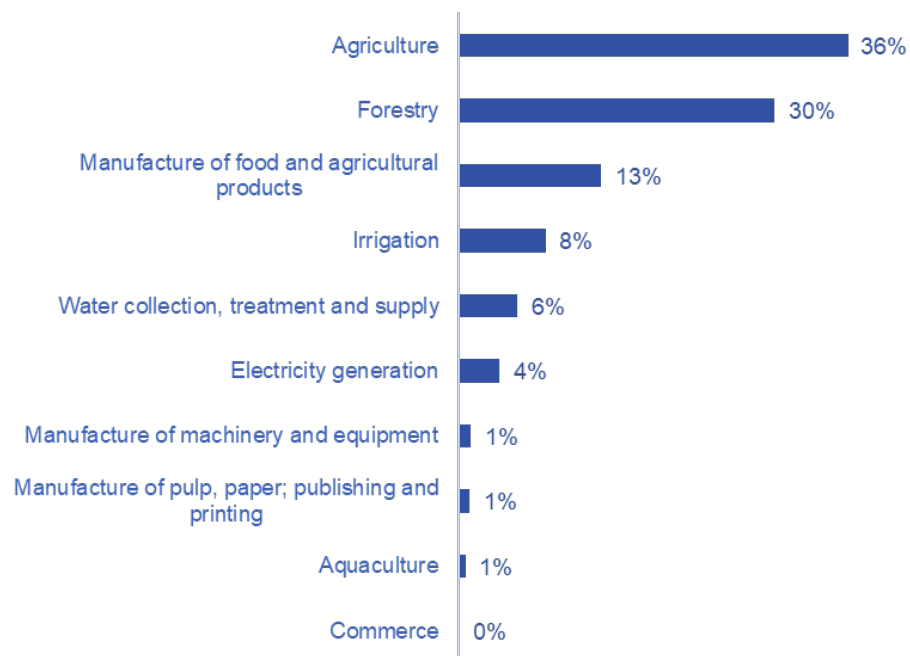
For intermediated operations, the largest allocated amounts went to Turkey (24%), Egypt (22%), Serbia (9%) and Ukraine (8%).

Figure 18: MBIL operations, by country; allocation amounts (€ million)



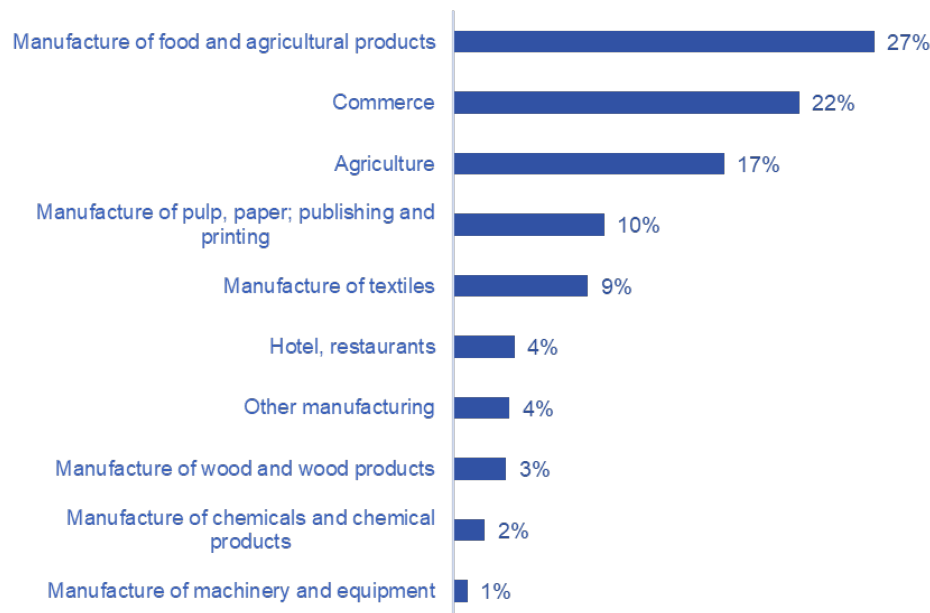
For direct operations, the most targeted sectors are agricultural products, forestry and manufacture of food.

Figure 19: Direct operations, by economic sector; share of signed amounts



For intermediated operations, manufacture of food and agricultural products are also important sectors as for direct operations, although commerce, manufacture of pulp/paper and textiles are also important.

Figure 20: MBIL operations, by economic sector; share of allocation amounts



Share of operations by vintage (approval year)

The sample covered operations approved from 2010 to 2019 (except for 2011). There is an overrepresentation of those approved in 2019.

Figure 21: Share of operations by vintage (approval year); population

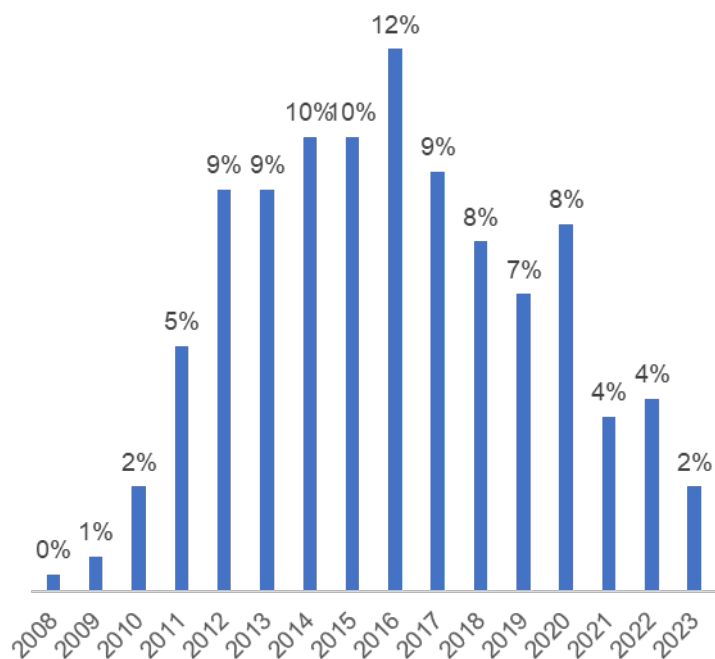
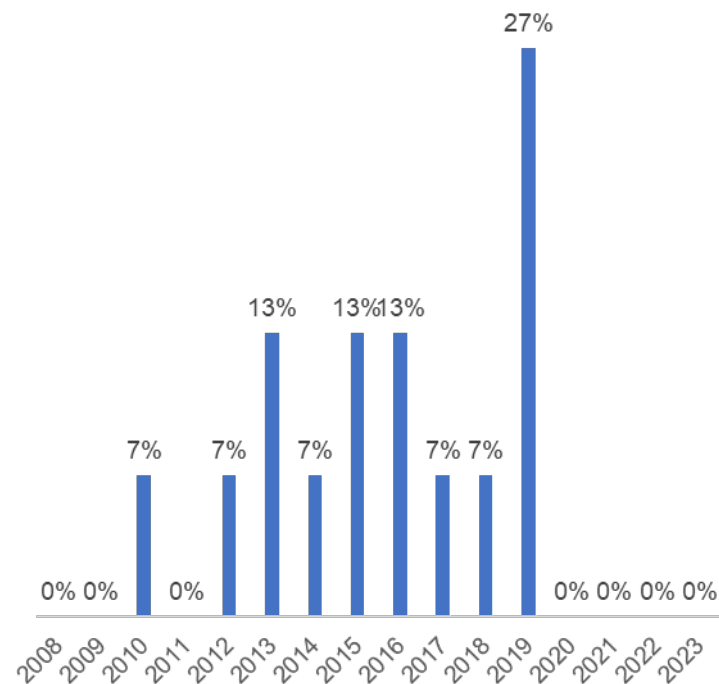


Figure 22: Share of operations by vintage (approval year); sample



Share of operations by product type

The sample is aligned with the population for MBILs overall but overrepresented for those that are dedicated, to draw lessons from these targeted operations. For other products, the sample is overrepresented for intermediated loans (IL) and there were no equity or framework loan operations. (A few of these operations were, however, examined as part of the older operations PCR analysis).

Figure 23: Share of operations by product type; population

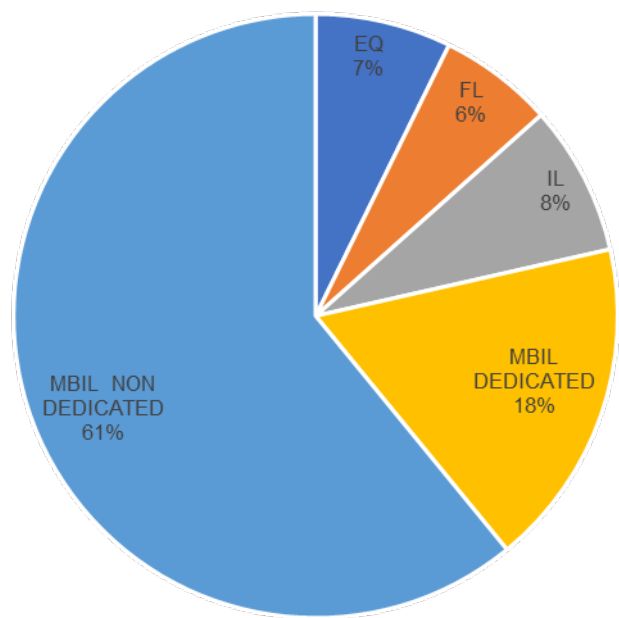
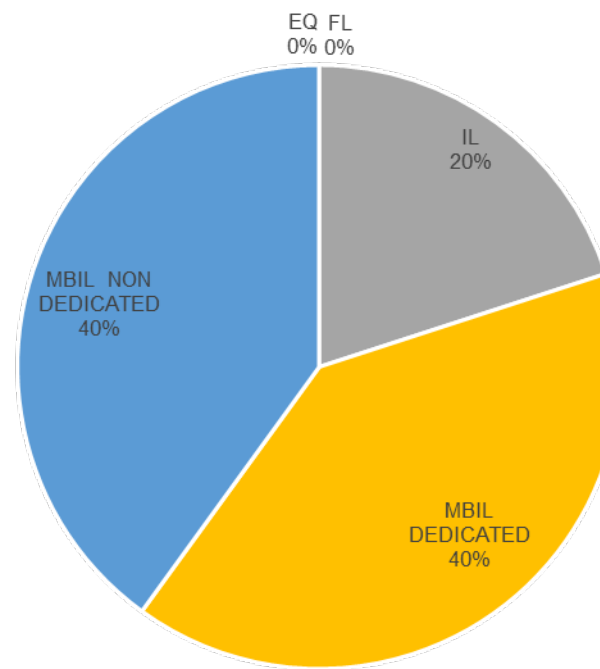


Figure 24: Share of operations by product type; sample



Share of operations by region

Sample distribution by region is quite aligned with population for the top five regions, though a little overrepresented for Eastern Europe, South Caucasus and the Mediterranean, and underrepresented for candidate countries. Latin America and South Africa are not represented in the sample but their weight in the total population was negligible.

Figure 25: Share of operations by region; population

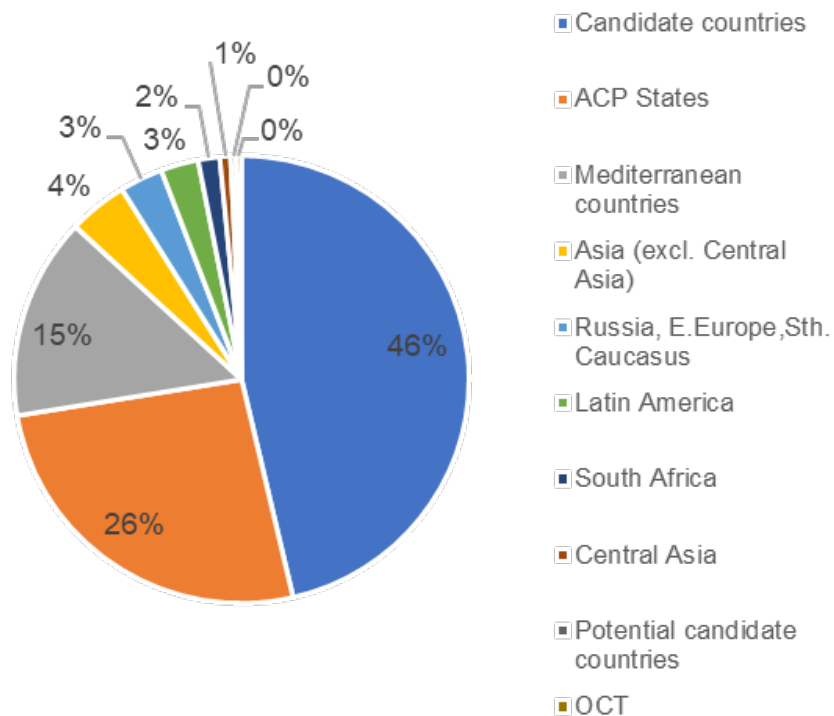
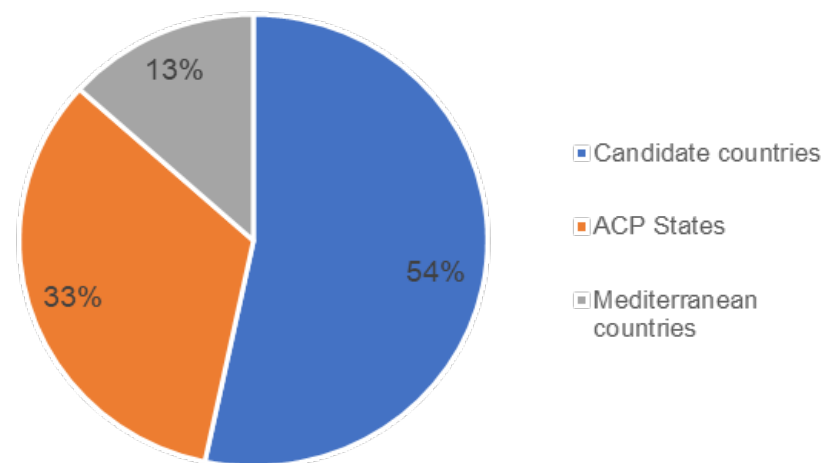


Figure 26: Share of operations by region; sample



Share of operations by reporting economic sector (of the main operations)

Sample distribution by reporting economic sector is, overall, aligned with the population.

Figure 27: Share of operations by economic sector; population

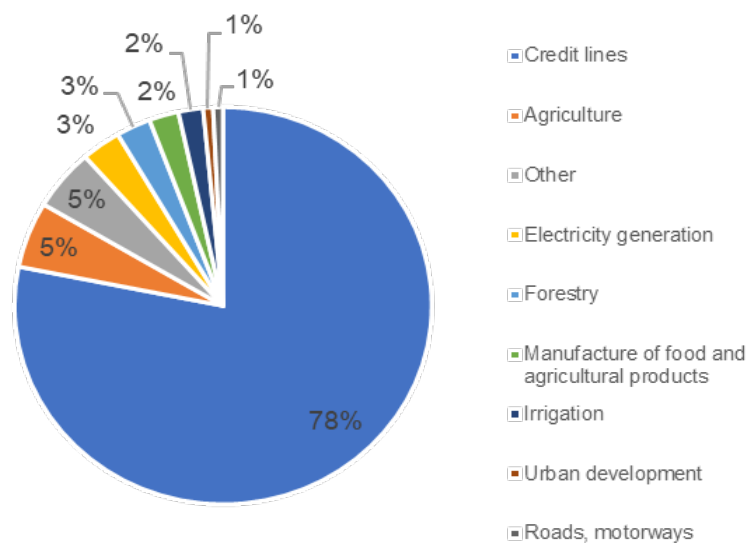
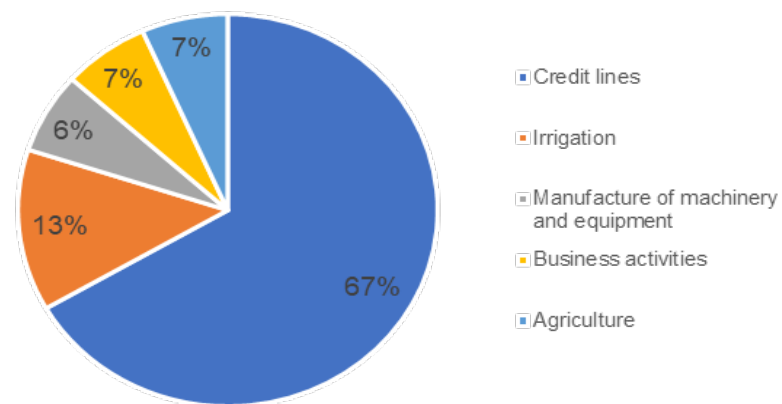


Figure 28: Share of operations by economic sector; sample



Direct operations only—Share of operations by total signatures dedicated to agriculture and bioeconomy (€ million)

The sample does not contain any of the operations with larger financing amounts (> €400 million).

Figure 29: Share of operations by financing amount (€ million); population

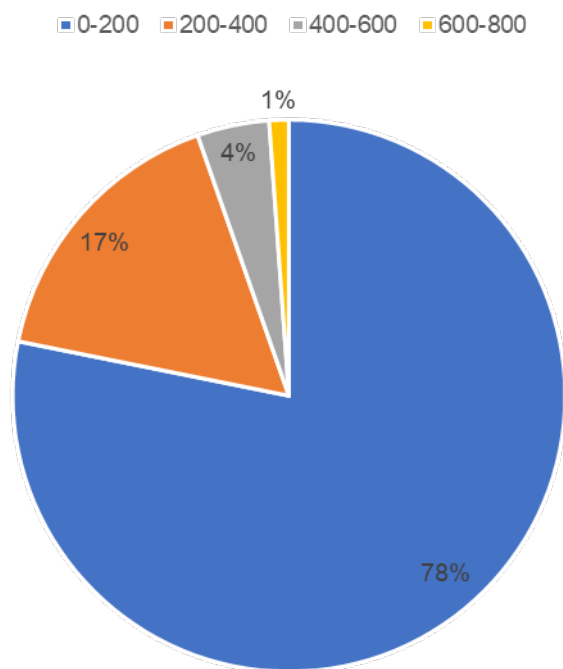
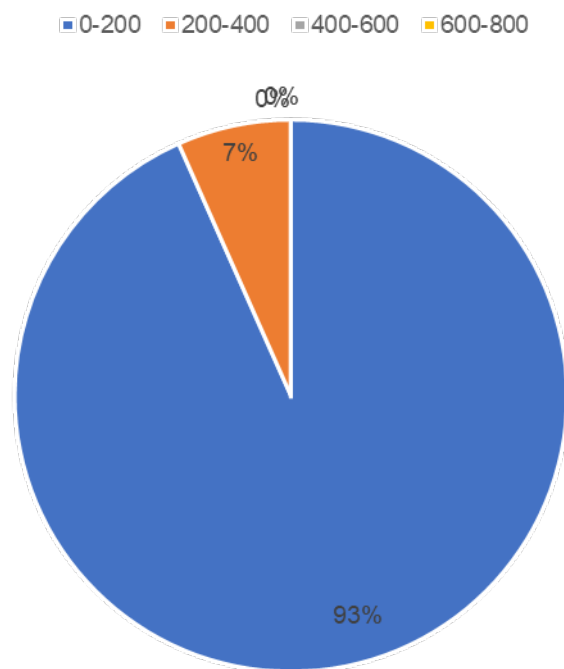


Figure 30: Share of operations by financing amount (€ million); sample



Share of operations by their contribution to climate action and environmental sustainability

Sample distribution is quite aligned with population, though a little overrepresented on the operations that contributed more to climate action and environmental sustainability (20-40% and 40-60%), so that the evaluation can draw positive lessons from these operations.

Figure 31: Share of operations by their contribution to climate action and environmental sustainability; population

■ 0-20% ■ 20-40% ■ 40-60% ■ 60-80% ■ 80-100%

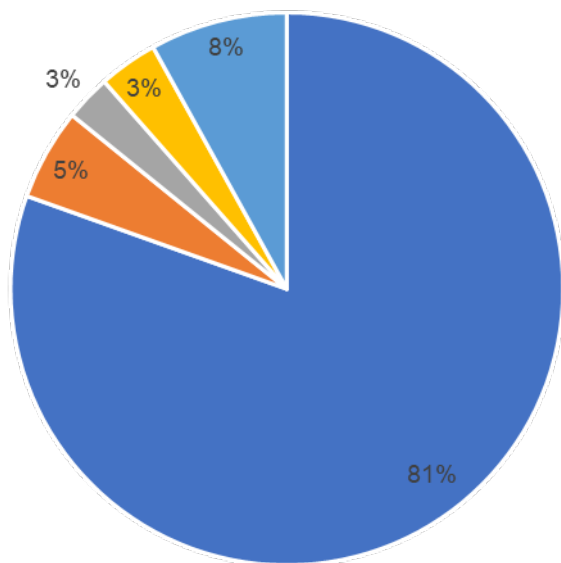
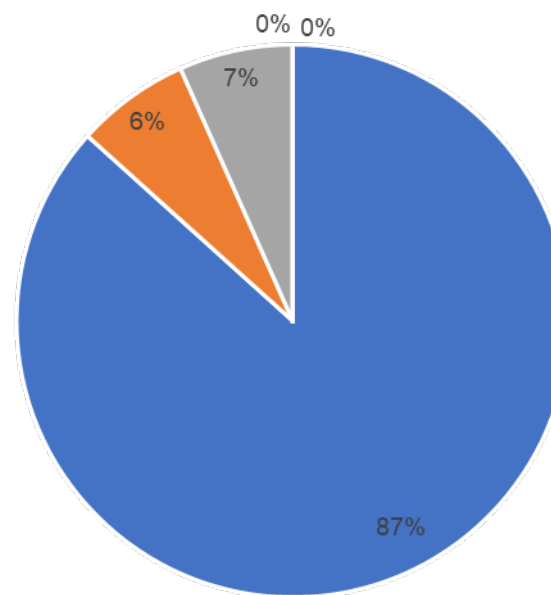


Figure 32: Share of operations by their contribution to climate action and environmental sustainability; sample

■ 0-20% ■ 20-40% ■ 40-60% ■ 60-80% ■ 80-100%



Share of operations by their contribution to gender equality

The sample is slightly overrepresented for operations with a significant contribution to gender equality, so that this evaluation can learn best practices from these operations.

