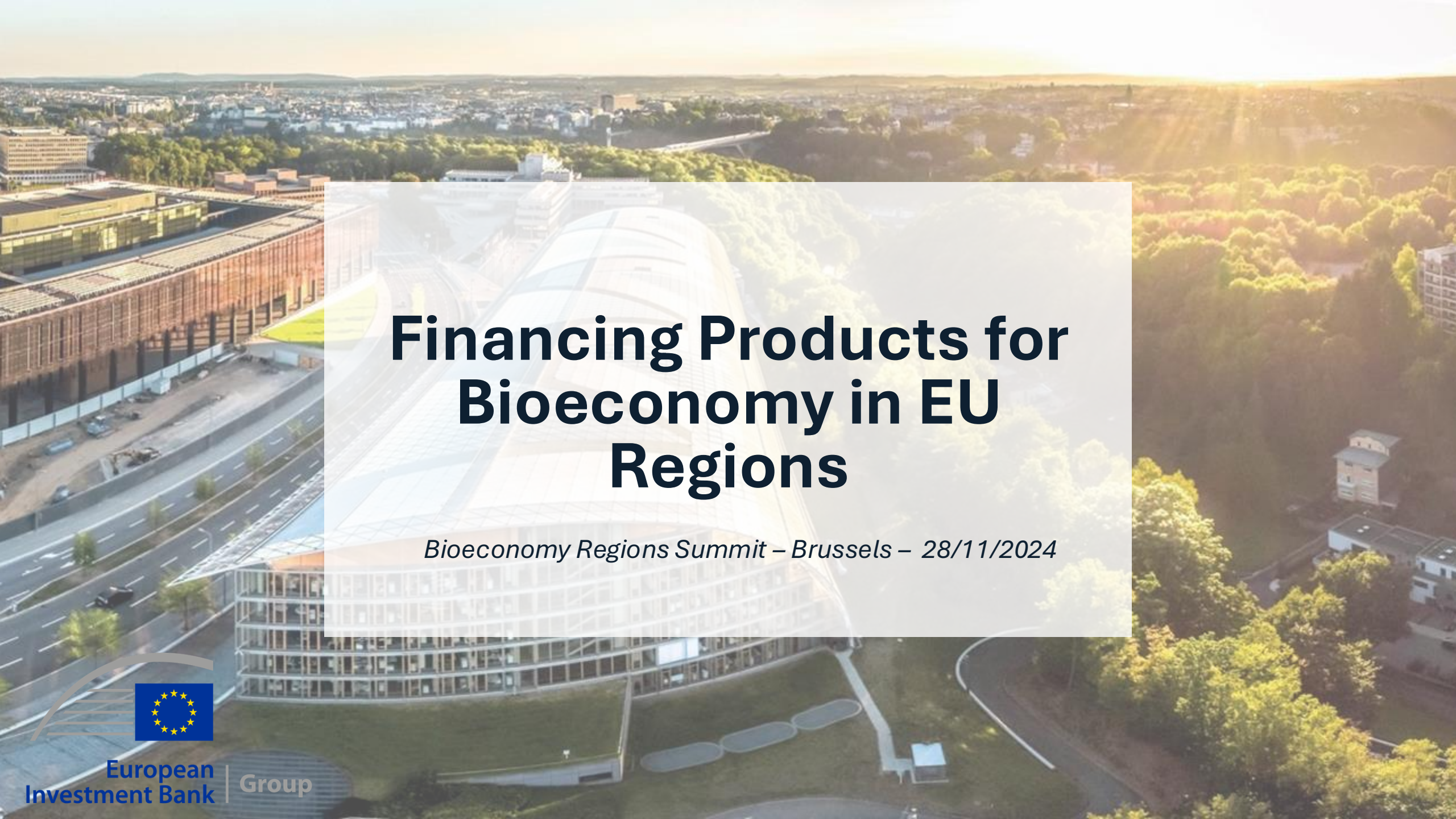

Financing Products for Bioeconomy in EU Regions

Bioeconomy Regions Summit – Brussels – 28/11/2024

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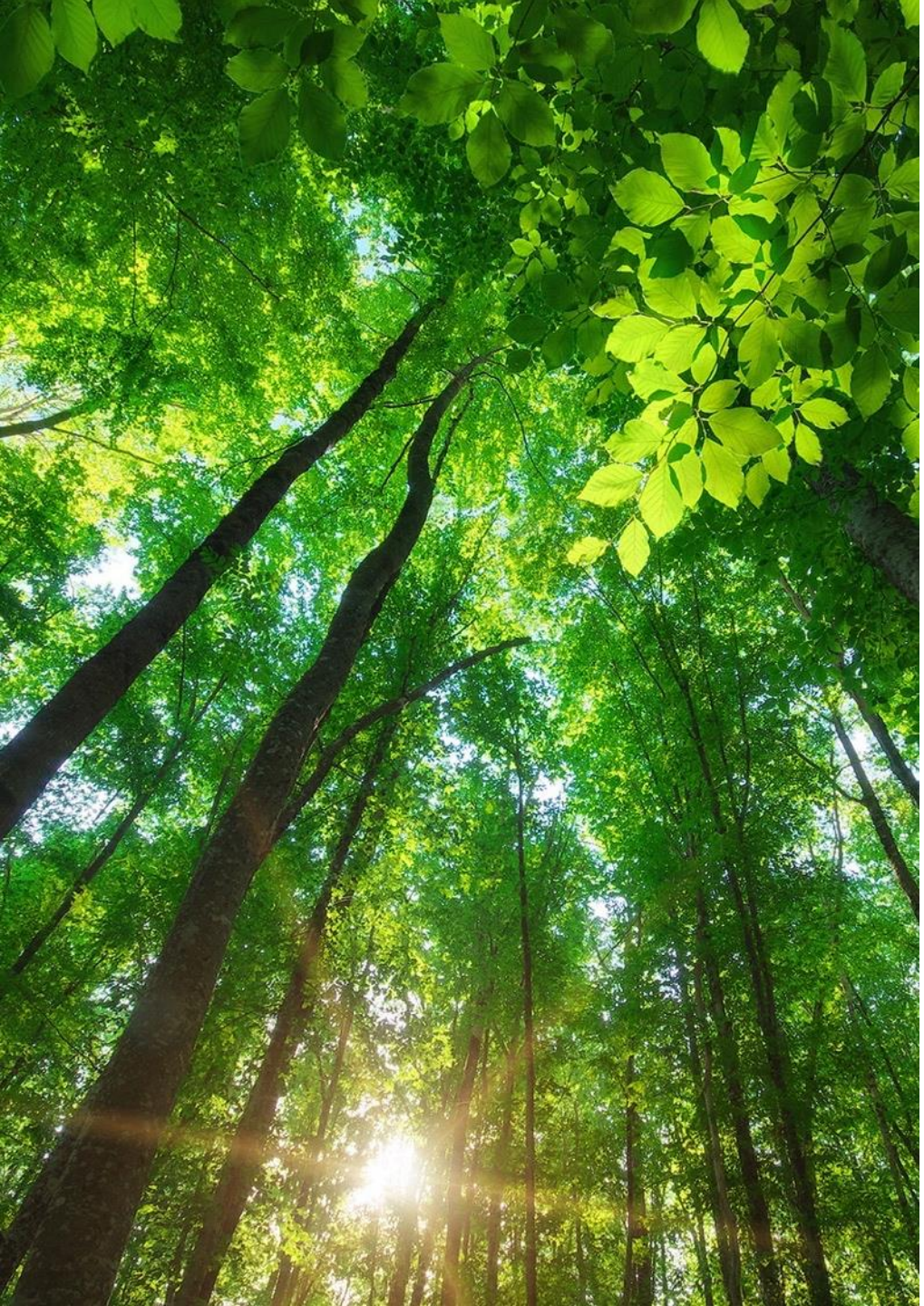

EIB is the EU climate Bank

Largest multilateral lender and borrower in the world

- We raise our funds on the international capital markets.
- We pass on favourable borrowing conditions to clients.

Over **€1.5 trillion** invested since 1958

- More than **14 000 projects** in over **160 countries**.
- Crowding-in bank: **€4.9 trillion** overall investment supported.

Committed to climate and environmental sustainability

- Targeting 50% of annual lending by 2025, and a total mobilisation of EUR 1 trillion of green finance in the critical decade to 2030
- Aligning all new financing with principles and goals of Paris Agreement

Headquartered in Luxembourg

- Around **4 273 staff**: In addition to finance professionals, we have engineers, economists and socio-environmental experts.
- **59 offices** around the world.

