

# Rural Pact Conference

15-16 June 2022



# Financial Instruments to support Rural Areas

Making a difference in Rural Areas by supporting access to finance



# Doing more and better with less

## Grants



## Financial instruments



\*On aggregate based on 2020 transactions. Depending on the instrument and the transaction, the leverage achieved can range from 4x to 40x.  
Source: EIF Annual Report 2020.

# Addressing the market gaps

## Market driven solutions for lenders and investors in small businesses

### Factors adversely affecting access to finance, usually even more in Rural Areas

<b>Information asymmetry</b>	<p>Small businesses are often too small (lacking information) for banks to assess their risk</p>	<p>Highly innovative small businesses may be too disruptive for banks or funds to be able to assess risk and potential</p>	<b>Sharing risk</b>
<b>Regulatory environment</b>	<p>Bank capital adequacy ratios have led to a scarcity of capital and a decline in lending to higher risk small businesses</p>		<b>Providing capital relief</b>
<b>Economic environment</b>	<p>Smaller banks can face liquidity issues</p>	<p>Private investors can shy away from venture capital and private equity asset classes, especially in times of market downturn</p>	<b>Providing funding</b>
<b>Convergence &amp; EU competitiveness</b>	<p>Small businesses in emerging sectors can lack access to funding opportunities or specialised financing partners</p>	<p>Europe remains structurally behind other major markets in terms of the scale of VC investments</p>	<b>Building ecosystem</b>

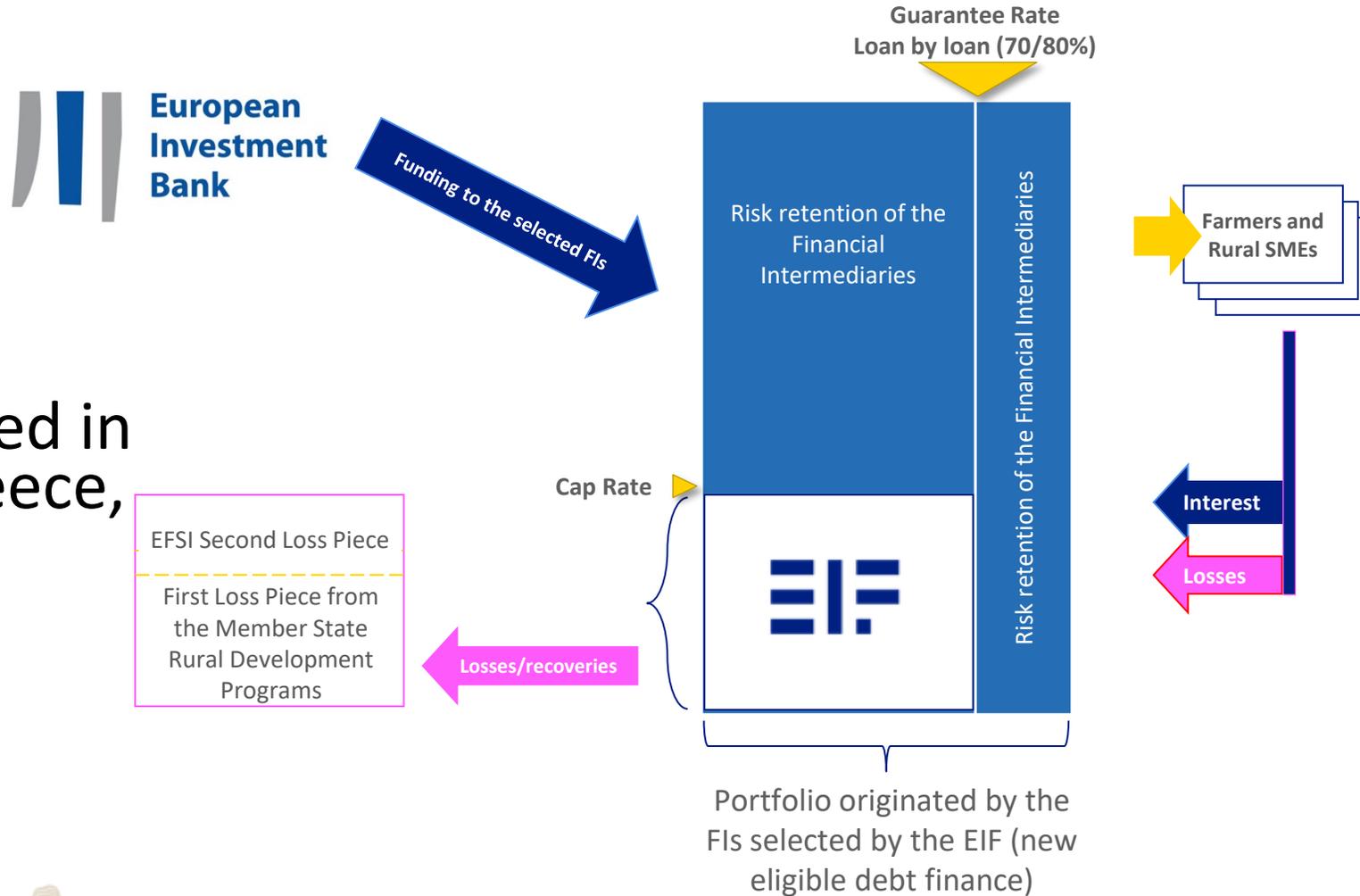
# A financial instrument for Rural Areas