Figure 33: Share of operations by their contribution to gender equality; population

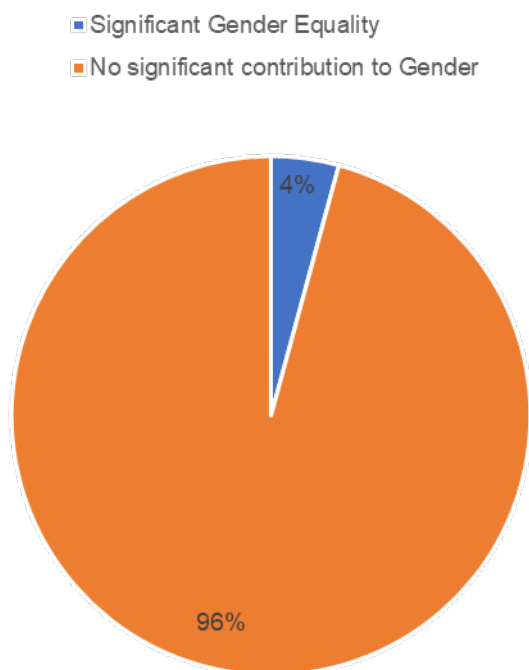
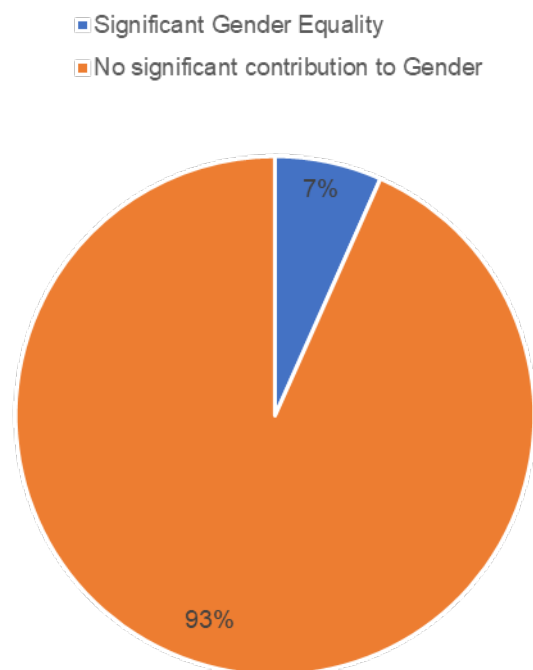


Figure 34: Share of operations by their contribution to gender equality; sample



Share of operations, whether or not they benefited from technical assistance support

The sample is slightly over-represented for operations that benefited from technical assistance support, so the evaluation can assess whether technical assistance contributed to the overall improvement of the supported operations' performance.

Advisory services and technical assistance played a supportive role in the EIB support for the agriculture and bioeconomy sector outside the European Union with, however, only 13% (35 out of the 261 operations signed) of all operations benefiting from it. Further, the Evaluation Division has identified 12 other advisory assignments, geared towards the agricultural sector outside the European Union but which did not lead to or relate to any financing operation.

Figure 35: Share of operations, whether or not they benefited from technical assistance support; population

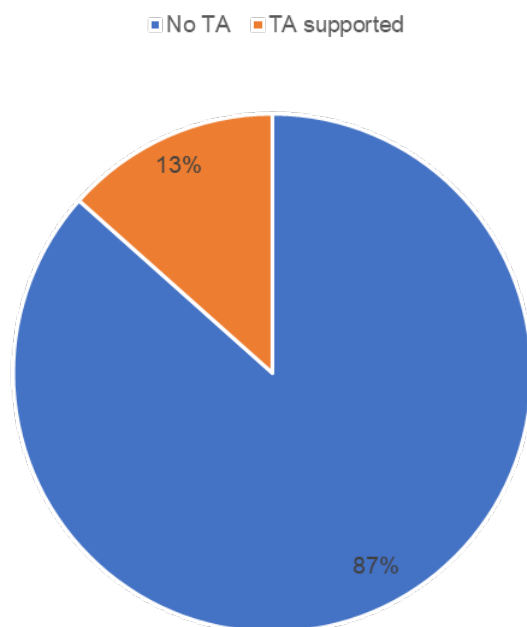
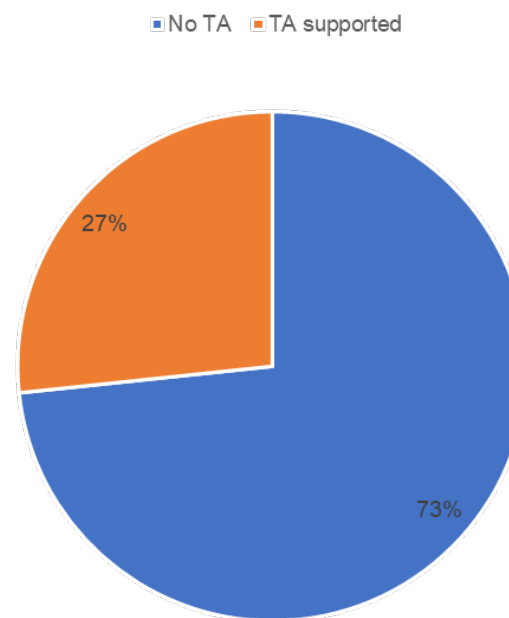


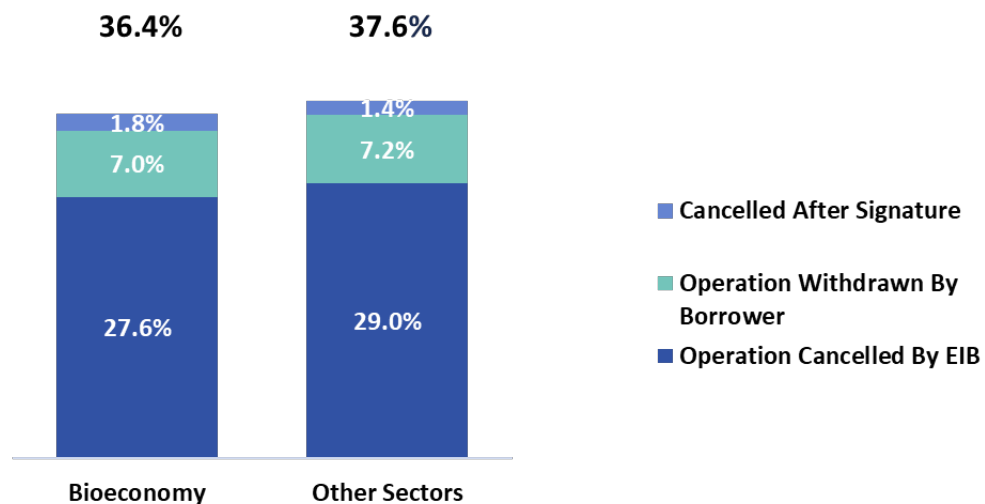
Figure 36: Share of operations, whether or not they benefited from technical assistance support; sample



Agriculture and bioeconomy operations experienced a slightly lower level of cancellations than other sectors' operations.

Slightly less than a third of operations put forward for approval outside the European Union (excluding EFTA and the UK) were cancelled by the EIB: 27.6% for agriculture and bioeconomy and 29% for other sectors, while around 7% were withdrawn by borrowers and 1–2% were cancelled after signature for all sectors.

Figure 37: Operations cancelled by EIB/withdrawn by borrower



A very large share (94%) of approved financing for agriculture and bioeconomy outside the European Union was converted into signatures.

In terms of regions, potential candidate countries stood out with 100% conversion, while Overseas Countries and Territories (OCT) and South Africa were the laggards. In terms of products, framework loans stood out with 96% conversions overall, and equity/quasi-equity came last with 82%. The provision of technical assistance (TA) enhanced conversion into signatures across all products except framework loans.

Figure 38: Share of approved finance for agriculture and bioeconomy ultimately converted to signatures; by geography

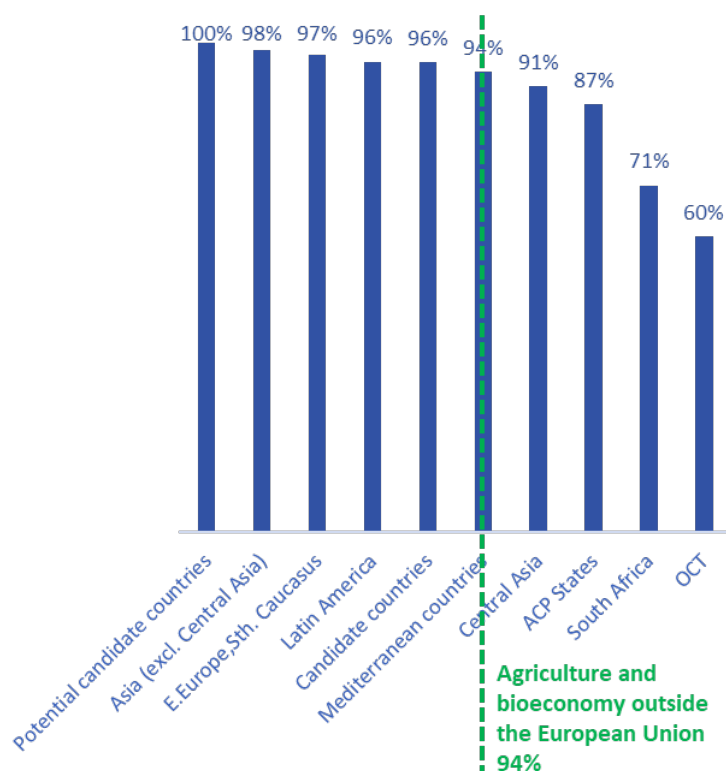
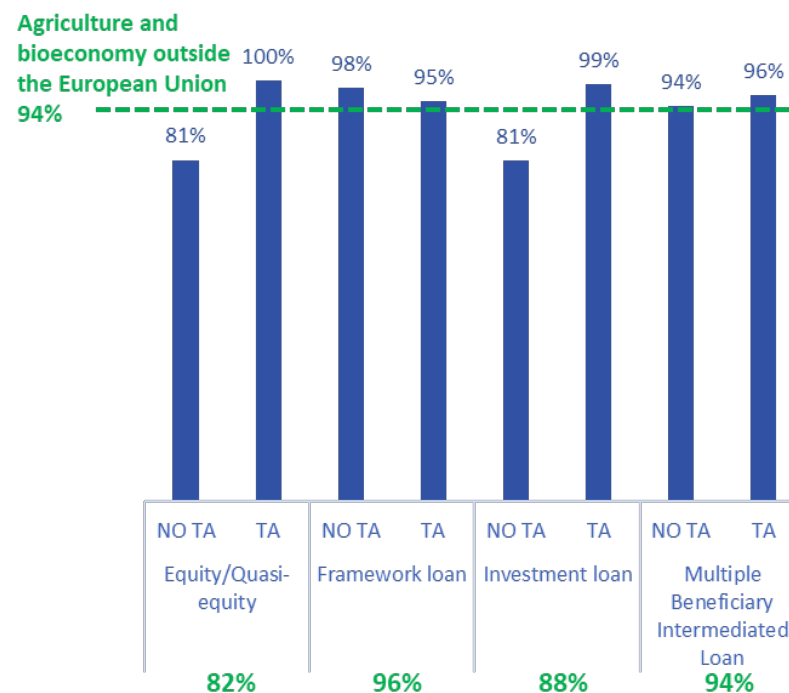


Figure 39: Share of approved finance for agriculture and bioeconomy ultimately converted to signatures; by product and provision of technical assistance (TA)



A very large share (89%) of net signatures for agriculture and bioeconomy outside the European Union reached the economy. Technical assistance had limited impact on disbursement performance.

By region, Eastern Europe and South Caucasus, South Africa, and Overseas Countries and Territories (OCT) disbursed all signed amounts, while disbursement performance was poor in Asia and potential candidate countries. By product, MBILs (97%) performed quite well on disbursements, while framework loans (34%) were the laggards. Surprisingly, the provision of technical assistance (TA) was not generally accompanied by better disbursement performance, except for equity/quasi-equity.

Figure 40: Share of agriculture and bioeconomy net signatures ultimately disbursed to borrowers; by geography

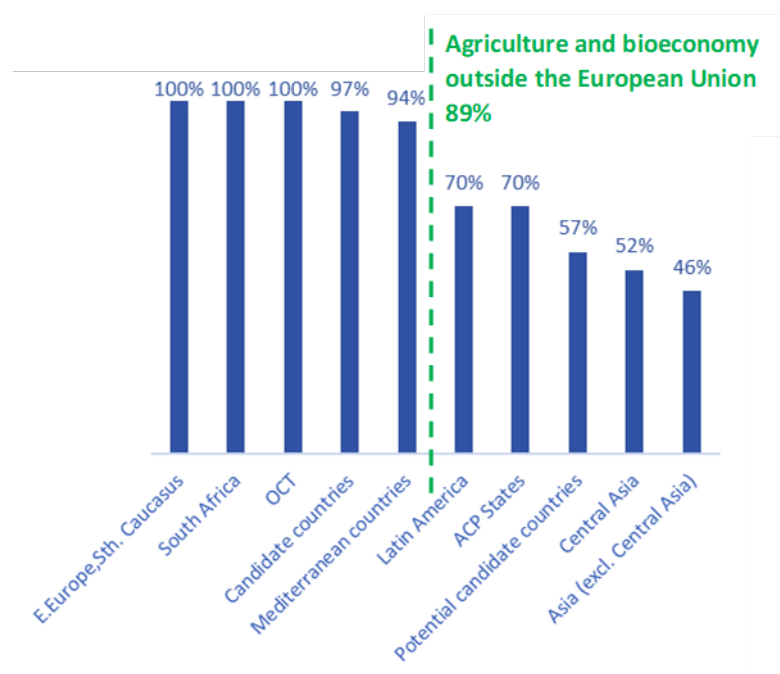
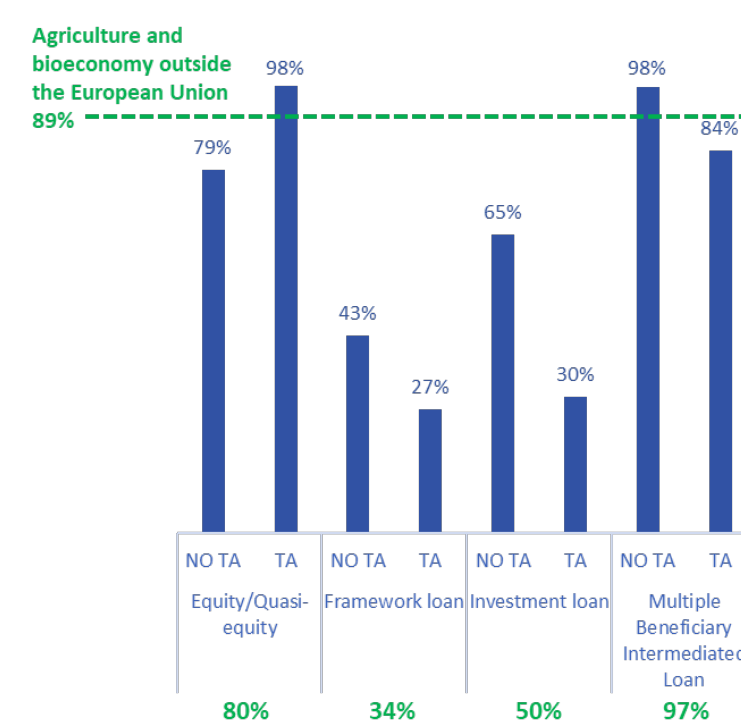


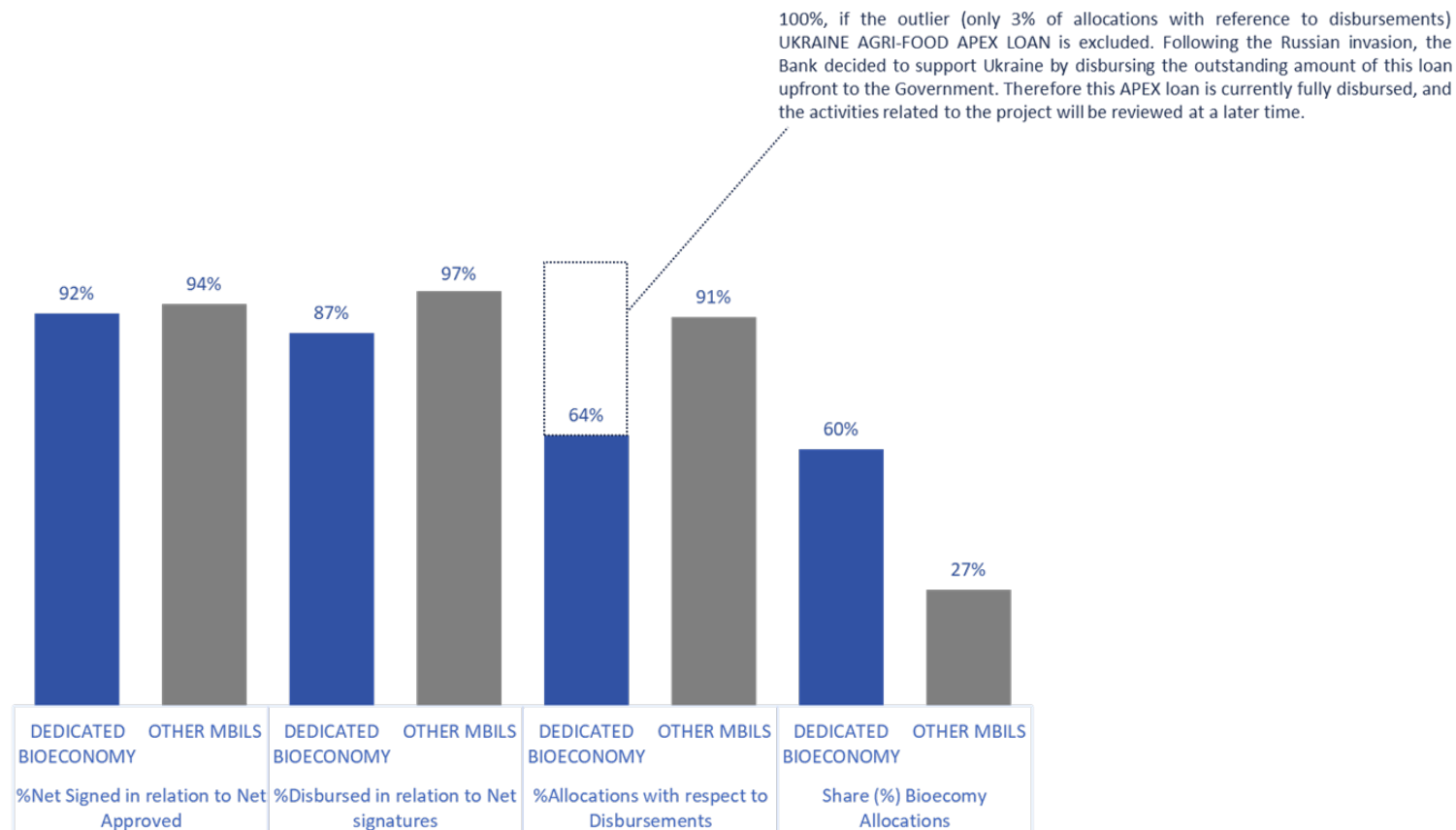
Figure 41: Share of agriculture and bioeconomy net signatures ultimately disbursed to borrowers; by product and provision of technical assistance (TA)



Dedicated MBILs allowed for more targeted sectoral intervention, without affecting full allocation of operations.

Dedicated MBILs observed a higher share (60%) of agriculture and bioeconomy allocations (27% non-dedicated), while ensuring that disbursed amounts were fully allocated.

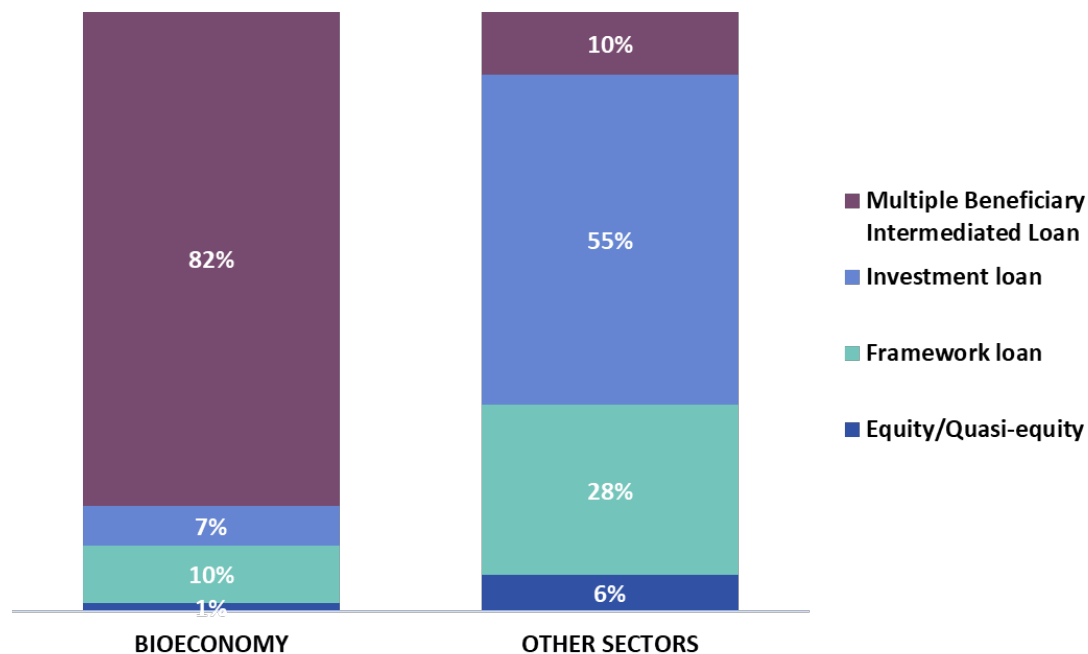
Figure 42: Dedicated vs. non-dedicated MBILs; performance indicators



Agriculture and bioeconomy operations were predominantly MBILs

A total of 82% of agriculture and bioeconomy operations are MBILs, while for other sectors outside the European Union the share is only 10%. Other products—investment loans (7%), framework loans (10%) and equity (1%)—were used less often for agriculture and bioeconomy than for other sectors: 55%, 28% and 6%, respectively.