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Challenges for developing a regional EU Bioeconomy

Producing food and fiber for a growing population

- **Food security:** affordability, diversity and distribution
- **Poverty, health** and hunger
- **Biomaterials** and **bioenergy**

Providing a **livelihood** for bioeconomic players

- Rural areas are home to **55%** of EU citizens, but their economies are in decline
- **Equity:** asymmetries in the share of value added
- **Low profitability** of bioeconomy sectors
- **Trade,** (unfair) competition
- **Social fabric**: relaunch of **rural economies** and resilience of **rural populations; youth** and **gender**

Protecting the **environment** and **adapting to new climate**

- **Planet boundaries:** climate, pollution, water, biodiversity
- Increasing demand of **natural resources**
- increasingly **unfavourable weather conditions**

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A specific constraint: bioeconomy sectors are dominated by SMEs and highly fragmented

- The bioeconomy sector is characterized by its granularity and by a higher perception of risk by financial markets.
- This leads to additional financial constraints stemming from information asymmetries caused by the lack of track record of SMEs, insufficient net asset value, and high selection costs for small investments.
- The fragmentation of properties (particularly forestry) leads to economic inefficiencies and higher unit costs of investments (risks not pooled).

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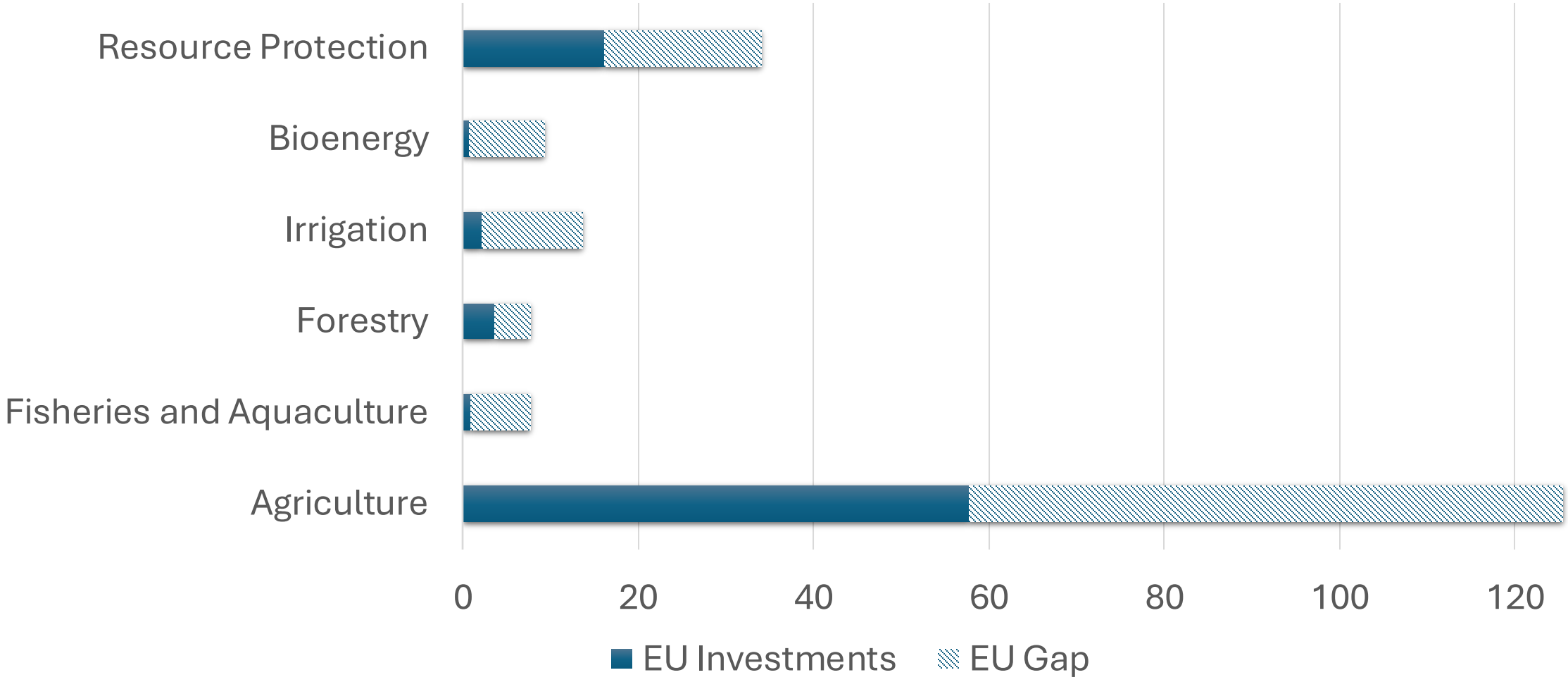
Bioeconomy investment needs in the EU exceed EUR 200bn/y

