

EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
Project name	AGRICOVER LOAN FOR SMES II
Promoter and financial intermediary	AGRICOVER CREDIT IFN SA
Country of implementation	Romania
Summary project description	<p>The proposed multi-beneficiary intermediated operation is a repeat operation, dedicated to the financing of projects promoted by agricultural SMEs across Romania. It aims to facilitate access to finance for agricultural businesses. The proposed Financial Intermediary, a Non-bank Financial Institution (NBFI) based in Romania, has experience in agricultural finance gained over 11 years. The promoter is owned by Agricovert Holding SA (Agricovert), a major player in the Romanian agricultural sector, offering agribusiness and financial services to farmers through an integrated business model based on satisfying the essential input needs of farmers.</p> <p>Access to credit remains a serious constraint to growth for micro, small and medium-sized enterprises (SMEs) and start-ups in Romania, which is undeserved by the banking sector. The supply of credit has been constrained by factors such as (i) deterioration of asset quality, particularly among SMEs (ii) banks' deleveraging pressures, (iii) deficiencies in credit-enabling infrastructures (credit reporting, insolvency), or (iv) lack of depth in the NBFI segment.</p> <p>Support to SMEs active in the agricultural sector, which includes young farmers and generational change, is expected to have a strong positive impact, including in employment generation, in a sector that accounts for 4.8% of total Gross Value Added (compared to 1.6% in EU-28), 24% of the total employment (vs. 4.4% EU-28 average, giving Romania the largest share in the EU) and where the proportion of farmers of 65 years of age and over is 44.3 % (vs 31.9% EU-28 average). This will be achieved by improving access to credit for production, logistics and upgraded standards, thus allowing final beneficiaries to increase productivity, resource efficiency and competitiveness.</p>

¹ This Scoreboard of indicators reflects the information presented to the EFSI Investment Committee (IC) for its decision on the use of the EU guarantee for this operation. Therefore, the document does not take into account possible developments that could have occurred after this decision.

Parts of this document that fall under the exceptions for disclosure defined by the EIB Group Transparency Policy, notably under articles 5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].

PROJECT PILLAR ASSESSMENT

Pillar 1

Contribution to EU policy	Significant
Cross-cutting objectives	
EIB Cohesion Priority Regions / Economic and Social Cohesion	90.00%
Climate Action	2.00%
EFSI	
Contribution to EFSI	100.00%
EFSI: Sustainable agriculture, forestry, fishery, aquaculture and other elements of the wider bioeconomy	100.00%
Sustainable agriculture, forestry, fishery, aquaculture and other elements of the wider bioeconomy	100.00%

Pillar 2

Quality and soundness of the project	Good
1. Capacity and soundness of the Intermediary and quality of the operating environment	[...]
2. Increasing access to finance and improving financing conditions including for final beneficiaries	[...]
3. Employment	[...]

This pillar evaluates the quality and soundness of the operation. This pillar is composed of up to four indicators, as relevant, among which:

- (i) "Growth" i.e. for example and where relevant the economic rate of return ('ERR'), which considers the project's socioeconomic costs and benefits, including its spillover effects;
- (ii) "Promoter capabilities" i.e. the capacity of the promoter/intermediary to implement the project and create the expected impact at the [final] beneficiary level;
- (iii) "Sustainability" i.e. environmental and social sustainability²;
- (iv) "Employment" i.e. the project's direct employment effect;
- (v) "Increasing access to finance and improving financing conditions including for final beneficiaries".

Pillar 3

EIB Technical and financial contribution to the project	Moderate
1. Financial contribution	[...]
2. Financial facilitation	[...]

This pillar measures the EIB's particular contribution to the project and its financing scheme in the form of financial and non-financial benefits which go beyond what commercial players would normally be able to offer. This dimension of value added is assessed through up to three indicators:

- (i) "Financial Contribution" i.e. improving the counterpart's funding terms compared to market sources of finance (interest rate reduction and/or longer lending tenor);
- (ii) "Financial Facilitation" i.e. helping to attract private financiers (for example through positive signaling effects), promoting synergies in co-financing with other public sources of funds including National Promotional Banks or EU financial instruments;
- (iii) "Technical Contribution and Advice" i.e. providing advice with a view to optimizing the financing package (financial structuring), or technical advisory services in the form of expert input / knowledge transfer - provided in-house by the EIB or in the form of assignments to external consultants - to facilitate the preparation or implementation of a project.

² For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website.

Pillar 4 - Complementary indicators

Additionality

In line with the EFSI objective of supporting projects in Romania related to sustainable agriculture, forestry, fishery, aquaculture and other elements of the wider bioeconomy, the operation will offer support by way of intermediated debt finance to SMEs active in agriculture. At least 10% of the operation is expected to target young farmers. Equally, the operation will address the objective of supporting less-developed regions and transition regions as 90% of the operation is expected to be deployed in Cohesion regions. The operation will thus also contribute to the Union priorities on convergence and social cohesion, helping reduce regional disparities by supporting investment.

The proposed operation addresses the market failure and sub-optimal investment situations related to the limited availability of long-term financing and alternative funding sources for SME players in agriculture, in particular small-scale farms in rural areas. For SMEs, and in particular young farmers, this project will ease the financial constraints that arise from information asymmetries caused by the lack of track record and insufficient farm net asset value to collateralize, as well as high screening costs for small investments. In addition, these projects address failures in the financial market caused by the fact that the economic life of an investment project exceeds the tenor of loans that are typically available on domestic capital markets. Such companies are also subject to the volatility in commodity prices, which contributes to the high uncertainty perceived by investors and commercial lenders, constraining access to finance and thus limiting growth and competitiveness.

