

## EFSI Operation Scoreboard<sup>1</sup>

<b>PROJECT PRESENTATION</b>	
<b>Project name</b>	AGRICULTURE AND BIOECONOMY PROGRAM LOAN II
<b>Promoter and financial intermediary</b>	ACCEPTABLE CORPORATE(S)
<b>Country of implementation</b>	Regional - EU countries
<b>Summary project description</b>	<p>The proposed Programme Loan (PL) will fund eligible investments in Agriculture/Bioeconomy sectors promoted by eligible companies and cooperatives in EU countries. The Agriculture/Bioeconomy industry is a key contributor to economic growth, particularly in the rural and coastal regions. Smart and sustainable management of bio-based value chains also plays a vital role in food security, healthy diets and resilience to climate change. At the same time, these sectors produce valuable inputs for bio-based industries that are critical for greening the economy and reducing reliance on fossil fuels.</p> <p>The Agriculture/Bioeconomy sectors have an annual turnover of around EUR 2.3 trillion, equal to about 4.2% of the EU's GDP and 18 million of employees, equivalent to some 8% of the total EU workforce. In addition, according to the 2018 EC updated EU Bioeconomy Strategy, the deployment of a sustainable European Bioeconomy would lead to the creation of a minimum of 1 million new jobs by 2030.</p> <p>The nature of the Agriculture/Bioeconomy sectors, combined with the technological risks of the most innovative segments (bio-based industries and innovative food and feed ingredients) constrain the access to finance of enterprises active in these segments. In spite of the sector size and its key role in the EU economy, the sector is dominated by small companies and cooperatives with investments that are usually small and therefore difficult for EIB to target with direct lending. These small projects are indirectly supported by the EIB through Multi Beneficiary Intermediated Loans (MBILs) with commercial banks throughout the EU. The proposed PL is expected to target larger investments, hence further increasing the Bank's impact in the relevant sectors which are relatively underserved by the financial sector.</p>

<sup>1</sup> 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 [...].

The proposed PL will finance eligible investments promoted by private companies and cooperatives operating in the Agriculture/Bioeconomy sectors, including food security, nutrition and blue bio-economy.

Project costs will range from EUR 15m to EUR 200m. The lower end threshold for individual operations has been reduced compared to standard PL rules given the expected demand for smaller sub-loans.

The proposed PL aims to:

- increase the availability of financing for the Agriculture/Bioeconomy sectors, and mainly reach out to new counterparts for the Bank;
- address the market failures of limited financing availability to most of the enterprises active in the Agriculture/Bioeconomy;
- accelerate and further mobilise private sector investments, by complementing and diversifying their financing sources;
- support growth and competitiveness of EU corporates/cooperatives, with a positive social impact preserving and creating employment, especially in rural and coastal regions.

## PROJECT PILLAR ASSESSMENT

### Pillar 1

Contribution to EU policy	Significant
<b>Cross-cutting objectives</b>	
EIB Cohesion Priority Regions / Economic and Social Cohesion	45.00%
Climate Action	20.00%
<b>EFSI</b>	
Contribution to EFSI	100.00%
EFSI: Sustainable agriculture, forestry, fishery, aquaculture and other elements of the wider bioeconomy	100.00%
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### Pillar 2

Quality and soundness of the project	Good
1. Growth	[...]
2. Promoter capabilities	[...]
3. Sustainability	[...]
4. 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 sustainability<sup>2</sup>;
- (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	[...]
3. Advice	[...]

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.

<sup>2</sup> 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 related to sustainable agriculture, forestry, fishery, aquaculture and other elements of the wider bioeconomy; the operation will offer support by way of direct debt finance to companies active in Bioeconomy/Agriculture. Around 20% of the operation is expected to contribute to the Climate Action objectives of the EIB. Equally, the operation will address the objective of supporting less-developed regions and transition regions as 45% of the operation will 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 Programme Loan addresses the market failure and sub-optimal investment situations related to the limited availability of long-term financing and alternative funding sources in the Agriculture/Bioeconomy sectors. Companies active in these sectors are subject to the volatility in commodity prices and this results in high uncertainty for investors and constrains access to finance. These sectors are also highly impacted by adverse climate change events such as flooding, fires, drought, etc.

The sub-operations are 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 typically senior unsecured loans which will present a longer tenor than other 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 be providing long term financing and a quality stamp on each project. Therefore, the EIB operation is expected to crowd-in private sector financing.