EIB Group can contribute to tackle sizeable investment gaps



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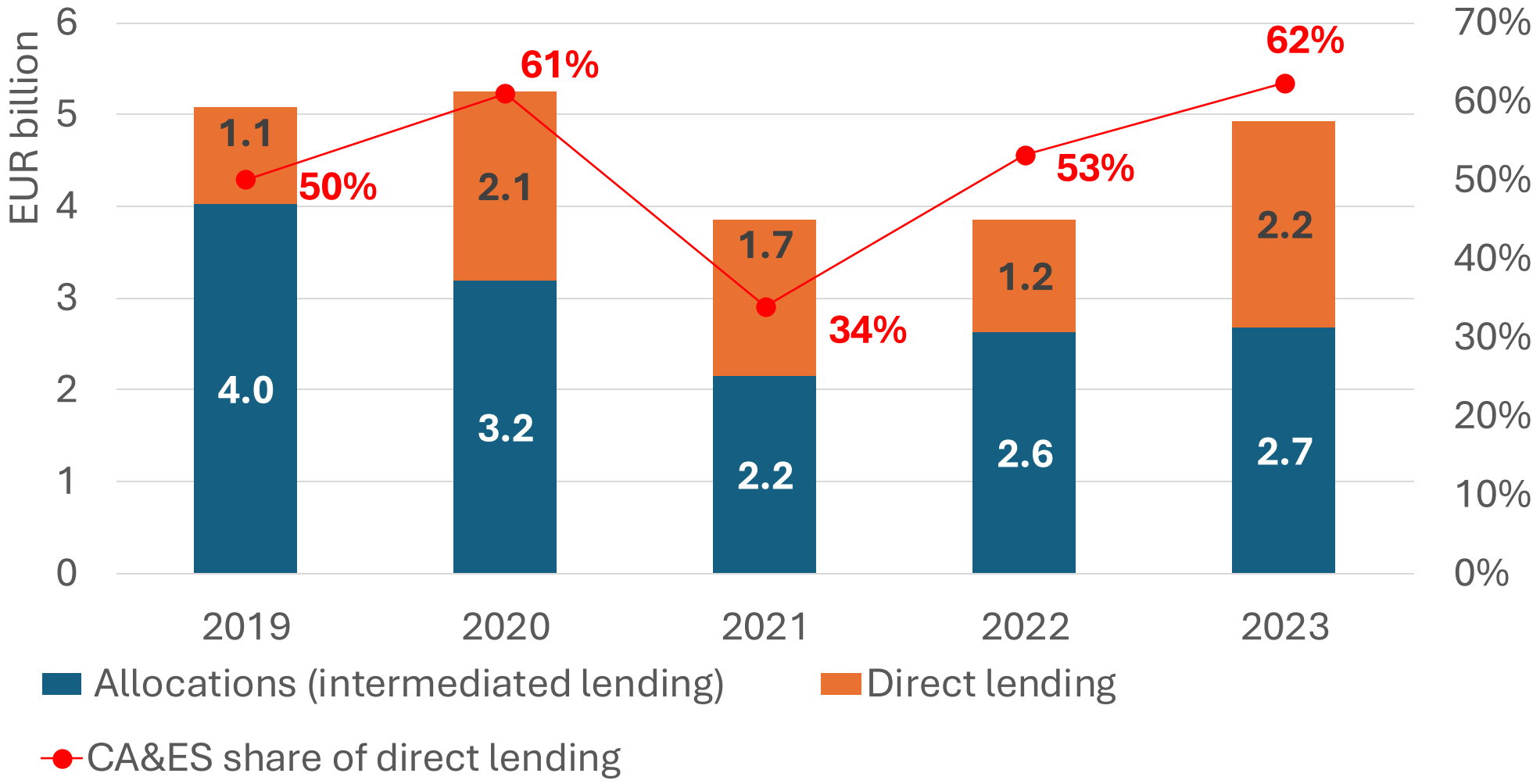
Source: EIB/PJ analysis on data from EC, Eurostat, European Biogas Association, Fi-compass, BlueInvest, various academic papers

At a glance: EIB activities in the bioeconomy

EUR 5bn per annum (2019-2023), 20% on average outside EU.



