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European Commission and European Investment Bank (EIB) sign Memorandum of Understanding for co-operation in agriculture and rural development

Commissioner for Agriculture and Rural Development Dacian Cioloş and Vice President of the European Investment Bank (EIB) Wilhelm Molterer signed today a Memorandum of Understanding (MoU) between the European Commission and the EIB for co-operation in agriculture and rural development in 2014-2020. The first of its kind in the field of agriculture, this MoU paves the way for common initiatives by both institutions, so as to stimulate rural development and boost the utilisation of financial instruments supported by rural development funds.

Commissioner Cioloş said: *"This Memorandum of Understanding will bring the agri-food sector closer to financial instruments needed to increase competitiveness and innovation. The financial instruments envisaged have a strong potential for supporting short supply chains, as well as for small farm structures and young farmers. Farmers will have easier access to funding to back their investment decisions, while Member States and stakeholders will also greatly benefit from the EIB's support and experience on financial instruments and strategic investment."*

Vice President Molterer said: *"The EIB has long-standing experience in agriculture, rural development and food security financing. Long-term lending conditions can encourage entrepreneurs in these sectors to implement business ideas that are difficult to finance out of the current short term cash-flow. And experience has shown that MoUs are very helpful reference guides for strengthening cooperation and developing future activities."*

The EIB will bring its experience in the development of financial instruments, which play an increasingly important role to support competitiveness and innovation in agriculture, forestry, and rural businesses. Under the MoU, the EIB will be able to advise Member States and regions in defining investment strategies and projects. The EIB will also put emphasis on agriculture and rural businesses in its operational programme and its interventions. In more concrete terms, the sort of instruments and interventions that might be covered are investments, pilot and demonstration projects, and innovative projects transferring research results and knowledge-sharing (in line with the European Innovation Partnership for "Agricultural Productivity and Sustainability"). A further example for potential joint cooperation would be the development of financial instruments supporting green infrastructure in rural areas and forestry, as well as the possibility of using EU-level financial instruments such as COSME and Horizon 2020.

The Memorandum of Understanding stresses the EIB's potential role in financing public and private projects, as well as financing national and regional public contributions to Rural Development Programmes. Thus, the EIB Group (i.e. the EIB and European Investment Fund) will also increase its presence in agriculture, agri-food and forestry, by facilitating feasibility assessments, market-gap analyses, and ex-ante assessments in the context of Rural Development Programming.

Background information

The European Investment Bank is the long-term lending institution of the European Union owned by the 28 EU Member States. It makes long-term finance available for sound investment in order to contribute to EU policy goals.

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