

Agriculture and bioeconomy

Unlocking production potential in a sustainable and resource-efficient way

Agriculture is essential to livelihoods and food security. It is also a primary basis for local entrepreneurship, employment and social development in many countries around the world. Linked to it, the bioeconomy uses renewable biological resources from land and sea to produce not only food but also materials and energy, making resource-efficiency and the transition to a low-carbon economy possible.



EUR 30.5 bn

in financing throughout the bio-based value chains and for natural capital protection from 2013 to 2017

Both the agriculture and bioeconomy sectors need to invest in new business opportunities, adapt to challenges, and innovate. This requires access to finance, in particular long-term finance. As the EU bank, the European Investment Bank (EIB) supports the rural economy to benefit entrepreneurs and society as a whole. And we do it sustainably.

56 000 loans

worth EUR 6.4bn, to agriculture and fisheries through our partner banks from 2013 to 2017

From seeds to people

The world looks to agriculture and agribusiness to increase productivity and efficiency against the backdrop of limited natural resources and growing environmental challenges. Our holistic approach fosters innovation and sustainable growth in the agricultural, food and fisheries value chains.

We encourage cross-sectoral interaction, for example with the water sector, to join forces and tackle future challenges efficiently.

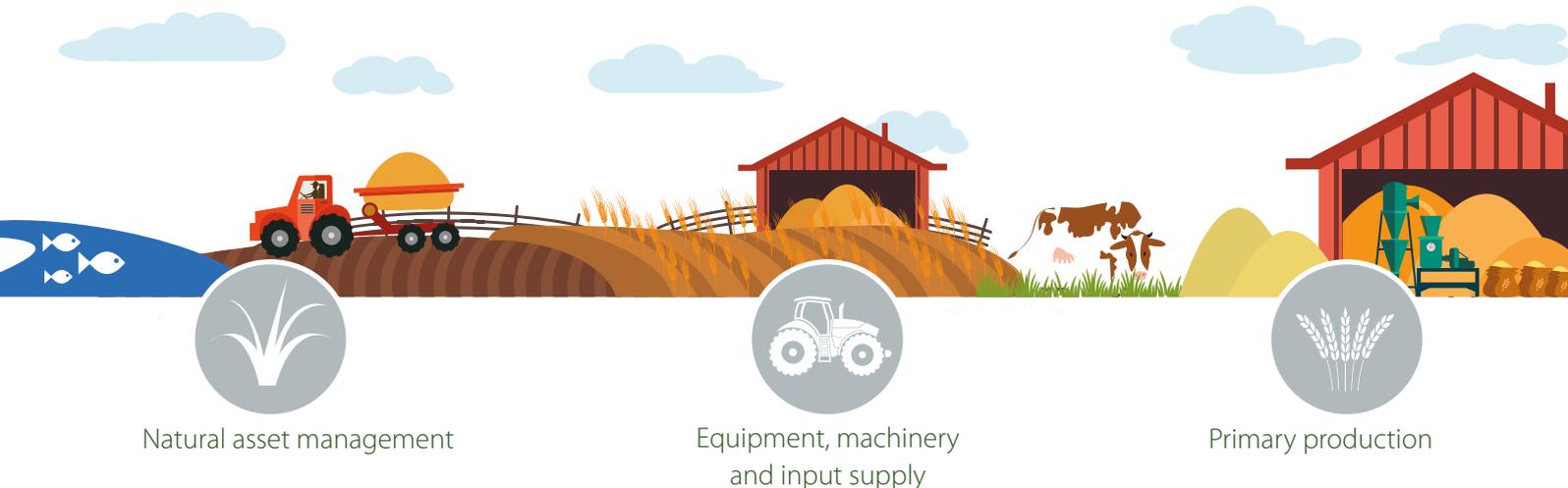
We are also a major partner for circular economy investments inside and outside the EU. We help upgrade manufacturing facilities and support research and development to improve resource efficiency in bio-based sectors or to encourage the replacement of fossil fuel products with biological materials.

Our approach is aligned with EU standards and priorities. As a public bank, we support financially viable, technically sound projects that are consistent with our environmental and social policy. We require the best available technologies to be applied in projects we finance.