EIF complements EIB with investment of similar size, through its specific focus on SMEs and dedicated financial instruments.

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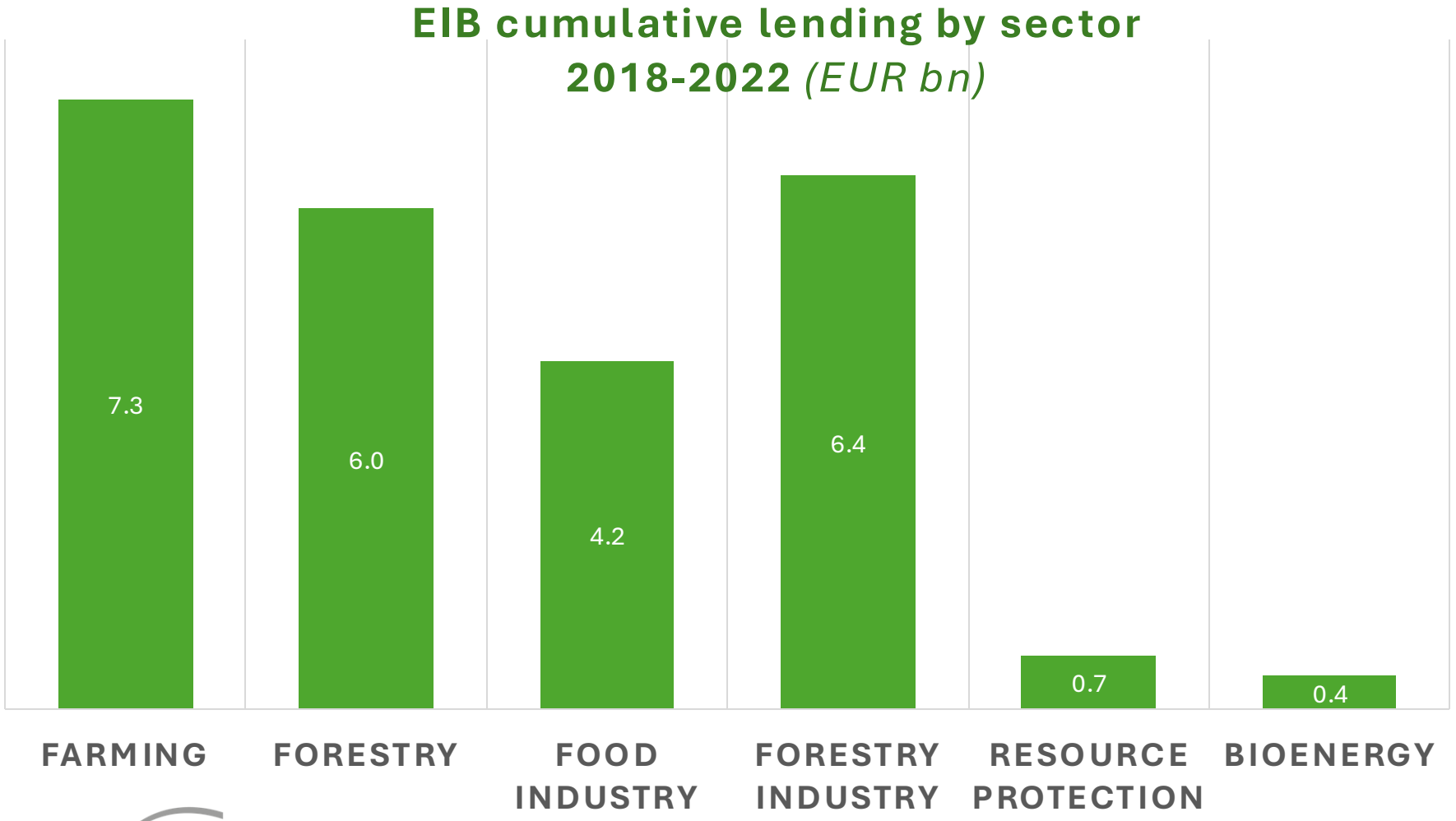
Our support to bioeconomy