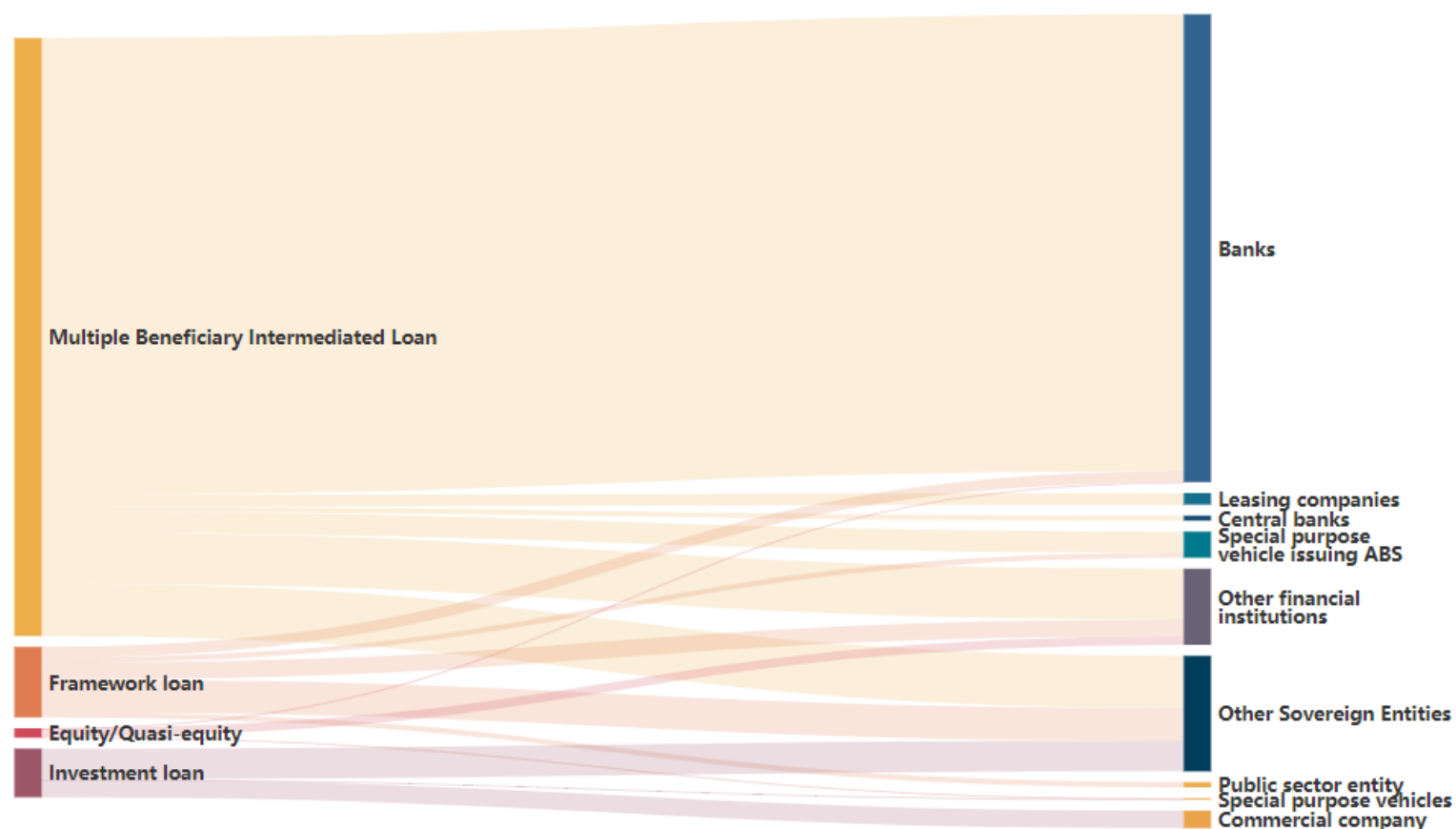
Figure 43: Share of signatures by products— agriculture and bioeconomy vs. other sector operations



As MBILs were the predominant product in support of agriculture and bioeconomy outside the European Union, banks were the main direct borrowers of EIB finance.

As the product of choice for agriculture and bioeconomy outside the European Union, most of the support for agriculture and bioeconomy outside the European Union was channelled through financial intermediaries, notably commercial banks (but also leasing companies, central banks and special-purpose vehicles for securitisation deals). As seen in Figure 45 on allocations, this was a pragmatic approach to address the financing needs of such small-scale projects (mostly MSMEs), because direct outreach to these counterparts is off limits to the EIB. The EIB has also lent directly to public and private sector counterparts.

Figure 44: Borrowers by each type of product



MBILs were a pragmatic tool to reach a high number of small final beneficiaries

Approximately 35 000 loans for SMEs in the agriculture and bioeconomy sector were granted through partner banks between 2014 and 2023, for a total of about €6 billion in loans across countries outside the European Union (excluding the United Kingdom and EFTA). The median ticket size was €20 000. 94% of the final beneficiaries were SMEs. Total sub-project expected job creation was nearly 180 000 jobs, nearly 30% female.

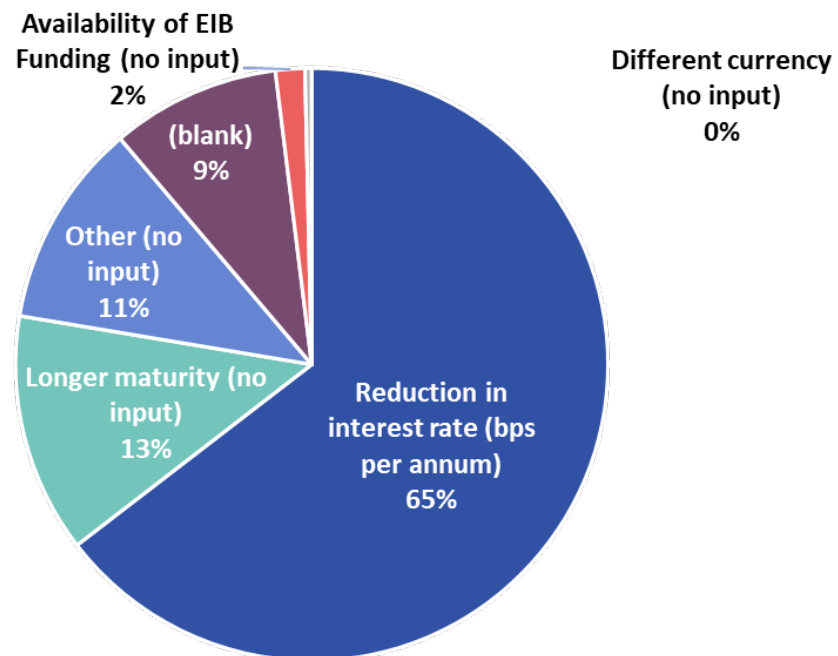
Figure 45: Number of final beneficiaries; Number/Amount of allocations and other statistics

Allocation group type	Distinct Count of Final Beneficiary Name	Distinct Count of Allocation ID	Distinct Count of Allocation (% of total)	Sum of Allocated Amount (€m)	Sum of Allocated Amount (% of total)	Median Allocated Amount (€m)	Median Final Beneficiary Employees Number	Sum of Sub-Project Expected Job Creation Count	Sum of Sub-Project Expected Job Creation (Female)	% of Sub-Project Expected Job Creation (Female)
Mid-cap	542	705	2%	1 412	24%	1.000	487	24 024	2 278	9%
Other	1 306	1 395	4%	723	12%	0.160	17	22 589	1 808	8%
SME	28 270	32 517	94%	3 775	64%	0.018	6	132 754	46 639	35%
Grand Total	30 022	34 617	100%	5 911	100%	0.021	7	179 367	50 725	28%

The preferred method for transfer of financial advantage (ToFA) among agriculture and bioeconomy allocations is through a reduction in the interest rate.

A reduction in the interest rate is the preferred method used for transfer of financial advantage (ToFA) (65%), followed at distance by longer maturity (13%). The median basis points (bps) reduction is 25 bps for euros.

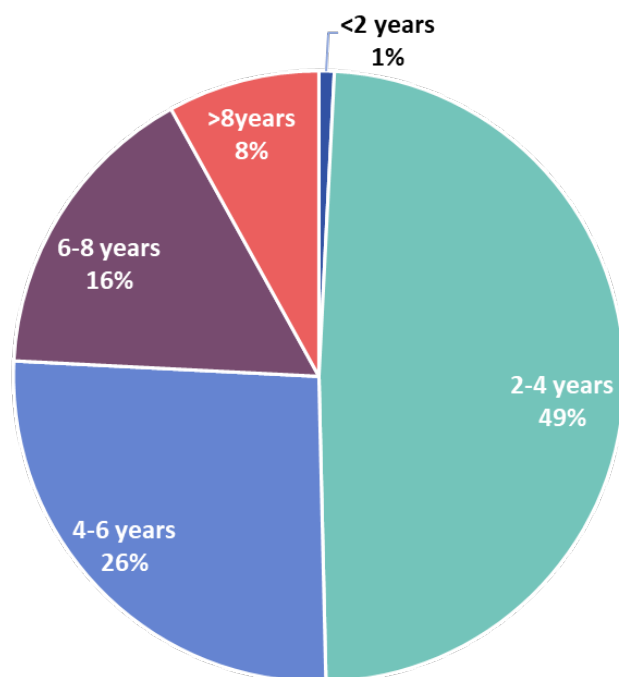
Figure 46: Method for transfer of financial advantage



The EIB, through its MBILs, enabled its partner banks to extend longer maturities to its final beneficiaries.

Nearly half (49%) of agriculture and bioeconomy allocations were 2-4 years (medium-term) and the remaining were mostly longer with 50% over 4 years and only 1% <2 years (short-term).

Figure 47: Maturity profile of allocations



Agriculture and bioeconomy operations were quicker than other sector operations, except for equity/quasi-equity.

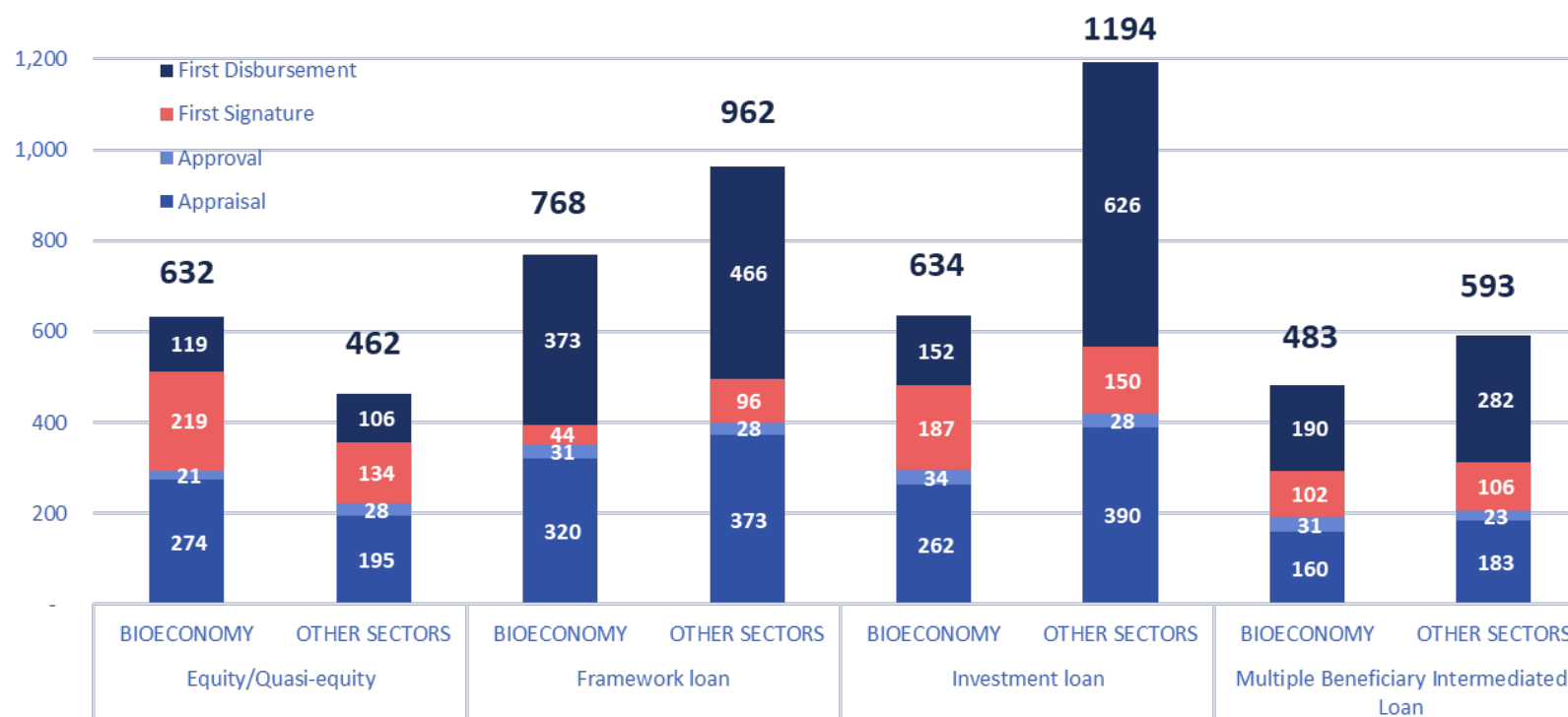
For framework loans, agriculture and bioeconomy operations were quicker at each stage.

For investment loans, despite taking slightly longer during approval and signature, agriculture and bioeconomy operations were overall quicker (nearly twice as fast) thanks to short appraisal, but most importantly owing to quite short time to first disbursement.

For agriculture and bioeconomy MBILs, all stages were quicker, except signature.

For equity/quasi-equity, apart from approval, all other stages took longer for agriculture and bioeconomy operations.

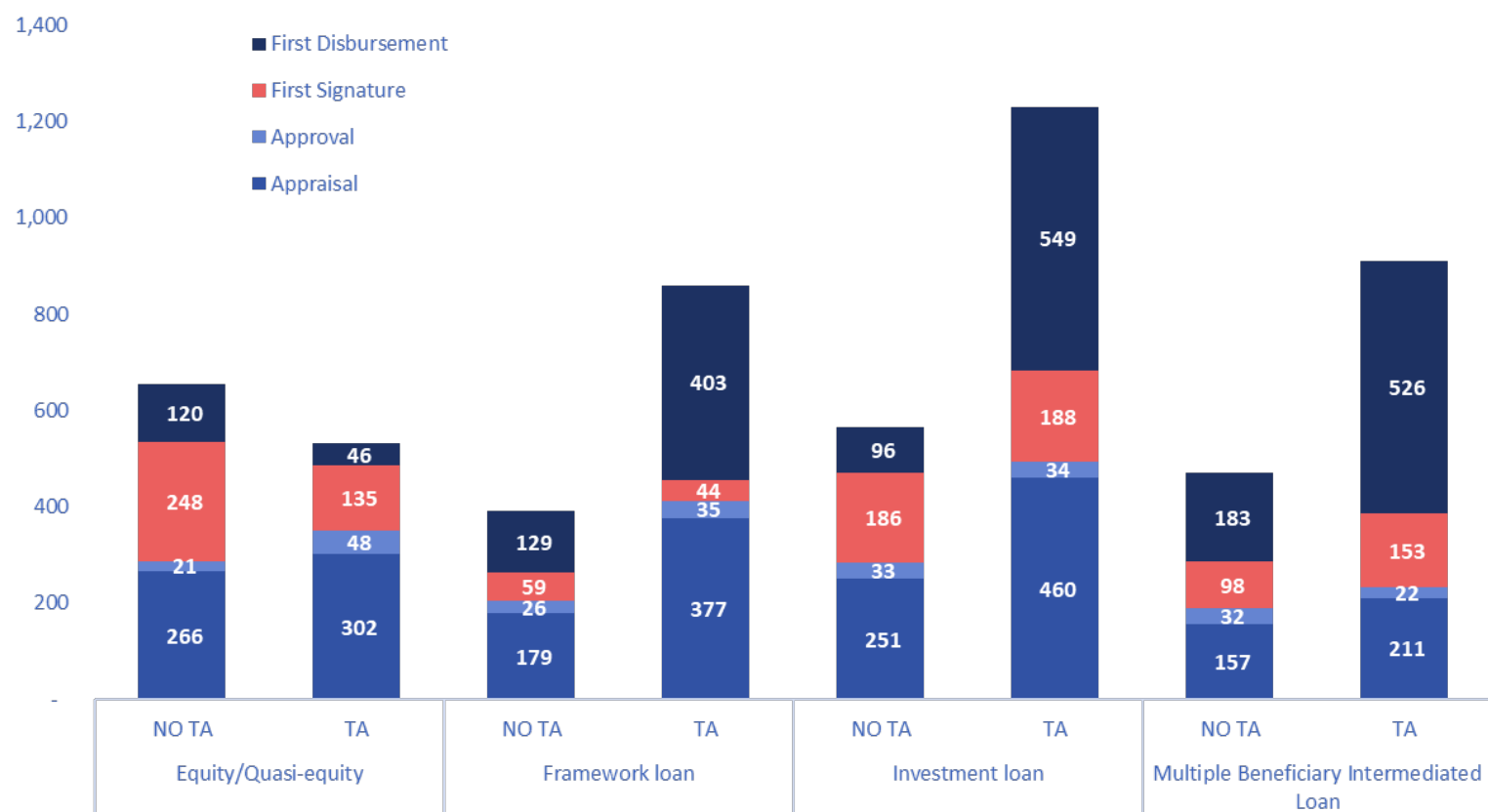
Figure 48: Project cycle— agriculture and bioeconomy vs. other sectors; median days for each project cycle stage



Technical assistance-supported operations presented lengthier project cycles, except for equity (only one observation for equity with technical assistance).

Though it seems counter-intuitive, the fact that technical assistance-supported operations presented lengthier project cycles can be related to the fact that these operations were more problematic from the outset and hence the earmarking of technical assistance at appraisal was adequate. The relevant counterfactual operations to compare with would not be those that did not receive technical assistance (as these were probably not assessed as problematic) but the same operations in the absence of technical assistance.

Figure 49: Project cycle— agriculture and bioeconomy—with/without technical assistance (TA); median days for each project cycle stage



Agriculture and bioeconomy operations (excluding MBILs) contribute strongly to climate action

The left chart shows that the share of climate action is lower for agriculture and bioeconomy operations than for others signed in the same period. However, a substantial part of the agriculture and bioeconomy portfolio consists of MBILs and these have lower climate action (%). The right-hand figure, which excludes MBILs, shows that agriculture and bioeconomy operations portray higher climate action (%) for nearly every year except 2022-2023.

Figure 50: Climate action %; all financing types

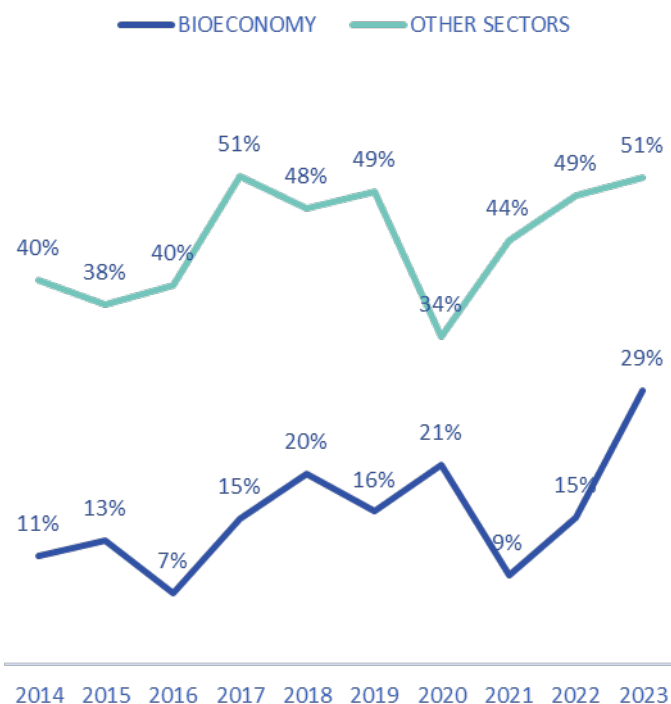
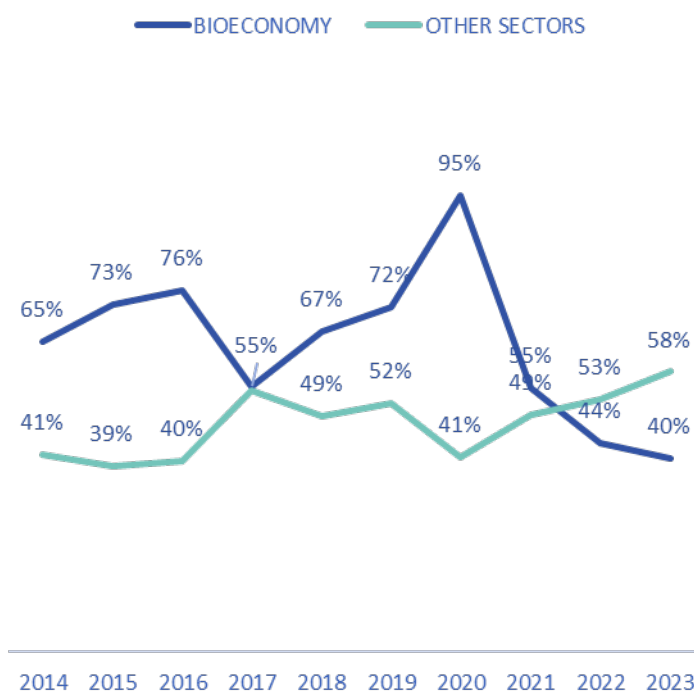


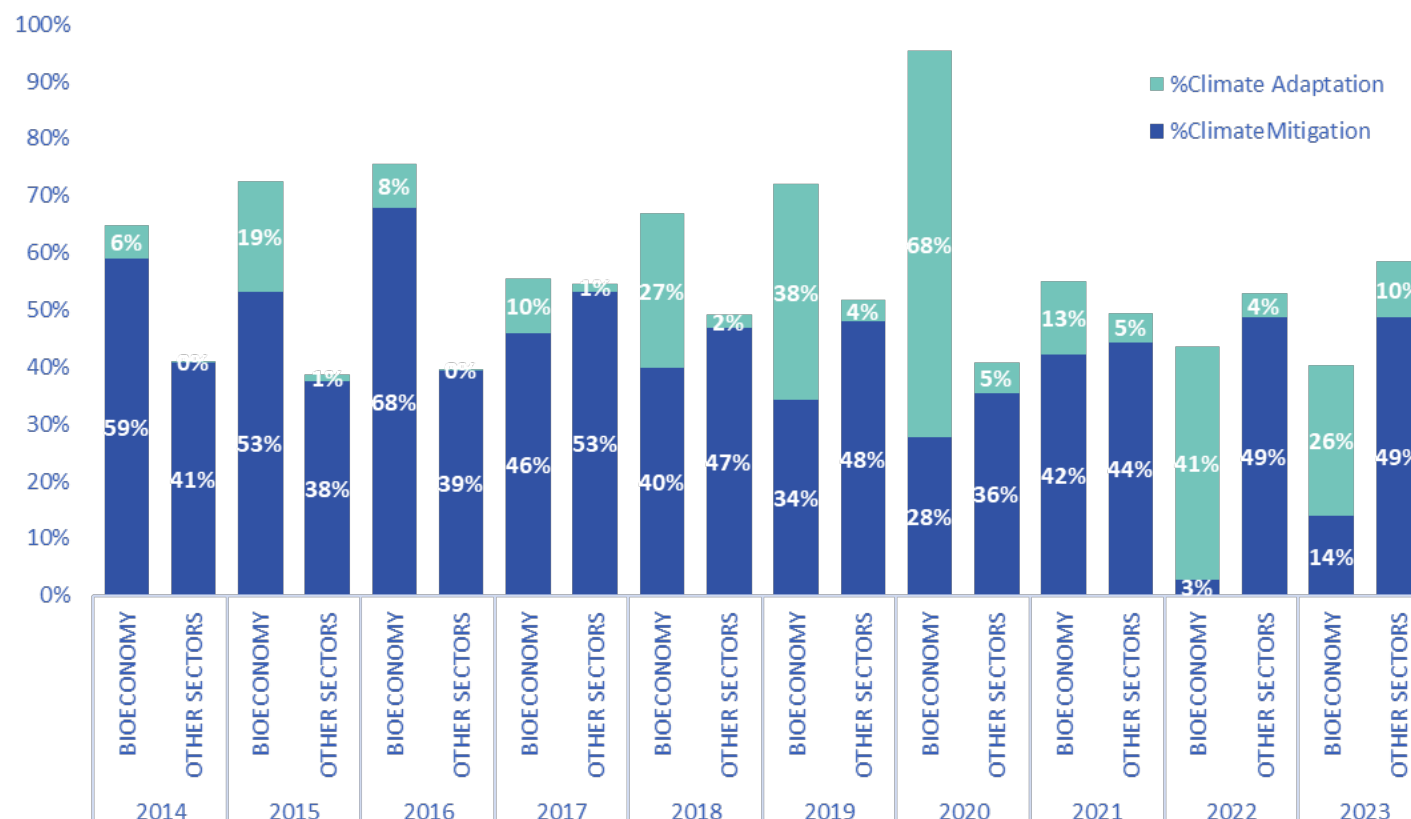
Figure 51: Climate action %; excluding MBILs



Climate adaptation: an increasingly important feature of agriculture and bioeconomy operations

For most of the period under evaluation, climate mitigation was the main climate action component of the EIB's operations. However, climate adaptation has been growing in importance, notably for operations in agriculture and bioeconomy.