Capped Guarantee supported by EAFRD combined with EFSI and EIB Funding



**EIB** #Believe InSmall

Financial Instrument implemented in France, Greece, Portugal

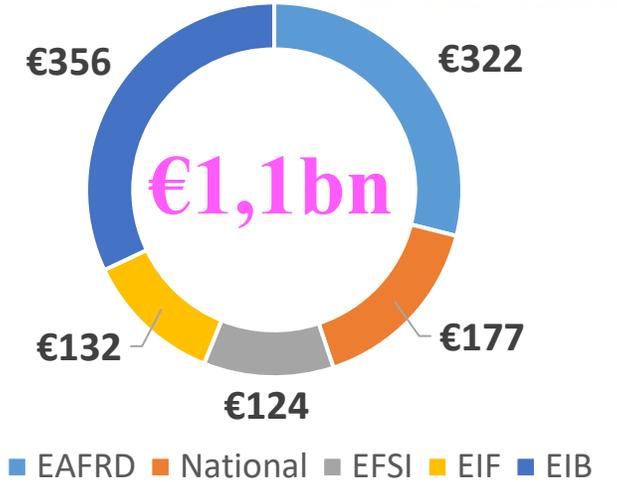
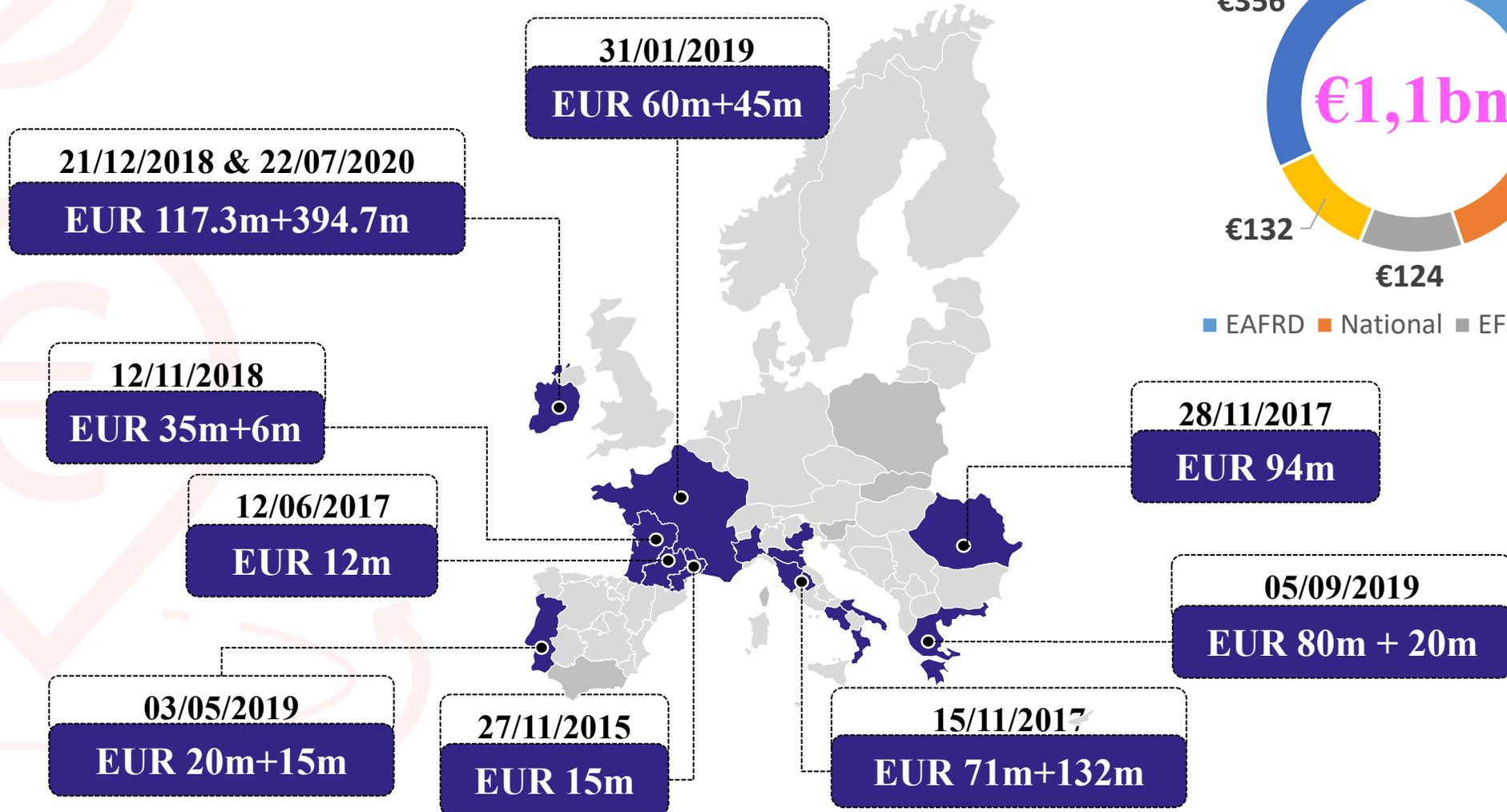