Support for bio-based value chains accounts for around **10%** of the EIB's overall annual lending

“We finance projects across the agricultural, fisheries, food and forestry value chains.”





19 operations totalling **EUR 671 m**
 for the bioeconomy with the support of the Investment Plan for Europe from July 2015 to the end of 2017

possible for the Bank to invest in projects with a high risk profile that also have a high developmental impact. The envelope steps up our engagement in agribusiness development, and boosts local currency loans and rural microfinance investments. This enables the Bank to reach previously underserved populations.

We work in partnership with the International Fund for Agricultural Development and the Food and Agriculture Organisation of the UN. These collaborations help us build greater prosperity and ensure food security for vulnerable people around the world. Together we share knowledge, implement joint projects and provide financial instruments to help smallholders unlock their potential and address investment gaps in agricultural value chains.

As a member of the family of multilateral development banks, we use our own financing to attract the financial

resources and risk-sharing capacity of other partners to achieve the successful implementation of the UN Sustainable Development Goals. We share the firm commitment of the world's public banks to supporting future investment that unlocks green growth, combats climate change and its impacts, uses marine resources sustainably and achieves food security and improved nutrition.

Thanks to the Investment Plan for Europe, the EIB Group has additional risk bearing capacity to significantly increase the scale of riskier projects inside the EU and neighbouring countries. This joint initiative with the European Commission enables us to contribute to reviving investments in strategic projects around Europe, including those in the agri-food sector.

We cooperate closely with the European Commission's services in the areas of food production, environment, climate and rural development.

Together we go far

To maximise our impact, we team up with other institutions, often combining our finance with technical assistance or grants.

In Africa, the Caribbean and the Pacific, the Impact Financing Envelope makes it

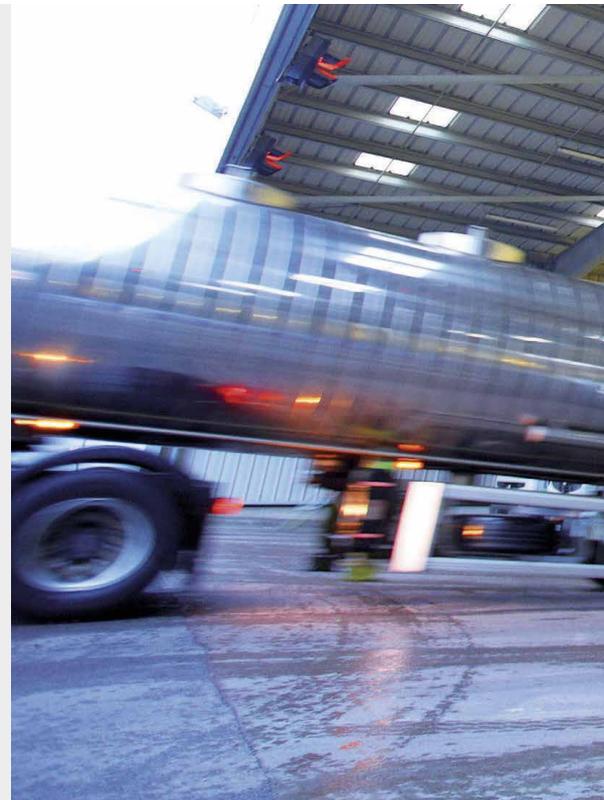


Support for farmers and SMEs in the agricultural, agri-business and forestry sectors

The **European Investment Fund (EIF)** is part of the EIB Group and manages various risk financing programmes on behalf of the European Commission, the EIB and local managing authorities to help improve access to finance for small and medium-sized enterprises (SMEs). SMEs make up an important part of the agricultural sector and the EIF has already supported some 110 000 businesses in this field since 2000. The EIF works with its financial intermediary network to make loans available on favourable terms and to provide equity investments.

The launch of the FOSTER initiative (Fonds de Soutien aux Très petites Entreprises Régionales) for the Occitanie region of France, and an initial transaction signed with Banque Populaire du Sud, is expected to result in EUR 67.5m of loans to farmers and SMEs in the agricultural, agribusiness and forestry sectors being provided on advantageous terms.