Figure 52: Breakdown of climate action into climate mitigation and adaptation components; excluding MBILs



Local currency lending is relatively small but bigger for agriculture and bioeconomy operations than for other sectors

The two figures show that hard currency lending (euros and US dollars) dominates also outside the European Union. However, for agriculture and bioeconomy operations (left) the share of local currency lending is bigger (7%) than for other sectors (right—1%). All the local currency lending is entirely under MBILs (and residually under equity/quasi-equity) for agriculture and bioeconomy and other sectors.

Figure 53: Disbursement currencies; agriculture and bioeconomy outside the EU

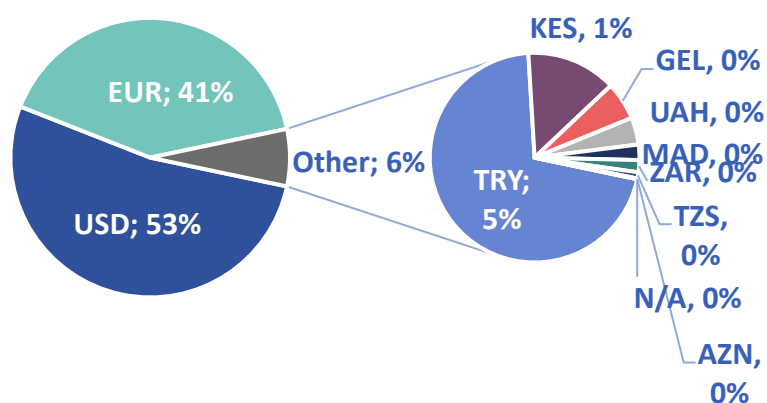
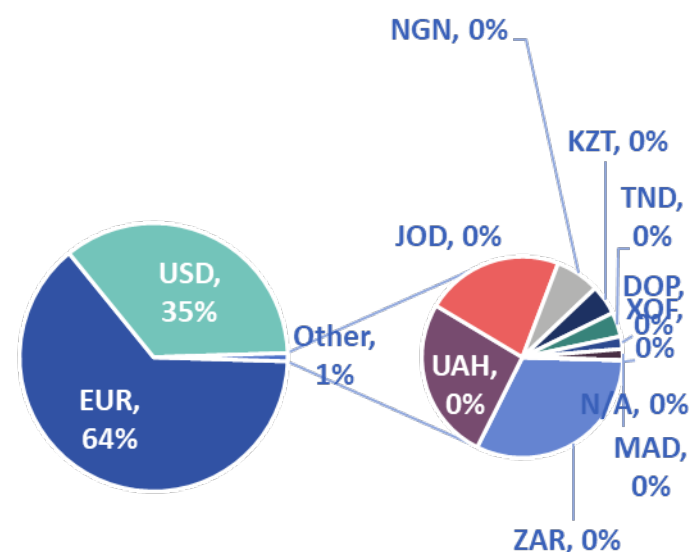


Figure 54: Disbursement currencies; other sector operations outside the EU



Since 2019, an increasing volume of signatures and number of operations have contributed significantly to gender equality.

In 2019, the EIB introduced the gender tag. Examining the gender-tagged operations within the portfolio shows that since then the volume of signatures and number of operations with a significant gender equality contribution has increased. In 2023, more operations were gender-tagged than not within the portfolio of agriculture and bioeconomy operations outside the European Union.

Figure 55: Gender; signatures (€ million) per year

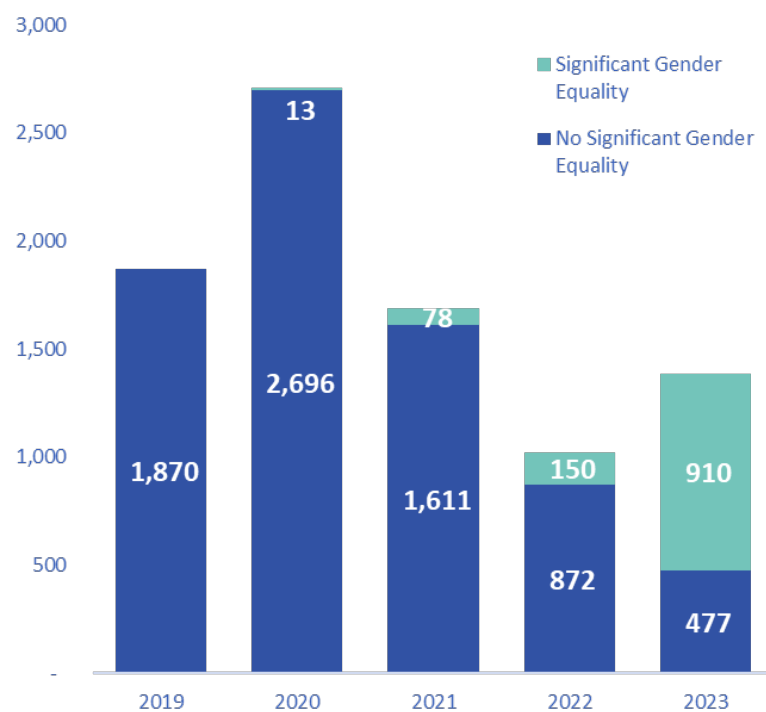
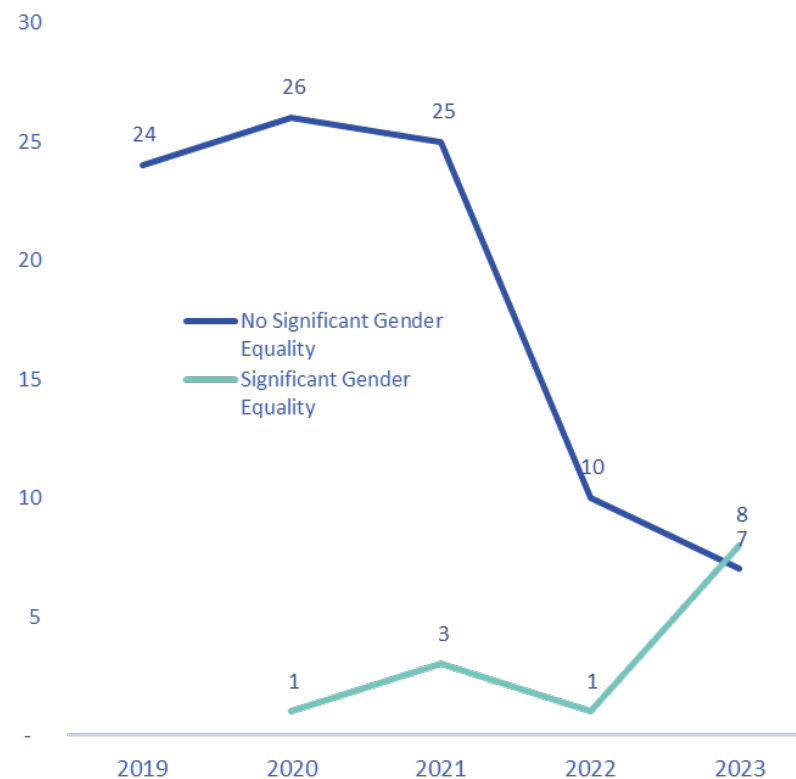


Figure 56: Gender; number of operations per year



ANNEX 3: EVALUATION METHODOLOGY

Evaluation questions

The Evaluation Division of the European Investment Bank (EIB) Group identified five questions, based on the evaluation criteria of the Organisation for Economic Co-operation and Development, Development Assistance Committee (OECD/DAC), which this evaluation should answer. The questions were formulated after preliminary document and quantitative data reviews, as well as discussions with EIB Services. The questions aim to answer if the EIB responded to the right opportunities in agriculture and bioeconomy (did it support the right thing?); to what extent the funded activities worked or didn't and why; and how appropriate the EIB's products and approaches were for supporting the agriculture and bioeconomy sector outside of Europe (Table 3).

Table 3: Evaluation questions

Evaluation question (EQ)	OECD/DAC criteria	
<i>Why</i> —Did the EIB support the sector in the right way?	EQ1—Response to priorities	Relevance, coherence
<i>What</i> —Did the EIB achieve its objectives and why?	EQ2—Project results	Effectiveness, sustainability and impact
	EQ3—Environment and climate	
	EQ4—Development	
<i>How</i> —How well did the EIB approach and products work	EQ5—Products and approach	Efficiency, effectiveness

The following table provides an overview of the evaluation questions and judgement criteria, along with the rationale underlying each question. The rationale provides the context and reasoning behind the selection of judgement criteria to answer the evaluation question.

Table 4: Evaluation questions and judgement criteria

1	Evaluation Question:	To what extent has the EIB support for agriculture and bioeconomy responded to EU priorities and the priority needs of partner countries?
	Judgement Criteria:	<p>1.1 Policy alignment: EIB activities were aligned and evolved along with EU policy objectives in the agriculture and bioeconomy sector, including at country level.</p> <p>1.2 Partner alignment: The EIB activities were aligned with partner countries' priorities and needs.</p> <p>1.3 Coordination: The EIB coordinated with other IFIs, donors and development partners.</p> <p>1.4 Additionality: The EIB's support did not substitute market or national public investment.</p>
	Rationale:	This evaluation question looks at whether the EIB "supported the sector in the right way"; it focuses on the OECD/DAC "Relevance" criterion and thus on the interventions' origination and design. It refers to the extent to which the objectives and design of an intervention are consistent with the (global, country and institution-specific) requirements, needs, priorities and policies of beneficiaries and stakeholders (individuals, groups, organisations and development partners). It also identifies the ability of the intervention's

		<p>design to adapt to a change in circumstances. It examines the degree to which EIB activities were coordinated with the European Union (EU) and national partners.</p> <p>The evaluation question (EQ) is structured around four judgement criteria (JCs). The first, recognising that the EIB is a policy taker, examines the policy alignment with the European Union. The second examines the extent to which the EIB-supported activities responded to the priorities and needs of the partner country. The third looks at how well the EIB coordinated with others. This is important because the EIB's products are not necessarily expected to respond across the whole range of needs. Effective cooperation with other IFIs and development partners enables the EIB to play a role where it has a comparative advantage. The fourth judgement criterion looks at the degree to which EIB activities were additional and justified by market weakness and suboptimal investment situations. Together, these judgement criteria reflect the standards that the EIB activities are meant to meet to ensure relevance—that is, to be aligned with policies; to respond to needs and priorities in a way that is coordinated with others; and to be additional in the sense of not substituting private sector or national public investment.</p>
2	<p>Evaluation Question:</p> <p>Judgement Criteria:</p>	<p>To what extent has the EIB support for agriculture and bioeconomy achieved the expected outputs and outcomes?</p> <p>2.1 Design: EIB-supported projects (MBILs: financed underlying investment projects) were appraised and the design was based on a sound and realistic intervention logic.</p> <p>2.2 Results: EIB support for agriculture and bioeconomy contributed (or is likely to contribute) to the expected results.</p> <p>2.3 Sustainability: Project outputs from EIB support for agriculture and bioeconomy are delivering and will continue to deliver the expected benefits in the long run.</p> <p>2.4 Factors: Internal/external factors that supported and/or hindered the achievement and sustainability of results.</p>
	Rationale:	<p>This question assesses whether the EIB “achieved its objectives and why”, looking at criteria of effectiveness and sustainability in the EIB agriculture and bioeconomy portfolio. It refers to the extent to which outputs—and where evidence is available, outcomes—of a development intervention have been met and are likely to be sustained, including through an analysis of internal and external factors relevant to the intervention.</p> <p>The question is structured around four judgement criteria. The first examines the quality of the design of the interventions, including the soundness of the building blocks of the intervention logic that were expected to lead to results. The second is concerned with the actual achievement of planned results, in terms of quality and quantity and to what extent issues such as timely disbursement and monitoring and evaluation were able to influence/steer results’ achievement; this judgement criterion also looks at whether interventions had any unintended results, including whether a project’s objective might have been in conflict with other EIB strategic objectives. The third judgement criterion assesses whether project outputs will continue to deliver the expected benefits in the long term and whether sustainability considerations were adequately incorporated into the project design. The fourth judgement criterion seeks to map and identify influencing factors for the achievement of results, including whether the EIB had sufficient resources and opted for the right approach to leverage results and their sustainability (internal factors) and whether the enabling environment and promoter capacity were conducive for the achievement of results. In this way, it provides information also useful for EQ5 on the EIB products and approach in the sector.</p>

3	Evaluation Question: To what extent did the EIB's support for agriculture and bioeconomy contribute to environmental sustainability and achieving outcomes and impact related to climate change action?
Judgement Criteria:	<p>3.1 Environmental sustainability: EIB support for agriculture and bioeconomy contributed to environmental sustainability.</p> <p>3.2 Climate change adaptation: EIB support for agriculture and bioeconomy contributed to climate change adaptation outcomes.</p> <p>3.3. Climate change mitigation: EIB support for agriculture and bioeconomy contributed to climate change mitigation outcomes.</p> <p>3.4 Factors: Internal/external factors that supported and/or hindered the achievement of environmental sustainability and climate change action outcomes and impact.</p>
Rationale:	<p>This EQ assesses whether the EIB “achieved its objectives and why” with a focus on the EIB’s contribution to environmental sustainability and climate action through its agriculture and bioeconomy portfolio. This is highly relevant because the EIB, as outlined in the EIB Group Climate Bank Roadmap, has made environmental sustainability and combating climate change one of its main aims. The EQ assesses environment and climate change both as the interventions’ main objective and in a mainstreaming sense. The evaluation questions focus on the criteria of effectiveness, sustainability and, to some extent, impact.</p> <p>The EQ is structured around four judgement criteria. The first, second and third criteria focus on environmental sustainability, climate change adaptation and climate change mitigation, and consider issues such as the identification and incorporation of environmental sustainability, climate change adaptation and climate change mitigation into the projects’ design phases; how EIB monitoring and learning systems ensured that projects were on track to achieve environmental sustainability indicators and indicators related to climate change adaptation and mitigation, and that results achieved are sustainable, or have a good prospect for sustainability. The fourth judgement criterion addresses external and internal factors that influenced the EIB’s contribution to environmental sustainability and climate action outcomes and impacts. As for EQ2, this judgement criterion seeks to map and identify influencing factors for the achievement of results, including whether the EIB had sufficient resources and opted for the right approach to leverage results and their sustainability (internal factors) and whether the enabling environment and promoter capacity were conducive for the achievement of results. In this way it provides information also useful for EQ5 on the EIB products and approach in the sector.</p> <p>The evaluation avoids retrospectively assessing project performance against standards that were not in place at the time. Instead, it reflects on those standards and notes the absence of consideration for such aspects, confirming the relevance of subsequent standards. The assessment explores how the EIB adapted to evolving circumstances and standards and, by looking at older projects, seeks to shed light on and harvest learning from past shortcomings.</p>
4	Evaluation Question: To what extent did the EIB support for agriculture and bioeconomy facilitate development outcomes (and impact)?
Judgement Criteria:	<p>4.1 Economy: EIB investment contributed to increased economic growth and employment (beyond the direct effects).</p>

4.2 Productivity: The EIB intervention made the agriculture and bioeconomy sector and the economy of the recipient country more productive and competitive.

4.3 Poverty: EIB interventions contributed to poverty reduction.

4.4 Food security: EIB interventions contributed to food security.¹⁰³

4.5 Gender: EIB interventions fostered gender equality and economic empowerment of women.

4.6 Factors: Internal and external factors that supported and/or hindered the achievement of development outcomes.

Rationale: This EQ assesses whether the EIB “achieved its objectives and why” with a focus on the EIB’s contribution to economic and social development through its agriculture and bioeconomy portfolio. This is relevant as the EIB has recently reorganised its operations under EIB Global to focus on meeting these challenges.

The EQ is structured around six judgement criteria. The judgement criteria examine the effectiveness and impact of the EIB’s interventions, with a particular focus on economic development and inter-sectional issues around food security, and on multiple vulnerabilities (including gender and poverty dimensions).

The first three criteria consider the economic development and poverty reduction impact of EIB interventions in the agriculture and bioeconomy sector, based on the assumption that investment leads to greater food security, income and employment (which in turn affects poverty as it creates income as well as making the sector more competitive and thus more resilient). It examines the impacts expected to be felt at individual and national-economy levels, if feasible with available data. This assumption is borne out by the fact that in many of the countries outside the European Union that are recipients of EIB operations, agriculture constitutes a major part of the formal economy.

The fourth judgement criterion specifically examines EIB interventions’ contribution to food security, examining how food security considerations have informed project identification and design; whether projects have been successful in achieving short- and long-term results on food security; and whether interventions take a conflict-sensitive and “Do No Harm” approach, including assessments as to potentially conflicting targets in EIB agriculture and bioeconomy interventions. The judgement criterion also examines to what extent capacities inside the EIB allow it to address food security issues and what can be learnt for the future.

The fifth judgement criterion captures the gender dimension of the EIB’s interventions in agriculture and bioeconomy. It explores to what extent gender equality and empowerment considerations have been incorporated into the agriculture and bioeconomy portfolio (including “Do No Harm” principles and overall alignment with the 2016 EIB Group Gender Strategy and its three pillars), and the effectiveness and lessons learnt from operations specifically targeting women in EIB operations in the sector. An evaluation of the EIB Group Gender Strategy is being carried out (2024), and the evaluation will seek to coordinate with this parallel effort.

The sixth judgement criterion explores external and internal factors that contributed to or hindered the achievement of development outcomes. As for EQ2, this judgement criterion seeks to map and identify influencing factors for the achievement of results, including

¹⁰³ We follow the widely adopted definition of food security developed at the World Food Summit 1996: Food security means that “all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life”. See: <https://www.fao.org/3/w3613e/w3613e00.htm>.

		whether the EIB had sufficient resources and opted for the right approach to leverage results and their sustainability (internal factors) and whether the enabling environment and promoter capacity were conducive to the achievement of results. In this way, it provides information also useful for EQ5 on the EIB products and approaches in the sector.
5	<p>Evaluation Question:</p> <p>To what extent were the EIB approach and products adequate for supporting agriculture and bioeconomy?</p> <p>Judgement Criteria:</p> <p>5.1 EIB products: The EIB business model and products were suitable for meeting beneficiary needs and addressing the challenges and opportunities of the agriculture and bioeconomy sector.</p> <p>5.2 Other IFIs: The EIB approach follows best IFI practice.</p>	
	Rationale:	<p>This EQ looks at what can be learnt from “how” the EIB supported agriculture and bioeconomy. It builds on the assessments of the earlier EQs, which examine whether the EIB “did the right thing, what worked, what didn’t and why”. This EQ focuses on efficiency and, to some extent, effectiveness, and looks at the EIB products and approach and the extent to which the EIB products and its business model were adequate for supporting agriculture and bioeconomy. This was an area of high interest to EIB Services, particularly as it is where the EIB can make the most immediate changes. The analysis is kept as close as possible to the sector context and looks at how suitable the EIB business model is for addressing the specific challenges and opportunities of the agriculture and bioeconomy sector. As shown in the portfolio review, over 77% of operations are MBILs, with the others a mix of investment and framework loans, and equity or quasi-equity. Thus, a palette of instruments was used in the sector with a concentration on MBILs. A differentiated approach is needed for MBILs and for direct loans.</p> <p>While the evaluation examines the EIB products, it does not intend to broaden into a more general analysis of the EIB business model; instead, it builds on earlier evaluations, such as the Evaluation Division evaluation of MBILs (2017),¹⁰⁴ with a focus on what is specific to the sector. Sector-specific issues for agriculture and bioeconomy raised in consultation with EIB Services included:</p> <ul style="list-style-type: none"> • The scattered nature of the final beneficiaries (farmers and SMEs) and, therefore, the small ticket size and need for aggregation. • The critical mass of support at country level for lending in the sector to make a difference and to have a cumulative effect. <p>The adequacy of EIB policy and lending orientation is largely covered under EQ1, which looks at the extent to which the EIB contributed to policy-dialogue activities and to which project objectives were aligned with the European Union and responded to the needs of the beneficiaries. The extent to which EIB lending in the sector contributed to significant change in social and economic development is taken up in EQs 2, 3 and 4.</p> <p>The EQ is structured around two judgement criteria. The first looks at the adequacy of the EIB business model and product range, and whether these were able to deliver on the objectives of the projects. The second looks at the degree to which the EIB has followed best IFI practice and reflects on the comparison of products, business models and resources.</p> <p>The EQ makes use of the findings on the internal factors that underlie the achievement of results (EQ2) as well as the wider contribution to environment and climate (EQ3) and development (EQ4). It also links to EQ1, especially on coordination with others as part of</p>

¹⁰⁴ Evaluation of EIB Intermediated Lending through the Investment Facility in ACP.

the EIB business model in that it does not set out to respond to all challenges and opportunities and, instead, mobilises its niche comparative advantage by coordinating well with others.