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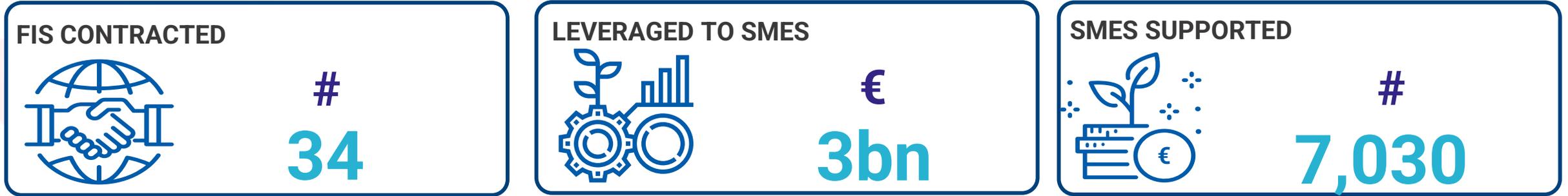


## EAFRD/national mandates – update Q4 2021





## EAFRD/national mandates – update Q4 2021



Member State / Region	Leveraged to SMEs	SMEs supported	Committed to SMEs
Languedoc-Roussillon	EUR 67.5m	396	EUR 45.1m
Midi-Pyrénées	EUR 54m	421	EUR 47.3m
EAFRD Romania	EUR 162m	735	EUR 96.2m
AGRI Italy Platform	EUR 391m	53	EUR 11m
ALTER'NA (Nouvelle-Aquitaine)	EUR 190m	571	EUR 89.9m
EAFRD Portugal	EUR 315m	164	EUR 63m
EAFRD Greece	EUR 460m	228	EUR 15.2m
INAF (FR)	EUR 1,100m	3,189	EUR 396.8m
Future Growth Loan Scheme (IE)	EUR 320m (EUR 800m total)	1,273*	EUR 247.3m*