The EIF is now working closely with policy makers and local authorities to develop more targeted agricultural programmes for SMEs.



Our focus

Food quality and security

The world population is set to surpass nine billion by 2050. This population growth is expected to increase demand for food substantially over the coming decades, with diversified and protein-rich diets becoming more popular as a result of higher incomes in developing countries. We will back investments in modern, sustainable agriculture and food production to address these challenges and to secure access to high-quality food. We top off our support to food quality and security with investments in best-practice food logistics, storage and quality control.



No wasted water for Croatian fish

PP Orahovica had one 1 000 hectare fish pond in eastern Croatia. The company used to export the fish using special trucks outfitted with liquid oxygen and thermally insulated basins. "You deliver 10 tonnes of fish, along with 10 tonnes of water. After delivery, you've just lost 10 tonnes of fresh water," says Marko Rašić, president of its supervisory board. The company got a EUR 1.4m grant from the EU and a 14-year EUR 4.4m loan from HBOR, a Croatian bank that's a long-term intermediary for EIB financing. That helped finance a plant to process the fish so they don't have to be transported live.



Sustainable and inclusive rural development

We provide finance to national and regional governments implementing their rural or agricultural development programmes. This includes support for modern infrastructure such as the roll-out of rural broadband, which is crucial for the economic activity and

competitiveness of rural enterprises. By backing young farmers via SME credit lines, we support them with taking over and modernising a farming business. Smallholders, women farmers, micro-enterprises and other firms aiming to diversify their farming business also receive assistance. All these activities provide a boost to rural areas, sustainable family incomes and growth.

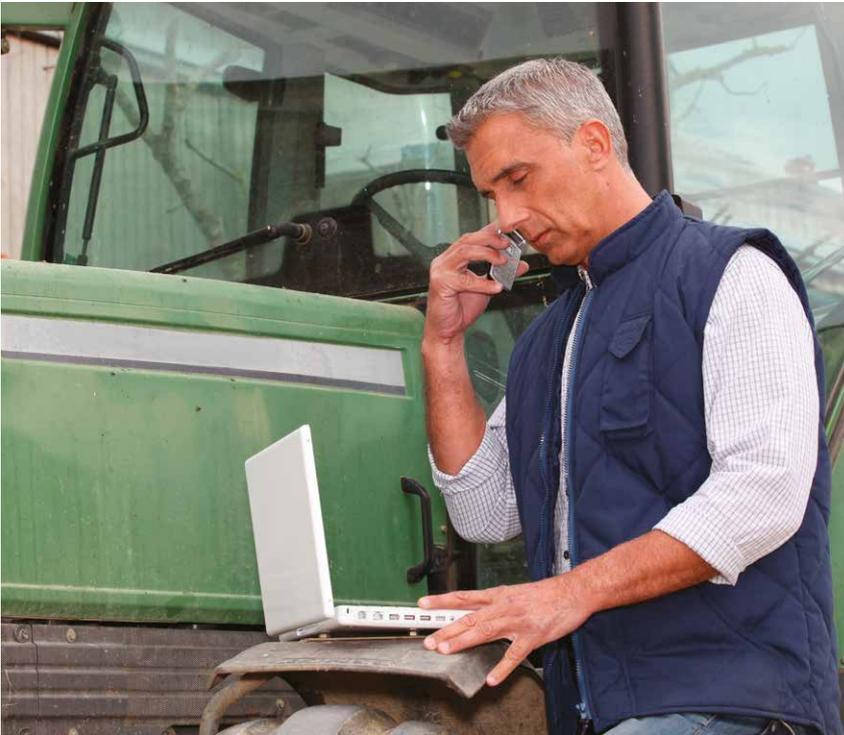
French fruit finance

The food producer *Il était un fruit* managed to expand its market share of dried fruit sales in southern France thanks to an interest-free seed loan implemented under the successful JEREMIE Languedoc-Roussillon initiative.

This SME has joined forces with one of France's biggest retail companies and its specialty products are now available in Toulouse, Marseille and soon Paris.

Financial support to help this agricultural SME grow was made available thanks to the EIF's partnership with CREALIA, a financial intermediary based in Montpellier that also provides in-depth mentoring for young enterprises.