Methods

The evaluation combined multiple data sources and analytical approaches to build a robust base of evidence and to triangulate data. These methods included a review and analysis of the portfolio; a policy and literature review; country and project case studies; thematic case notes on food security, gender, value chains, technical assistance/advisory services and working with IFIs; and interviews and focus discussion groups.

- **Portfolio review and analysis:** All EIB operations in agriculture and bioeconomy outside the European Union signed between 2014 and 2023 were consolidated to present an overview of the EIB's support over the evaluation period.
- **Policy and literature review:** The evaluation team conducted a desk review of EIB internal documentation, including strategies and policies, general documentation, and EIB project documentation. In addition, documentation of the international and EU policy context; at country and thematic case-study level; and from other IFIs—to compare with the EIB approach—was analysed.
- **Country and project case studies:** The Evaluation Division conducted in-depth case studies of seven countries to illustrate and exemplify the analysis. The purpose was to collect evidence for all evaluation questions; to deepen the understanding on how the EIB engaged with the agriculture and bioeconomy sector; and to provide the entry point to examine how the EIB worked with EU Delegations and other IFIs/development partners. Within each country, the Evaluation Division conducted project evaluations on specific projects.
- **Thematic case notes:** To better cover special themes of interest, thematic case notes on the topics of food security, gender, value chains, technical assistance/advisory services and working with IFIs were made. The case notes used evidence from the project evaluations and, where justified, examined other projects beyond the case study countries to get deeper insight.
- **Interviews:** The evaluation team conducted interviews based on semi-structured questionnaires. The team conducted 46 interviews with EIB staff and 100 interviews during the in-country visits, of which were 14 with promoters/borrowers, 36 with final beneficiaries, 12 with national authorities, 14 with other IFIs/development partners, seven with the EU Delegations, seven with agricultural associations, and five with technical assistance providers/consultants.
- **Focus group:** A focus group with EIB staff was organised to allow discussion of early findings and conclusions. This allowed the evaluation team to collect additional elements and improve the interpretation of findings.

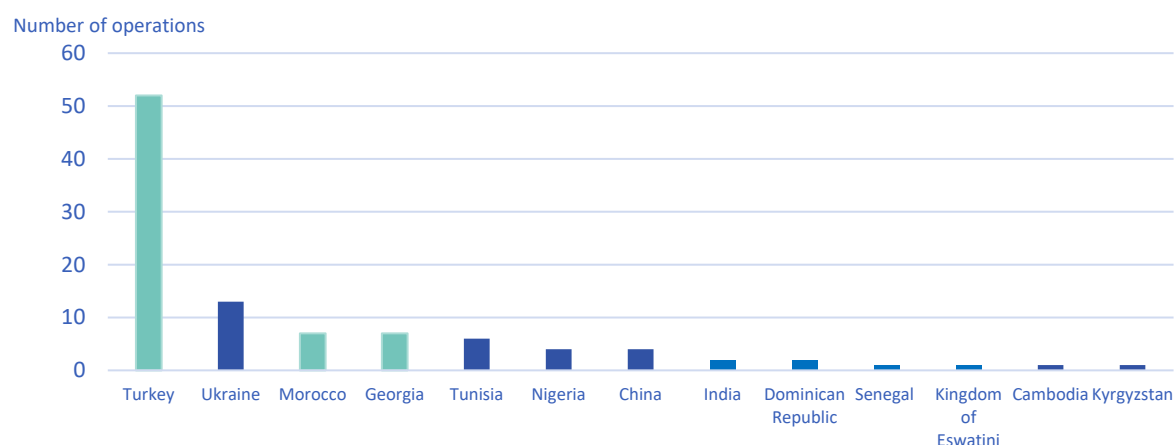
To address some data availability and quality limitations, the evaluation team took feasible mitigation measures. The main limitation was that most projects within the evaluation timeframe were not yet complete: a fact that limited information on operations' outcomes, impact and sustainability. Further, only very limited quantitative documentation and monitoring data were available on the results achieved, especially for the allocations of the intermediated loans. Given the period covered by this evaluation (2014-2023), the portfolio includes projects that were signed before some of the more recent EIB priorities of relevance emerged (the Climate Strategy, the Gender Strategy and the Climate Bank Roadmap). While the purpose of the evaluation is to learn from what has been done in the past and to draw lessons useful for the future, the evaluation took care not to judge older projects against these newer ambitions. To mitigate the small number of PCRs available for the signed operations in the 2014-2023 period, the evaluation extended the period to operations signed in 2007. Some of the most recent operations have been reviewed as a desk exercise to acknowledge what the EIB is already changing and to ensure the envisaged recommendations are not outdated.

Sample

The sample of operations does not seek to be representative, but rather purposeful: it should be fit for assessing the key issues—food security, value chains, gender, technical assistance/advisory services, working with international organisations—analysed in this evaluation. The first step was the country selection to

identify countries with a significant number of EIB-supported operations. To give a comprehensive picture of EIB support for the agriculture and bioeconomy sector of the recipient country, the evaluation team decided to include both direct and intermediated debt products, as well as equity. Thus, the ranking of countries by number of operations included only countries that benefited from direct and intermediated debt operations. In other words, this step put aside countries that had only Multi-Beneficiary Intermediated Loans (MBILs). The following figure shows the distribution of countries by number of EIB operations.

Figure 57: EIB support for agriculture and bioeconomy outside the European Union, by country, 2014-2022¹⁰⁵



Türkiye, Morocco and Georgia are the three countries selected by the number of operations. Ukraine was put aside for project evaluations as no country visit can take place because of the war. Further, the considered sample sought to consider the geographical balance between various regions; thus Tunisia was not selected as Morocco has been already selected in the “Mediterranean countries” category. The evaluation team added Moldova as another candidate country as well as Malawi, Zambia, and the Kingdom of Eswatini to represent the ACP region. Only the most relevant operations in these countries were considered for the project evaluations. For project evaluations, all the key topics of this evaluation are systematically assessed whenever relevant, including social and economic development, gender, interaction with IFIs/MDBs and food security.

The following table presents the sample of project case studies. There are 15 relevant projects within the seven countries selected for evaluation.

Table 5: The sample of project case studies

Operation ID	Operation name	Product	Country	Region	Activities
2015-0478	FINEA	MBIL	Morocco	Mediterranean	Credit lines
2011-0122	PLAN MAROC VERT PNEEI	IL			Irrigation
2015-0482	TBC BANK JSC LOAN FOR SMES	MBIL	Georgia	Eastern Europe, Southern Caucasus	Credit lines
2019-0019	BANK OF GEORGIA – LOAN FOR SMES AND MID-CAPS II	MBIL			Credit lines
2019-0020	GEORGIA LOAN FOR SMES OUTREACH INITIATIVE	MBIL			Credit lines

¹⁰⁵ Only countries with both direct and intermediated debt operations were included; countries selected for the sample of project evaluations are marked in green. Source: Evaluation Division based on Serapis.

2010-0484	FILIERE-DU-VIN UPGRADING (MOLDOVA)	MBIL	Moldova	Candidate countries	Credit lines
2014-0041	FRUIT GARDEN OF MOLDOVA	MBIL			Credit lines

2014-0223	TURK TRAKTOR RDI	IL	Türkiye	Candidate countries	Manufacture of machinery and equipment
2016-0701	FINANS LEASING LOAN FOR SMES AND MIDCAPS	MBIL			Credit lines
2012-0633	DENIZBANK LOAN FOR SMES II	MBIL			Credit lines

2012-0545	LOWER USUTHU SMALLHOLDER IRRIGATION II	IL	Kingdom of Eswatini	ACP	Irrigation (climate)
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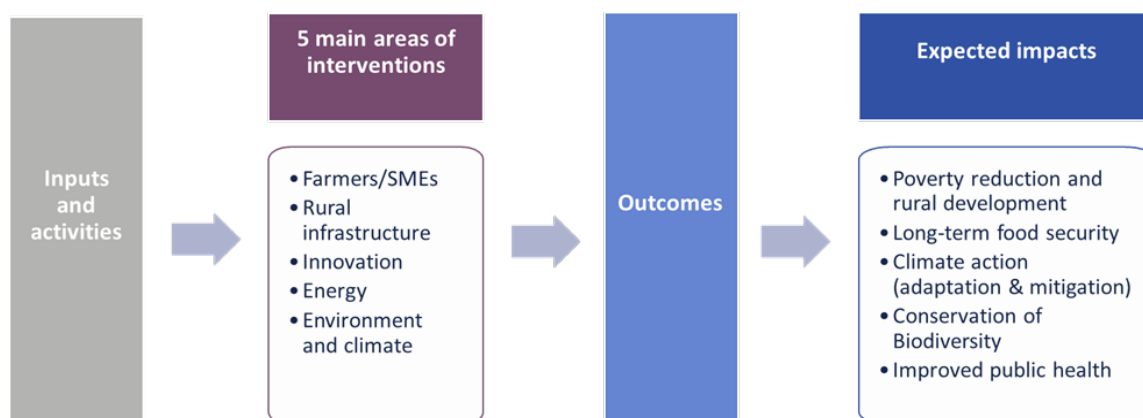
2018-0241	ZAMBIA AGRICULTURE VALUE CHAIN FACILITY	MBIL	Zambia	ACP	Credit lines
2017-0370	KULIMA ACCESS TO FINANCE	MBIL	Malawi	ACP	Credit lines
2013-0225	CREDIT LINE FOR EXPORTING INDUSTRIES	MBIL			Credit lines
2015-0530	NATIONAL BANK OF MALAWI AGRISTORAGE FACILITY	MBIL			Credit lines

MBIL = Multi-Beneficiary Intermediated Loan; IL = Intermediated Loan.

ANNEX 4: INTERVENTION LOGIC

The Evaluation Division of the European Investment Bank (EIB) Group constructed an intervention logic of EIB support for agriculture and bioeconomy outside the European Union (EU). The intervention logic is based on EIB documentation and meetings with EIB Services. It served to clarify the EIB's objectives for the sector, understand the causal chains from inputs to impacts, and to map factors that may affect the success of operations. Figure 58 shows a simplified version (the full version appears in Figure 59).

Figure 58: Simplified intervention logic



Source: Evaluation Division based on relevant Management Committee notes and Board reports (in particular the 2016 Strategic Orientation of the EIB Group's Activities in Agriculture/Bioeconomy and the 2022 Note on Opportunities for Increased Activity for the EIB Group in Agriculture); the EIB Group Climate Bank Roadmap; the EIB Group Gender Strategy and related guidance; the presentation of EIB Global Strategy and Regional Analysis; further relevant documents; and exploratory meetings with EIB Services.

Why does the Evaluation Division need to produce an intervention logic of EIB support for agriculture and bioeconomy outside the European Union? A wide array of financing activities for this sector are carried out. Passing judgement on their relevance and performance at the portfolio level, beyond each individual initiative, requires a certain level of aggregation. An intervention logic helps the evaluation to clarify: (1) the EIB objectives for the sector; (2) the causal chains for the use of inputs; delivery of outputs; achievement of outcomes; and contribution to overall impacts, both at project level and at EIB level; and (3) the assumptions and factors that may affect success. The intervention logic has been used to formulate the evaluation questions and the evaluation framework and has informed the sampling strategy and selection.

How has the Evaluation Division drafted this intervention logic? The main sources of information are given in the source for Figure 58.

Description of the intervention logic

Inputs to activities

The inputs from the EIB and third parties are expected to lead to EIB activities supporting project development and implementation.

- As indicated in Figure 59 below, support for agriculture and bioeconomy is delivered by the EIB based on financial resources, human resources, and organisational and institutional **inputs**.
- The dimension of financial resources concerns (1) the financial products offered; (2) the volume of financing, through the EIB's own resources and resources managed on behalf of other stakeholders (mainly the

European Commission); and (3) the financial conditions offered. The financial products include MBILs and guarantees for SMEs and mid-caps; investment loans, framework loans, and equity/quasi-equity for agri-industry, the forest industry, agri-business, public authorities, and public–private partnerships; microfinance; equity and debt investment in funds; and blended products (with third-party donors).

- In terms of human resources and expertise, the EIB mobilises its staff and/or consultants with their technical and financial expertise for preparing, implementing and monitoring activities in support of agriculture and bioeconomy, as well as for delivering technical advice and advisory services.
- In terms of organisational and institutional resources, the EIB provides the guidelines, policies and procedures, and shares good practices that could benefit the project promoters.
- These direct inputs of the EIB are complemented by the EIB’s networks and cooperations and the activities and financial resources of other actors. The EIB engages in building and maintaining networks and cooperations with relevant partner institutions, such as the European Commission and national partners, which support the activities in the sector. As the EIB in general only finances up to 50% of a project, each project may be blended with financial resources which may come from MDBs, IFIs, the European Commission, and other third-party donors.
- Based on these inputs, the EIB undertakes the following **activities**: the EIB appraises and selects promoters and develops projects that are economically, socially, environmentally and technically sound. For these projects, the EIB finances projects—typically covering up to 50% of a project’s total cost—beyond what the market or other sources of financing could offer on volume and/or financing conditions, which are typically more favourable with longer tenures and lower interest rates. Over the course of a project, the EIB conducts monitoring activities. The EIB may also provide technical assistance and capacity building for promoters and projects.
- Beyond these direct project-related activities, the EIB raises awareness about its financing offer; manages the relevant mandates/partnerships for its activities outside the European Union; provides upstream advisory services for potential promoters; and engages in upstream policy dialogue at country level.

The construction of the intervention logic includes the identification of underlying assumptions between the steps of the intervention logic. The assumptions are external factors that are beyond the control of the projects, and that can drive or hinder the expected achievements. The efficient use of inputs and the smooth implementation of the described activities relies on the following assumptions:

- Demand exists for EIB support.
- There are market failures and funding shortages in the sector.
- The EIB offers a product and volume range that matches the needs and capacity of the promoter.
- The availability of project proposals is stable, and they adequately address market needs and comply with EIB standards and guidelines.
- The EIB guidelines, policies, procedures and strategies are conducive for effectively identifying and appraising projects, for providing lending and for monitoring the financed projects.
- Adequate financial resources are provided by third parties.
- The respective country environment—policies, plans, cooperation and networks—is conducive for the origination, appraisal and financing of projects.

Activities to outputs

The described activities are expected to translate into outputs. The outputs typically include implementation of infrastructure, capacity development and financial facilitation.

- The expected **output** of the EIB activities is the financial facilitation of projects, with the provided support enabling promoters to finance projects and implement them with a larger scope and/or shorter timeframe of better quality than would have been possible without the EIB.

- The provision of technical assistance and capacity building for selected projects is envisaged to lead to the output of promoters acquiring adequate capacity to develop, design, implement, operate and maintain the projects.
- The promoters are then expected to implement the financed projects. Based on the reviewed documentation and the project portfolio, five main output areas can be distinguished: (1) Farmers/SMEs, (2) Rural Infrastructure, (3) Research, Development and Innovation (RDI), (4) Energy and (5) Environment and Climate.

The delivery of these outputs is dependent on the following assumptions materialising:

- The promoters comply with conditions for disbursement.
- The promoters receive all disbursements on time.
- The promoters proceed to allocate the funds to finance the expenditure required to implement the projects in a timely and accurate manner.
- The EIB technical assistance/advisory services are sufficient, flexible given the needs, and effective in addressing capacity gaps.
- The EIB processes and procedures do not negatively impact project implementation.

Outputs to expected short-, medium- and long-term outcomes

The described outputs are expected to achieve several outcomes, structured here into short-, medium- and long-term outcomes.

- The projects targeting **SMEs, smallholder farmers and female entrepreneurs** are expected to lead, in the short term, to increases in farmers' income (SDG 2), economic empowerment of women (SDG 5), improved physical assets, and the adoption of improved technologies and land management practices. In the medium term, this is envisaged to translate into increases in savings for farmers, further investment at farm level, inclusive and sustainable industrialisation (SDG 9) that also reduces pressures on natural assets, and increased market access. In addition, improved physical assets, technologies and land management are expected to lead to an improved management of by-products and increased resource efficiency (SDG 12) in the medium term.
- The desired short-term outcome of public investment in **infrastructure** is improved and resilient rural/agri-related infrastructure (SDG 9). The improved infrastructure is expected to increase market access and to contribute to inclusive and sustainable industrialisation in the medium term.
- The support for **corporate RDI** is expected to strengthen innovation in bio-based value chains in the short term, which contributes, in the medium term, to the creation of new industries (SDG 9), to improvements in the management of by-products and increased resource efficiency (SDG 12), to improved food and nutrition quality, to an increased use of climate-resilient technologies, and to the conservation of ecosystems (SDG 15).
- The described medium-term economic outcomes—increased savings, investment and market access; industrialisation; and creation of new industries—as well as the efficiency gains through improved management of by-products and increased resource efficiency are expected to lead to economic growth (SDG 8), a more competitive and thriving rural economy (SDGs 2 and 8), and the creation of decent employment (SDG 8) in the long term. In addition, increased savings and economic growth are envisaged to contribute to better education for children (SDG 4).
- The medium-term outcomes of improved management of by-products, increased resource efficiency and the increased use of climate-resilient technologies are expected to contribute in the long term to a sustainable and responsible increase in agricultural production (SDGs 2 and 12); water resilience (SDG 6); and reduced greenhouse gas (GHG) emissions, pollution and impact on the environment.
- The desired short-term outcome of projects in **energy** is increased use of renewable energy resources and biomass to energy, leading to the medium-term outcome of lower carbon intensity and carbon sequestration potential. These outcomes are expected to result in reduced GHG emissions in the long term.

- The projects targeting the **environment and climate** are expected to deliver restored/rehabilitated ecosystems, afforestation, reforestation and carbon farming (SDG 15), and more sustainable forest management practices (SDG 15) in the short term. This is envisaged to contribute in the medium term to the conservation of ecosystems as well as healthy and resilient forests (SDG 15). These medium-term outcomes are expected to reduce negative impacts of flooding, landslides and desertification, and to increase carbon sinks in the long term.

The translation of outputs into these short- to long-term outcomes relies on the following assumptions:

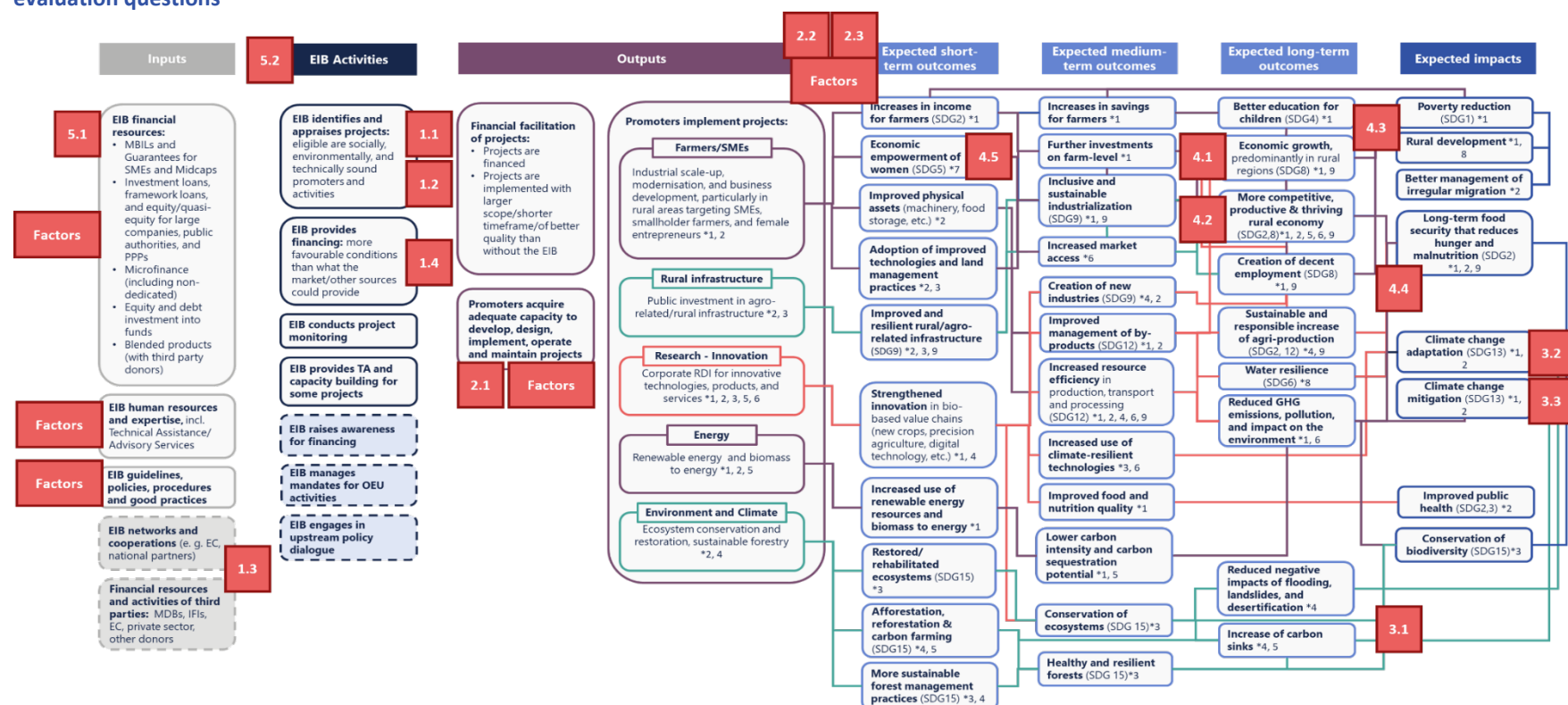
- The promoters can deliver the planned outputs in terms of quality and quantity.
- The governance and institutional environments are conducive to supporting the sustainability of results.
- The materialisation of medium- and long-term outcomes of projects is not impeded by uncontrollable external factors.

Expected outcomes to expected impacts

Driven by the Agenda 2030 SDGs, the outcomes are expected to contribute to desired impacts, namely higher-level systemic effects.