# Lessons learnt

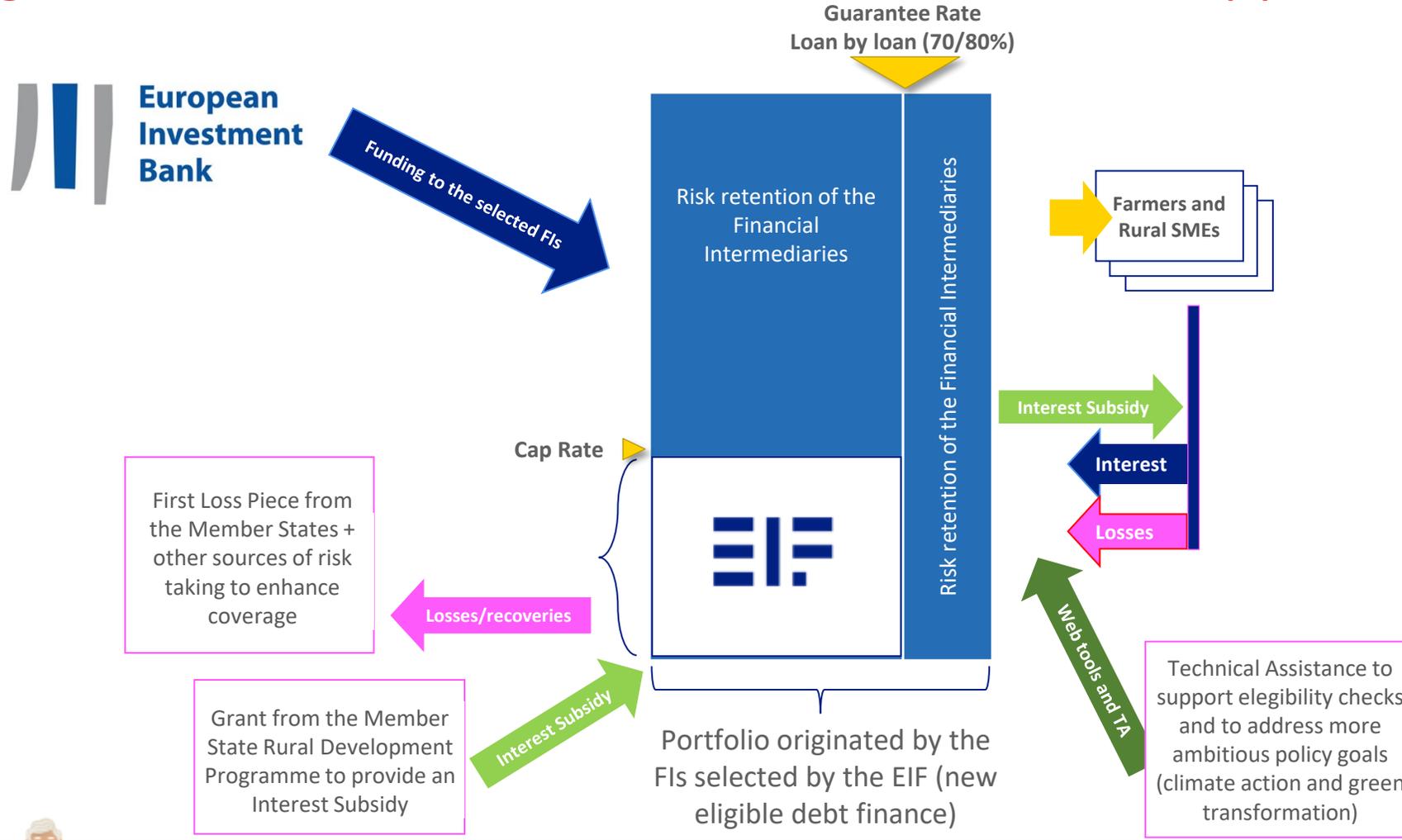
- ✓ Combination is difficult and cumbersome (regulatory framework, administrative requirements)
- ✓ Farmers and Rural SMEs need support, but the market gap requires also Financial Intermediaries to build capacity
- ✓ Market assessment and positioning of the financial instrument
- ✓ More combination is needed, in particular of different – systematically integrated – forms of support

# What's next

## Combining Financial Instruments with other forms of support



#Believe  
InSmall



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A scenic landscape featuring rolling hills, a small town, and mountains in the background under a cloudy sky. The text "Thank you" is overlaid in the center.

Thank you