Connecting to the landscape in Ireland

The poets of rural Ireland can now add the words accessibility and connectivity to their pastoral odes. The innovative young Irish company **enet** saw an opportunity to link Ireland's small rural businesses to the internet, allowing them to remain competitive and become a source of growth for rural communities. An EIB loan of EUR 12m supports enet's development and its ambitious projects.

Climate-smart production

Changing weather patterns brought on by global warming threaten already fragile ecosystems, cropping, livestock and fisheries, particularly in low-income countries where adaptive capacity is weak. Food security and rural livelihoods are at risk. For us, investments in climate-smart natural asset management are key to the sustainability of rural regions. We finance afforestation, soil erosion prevention, coastal protection and projects to restore degraded lands and ecosystems. We also invest in energy- and water-efficient irrigation schemes, when there's proof, for example, that demand-side water management has been considered and that projects are consistent with our environmental and social policy.

Another key area of intervention to mitigate climate impacts is support for communities and enterprises with regard to income diversification and climate-smart production in a bid to reduce the detrimental impact of weather events on food security.

Furthermore, our activities support the sector in reducing greenhouse gas emissions to mitigate climate change.



Rice for Senegal

In Senegal, rice cultivation is limited, even as consumption booms. Each person eats 100 kg per year and rice is second only to fuel in terms of national expenditure on imports. The Compagnie Agricole de Saint Louis aims to produce rice on a large scale in the Senegal River delta, putting arable land to use and creating the conditions to mill and store up to 60 000 tonnes of rice per year. In addition to producing paddy rice, the company will also buy from local farmers and employ locals to operate and maintain the large farm and rice mill. To help the company achieve greater scale, the EIB and African Development Bank (AfDB) each contributed loans of EUR 15.7m.



Behind Belgian research

Sustaining world-leading home-grown innovation in the agri-food sector is key. A EUR 45m EIB loan will enable Puratos, a company at the forefront of the food industry to extend its RDI programme concerning healthier and more nutritious components, food processing and shelf-life extension. This is our second operation with Puratos, which will also target fermentation-based products and food ingredients for the bakery, pâtisserie and chocolate sectors.



Innovative and resource-saving solutions

Producing more with fewer inputs is essential. In times of limited resources, productive use of by-products and waste recovery is essential to competitiveness and sustainable value chains. We help clients investing in or developing innovative production, processing and distribution technologies, as well as in the bio-plastics and green chemistry sector. Our support goes to investments that ensure less resource-intensive production, reduce food losses, turn waste and by-products into resources or replace fossil fuel-based products with biological materials.