The operation is expected to fall under the EIB's Special Activities category, in particular taking into account that the envisaged EIB financing with EFSI support will be an unsecured loan, which will present a longer tenor than that of commercial lenders creating a further structural subordination. The EIB would not be able to provide such type of financing support during the period in which the EU guarantee can be used, or not to the same extent, without EFSI.

The financing provided by the EIB with the support of EFSI will provide long term financing enabling final beneficiaries to implement or accelerate the necessary investments, including inter alia modernisation or refurbishment of farming equipment. Therefore, the EIB operation is expected to crowd-in additional private sector financing.

Set of indicators related to the macroeconomic environment

Romania - Economic environment

Economic Performance

	RO 2018	EU 2018	US 2018	RO 2001-2007
GDP per capita (EUR, PPS)	19,818.19	30,935.11	43,569.11	14,121.39
GDP growth (%)	4.09	1.96	2.85	6.23
Potential GDP growth (%)	3.91	1.60	2.23	4.34
Output gap (% of potential GDP)	0.93	0.61	0.74	3.45
Unemployment Rate (%)	4.00	6.60	3.90	7.35
Unemployment Rate (%) - Y/Y change (% points)	-0.60	-0.60	-0.20	-0.24
Bank-interest rates to non-financial corporations (%)	5.32	1.26	--	10.32
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	0.44	-0.06	--	--
Investment rate (GFCF as % of GDP) - Total	21.21	20.54	20.84	24.69
Investment rate (GFCF as % of GDP) - Public	2.63	2.85	3.30	3.81
Investment rate (GFCF as % of GDP) - Private	18.58	17.68	17.53	20.87

Agriculture/Forestry/Fisheries

	2014	2015	2016	2017	EU (latest available)
Agricultural employment as % of total employment	29.40	--	--	--	5.00
Agricultural enterprises (No. of Farms)	1,133,520.00	1,133,220.00	1,133,740.00	1,133,780.00	--
Forest area (% of land area)	29.51	29.82	30.12	--	38.08
Agricultural production per capita (index 2005)	125.75	117.10	122.25	--	--
Catches in all fishing regions (Tonnes live weight)	2,199.51	4,842.56	7,173.99	9,553.18	5,145,541.86
Aquaculture production (Tonnes live weight)	10,676.97	11,015.77	12,585.48	12,798.04	1,259,832.85
Gross nutrient balance on agricultural land - Phosphorus (Kilogram/ha)	-2.00	-1.00	-2.00	--	2.00
Gross nutrient balance on agricultural land - Nitrogen (Kilogram/ha)	-1.00	9.00	4.00	--	51.00
Gross value added of the agricultural industry (% of total VA)	5.30	4.80	4.50	4.80	1.60

Environment and Climate

	2014	2015	2016	2017	EU (latest available)
GHG emissions level (emissions in 1990=100)	46.97	47.68	--	--	77.88
Employment in the environmental goods and services sector	169,504.00	158,771.00	164,358.00	147,710.00	4,451,000.00
Resource productivity (Euro per kilogram, chain linked volumes (2010))	0.30	0.30	0.30	--	2.07
GHG emissions in non-ETS sectors (base year=100)	96.10	98.80	96.90	98.30	89.20
GHG emissions in non-ETS sectors, distance to EU 2020 target	-22.90	-20.20	-22.10	-20.70	-1.50
Value added in the environmental goods and services sector (% of total VA)	2.80	2.44	2.58	--	2.27
Employment in the environmental goods and services sector (% of total employment)	20.74	19.57	20.37	17.92	22.74

SME/midcap

	2014	2015	2016	2017	EU (latest available)
Share of SMEs with Access to Finance Difficulties (%)	42.38	22.60	16.00	28.39	17.54
Availability of Private equity (Thousand euro)	88,830.51	147,068.60	147,919.39	495,780.59	67,350,185.55
Availability of Venture Capital (Thousand euro)	5,302.51	1,833.60	3,022.83	5,604.64	6,100,548.37

- Country average for "GDP per capita (EUR, PPS)" is calculated in real terms
- EU value for "Bank-interest rates to non-financial cooperations" corresponds to Euro Area average; Country average is the simple average between 2003 and 2007
- The EU value is displayed as the value in the year that corresponds to the latest value of the indicator in a particular country

Other indicators³

Key project characteristics	Expected value at PCR
EIB/EFSI eligible investment mobilised [MEUR]	42.00 MEUR
External EFSI multiplier	2.80
External EIB (non-EFSI) multiplier	
Amount of private financing [MEUR]	27.00 MEUR
Sum of number of employees of all final beneficiaries (no additionality) (Relative to the SME/Mid-Cap share)	915
Allocation volume dedicated to SME/Mid-Caps [%]	100.00 %
Co-financing with national promotional banks [MEUR]	0.00 MEUR
Co-financing with structural funds (ESIF) [MEUR]	0.00 MEUR
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc) [MEUR]	0.00 MEUR

³ For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website. The abbreviation PCR stands for Project Completion Report. If applicable, a difference between the amount of Project investment costs and EIB/EFSI eligible investment mobilized might derive from the fluctuation of the underlying exchange rate.