- Poverty reduction (SDG 1) and rural development are major expected impacts, which are envisaged to result from several outcomes: increased income and savings for farmers (SDG 2); better education for children (SDG 4); economic growth (SDG 8); a more competitive, productive and thriving rural economy (SDGs 2 and 8); and the creation of decent employment (SDG 8). In addition, less poverty and enhanced rural development should support better management of irregular migration.
- Another main desired impact is long-term food security that reduces hunger and malnutrition (SDG 2), which is expected to result from the following long-term outcomes: a more competitive, productive and thriving rural economy (SDGs 2 and 8); a sustainable and responsible increase of agri-production (SDGs 2 and 12); water resilience (SDG 6); and reduced GHG emissions, pollution and impact on the environment.
- Linked to ensuring food security is the desired impact of biodiversity conservation, to which the following outcomes are seen contributing: reduced GHG emissions pollution and environmental impact; conservation of ecosystems; reduced negative impacts of flooding, landslides and desertification; and healthy and resilient forests.
- Further, the support for agriculture and bioeconomy is expected to support climate change adaptation and mitigation (SDG 13). The long-term outcomes of reduced GHG emissions and of increased carbon sinks are envisaged to support climate change mitigation, while a sustainable increase in agricultural production, in water resilience, and in use of climate-resilient technologies, and a sustainable decrease in negative impacts of flooding, landslides and desertification, all contribute to climate change adaptation.
- Lastly, the impact of improved public health (SDGs 2 and 3) is expected to result from reduced pollution and improved food and nutrition quality.

Figure 59: Intervention logic of EIB support for agriculture and bioeconomy outside the European Union with mapping of the judgement criteria of the evaluation questions¹⁰⁶



¹⁰⁶ The Sources of the elements of the intervention logic (as indicated by the numbers in the boxes):

1. EIB internal documentation.
2. Strategic orientation of the EIB Group's activities in agriculture.
3. The EIB Group Climate Bank Roadmap 2021-2025.
4. https://www.eib.org/attachments/publications/the_eib_climate_adaptation_plan_en.pdf.5. The EIB Group Operational Plan 2022-2024.
5. The EIB Group Operational Plan 2022-2024.

6. EIB internal documentation.
7. [Practical_Guidance_to_Incorporate_Gender-based_Solutions_into_EIB_Operations_— AGRICULTURE.pdf](#).
8. Additions from interviews/Evaluation Reference Group (ERG) discussions.
9. EIB internal documentation.

ANNEX 5: ACTIVITIES INCLUDED (NACE CODES)

Table 6: Included activities (NACE codes)

Code level 1	Activity name	Code level 2	Activity name	Code level 3	Activity name
Sector A: Agriculture, forestry and fisheries					
01	Crop and animal production, hunting and related service activities				
	01.1	Growing of non-perennial crops			
		01.11	Growing of cereals (except rice), leguminous crops and oil seeds		
		01.12	Growing of rice		
		01.13	Growing of vegetables and melons, roots, and tubers		
		01.14	Growing of sugar cane		
		01.16	Growing of fibre crops		
		01.19	Growing of other non-perennial crops		
	01.2	Growing of perennial crops			
		01.21	Growing of grapes		
		01.22	Growing of tropical and subtropical fruits		
		01.23	Growing of citrus fruits		
		01.24	Growing of pome fruits and stone fruits		
		01.25	Growing of other tree and bush fruits and nuts		
		01.26	Growing of oleaginous fruits		
		01.27	Growing of beverage crops		
		01.28	Growing of spices, aromatic, drug and pharmaceutical crops		
		01.29	Growing of other perennial crops		
	01.30	Plant propagation			
	01.4	Animal production			
		01.41	Raising of dairy cattle		
		01.42	Raising of other cattle and buffaloes		
		01.43	Raising of horses and other equines		
		01.44	Raising of camels and camelids		
		01.45	Raising of sheep and goats		
		01.46	Raising of swine/pigs		
		01.47	Raising of poultry		
		01.48	Raising of other animals		
	01.50	Mixed farming			
	01.6	Support activities to agriculture and post-harvest crop activities			
		01.61	Support activities for crop production		
		01.62	Support activities for animal production		
		01.63	Post-harvest crop activities		
		01.64	Seed processing for propagation		
	01.70	Hunting, trapping and related service activities			
02	Forestry and logging				
	02.10	Silviculture and other forestry activities			
	02.20	Logging			
	02.30	Gathering of wild growing non-wood products			
	02.40	Support services to forestry			
03	Fishing and aquaculture				
	03.1	Fisheries			
		03.1	Marine fishing		
		03.2	Freshwater fishing		
	03.2	Aquaculture			

		03.21	Marine aquaculture
		03.22	Freshwater aquaculture
Sector C: Manufacturing			
10	Manufacture of food products		
	10.1	Processing and preserving of meat and production of meat products	
		10.11	Processing and preserving of meat
		10.12	Processing and preserving of poultry meat
		10.13	Production of meat and poultry meat products
	10.20	Processing and preserving of fish, crustaceans and molluscs	
	10.3	Processing and preserving of fruit and vegetables	
		10.31	Processing and preserving of potatoes
		10.32	Manufacture of fruit and vegetable juice
		10.39	Other processing and preserving of fruit and vegetables
	10.4	Manufacture of vegetable and animal oils and fats	
		10.41	Manufacture of oils and fats
		10.42	Manufacture of margarine and similar edible fats
	10.5	Manufacture of dairy products	
		10.51	Operation of dairies and cheese making
		10.52	Manufacture of ice cream
	10.6	Manufacture of grain mill products, starches and starch products	
		10.61	Manufacture of grain mill products
		10.62	Manufacture of starches and starch products
	10.7	Manufacture of bakery and farinaceous products	
		10.71	Manufacture of bread; manufacture of fresh pastry goods and cakes
		10.72	Manufacture of rusks and biscuits; manufacture of preserved pastry goods and cakes
		10.73	Manufacture of macaroni, noodles, couscous and similar farinaceous products
	10.8	Manufacture of other food products	
		10.81	Manufacture of sugar
		10.82	Manufacture of cocoa, chocolate and sugar confectionery
		10.83	Processing of tea and coffee
		10.84	Manufacture of condiments and seasonings
10.85		Manufacture of prepared meals and dishes	
10.86		Manufacture of homogenized food preparations and dietetic food	
	10.89	Manufacture of other food products n. e. c.	
10.9	Manufacture of prepared animal feeds		
	10.91	Manufacture of prepared feeds for farm animals	
	10.92	Manufacture of prepared pet foods	
11	Manufacture of beverages		
	11.01	Distilling, rectifying and blending of spirits	
	11.02	Manufacture of wine from grape	
	11.03	Manufacture of cider and other fruit wines	
	11.04	Manufacture of other non-distilled fermented beverages	
	11.05	Manufacture of beer	
	11.06	Manufacture of malt	
	11.07	Manufacture of soft drinks; production of mineral waters and other bottled waters	
13	Manufacture of textiles		
	13.10	Preparation and spinning of textile fibres	
	13.20	Weaving of textiles	
16	Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials		
	16.10	Sawmilling and planning of wood	
	16.2	Manufacture of products of wood, cork, straw and plaiting materials	

		16.21	Manufacture of veneer sheets and wood-based panels		
		16.22	Manufacture of assembled parquet floors		
		16.23	Manufacture of other builders' carpentry and joinery		
		16.24	Manufacture of wooden containers		
		16.29	Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials		
17	Manufacture of paper and paper products				
	17.1	Manufacture of pulp, paper and paperboard			
		17.11	Manufacture of pulp		
		17.12	Manufacture of paper and paperboard		
	17.2	Manufacture of articles of paper and paperboard			
		17.21	Manufacture of corrugated paper and paperboard and of containers of paper and paperboard		
		17.22	Manufacture of household and sanitary goods and of toilet requisites		
		17.23	Manufacture of paper stationery		
		17.24	Manufacture of wallpaper		
		17.29	Manufacture of other articles of paper and paperboard		
18	Printing and reproduction of recorded media				
	18.1	Printing and service activities related to printing			
		18.11	Printing of newspapers		
		18.12	Other printing		
		18.13	Pre-press and pre-media services		
		18.14	Binding and related services		
20	Manufacture of chemicals and chemical products				
	20.1	Manufacture of basic chemicals, fertilisers and nitrogen compounds, plastics and synthetic rubber in primary forms			
		20.15	Manufacture of fertilisers and nitrogen compounds		
	20.20	Manufacture of pesticides and other agrochemical products			
	20.5	Manufacture of other chemical products			
		20.53	Manufacture of essential oils		
28	Manufacture of machinery and equipment n. e. c.				
	28.30	Manufacture of agricultural and forestry machinery			
	28.9	Manufacture of other special purpose machinery			
		28.93	Manufacture of machinery for food, beverage and tobacco processing		
		28.95	Manufacture of machinery for paper and paperboard production		
31	Manufacturing of furniture				
	31.01	Manufacture of office and shop furniture			
	31.02	Manufacture of kitchen furniture			
	31.03	Manufacture of mattresses			
	31.09	Manufacture of other furniture			
Sector D: Electricity, gas, steam and air conditioning supply					
	35.1	Electricity, gas, steam and air conditioning supply			
		35.11	Production of electricity		
		35.1131	RE: biomass		
		35.1132	RE: biofuel		
Sector E: Water supply; sewerage; waste management and remediation activities					
	36	Water collection, treatment and supply			
		36.1008	Flow control, erosion control		
		36.1009	Coastal protection works		
Sector G: Wholesale and retail trade; repair of motor vehicles and motorcycles					
46	Wholesale trade, except of motor vehicles and motorcycles				
	46.1	Wholesale on a fee or contract basis			
		46.11	Agents involved in the sale of agricultural raw materials, live animals, textile raw materials and semi-finished goods		

		46.13	Agents involved in the sale of timber and building materials	
		46.17	Agents involved in the sale of food, beverages and tobacco	
	46.2	Wholesale of agricultural raw materials and live animals		
		46.21	Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	
		46.22	Wholesale of flowers and plants	
		46.23	Wholesale of live animals	
		46.24	Wholesale of hides, skins and leather	
	46.3	Wholesale of food, beverages and tobacco		
		46.31	Wholesale of fruit and vegetables	
		46.32	Wholesale of meat and meat products	
		46.33	Wholesale of dairy products, eggs and edible oils and fats	
		46.34	Wholesale of beverages	
		46.36	Wholesale of sugar and chocolate and sugar confectionery	
		46.37	Wholesale of coffee, tea, cocoa and spices	
		46.38	Wholesale of other food, including fish, crustaceans and molluscs	
		46.39	Non-specialised wholesale of food, beverages and tobacco	
46.6	Wholesale of other machinery, equipment and supplies			
	46.61	Wholesale of agricultural machinery, equipment and supplies		
46.7	Other specialized wholesale			
	46.73	Wholesale of wood, construction materials and sanitary equipment		
47	Retail trade, except of motor vehicles and motorcycles			
	47.2	Retail sale of food, beverages and tobacco in specialised stores		
		47.21	Retail sale of fruit and vegetables in specialised stores	
		47.22	Retail sale of meat and meat products in specialised stores	
		47.23	Retail sale of meat and meat products in specialised stores	
		47.24	Retail sale of bread, cakes, flour confectionery and sugar confectionery in specialised stores	
		47.25	Retail sale of beverages in specialised stores	
		47.29	Other retail sale of food in specialised stores	
	47.7	Retail sale of other goods in specialised stores		
		47.76	Retail sale of flowers, plants, seeds, fertilisers, pet animals and pet food in specialised stores	
	47.8	Retail sale via stalls and markets		
		47.81	Retail sale via stalls and markets of food, beverages and tobacco products	
	47.1	Retail sale in non-specialised stores		
	47.11	Retail sale in non-specialised stores with food, beverages or tobacco predominating		
Sector H: Transportation and storage				
52	Warehousing and supporting activities for transportation			
	52.2	Support activities for transportation		
		52.22	Support activities incidental to air transport	
		52.224	Acquisition of fishing boats	
Sector I: Accommodation and food services activities				
56	Food and beverage service activities			
	56.10	Restaurants and mobile food service activities		
	56.20	Event catering and other food service activities		
		56.21	Event catering activities	
		56.29	Other food service activities	
	56.30	Beverage serving activities		
Sector M: Professional, scientific and technical activities				
75.00	Veterinary activities			
Sector N: Administrative and support service activities				
77	Rental and leasing activities			

		77.3	Rental and leasing of other machinery, equipment and tangible goods	
			77.31	Rental and leasing of agricultural machinery and equipment
81	Services to buildings and landscape activities			
		81.3	Landscape activities	

ANNEX 6: SELECTED PROJECT CASE STUDIES

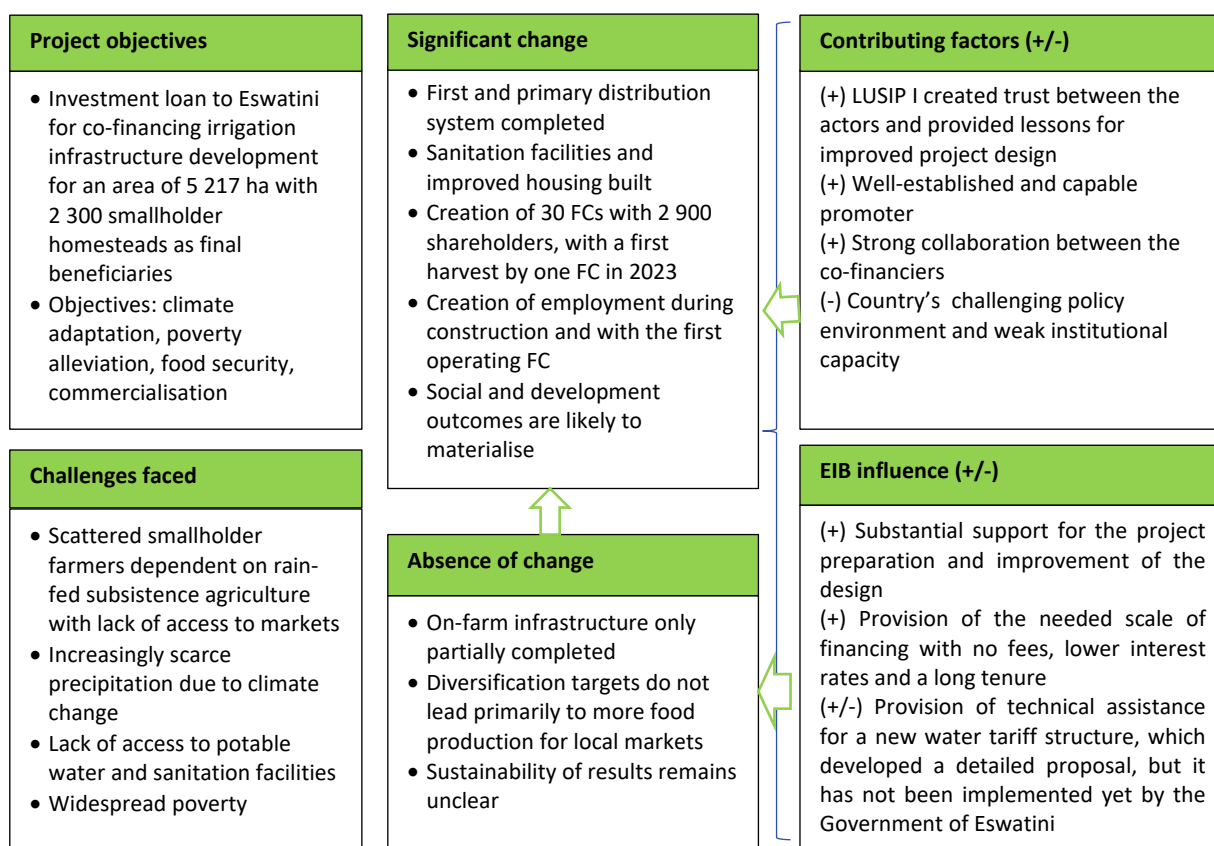
Eswatini: Lower Usuthu Smallholder Irrigation II¹⁰⁷

Challenges addressed and project purpose

The Lower Usuthu Smallholder Irrigation Project (LUSIP) is a large smallholder irrigation project in the Kingdom of Eswatini, with the goal to adapt the agricultural production systems to the changing climate while addressing widespread poverty in the project region. LUSIP aims to improve rural livelihoods and food security by providing reliable irrigation water to smallholder farmers in a scenario of increasingly scarce precipitation, thereby transforming previously rain-fed subsistence agriculture into irrigated, commercial crop production.



The European Investment Bank (EIB) already co-financed the first phase (LUSIP I), which included building a reservoir and equipping 6 532 ha with irrigation infrastructure. LUSIP II is a follow-on investment to complete the project by extending the existing water canals and distribution networks down to on-farm irrigation systems by an additional 5 217 ha. The final beneficiaries are about 2 300 smallholder homesteads that are grouped into Farmer Companies (FCs). The promoter is the parastatal agency Eswatini Water and Agriculture Development Enterprise Ltd (ESWADE). The project was split



¹⁰⁷ Direct loan.

into components financed separately by the co-financiers—African Development Bank, Arab Bank for Economic Development in Africa (BADEA), Kuwait Fund and the government of Eswatini—with the EIB financing the secondary distribution system with an investment loan of €36.4 million to the Kingdom of Eswatini.

Changes

- The physical works of the primary distribution system financed by the African Development Bank and the EIB-financed secondary distribution system were completed with a slight delay, but with high technical standards enabling efficient use of energy and water resources. Further infrastructure improvements, such as sanitation facilities and improved housing, enhanced living conditions. Some budget savings were realised in the secondary component.
- The on-farm infrastructure development, financed by the Kuwait Fund and BADEA is only partially completed owing to a substantial shortage of funds, resulting from high inflation and inadequate/outdated cost estimates.
- The promoter successfully grouped some 2 900 smallholders into shareholders of 30 FCs and provided training on business development. The first harvest by one FC was completed in autumn 2023.
- The project led to employment creation during the construction works and new permanent jobs in the first operating FC, but no data on employment quality are available.
- Considering the outcomes of LUSIP I and the successful first harvest, it appears likely that the project will contribute to economic growth, productivity gains, increased exports, new employment and poverty alleviation.
- The EIB's diversification targets for enhancing long-term food security in Eswatini appear only partially effective, as the non-sugar area is mainly used for banana plantations for export, which improves income and lowers the risk of poor harvests, but does not improve the availability of food in local markets.
- The promoter conducted training courses on gender equality and women gained access to sanitation facilities and water for home gardens. More than 45% of the shareholders in the FCs are women. There is, however, little insight into the impact on the overall situation of women in households.
- The operation is a climate change adaptation initiative and is expected to lead to increases in crop yields and agricultural productivity, improved water management, and climate resilience.
- While the project includes a comprehensive set of measures in the project area, potential adverse effects on urban development in the nearby city of Siphofaneni were overlooked.
- The sustainability of results faces challenges owing to uncertainties surrounding the water tariff regime as well as the viability of the FCs, and their need for sustained support.

Factors

- (+) The project initiation and design benefited from LUSIP I, which created trust between the stakeholders, and lessons learnt from LUSIP I were used to refine the approach of the project to improve project outcomes.
- (+) Working with a well-established and experienced promoter supports the overall success of the project. The promoter had the capacity to implement the project with an integrated and gender-sensitive empowerment approach.
- (+) The collaboration between the co-financiers was characterised by strong and extensive coordination, which helped the promoter to design a bankable project and enabled risks to be spread among the actors.

- (+/-) The division of the project into components financed separately by the IFIs involved facilitated the procurement processes, but it impeded collaboration and access to information across components. In particular, the EIB did not have detailed insights into the cost calculation for component three, which now proves to be outdated.
- (-) The country's challenging policy environment and the weak institutional capacity of key government entities pose significant challenges for achieving long-term development outcomes and financial sustainability.
- (+) The project profited from the strong alignment with European Union (EU) priorities and the support from the EU Delegation in Eswatini.

EIB influence

- **Project preparation and design.** The EIB added substantial non-financial value to the project. With early involvement in project scoping and structuring, the EIB helped to design a bankable and sustainable project. The EIB's high social and environmental standards and its technical advice improved the quality of the project design.
- **Scale and financial advantages.** The EIB's financing provided the needed scale as the second-largest financier, as well as significant financial value added through no fees, lower interest rates and a long tenure. The loan was not, however, in foreign currency as initially envisaged owing to high cost.
- **Provision of technical assistance.** To ensure financial sustainability, the EIB provided technical assistance for a full cost recovery scheme for the operation and maintenance of the irrigation infrastructure. While the technical assistance provided a detailed scheme following a consultative process, the government is reluctant to implement an increase in water tariffs.

Lessons learnt

- **Diversification targets.** Setting conditions on diversification of crop production did not lead—as envisaged—to more food production for local markets. More accompanying measures are needed.
- **Holistic approach.** This large-scale irrigation project causes complex social and economic changes in the project area. Potential adverse effects on urbanisation were overlooked, which calls for a more comprehensive approach.
- **Sustainability.** In a complex policy environment with many interconnected interests and factors at play, the right policy conditions and undertakings are insufficient to guarantee sustainable change. More high-level engagement and attention to the systematic building of institutional capacities is needed. Yet the economic interests of the FCs and others involved can encourage investments in sustainable solutions.
- **Monitoring.** Transferring the responsibility for monitoring largely to the promoter, which has limited capacity for effective data collection, and the EIB not being present locally, do not allow for effective monitoring of outcomes.
- **Alignment with EU priorities.** For the 2021-2027 Multi-Annual Indicative Programme, the EIB is required to follow EU Delegation country priorities. In Eswatini, the EU Delegation shifted its priorities from agriculture, which led to the EIB being unable to co-finance a similar and potentially interesting irrigation project in Eswatini.