Financing reached EUR 25bn in the past 5 years, through a range of products



Focus on **food quality and security**, sustainable and inclusive **rural development**, **climate-smart** production, **innovation, resource efficiency and forestry.**

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EIB Group Activity

Lending

Policy Windows:

- SMEs-Midcaps
- RDI for all type of promoters
- Sustainable Natural Resources use
- Sustainable Renewable Energy
- Territorial Integration: Sustainable Cities and Regions

- Climate Action + Environmental Sustainability
- Cohesion + Development Mandates

Blending

Advisory

INVESTEU
ADVISORY HUB

WORKSTREAMS
ERDF/CF
ESF+
EAFRD
EMFAF
AMIF

#ficompass

Jaspers
Joint Assistance to Support Projects in European Regions

Opportunities for an increased

EIBG activity in Agriculture

Support to farmers and agri-food SMEs

Through intermediated loans and other financial instruments, we provide liquidity lines for SMEs, farmers, (incl. young farmers) and cooperatives

Sustainable food production and innovative technologies

Increase food outputs and minimise environmental footprint, mitigate supply shortages, deploy climate-smart technologies and increase circularity

Lower risk to boost resilience of agriculture

Collaborate with EC, MS, insurers and funds to offer insurance or de-risking schemes for climate adaptation of agricultural systems.

Rural infrastructure

Enhance irrigation, digitalisation, harvesting, processing, storage and logistics

Payment for ecosystem services

Facilitate the private valorisation of enhanced environmental and climate services by agriculture, like carbon farming.

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Opportunities for an increased