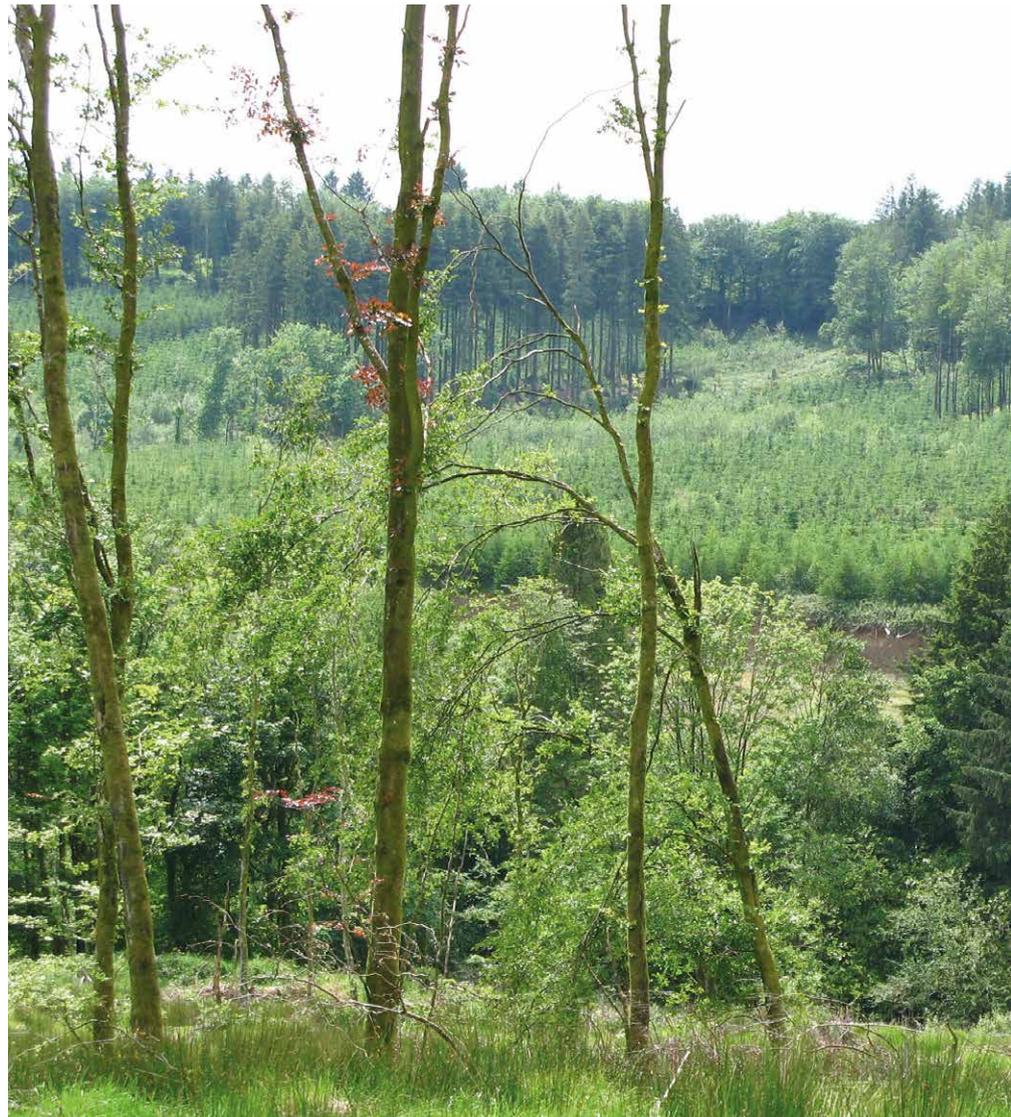
A sweet deal in Mauritius

Our EUR 8m loan is helping to build a distillery for sugar processing, a venture which employs 50 people. With 90 000 tonnes of molasses available from Omnicane's sugar mill and from other sugar factories on the island, the company can produce up to 24 million litres of bioethanol that can be used as a fuel additive to reduce the amount of gasoline needed to power a car's engine. The company also processes the bioethanol to produce alcohol for the food industry and for medical use.



Forest-based bioeconomy

The EIB's vision in the forestry sector is widening to include the objectives of the circular economy, bioeconomy, and climate change mitigation and adaptation in addition to employment creation and economic growth. The forestry projects we finance include forest-based industries and services (e.g. pulp and paper, sawmilling, wood-based renewable raw materials, the furniture industry, biomass-based combined heat-power plants, logistics and the wood supply chain). We also support investments that protect remaining natural forests, rehabilitate degraded forests, ensure productivity gains on existing plantations, and expand the area of sustainably managed forests around the world to fulfil the needs of the future bioeconomy.



145 000 ha

of new forest plantations
established by EIB-financed
projects each year



Support for the Irish forest value chain

The EIB is financing Coillte Teoranta, the state-owned Irish forestry company, in its forestry operations for the 2016-2020 period. This entails replanting existing forest over approximately 35 000 ha, development of nurseries, road improvements, and the maintenance and upgrading of 1 000 km of publicly accessible walking routes and mountain bike trails in various locations around Coillte's fully FSC-certified 440 000 ha estate. The company is the custodian of significant biodiversity resources and is responsible for many amenity and recreation sites which are valued both by local communities and tourists from further afield. Alongside support from the Common Agriculture Policy, we helped finance Ireland's afforestation programmes with a series of loans through the 1980s and 1990s, which are now the basis for a vibrant indigenous industry, a valued amenity and recreational resource, and one of the fastest growing forest estates in Europe. In addition we supported the development of the Medite MDF manufacturing facility with a loan of IEP 11m in 1992.