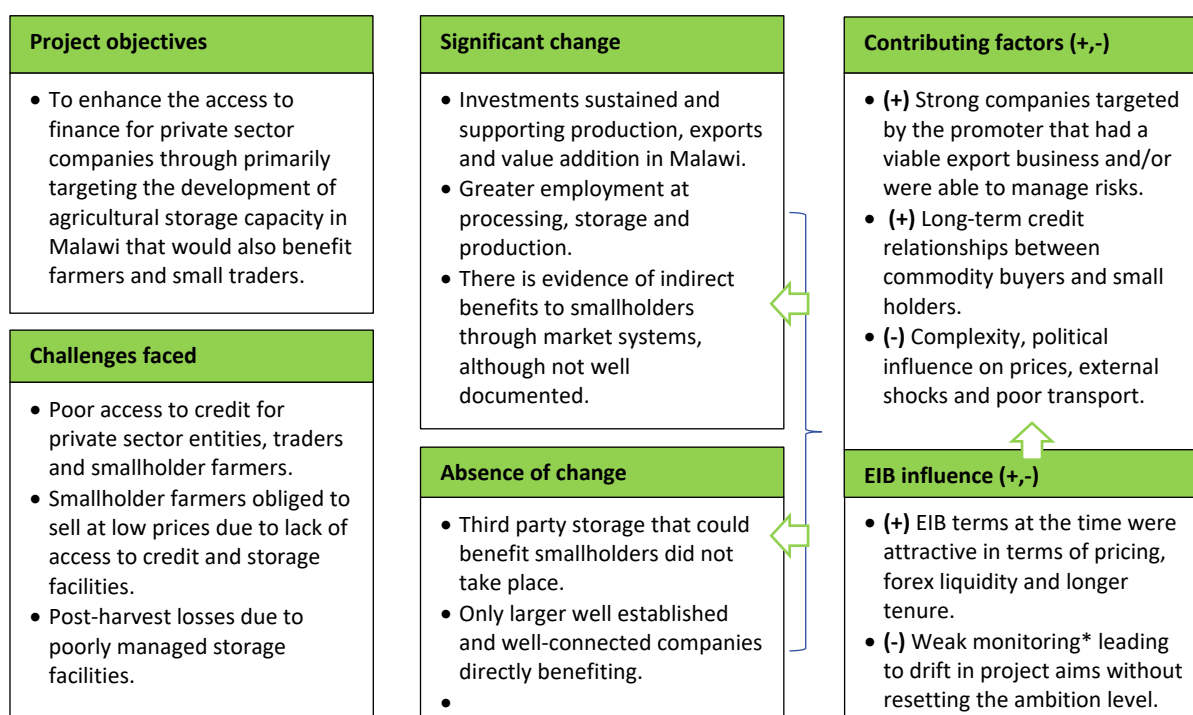


Malawi: Agristorage Facility¹⁰⁸



Project evaluation case study: Malawi Agristorage facility (2015-2018)
Instrument: MBIL — 9 Allocations made

Total project cost: €60 million
EIB finance (net): €30 million



Challenges addressed and project purpose

The main challenges addressed were the lack of accessible storage leading to post-harvest losses and low prices for smallholder farmers who were obliged to sell their produce shortly after harvest when prices were low. The proposed operation aimed to “enhance the access to finance for private sector companies through primarily targeting the development of agricultural storage capacity in Malawi. As such it aimed to contribute to key developmental priorities of Malawi, including private sector

¹⁰⁸ Multi-beneficiary intermediated loan.

development, reduction of poverty, increased food security and higher resilience against adverse climate change impacts". The loan also aimed to facilitate the development of privately owned storage facilities registered under a warehouse receipt system that was designed to extend credit to the farmer and small trader level, reduce post-harvest losses and ensure better prices for smallholder farmers.

Changes

- The loan to the financial intermediary (promoter) was fully allocated to nine companies (final beneficiaries) that were well established, often foreign-owned businesses mainly involved in storage, processing and, in one case, production. Forex was made available and long tenures were offered up to eight years as opposed to the more normal practice of one year.
- The projects were for the most part well managed and are proving financially viable, three to five years after implementation.
- Where storage facilities were built, they were almost exclusively for own use, and third parties were not reached as intended and the warehouse receipt system did not work as intended.
- The project is having an indirect development effect through contributing to food security and climate resilience as well as wider economic development and employment.
- ESG, gender and SME lending have been promoted through a separate EU-financed and EIB-managed technical assistance project. This and other technical assistance initiatives complemented the agristorage project. The promoter reports that the technical assistance supported improved practices beyond the original scope, such as women-focused SME lending products.
- The environmental change is mixed. Some environmental issues were observed during a 2018 EIB mission to selected final beneficiaries. A case of unsustainable wood use was observed during the evaluation mission. One project was, however, certified and audited under the Rainforest Alliance.
- There is some evidence of a lessening of credit constraints down to the level of smallholders through the passing-on of credit provided to the borrowing company using their own smallholder credit control systems, which reportedly had recovery rates of greater than 95%.

Factors

- (-) The complexity of the warehouse receipt system, political influence on maize prices, external price shocks and transport issues were the main factors explaining why the system did not take off.
- (-) The companies targeted by the promoter did not have the incentive or business model to engage in third-party storage.
- (+) The companies targeted by the promoter were creditworthy. They had an export drive, were able to manage operational risks, adjust their operations and successfully manage devaluation risks in an often adverse policy and macroeconomic environment.
- (+) Companies financed by the financial intermediary had credit systems that could reach smallholders with high recovery rates, based on close knowledge of the smallholders.

EIB influence

- **(+/-) Forex and long tenure.** At the time, the EIB was able to offer attractive terms for foreign exchange loans both in terms of the pricing and tenure. This has changed over time with the EIB now appearing less attractive to the promoter banks than before.

- **(+) Provision of technical assistance.** The use of complementary technical assistance provided by other projects complemented the operation by enhancing the future capacity of the financial intermediary to lend to SMEs.
- **(-) Monitoring.**¹⁰⁹ Although a monitoring visit was made in 2018 that picked up a number of environmental issues, the EIB did not have sufficient local presence to monitor the allocations and to ensure compliance with ESG and renegotiate, where necessary, changes to the original condition for minimum levels of third-party storage.

Lessons learnt

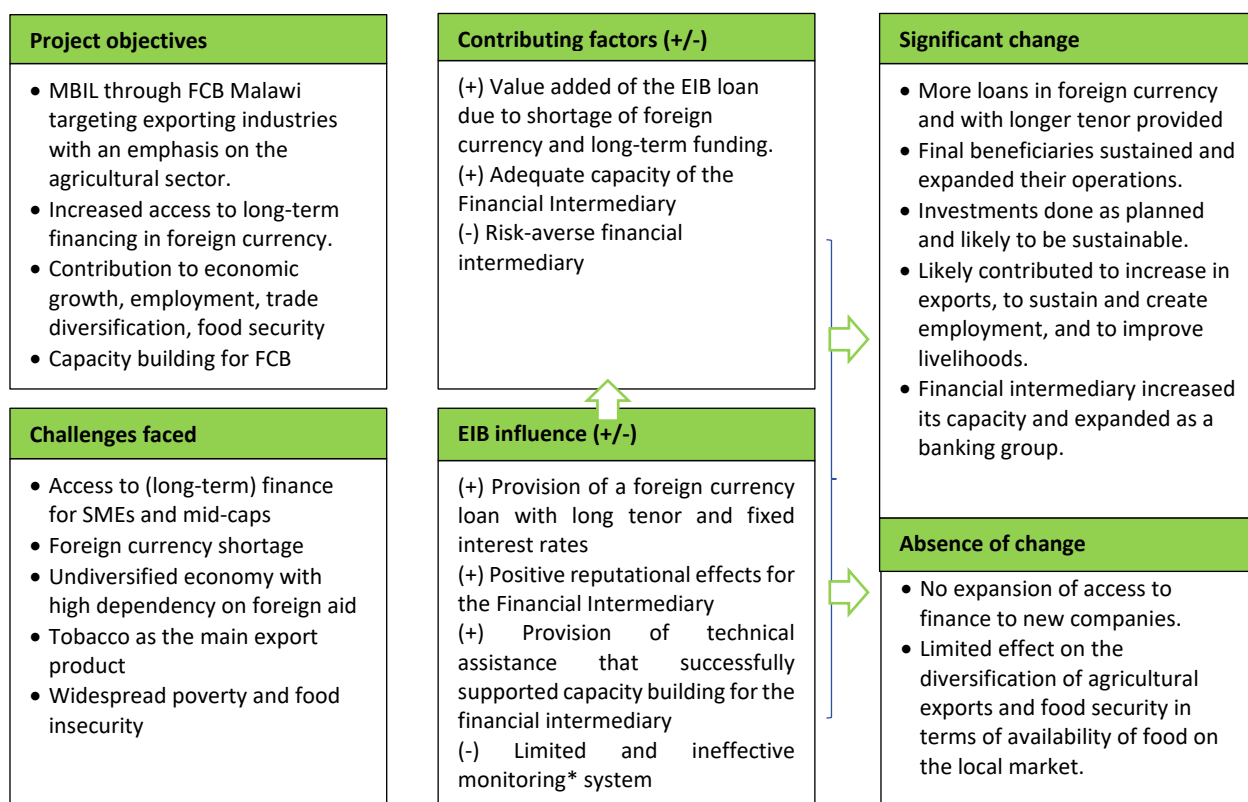
- **Forex loan.** The forex loan limited the facility to those companies that could generate exports or those that could manage the forex risks. As a lesson learnt, this loan product is not one that would be able to directly reach the poor and was financially non-inclusive (because they could not generate forex to repay).
- **Dedication.** Restricting to just storage was suboptimal as it depended on the warehouse receipt system that was not fully tested. In practice, a wider definition of eligible projects was used, and non-storage projects were also financed through the facility.
- **Loan competitiveness.** The loan competitiveness needs to be high to compensate for the conditions imposed, and the long time it takes to organise the facility with the EIB.
- **Value chain credit effect.** There are potential value chain effects that are not well researched but indicate that lending to solid, well-managed companies can greatly increase access to credit, transport and extension services at the smallholder level. In these cases, the long-standing relationships between the smallholders and commodity purchasers have led to credit being supplied at recovery rates of over 95%.

¹⁰⁹ For intermediated lending, the monitoring is limited to allocation reports submitted by the financial institutions (FIs) and monitoring of underlying allocations is delegated to the FIs, while for direct lending the operations are monitored until the completion (sometimes even post completion).

Malawi: Credit Line for Exporting Industries¹¹⁰

Challenges addressed and project purpose

This Multi-Beneficiary Intermediated Loan (MBIL)—“the project”—was a loan to First Capital Bank (FCB) Malawi for on-lending to SMEs and mid-caps in exporting industries with an emphasis on the agricultural sector. The €15 million loan was designed to increase access to long-term finance for the targeted companies, which was a major constraint in the sector. The loan was provided in foreign currency, which was in high demand. Thereby, the project aimed at generating a significant development impact in terms of contributing to economic growth, employment creation, trade diversification, and—to some extent—regional food security and nutrition. In addition, the EIB provided technical assistance to strengthen the capacity of the financial intermediary.



Changes

- The project allowed the financial intermediary to provide more loans in US dollars. It was partially successful in expanding access to finance. The final beneficiaries gained access to finance in foreign currency with a much longer tenor than usually available. However, the project reached only repeat clients of First Capital Bank.

¹¹⁰ Multi-beneficiary intermediated loan.

- The loans enabled the beneficiaries to sustain and expand their operations. The investments were made within the planned timeframe, and it is likely that they will continue to deliver the achieved results in the long run. All beneficiaries paid back on time.
- The operation exceeded expectations for share of allocations to SMEs.
- While the facility was targeting export industries with a focus on the agricultural sector, only one beneficiary was an export-focused company in the agricultural sector.
- It appears likely that the project led to an increase in exports due to the expansion of business activities of the final beneficiaries. The expected contribution to export diversification into higher-value-added agricultural products was only achieved to a limited extent, as the majority of the allocations did not operate in the agricultural sector or did not export.
- It appears likely that the project created and sustained employment, but much less than initially expected. However, no reliable monitoring data on the quality and quantity of employment are available.
- It appears likely that the project supported improving livelihoods and food security in terms of affordability through greater employment and through smallholder farmers who benefited from increased demand from the traders/processors that received financing.
- The project supported food security in terms of availability of food in the local markets only to a very limited extent, as only one beneficiary expanded food production for the local market through the loan received.
- The extent of economic and social development outcomes remains unclear, as no monitoring data are available.
- The project enabled the financial intermediary to increase its institutional capacity, which includes broadening the customer base, extending financial inclusion through innovative products, and improving risk management, and to expand as a banking group in the region.

Factors

- (+) The lack of foreign-currency and long-tenor funding in Malawi made the EIB loan very attractive for the financial intermediary and final beneficiaries.
- (+) The financial intermediary had adequate capacity to successfully implement the MBIL with the EIB.
- (-) The financial intermediary was risk averse and continued working with repeat clients, which limited the expansion of access to finance.

EIB influence

- **(+) Long-tenor loan in foreign currency.** The EIB loan added value by extending the funding tenor to eight years, and by offering the loan in foreign currency with fixed interest rates. This allowed the financial intermediary to lend more in US dollars and the final beneficiaries profited from loans with longer tenors.
- **(+) Reputational effects.** The financial intermediary reported that being the first bank in Malawi that works with the EIB had positive reputational effects that helped to improve its rating and to open credit lines with other entities.
- **(+) Provision of technical assistance.** The EIB provided technical assistance to the financial intermediary, which successfully supported the increase of institutional capacity and its expansion as a banking group.
- **(-) Monitoring.** The monitoring system included only a few indicators and was not effective at capturing the outputs and outcomes of the project or environmental risks. The EIB relied largely on the reporting from the financial intermediary, which did not have the capacity to effectively monitor and report back to it.

Lessons learnt

- **Extension of technical assistance.** The technical assistance provided was very helpful for improving the institutional capacity of the financial intermediary. It could have been helpful to have more technical assistance resources available for supporting effective monitoring of the selection of beneficiaries and the achieved outputs and outcomes.
- **Monitoring.** The limited monitoring system that relied largely on the reporting from the financial intermediary was not effective. A more comprehensive monitoring system with stronger support from the EIB or through technical assistance would help to capture the outputs and outcomes of the MBIL.
- **Project design.** The project was expected to support several development outcomes—economic growth, regional trade, improving livelihoods, and food security—but no detailed analysis or intervention logic was conducted at the design stage. A more thorough analysis could have led to a more targeted and impactful intervention.

Malawi: Kulima Access to Finance Facility¹¹¹



Project evaluation case study: Kulima Access to Finance Facility (2018-2023)

Total project cost: €50 million
EIB finance (net): €25 million

Project objectives	Significant change	Contributing factors
To improve access to finance for enterprises in the agrifood value chains, with a focus on off-takers, processors, and input suppliers that integrate smallholder producers into formal value chains.	<ul style="list-style-type: none"> Increased production and trade likely leading to direct and indirect employment and improved living conditions. There is evidence of indirect benefits to smallholders through market systems, although not well documented. 	<ul style="list-style-type: none"> (+) Private sector entities with well-developed business models and a credit track record (+) Long-term relationships between commodity buyers and smallholders (-) Pricing—uncompetitive EIB loan in the current macroeconomic situation (-) Risk-averse financial intermediaries
Challenges faced	Absence of change	EIB influence
<ul style="list-style-type: none"> Limited access to finance for private sector entities, traders and smallholder farmers Limited market access and services for smallholder farmers Market for providing credit and services for less developed private entities and smallholder farmers in remote areas is perceived as risky 	<ul style="list-style-type: none"> Limited outreach to SMEs—only a few entities benefited from the EIB loan. The loan did not reach the majority of beneficiaries of the EU-implemented Kulima programme 	<ul style="list-style-type: none"> (+) Provision of technical assistance and risk sharing facility (-) Weak monitoring and insufficient coordination with the EU Delegation led to misunderstanding and drift in project aims without resetting the ambition level

Challenges addressed and project purpose

- The main challenges addressed included the limited access to credit for private entities in agricultural value chains, such as traders, processors and input suppliers who source raw materials from small-scale farmers, as well as the limited market access and services for smallholder farmers contributing to the limited production, trade, value added and employment in the sector. The intervention aimed to indirectly support the integration of smallholder farmers into market

¹¹¹ Multi-beneficiary intermediated loan.

systems by facilitating the provision of credit, services and market knowledge to value-chain actors typically considered risky clients.

Changes

- The loan and the risk sharing facility had a very limited uptake, with only 27% utilisation of the risk sharing facility and 8% of the loan. In some instances, however, the risk sharing facility increased the risk appetite of financial intermediaries, enabling lending to SMEs unable to meet high collateral requirements and thereby expanding access to financing for SMEs that would otherwise be excluded.
- This funding was provided to off-takers, processors and input suppliers, supporting investments in new technologies, improvements in aggregation processes, and expansion of production and trade in agricultural commodities.
- In some cases, credit facilitated by the risk sharing facility were partially extended up value chains, either through provision of essential farm inputs such as certified seeds, chemicals and fertilisers to out-growers/contract farmers (for example, Langa Investments) or as a down payment to people who gather baobab for processing (Naturals Ltd.).
- The technical assistance was intended to encompass monitoring and reporting on results as well as additionality but proved insufficient in facilitating effective and timely monitoring and reporting on development outcomes, as well as influencing the banks' risk management strategies.
- The expectation to work with and support financial intermediaries that already had an adequate environmental and social management system in place, with the EIB's technical assistance helping them upgrade to EIB standards, did not yield tangible results, but there were some indications of progress, such as steps taken by First Capital Bank to enhance its environmental standards.

Factors

- **(-) Volatile economy.** The loan in US dollars had a very limited uptake owing to the challenging macroeconomic situation—the Malawian currency has experienced heavy depreciation with continued volatility, so in effect, the credit line was only accessible to exporting companies that could borrow in US dollars, thus making it inaccessible to smaller companies that needed to borrow in local currency. Also, the EIB loan was less appealing compared with other lenders offering better conditions.
- **(-) Risk-averse intermediaries.** Financial intermediaries were to varying degrees risk averse and not specifically motivated by development outcomes and impact.
- **(+) Market intelligence.** Companies financed by the financial intermediaries had well-developed business models and a credit track record and credit systems that could reach smallholders with high recovery rates based on close knowledge of the smallholders.

EIB influence

- **(+) Risk sharing facility.** The risk sharing facility, in some instances, increased the risk appetite of the promoter banks, thus facilitating lending to SMEs that could not meet high collateral requirements, hence expanding operations to SMEs that otherwise would not have accessed the loan.
- **(+) Technical assistance.** While the technical assistance was appreciated for its flexibility and support in implementing EIB conditions and influencing a pipeline through pitch nights, the technical assistance stretched beyond pure facilitation to address the lack of EIB country presence.

- **(-) Business model.** Lending to intermediary banks without targeting specific programmes/projects limited the operation's impact on the initial purpose and objectives of the product—it helped the recipient banks to expand their client base but only in alignment with their existing priorities.
- **(-) EIB resources and delays.** The limited country presence of the EIB was perceived as a challenge to the origination of projects, implementation, communication, monitoring, reporting, and collaboration with the EU Delegation and others. A late start to the project and lack of coordination with the greater EU Delegation Kulima programme hampered the project's contributions to development outcomes and impacts.

Lessons learnt

- **Forex loan.** The forex loan limited the facility to those companies that could generate exports or manage forex risks. As a lesson learnt, this loan product is not one that could directly reach the poor and was financially non-inclusive (because they could not generate forex to repay).
- **Value-chain credit effect.** There are potential value-chain effects that are not well researched but with indications that the lending to solid well-managed companies can significantly increase access to credit and extension services at the smallholder level. In these cases, the long-term relationships between commodity buyers and smallholders have led to credit being supplied at very high recovery rates.
- **Loan competitiveness.** The loan competitiveness needs to be high to compensate for the conditions imposed, including the long time it takes to organise the facility with the EIB.

Moldova: Filière-du-Vin¹¹²

Project objectives	Significant change	Contributing factors
<ul style="list-style-type: none"> Addressing structural weaknesses and improving the enabling environment for quality wine production in Moldova, including the entire value chain, such as primary production, processing, packaging, marketing, and distribution, as well as ensuring the knowledge and skills are available domestically for the sector's future. 	<ul style="list-style-type: none"> Reorientation of wine exports towards the European Union (up to 40% of Moldovan exports after project completion, Russia accounting for 12% only). Increase in the quality of the wine and the competitiveness of the wine value chain. Approach served as a blueprint for reform of horticulture sector in Moldova. 	<p>Political will for the sector-wide reform resulting from economic urgency caused by several waves of embargoes on Moldovan wines by Russia (the main export market as of 2014). Sector obsolete—but structures historically established and a foundation to build on. Country is small.</p>
Challenges faced	Absence of change	EIB influence
<ul style="list-style-type: none"> Limited initial capacity of the promoter to manage the loan. Technical assistance needed to be correctly identified, but was late—delaying subsequent project implementation. Absorptive capacity of sector operators was overestimated, leading to under-disbursement. Labour shortage is a major constraint for the economy. 	<p>Significant skills and labour shortages still to be remedied to ensure the future of the wine sector.</p>	<p>Championing of holistic project design and approach. Provision of continuous, intensive, hands-on advice during implementation. Recognition of importance of multifaceted technical assistance. Provision of large volume of financing on favourable financial conditions (interest rate, grace period, maturity).</p>

Context, objectives and structure of the project

- The EIB operation was a double-intermediated (APEX) loan to the government of Moldova, promoted through the Ministry of Agriculture—which also provided the Project Implementation Unit (PIU)—supported by a technical assistance component.
- It came on the heels of an economic crisis resulting from several waves of embargoes on Moldovan wines in its until-then biggest market (accounting for 25% of Moldovan wine exports), Russia, leaving Moldovan producers in financial distress and highly vulnerable (especially when the wine exported was seized and destroyed without payment).
- The project aimed to help address structural weaknesses in the Moldovan wine industry, from vineyard to final packaging and dispatch (the Filière-du-Vin), as well as addressing sustainability challenges affecting the future of the wine sector (including lack of high-quality



¹¹² Multi-beneficiary intermediated loan (double-intermediated MBIL).

education at secondary and tertiary levels). The key objective was to increasingly switch Moldovan wine production from bulk to high-quality wine, to enable the reorientation of the country's wine exports from Commonwealth of Independent States (CIS) markets towards EU markets. It sought to contribute to improving the enabling environment for high-quality wine production and the revitalisation of an industry made up almost exclusively of SMEs, including local growers, winemakers and associated industries such as bottle production.

- The project design and intervention logic were sound. Appropriate assumptions and drivers were identified and considered in design and implementation. For instance, for a sector-wide approach to work, sector operators had to be brought on board, and underlying factors that impact the resilience and viability of the sector had to be addressed (such as education and vocational skills development).