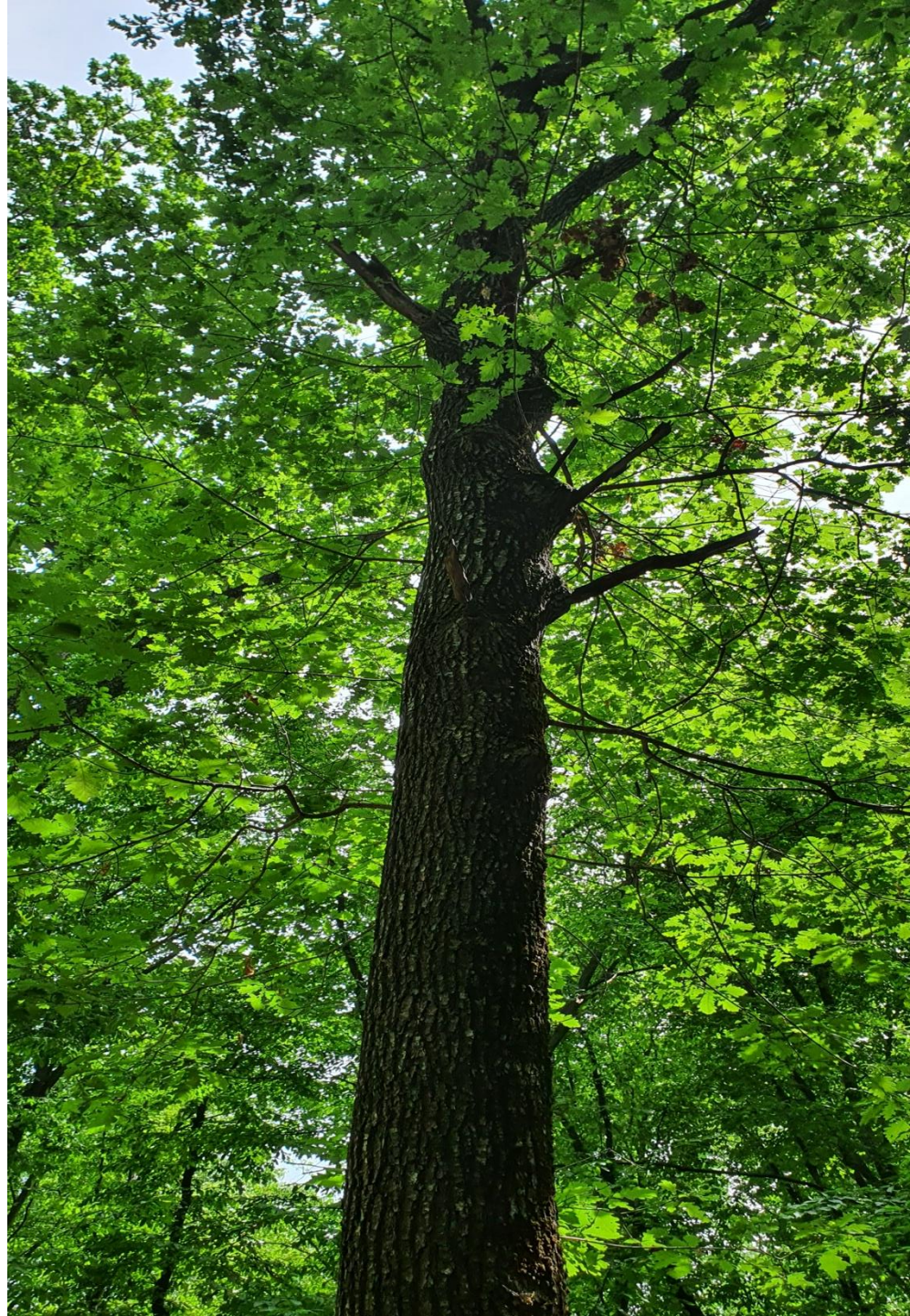
EIBG activity in Forestry

Primary sector:

- ✓ Sustainable forest management (SFM) incl. prevention of risks;
- ✓ Conservation/protection of natural resources;
- ✓ Restoration/rehabilitation of natural resources, biodiversity or ecosystems

Forest value chains:

- ✓ Modernization/upgrading processing industries (mainly pulp & paper)
- ✓ Decarbonization(e.g. energy islands, recovery boilers, biomass boilers etc.); Pollution reduction; Resource efficiency
- ✓ Recycled paper/packaging solutions, incl. conversion from paper to packaging
- ✓ Stand alone bioenergy projects e.g. CHPs Strategy)
- ✓ Production of sustainable HWP for construction sector mitigation



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Examples of projects financed

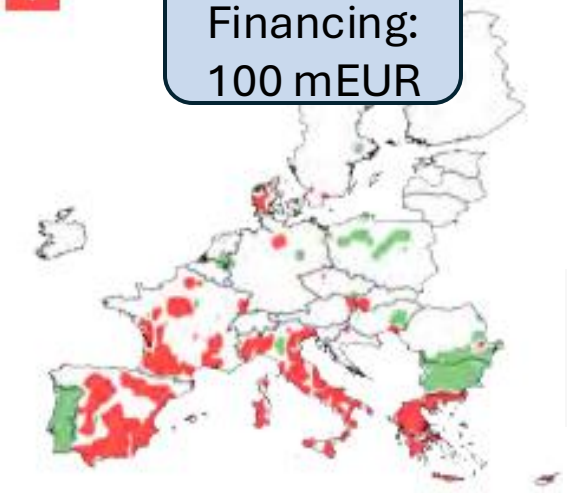
MBIL for irrigation

- Financing small and medium-sized projects.
- SMEs, Midcaps and comunidades de regantes.
- Upgrade of existing infrastructure to improve efficiency in both water and energy usage.

SPAIN

=

EIB Financing: 100 mEUR



Presence of SABADELL

Change in water demand for Agriculture (2050)

20% Adaptation

GHG emissions reduction: **from less electricity consumption and renewable energies adoption**

ca. 2 000 000 ha potential market mainly in the Mediterranean arch

Significant **positive externalities:**

- water improvements in efficiency of networks and equipment,
- adoption of more efficient equipment and renewable energies, enabling adaptation.

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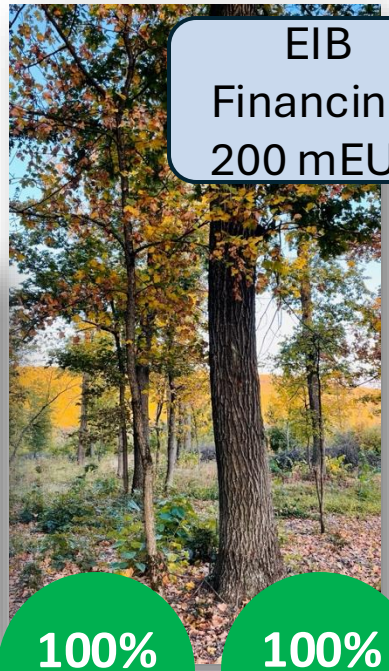
Moldova Forest Development Programme

First Sector Based Lending application in the Bioeconomy, supporting strategic forestry sector modernization.