Finance for EU rural development programmes

We support the Member States in co-financing national or regional budgetary contributions to their rural development programmes implemented under the European Agricultural Fund for Rural Development (EAFRD). Thanks to the EAFRD, each Member State receives a financial contribution from the EU that has to be supplemented with its own financial means. Having secured EIB financing for investment-related measures under such programmes, the regional and national authorities are able to launch public support schemes – enabling farmers and rural businesses to implement their investment plans. Under this framework, in 2016 we signed EUR 1.35bn in loans leveraging EUR 8.2bn of investments in Poland, Hungary and Slovakia.

fi-compass, a unique platform for advisory services on financial instruments, also runs training courses and workshops on the EAFRD to help public authorities reap the benefits of financial instruments (www.fi-compass.eu).



Our products

The EIB Group's offer is flexible, meeting the needs of the entire food and agriculture value chains. We offer a wide range of financing products for farmers, small to large food and agribusiness companies and the public sector. We also invest through a diverse range of intermediaries. Our financing partners in local markets all around the world include venture

capital and private equity funds, banks and guarantee institutions, and microfinance providers.

Within the EIB Group, the EIF, building on its experience and in support of the EU's policy of shifting from grants to financial instruments, is now piloting the deployment of financial instruments under the

EAFRD across the EU Member States. At present, three instruments are being developed: a portfolio guarantee, a risk-sharing loan and a microfinance lending product. Equity instruments may also be developed based on market needs.

EIB	EIF
<ul style="list-style-type: none"> • project loans deliver long-term financing on favourable terms for sound and sustainable investments. These loans can cover up to 50% of the total cost for public and private sector promoters, including cooperatives. • intermediated loans – implemented by our financial partners – facilitate access to finance for microenterprises, SMEs and midcaps promoting projects of a smaller size not usually served by the EIB through its project loan offer. • equity and fund investments stimulate and catalyse private capital. We make selective investments in funds with a focused investment strategy addressing EU priority objectives, including in the Africa, Caribbean and Pacific and Mediterranean regions. • advisory support for EU managing authorities wishing to develop financial instruments through the EAFRD or European Maritime and Fisheries Fund (EMFF), including targeted coaching of managing authorities and technical advice and guidance under fi-compass, but also tailored advice on financial instruments from ex-ante assessment to fund structuring and implementation. 	<ul style="list-style-type: none"> • portfolio guarantee instruments provide beneficiaries with more favourable conditions (for example reduced interest rates and/or collateral requirements) on loans and leases. Financial intermediaries obtain risk protection on a loan by-loan-basis (guarantee rate) and coverage of losses on the portfolio up to a maximum amount (guarantee cap). Managing authorities in EU Member States benefit from leverage of approximately three to four times the national/regional contribution, because the catalysed private resources add to the volumes disbursed in the economy. • Risk-sharing loan instruments support eligible recipients by offering more favourable conditions on loans through reduced interest rates and/or collateral requirements. Financial intermediaries benefit from improved liquidity through the loan provided to them from the EU programme and national/regional contribution. For an EU managing authority, the leverage effect depends on the pre-agreed risk-sharing rate. • microfinance loan instruments for microcredit providers result in enhanced access to finance for small farm holdings and rural populations. • financial instruments implemented through fund-of-fund management activity in collaboration with EU managing authorities create market impact by taking into account the needs of the agriculture sector and financial intermediaries.

Our product offer is continuously adapted in line with market demand and as we add new products to our portfolio. For more information on the products available visit the websites of the EIB (www.eib.org/agriculture) and the EIF (www.eif.org/agri).

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We make a difference through our:

Comprehensive scope	wide range of tailored instruments
Catalytic effect	encouraging additional private and public sector investment
Expertise	providing advisory services and helping our counterparts meet high standards

EIB Group at a glance

The European Investment Bank (EIB) is the European Union's bank. Owned by the 28 EU Member States, the EIB provides finance and expertise for sound and sustainable investment projects in over 160 countries. As the world's largest multilateral borrower and lender by volume, climate action is a key priority for the EIB.