Most of the borrowers are expected to be new clients of the Bank.

## Set of indicators related to the macroeconomic environment

### Regional - EU countries - Economic environment

#### Economic Performance

	EU 2018	EU 2018	US 2018	EU 2001-2007
GDP per capita (EUR, PPS)	30,935.11	30,935.11	43,569.11	29,363.37
GDP growth (%)	1.96	1.96	2.85	2.27
Potential GDP growth (%)	1.60	1.60	2.23	2.10
Output gap (% of potential GDP)	0.61	0.61	0.74	0.93
Unemployment Rate (%)	6.60	6.60	3.90	8.55
Unemployment Rate (%) - Y/Y change (% points)	-0.60	-0.60	-0.20	-0.25
Bank-interest rates to non-financial corporations (%)	1.26	1.26	--	3.90
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.06	-0.06	--	-0.02
Investment rate (GFCF as % of GDP) - Total	20.54	20.54	20.84	21.38
Investment rate (GFCF as % of GDP) - Public	2.85	2.85	3.30	3.05
Investment rate (GFCF as % of GDP) - Private	17.68	17.68	17.53	18.33

#### Agriculture/Forestry/Fisheries

	2014	2015	2016	2017	EU (latest available)
Agricultural employment as % of total employment	5.00	--	--	--	5.00
Agricultural enterprises (No. of Farms)	--	--	--	--	--
Forest area (% of land area)	37.91	38.00	38.08	--	38.08
Agricultural production per capita (index 2005)	--	--	--	--	--
Catches in all fishing regions (Tonnes live weight)	5,382,682.76	5,145,541.86	--	--	5,145,541.86
Aquaculture production (Tonnes live weight)	1,250,208.27	1,259,832.85	--	--	1,259,832.85
Gross nutrient balance on agricultural land - Phosphorus (Kilogram/ha)	--	--	--	--	2.00
Gross nutrient balance on agricultural land - Nitrogen (Kilogram/ha)	--	--	--	--	51.00
Gross value added of the agricultural industry (% of total VA)	1.70	1.60	1.60	1.70	1.60

#### Energy

	2014	2015	2016	2017	EU (latest available)
Energy consumption from renewables (%)	16.19	16.71	17.02	17.52	17.52
Energy consumption from renewables - distance to EU 2020 target (%)	3.81	3.28	2.97	2.47	2.47
Energy dependence (%)	53.50	--	--	--	53.50
Primary energy consumption (consumption in 2005 =100)	88.10	89.40	90.00	--	90.00
Energy intensity of the Economy (kg of oil equivalent per 1 000 EUR)	--	--	--	--	141.83
Primary energy consumption (Million Tonnes of Oil Equivalent)	1,508.60	1,531.90	1,542.70	--	1,542.70
Primary energy consumption (Million Tonnes of Oil Equivalent) - distance to EU 2020 target	25.60	48.90	59.70	--	59.70

## General Sector Indicators

	2014	2015	2016	2017	EU (latest available)
Value added in Crop and animal production, hunting and related service activities (% of total VA)	1.42	1.33	1.31	1.39	1.39
Value added in Electricity, gas, steam and air conditioning supply (% of total VA)	1.90	1.86	1.86	1.81	1.81
Value added in Manufacture of food products; beverages and tobacco products (% of total VA)	2.04	2.09	2.11	2.11	2.11
Employment in Crop and animal production, hunting and related service activities (% of total employment)	4.64	4.43	--	--	4.43
Employment in Electricity, gas, steam and air conditioning supply (% of total employment)	0.55	0.54	0.53	--	0.53
Employment in Manufacture of food products; beverages and tobacco products (% of total employment)	2.12	2.13	--	--	2.13

- 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 indicators<sup>3</sup>

Key project characteristics	Expected value at PCR
Start of works	01.01.2019
End of works	31.12.2025
Project investment cost [MEUR]	1,600.00 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	1,540.00 MEUR
External EFSI multiplier	2.20
External EIB (non-EFSI) multiplier	
Amount of private financing [MEUR]	900.00 MEUR
Quick start (% of expenditure during 2015-2018) [%]	
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]	
Energy efficiencies realised [MWh/a]	0.00 MWh/a
Climate Action indicator	20.00% Contribution to climate change adaptation (transversal)
Employment during construction - temporary jobs [person years]	8,000 person years
Employment during operation - new permanent jobs [FTE]	1,000 FTE

<sup>3</sup> 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.