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European Union

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**NOTE**

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From: General Secretariat of the Council  
To: Council

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Subject: EC-EIB co-operation in agriculture and rural development within the EU  
- *Information from the Commission*

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Delegations will find attached an information note received from the Commission services on the above mentioned subject to be dealt with under "Any other business" at the meeting of the Council (Agriculture and Fisheries) on 20 April 2015.

***CO-OPERATION BETWEEN THE EUROPEAN COMMISSION AND THE EIB GROUP IN  
THE FIELD OF AGRICULTURE AND RURAL DEVELOPMENT***

On 23 March 2015, the European Commission and the EIB held a joint high-level conference on the co-operation between the two institutions in the fields of agriculture and rural development. The event launched the implementation of the work programme under the Memorandum of Understanding (MoU) that was signed by the two institutions in July 2014.

The conference was opened by Commissioner Phil Hogan, who stressed the importance of financial instruments (FIs) as a delivery tool of rural development support. There is a strong need in Europe to ease access to funding for farmers, agri-food processors, and rural businesses. The Commissioner urged Member States to use FIs in areas where additional funding is needed – especially where farmers face market shifts or restructuring challenges (e.g. in the dairy sector). MS' assessments of the need for launching FIs in their respective rural development programmes (RDPs) should take full account of the value added associated with this form of support - such as leverage ( the drawing-in of additional private capital to the EU money spent through FIs).

Member States are invited to give more emphasis to using Financial Instruments in their RDPs for the period 2014-2020. Whilst RDP approval is progressing, a further shift toward using FIs should be envisaged in first RDP modifications. EIB Vice-President Wilhelm Molterer outlined the rationale behind the EIB's financing for agriculture and rural businesses, as well as the opportunities that exist in relation to the European Agricultural Fund for Rural Development (EAFRD) and the management of FIs by the EIB Group. He confirmed the EIB Group's readiness to support the implementation of the EU's rural development policy in various ways:

- through ensuring lending for the national / regional co-financing of RDPs;
- through undertaking *ex ante* assessments for setting up FIs under the EAFRD;
- through managing FIs under the EAFRD on behalf of Member States;
- through providing specific sector-oriented lending (i.e. credit lines) for farmers from specific agricultural sub-sectors as part of its operational work (e.g. young farmers).

The EIB Group, and in particular the European Investment Fund (EIF), are now offering a model Guarantee instrument, to help ease access to finance for farmers and other rural businesses. Managing authorities may adapt this model to set up guarantee funds within their RDPs under the EAFRD - to secure loans for investments in farm performance, processing and marketing, business start-ups and many other areas. If the managing authorities so wish, they may entrust management of the guarantee funds to the EIF. For that purpose, they have to contact the EIF or EIB and express their willingness to work with them on the matter.

The event also saw the presentation of the work programme for 2014-2016 under the MoU where additional efforts will be made by the EIB to develop a FI scheme for forestry, an area in which investments are currently not widely covered by such delivery tools.

The event confirmed the role that the *fi-compass* platform will play in developing methodological guidance for managing authorities and the Commission in the field of FIs, in particular under its EAFRD stream.

Finally, it was announced that the first European *fi-compass* conference on financial instruments under the EAFRD will take place on 23-24 June in Dublin (Ireland).

## **Background**

According to the rules governing the EAFRD, Member States and regions may include financial instruments (such as guarantee funds, revolving funds and equity funds) in their seven-year RDPs when the usefulness of doing so is demonstrated *ex ante* by a specific assessment.

However, in the RDPs presented by the national and regional authorities so far, only modest provision has been made for using financial instruments, owing in part to a lack of familiarity with them.

A RDP which does not include financial instruments from the beginning may still be modified at a later stage to foresee such an inclusion.

The MoU work programme also covers the Commission's research on agriculture, agri-food and forestry, as well as the EIB's normal lending activities to projects in the farm sector or rural areas.