InvestEU Scoreboard [1]

Presentation of the financing or investment operation

Implementing Partner: EIB

Name of the Operation: AGRICOVER LOAN FOR SMES III

Type of approval: Individual financing or investment operation

Name of the financial intermediary: AGRICOVER CREDIT IFN SA

Country(-ies) of implementation: Romania

Short description of the financing or investment operation:
MBIL operation with a repeat financial intermediary to finance small scale projects promoted by micro SMEs operating in the agriculture sector in Romania.

The operation supports a small, specialized intermediary to provide in turn medium-long term financing support for most-needed structural investments of microfinance entrepreneurs in the Agricultural sector in Romania, mostly in Cohesion Regions.

Public Statement

The Operation will support the InvestEU objective of promoting social investments, specifically in the form of microfinance. The scope is financing small scale projects promoted by micro SMEs (with fewer than 10 employees) operating in the agriculture & bio-economy sector in Romania. The Project is in line with the EIB Group's core strategic priority of supporting agriculture and bioeconomy.

The operation will be delivered via an intermediated loan to AGRICOVER CREDIT IFN SA ("Agricover"), an experienced and specialised non-bank financial institution and a repeat intermediary of the EIB, operating exclusively in Romania. Entire Romania, with the exception of the capital Bucharest and the surrounding Ilfov county are composed of less-developed regions. Considering the above, the operation falls under the EIB's vertical Public Policy Goal (PPG) of "SME and Midcap financing" and horizontal PPG of "Economic and Social Cohesion".

The operation will address market weaknesses and failures related to the availability of financing for micro SMEs operating in the agriculture & bio-economy sector in Romania. For such SMEs, this project will ease the financial constraints that arise from information asymmetries caused by the lack of track record, insufficient farm net asset value to collateralize, as well as high screening costs for small investments. In addition, these projects address financial market inefficiencies 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. Micro SME segment is often overlooked by large lenders who focus on financing larger, well-established corporate borrowers. Therefore the segment face significant barriers in accessing credit, which is in turn hinders their investment capacity.

By expanding Agricover's lending capacity at favourable terms, the operation is addressing this market gap, enabling investments and thus supporting micro-SME's employment, sustainability, competitiveness and potential future growth.

The EIB's involvement is crucial, delivering funding diversification for the Intermediary and a transfer of financial benefit to final beneficiaries in the form of interest rate reductions. Being a non-bank financial institution and hence not having access to deposits, the ability of Agricover to continue providing financing to its customers depends primarily on its access to bank and IFI loans. The InvestEU support not only enables the proposed project, but also has a signalling effect to other lenders.

The project would not have been carried out by the EIB without the InvestEU support.

Pillar 3 - Market failure or sub-optimal investment situation addressed by the financing or investment operation

(1) This Scoreboard of indicators reflects the information presented to the InvestEU 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.

(Excellent)

Pillar 4 - Financial and technical contribution by the implementing partner **(Very Good)**

Pillar 5 - Impact of the financing or investment operation **(Very Good)**

Pillar 7 - Complementary indicators [2]

Key project indicators	Expected at PCR
EIB eligible investment mobilized	140.00 MEUR
Mandate eligible investment mobilized	140.00 MEUR
Mandate multiplier effect	736.84
Mandate leverage effect	263.16
Amount of private financing	90.00 MEUR
Sum of number of employees of all final beneficiaries (no additionality) (Relative to the SME/Mid-Cap share)	3,000
Percentage of EIB financing dedicated to SME/Mid-Caps	100.00 %
Co-financing with national promotional banks	0.00 MEUR
Co-financing with structural funds (ESIF)	0.00 MEUR
Less developed regions	100.00 %
Gender Tag	No Significant contribution to Gender Equality

Outputs	Expected at PCR
Lending volume allocated to final beneficiaries	50.00 MEUR
Duration of allocation period	36.00 months
Contribution to agriculture and bioeconomy	100.00 %

Outcomes	Expected at PCR
Number of sub-loans to final beneficiaries	1,000.00 Units
Average size of sub-loans to final beneficiaries	0.05 MEUR
Average initial tenor of sub-loans to final beneficiaries	72.00 months
Employment sustained - SMEs/Mid-caps	3,000 FTE
Employment sustained - SMEs/Mid-caps, including complementary financing by the intermediary (FTE)	6,000 FTE

(2) The abbreviation PCR stands for Project Completion Report. EIB internal methodologies are used in order to calculate the figures presented in this document. The Promoter’s estimates might differ.