What change(s) occurred or absence of expected change

- **Although with considerable delay, the project has delivered towards the planned outputs and outcomes.** The project required heavy involvement from EIB staff at the inception because of the relatively low capacity of the promoter. For instance, at the start of the project, the EIB held bi-weekly discussions with the PIU on the sub-projects as the PIU was not yet sufficiently trained to do it on its own. Nevertheless, this technical assistance effort paid off, as the PIU gradually increased capacity. Another example is the approval of each sub-project (individual allocation) at the level of the Ministry of Finance, which also required time. Later in the implementation process, the responsibility of the individual allocations was completely devolved to the financial intermediaries. However, the project ended up successfully implemented, achieving its targets. More specifically, the Moldovan wine sector moved from producing bulk to high-quality wine, with the use of more advanced technologies (cold storage, drip irrigation, and new bottling and packaging equipment). This, in turn, enabled the country to largely reorient its wine exports from CIS markets to EU markets.
- **There was clear additionality and impact of the EIB operation.** It is unlikely that the projects would have been financed to the same extent and within the same timeframe. There is also limited evidence that banks adjusted their financing conditions to align with those of the EIB to attract clients. Clients that had restricted access to finance were reached. This, however, required the provision of dedicated business advisory services to help clients with loan applications that they would not otherwise have been able to make owing to very limited financial literacy and business skills among sector operators. Microfinancing, however, did not materialise, because the promoter did not manage to onboard microfinancing institutions, and because of general bad experience with microfinancing organisations. More importantly, in the absence of EIB support—and the implementation of the project—there would have been a substantial risk of failure of the country's most important sector in terms of contribution to employment (around 15% of the active population) and foreign exchange revenues (30% of the country's exports).
- **Not all project parameters were achieved.** Domestic packaging was targeted as part of the value-chain approach, but ultimately, it was discovered that Moldova cannot compete with large-scale packagers in the region. The value-chain approach included investment in education at technical and vocational education and training (TVET) and tertiary levels. While for the latter, an improvement in the attractiveness of Moldova as a place to study (for domestic and international students) can be observed, the TVET sector faces significant structural weaknesses, with the agricultural sector particularly struggling from a reputation for hard, manual labour and generally not attracting high-quality students. There was also a significant reduction in project scope as an increase in the area of vineyards (requiring grubbing up at scale) did not happen as planned.
- **The project built the capacity of the Ministry of Agriculture and Food Industry of Moldova's PIU,** laying the foundations for a follow-on value-chain approach project, modelled on Filière-du-Vin, in the horticultural sector. EIB staff accompanied the project with intensive, hands-on involvement,

including through the PIU. Inadvertently, this might have led to greater than expected initial dependency of the PIU on EIB staff, although it ultimately contributed to capacity building at the Ministry of Agriculture, which could successfully manage the spin-off project (Fruit Garden of Moldova) without the EIB accompanying the PIU so extensively.

- **Impact-related indicators were not monitored by the PIU.** The promoter did not have systems in place to collect and analyse data on, for example, poverty outcomes, quality of created jobs, and environmental sustainability. Job quality (for instance, working conditions, remuneration) was not measured or considered.

Factors that explain the change (or its absence)

- **(+) Timing, objectives and incentives were correctly calibrated.** There was government commitment—and pressure on the government to deliver solutions—for holistic sector reform, resulting from repeated economic emergencies and an understanding that restructuring and reorientation towards non-Russian markets would make the sector more resilient and less susceptible to extraneous shocks. The government was ready to take on public debt.
- **(+) EU orientation.** With a clearer EU accession agenda, producers understood and more readily embraced the need to modernise the sector in line with EU standards.
- **(+/-) Old, but historically established structures.** While the sector was, at the beginning of the project, weak, including numerous environmental parameters (age and health of vineyards, etc.), there nevertheless were solid structural starting points given the historical legacy of the wine industry in Moldova.
- **(+/-) Size.** Moldova is a small country. The EIB investment was able to make a notable contribution to many aspects of the value chain. For other aspects, the underlying structural weaknesses are too significant to be addressed by an EIB loan; these require governmental reform that go beyond the wine sector, particularly for skills development in the TVET and higher education sector.
- **(-) Underlying structural weaknesses.** Beyond the wine-making sector, these prevented more change. Economic migration and shortage of labour and skills afflict the Moldovan economy in general (including the wine sector). These contributed to a lack of absorptive capacity in the sector, resulting in significant project underspending.

EIB role and influence

- **(+) EIB financing was essential in supporting this project.** The importance of the wine sector for the Moldovan economy and exports is very high; thus, the EIB support had major macroeconomic implications. In addition, the EIB financing was provided on favourable financial conditions and trickled down to correspondingly favourable financial conditions for the final beneficiaries (grace period, maturity, interest rate).
- **(+) EIB staff were instrumental in championing the whole-of-sector/value-chain approach** from the project design and negotiation stages onwards.
- **(+) Projects Directorate representatives' involvement in the implementation process was intense.** The project design included technical assistance to inform the investments, which proved critical in enabling the project to take off and also built the capacity of the PIU, gradually relieving the EIB representatives of such close and regular involvement.
- **(+) The project also invested heavily in advertising and promoting the credit line among sector operators,** ensuring that availability was known to a wide range of businesses across the country. Additional services were added to make access to the available finance happen, through the provision of a free-of-charge consultancy scheme that helped clients-to-be to fill in credit application forms.

Lessons learnt

- **Technical assistance should be available from the project design stage and throughout the first steps in implementation.** This ensures both soundness of design and effectiveness of implementation, while having major capacity-building effects.
- **EIB support through an MBIL should cover the whole value chain of the specific agricultural sub-sector**—from vocational education to primary production, transportation, storage, agribusiness, wholesale and retail—in order to avoid potential bottlenecks and maximise the impact on the beneficiary country economy, in particular in going upmarket.
- **Political commitment and EU backing are key for successful implementation of a project.**

Morocco: Plan Maroc Vert PNEEI¹¹³

Project objectives	Significant change	Contributing factors
The project forms part of the National Irrigation Water Saving Programme (PNEEI) and involves: converting 21 405 ha of existing public irrigation systems to enable the introduction of drip irrigation; supporting the development of irrigation water; and bolstering the capacity of the public promoter.	<ul style="list-style-type: none"> Switch from irrigation by aspersion or gravitation to drip irrigation allowing for large savings of water used for irrigation (up to 30% savings) in three regions. Introduction of cutting-edge agriculture technologies 	<ul style="list-style-type: none"> Clear commitment from the Moroccan public authorities at every level. Technical assistance/advisory services were provided.
Challenges faced	Absence of change	EIB influence
<ul style="list-style-type: none"> Land ownership on specific portions of land was sometimes difficult to establish, and property rights had to be clearly defined. Climate change underestimated by the public authorities. Fragmentation of land ownership sometimes means very small farms. 	<ul style="list-style-type: none"> Water supply is falling over the long term owing to global climate change and regular droughts. This trend requires more efficient, but also more economic, water use. Yet project implementation risks accelerating depletion of the water supply: water is used more efficiently, but also more extensively. 	<p>Provision of technical assistance in the design and implementation phase.</p> <p>Provision of financial support on favourable financial conditions.</p>

Context, objectives and structure of the project

- The EIB operation was an investment loan to the government of Morocco, promoted through the Ministry of Agriculture (which also provided the PIU).
- The project is part of the Programme National d'Economie d'Eau en Irrigation (PNEEI). Its objective was to contribute towards the overall objective of the Green Morocco Plan (Plan Maroc Vert): developing a modern, high-value-added agricultural sector while ensuring effective, sustainable management of water resources through switching from irrigation by aspersion/gravitation to drip irrigation.
- Morocco's agricultural sector is the economy's main source of employment, and irrigated agriculture is a major contributor to the sector's value added (45% on average and up to 75% in drought years). It contributes 75% of agricultural



¹¹³ Direct loan.

exports by volume, 86% of industrial crops' output and 40% of employment in rural areas. Thus, any adverse effects of climate change on agriculture will have major negative economic repercussions.

- The need for the switch to drip irrigation—the centrepiece of the project—was pressing given increasingly limited water supply over the last decade because of global climate change. This trend was reflected in the droughts that affected the country in 2021 and in 2023. When the water supply falls, it becomes ever more imperative to use the available water more efficiently.

What change(s) occurred or absence of expected change

- The Plan Maroc Vert project delivered on its objectives in that it enabled the Moroccan agricultural sector in three regions covered by the project to modernise: drip irrigation replaced aspersion/gravitation irrigation. Over 7 000 farmers benefited from the project.
- The project achieved the expected results with water savings of 30% of water used. If the country stayed with aspersion or gravitation, there would have been substantial water losses. This, in turn, led to an increase in yields and intensified production. It also allowed farmers to switch to higher-valued-added crops.
- The efficiency gains come from (1) a reduced need for water—with drip irrigation you pour water on the plant roots, not on the surface; and (2) from a better measurement of water use: each farmer has an individual meter to see how much they use (water is available on demand and not centrally managed).
- From the economic point of view, the project implementation partly offset the negative effects of climate change on Moroccan agriculture and avoided the decline of income and employment that would have followed production losses induced by droughts. The project's contribution to job creation was significant, with 1 200–1 500 additional permanent jobs and prevention of job losses through modernisation.
- There was clear additionality and impact from the EIB operation. Modernisation of the irrigation system reflects the typical public good with large fixed costs—which make it unprofitable for a single user to finance—while providing large social benefits (a more efficient irrigation system with large water savings). This characteristic precludes the project from being financed from private sources, and requiring public intervention. In principle, the project could have been financed from other public sources than the EIB, though with an opportunity cost for the government, which would have had to divert resources from other uses.

Factors that explain the change (or its absence)

- **(+) There was clear commitment from the Moroccan government to implement the project.**
- **(-) A major unintended perverse effect of putting in place a more efficient drip irrigation system was the increased use of water in the context of a structurally falling water supply.** Controlled or uncontrolled groundwater pumping continues to increase. The use of more efficient technologies led to a greater increase in water use, against the background of still further reduced water supply owing to climate change—more droughts. Unless more suitable practices and production specialisations are adopted, the Moroccan agricultural sector—and the country overall—will be on an unsustainable path with a very high level of water stress. The public authorities—in their own opinion—underestimated the impact of global climate change on the water supply. Currently, the government envisages desalination, the redistribution of water through channels across regions, and construction of dams as additional tools to offset the fall in supply.

EIB role and influence

- (+) The PIU was supported by technical assistance. The project boosted the promoter's operational capacity via complementary technical assistance involving training, equipment and supplies for its central Project Management Unit and its subsidiaries. The needs, however, were greater than anticipated (capacity-building component, complex review of procurement documentation, and implementation delays). Specific support for the farmers participating in the project was also provided.
- (+) In addition to technical assistance, the EIB also provided financial support to the promoter, in coordination with the EU Delegation.
- (+) The EIB's participation was accompanied by parallel contributions involving the World Bank and the African Development Bank, covering other PNEI irrigation schemes. The Plan Maroc Vert is supported by various lenders, in particular the European Commission and the Agence Française de Développement.

Lessons learnt

- **The issue of environmental sustainability after project implementation should be explored at the appraisal stage.** More specifically, adaptation to climate change should be accounted for when assessing the effects of the project to avoid perverse effects of alleviating the shortfall of water in the short and medium run, while aggravating the deficit in the longer run. In line with the environmental sustainability concern, the issue of what to produce should be considered: higher-value-added crops may also be water intensive, and therefore not environmentally viable in the long run.

Türkiye: Turk Traktor RDI¹¹⁴



Project evaluation case study: Turk Traktor RDI (2014-2018)
Instrument: Investment loan - Ordinary Loan

Total project cost: €75.80 million
EIB finance (net): €35 million

Project objectives

- The overall objective was through increased R&D capacity, to support Turk Traktor's continued dominance on the internal market as well as maintain its export market.
- The specific objective was to move from a mechanical engine (Tier III) to an electronic engine (Tier IV).

Challenges faced

- Stricter EU, and evolving Turkish, environmental legislation on emissions and pollution.
- Without increased R&D capacity, Turk Traktor would be limited to production of models developed elsewhere.

Significant change

- Move from a mechanical engine (Tier III) to an electronic engine (Tier IV) in line with the directions of European Union and evolving Turkish legislation.
- Environmental benefits, such as reduced fuel consumption, emissions and pollution.
- Socioeconomic benefits from mechanisation of Turkish farms, resulting in improved resource efficiency and productivity gains.
- Electronic engines allow for increased after-sales service for farmers, key in the long-term client relationship, and a reason why Turk Traktor is expected to sustain its leading market position.
- Increased R&D workforce at Turk Traktor
- Further integration of Türkiye's economy into the European Union through cooperation with EU-based companies and research institutes.

Contributing factors (+, -)

- In line with Türkiye's national priorities on promoting R&D; renewing its ageing tractor stock; and donation of land to farmers, expected to increase demand for tractors
- Turk Traktor has an experienced management team and strong in-house R&D capacity.
- Turk Traktor has good relations with the mother company in Italy (CNH) and is not just a manufacturing hub

EIB influence

- Attractive loan pricing, long maturity (five years), smooth loan process, and service-minded EIB staff.
- Flexibility: the project was allowed to evolve according to changing needs and emerging opportunities, and to set the research agenda.

¹¹⁴ Direct loan.

Challenges addressed and project purpose

The main challenge addressed was the requirement to develop a tractor engine fulfilling the environmental and GHG emission requirements of legislation in the European Union and in the United States. These standards are also adopted by the Turkish Ministry of Industry and Trade, hence the need to continue Turk Traktor's dominant role on the internal market as well maintain its export market. The R&D project would support Turk Traktor's strategic decision to increase its R&D capacity, with the aim to develop new technologies for future models for the internal and export markets. Without the project, Turk Traktor's technology and product development capability, competitiveness and medium- to long-term growth and profitability targets could be negatively affected and its role progressively limited to the manufacture of tractors developed elsewhere.

Changes

- There was a successful move from a mechanical engine (Tier III) to an electronic engine (Tier IV), and most recently a Tier V engine, in line with the directions of the European Union and evolving Turkish legislation. Other changes included redesigning parts of the tractor (such as the cabin) in order to fit the new engine and align with export requirements. These changes allow Turk Traktor to maintain its dominant role on the internal market and keep its export market.
- Environmental benefits from moving to an electronic engine include reduced fuel consumption, emissions and pollution; and socioeconomic benefits from general modernisation and mechanisation of Turkish farms, resulting in improved resource efficiency and productivity gains.
- The electronic engine enables engine performance to be monitored, which enhances after-sales service, which is key in the long-term client relationship, and a reason why Turk Traktor is expected to sustain its leading market position.
- The R&D workforce of Turk Traktor rose. In 2014-2018, the *total* workforce went down from 3 030 to 2 426, while R&D staff increased from 135 to 154.
- Turk Traktor investments have helped to further integrate Türkiye's economy into the European Union through cooperation with EU-based companies (including the CNH industry group), universities and research institutes.

Contributing factors

- (+) The EIB financing was in line with Türkiye's national priorities on promoting R&D, making Turk Traktor eligible for state-supported incentive programmes for enhanced production.
- (+) Government policies promoted renewal of an ageing tractor stock, directly through subsidised loans and indirectly through the donation of land to farmers, which was expected to increase demand for tractors.
- (+) The project was based on a sound and realistic intervention logic as well as expectations of the promoter's capacity to implement the project. Turk Traktor has an experienced management team, good support from the mother company in Italy (CNH), and strong in-house R&D capacity.
- (+) Turk Traktor has good relations with CNH and is not just a manufacturing hub, but expected to leverage collaboration between local and foreign (Italian) expertise on engine development.
- (+) The process was accelerated by market demand requiring tractors with reduced fuel consumption and lower GHG emissions.

EIB influence

- (+) Turk Traktor often finances investment from its own sources. However, the attractive loan pricing (in part supported by the EU innovation funding providing a bank guarantee), and a long maturity (five years), with a smooth loan process and service-minded EIB staff, were important for Turk Traktor.
- (+) The project was allowed to evolve according to changing needs and emerging opportunities—that is, during the process specific sub-projects were cancelled while others were initiated, to better address emerging market opportunities.
- (+) The EIB's technical contribution was limited to targeted advice in the project's structuring and presentation, allowing for Turk Traktor to set the R&D agenda.
- (+/-) The monitoring process identified initial shortcomings which, after revision, resulted in overall reporting improvements, on time and at satisfactory quality.

Lessons learnt

- Flexibility in R&D projects is essential to allow the promoter to set the research agenda and the project to adapt according to changing needs and emerging opportunities.
- It is important to engage with the promoter at an early stage to ensure that they fully understand and can monitor and report as required.

Zambia: Zambia Agriculture Value Chain Facility¹¹⁵

Project objectives	Significant change	Contributing factors
To improve access to long-term finance for private agrifood value chain actors (with a focus on primary producers, aggregators and processors) that integrate smallholder producers into formal value chains by strengthening the capacity of financial intermediaries to lend to those actors.	<ul style="list-style-type: none"> Sustained existing activities and investments in increased or new production capacities for large commercial farmers. Increased productivity, trade and employment, but not well documented. 	<ul style="list-style-type: none"> Large well-established commercial farmers with a long-term relationship with the financial intermediary Well-developed market situation and risk aversity of the financial intermediary.
Challenges faced	Absence of change	EIB influence
<ul style="list-style-type: none"> Limited access to markets and finance for agricultural SMEs—producers, traders, processors. Limited integration of smallholder farmers into market systems. Market for providing credit and services for less developed private entities and SMEs is perceived as risky. 	<ul style="list-style-type: none"> The operation has not led to the expected results in terms of expanding access to finance to new clients among smaller companies. Absence of improved (self)-employment for smallholders as groups supplying produce to and/or receiving inputs and services from project beneficiaries. 	<ul style="list-style-type: none"> (+) Provision of technical assistance. (-) Weak monitoring system and capacities for incentivising development outcomes. (-) Absence of thorough market analysis. (+) Novelty of the package provided.

Challenges addressed and project purpose

The EIB project aims to address market failures in agrifood value chains by supporting access to long-term finance for private agrifood value chain actors and by strengthening the capacity of financial intermediaries to lend to those actors. By focusing on private agribusinesses integrating smallholders into value chains, the project also aims to increase the participation of smallholder farmers in sustainable value chains. The EIB operation consists of an MBIL supported by a risk sharing facility and an expert support facility (technical assistance) to address an important financing gap for financial intermediaries in Zambia, to enable them to lend to small and medium-sized agricultural value-chain operators/entities that normally struggle to access finance owing to high collateral requirements and uncertainties about financial sustainability. The EIB component is further linked to an EU grant facility.

Changes

- The project has delivered towards the planned output in regard to volume of lending but not in regard to the intended development goals.** There is some evidence that the EIB operation has enabled Zanaco to lend more money, and faster, but it does not appear to have affected the type or scope of projects funded, that is, it has not changed the bank's clientele (large, commercial farmers in primary production) and has not changed lending conditions significantly.

¹¹⁵ Multi-beneficiary intermediated loan.

- **Additionality and impact of the EIB operation are doubtful.** Most likely, all financed projects would have been financed anyway and with similar conditions. Clients that had restricted access to finance were not reached. The project has not met the intended goal of also financing microenterprises, and only to a limited extent were small and medium-sized operators targeted and reached.
- **The provision of a risk sharing facility by the EIB did not lead to higher lending or increase the promoter's appetite for more risk.** All projects funded were part of an existing Zanaco pipeline consisting of existing or previous Zanaco clients in primary agricultural production.
- **Coordination and creation of synergies with the EU Delegation grant facility (EZCF), including on technical assistance, was not successful.** So far, no projects developed and presented through the EU Delegation grant facility have also been financed by Zanaco.
- **The project is only partly on course to deliver towards expected outcomes, such as adopting new technologies and reaching smallholder farmers through value-chain actors.** Financing has mainly been for large-scale primary production using existing technologies (expansion of irrigation), with the highest volume of financing being for revolving working capital.
- One large capital expenditure item was for a Chinese-owned silk project (Mupika sericulture project) with huge potential for job creation (mainly women), export revenue and, potentially, some value addition in country. **EIB additionality is, however, again questionable** as the borrower is a very successful and bankable Chinese conglomerate of companies, largely funded by Zanaco.
- **An unintended (negative) outcome with reputational risk for the EIB was that a large commercial farm, Amadeus, got a loan for a 130 ha expansion of irrigation.** This expansion may already have been severely detrimental to communities downstream, with reduced access to water for both agricultural and domestic consumption.
- **Several community members involved in vegetable production as part of their livelihood had stopped production due to the reduced water levels.** One woman expressed further concern because of the newly built pump station: "This practice of water extraction for commercial irrigation is really worrying. Having finished the water from the other side of the river, these commercial farmers now want to completely finish even the little that is there on the upstream of the river".
- **Another commercial farmer, Southern Cattle Company, was also using EIB funding for expansion of irrigation.** We, however, did not see or hear anything that made us suspect a negative impact on downstream communities.
- **Impact-related indicators such as poverty outcomes, quality of created jobs and environmental impact were not monitored.** Jobs sustained or retained, including by gender, were reported by the promoter, albeit unreliably.

Factors

- **(-) Appropriate assumptions and drivers were insufficiently identified or monitored during project design.** Thus, the fundamental assumption that EIB funding with conditionalities would encourage private banks to finance projects with additional impact on the EIB's priorities proved too optimistic.
- **(-) Complications around sovereign debt default/restructuring, as well as specificities of the Zambian banking sector, delayed identification of promoters and finalisation of contractual arrangements.**
- **(-) EIB incentives and/or conditionalities were insufficiently conducive for motivating the promoter to lend to clients or projects with more potential development impact.** The promoter has an existing portfolio of low-risk clients and loans, and is not interested in lending to projects with potentially greater development impact if they also carry higher risk.

- **(-) Timing, objectives, selection criteria and internal incentive structures between the EU Delegation facility and the EIB project were not properly aligned.** It is notable that the delay in the EIB project start meant that the EU Delegation grant facility had already had several calls for projects fully processed.

EIB influence

- **(+) Technical assistance enhanced the promoter's environmental and social management system capacities.** Technical assistance also led to an upgraded ESG framework aligned with international standards.
- **(+) Technical assistance added value to the promoter's risk management in agricultural lending.** Although the promoter was largely lending to existing clients, Technical assistance on risk management together with the improved ESG framework influenced the development of a new green investment pipeline for Zanaco.

Lessons learnt

- **EIB concessionality is not high enough to compensate or encourage banks to finance potentially more impactful projects if they also carry higher risk.** Commercial banks in Zambia are highly risk averse and can lend to low-risk clients doing business as usual.
- **The guarantee facility turned out not to be the right instrument, despite initial interest from the banking sector.** In hindsight, it might have been a better use of these resources to hedge loans in local currency, for instance.
- **EIB ticket size (minimum €25 million) is far too large, if EIB were to consider direct loans to private agricultural value chain actors and projects in Zambia.** Also, the loans offered through this MBIL are too large for most agricultural sector actors, reflecting the familiar aggregation issue in agricultural lending. Even the EU Delegation grant facility minimum of €70 000 is too large for most SMEs.
- **EIB development impact has so far been limited.** The EIB could potentially have much higher impact on both its economic and social development objectives through MBILs financing aggregators/processors that work with/buy from (tens of) thousands of smallholders rather than a few large primary producers working more or less in isolation.

THE EVALUATION DIVISION OF THE EIB GROUP

The Evaluation Division of the EIB Group conducts independent evaluations of the Group's activities. It assesses the relevance and performance of these activities in relation to their objectives and the evolving operating environment. It also helps the EIB Group to draw lessons on how to continuously improve its work, thereby contributing to a culture of learning and evidence-based decision-making.

Evaluation reports are available from the EIB website: <http://www.eib.org/evaluation>



Evaluation of EIB support for agriculture and bioeconomy outside the European Union from 2014 to 2023