- Governance, Capacity Building and Technology
- Forest Expansion and Landscape Restoration (63 200 ha)
- Integrated Project Management and Reporting System



100% CAES

100% SAB

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GHG emissions reduction: **1 272 kt CO2/year**

Enhanced regulatory and governance framework, improved capacities, infrastructure and equipment, restored degraded lands: (re-) afforestation 63 200 ha; Significant **positive externalities:** carbon sequestration, protection of soils, water retention improvement

Strategic Procurement Approach using the procurement assessment of Country and Country Reforms for implementation of the project

10,300 FTE created during implementation
Direct financial benefits through the sale of timber and firewood

RDI in New seeds varieties

Support research and innovation in breeding activities in agriculture for climate action adaptation.

EIB Financing: 464 mEUR

4 projects in EU

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100% Adaptation

Preventing **yield decline** as productivity increasingly threatened by more **frequent** and **harmful stresses.**

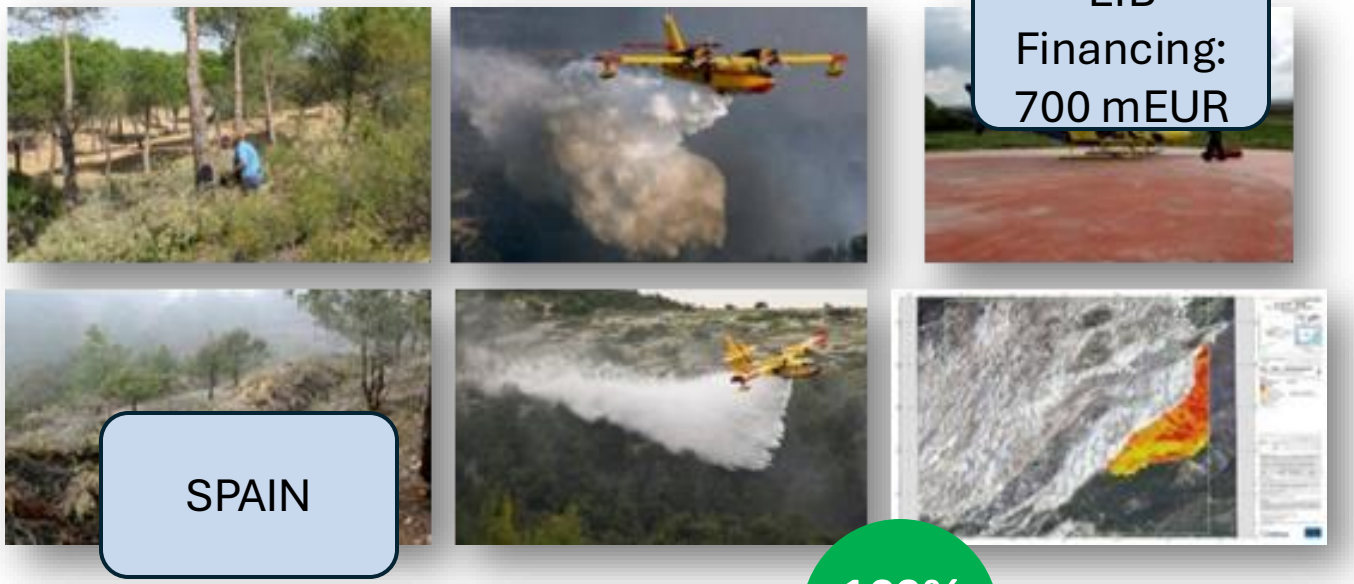
Accelerating **agroecology transition** Enhancing **Biodiversity** in a pool of germplasm.

Resource efficient crops mitigating the forthcoming **scarcity** of natural resources and **increasing demand** of crop products.

2 800 RDI jobs sustained per year in rural economy.

Wildfire prevention, mitigation and post-disaster recovery

Various Framework Loan operations (2010-2017) with Spanish National/Regional Governments focusing on preventative silviculture, surveillance and monitoring systems, forest rehabilitation/reforestation, and specialized fire-fighting equipment.



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100% CAES

Significant GHG emissions reduction

Forest rehabilitation: 390 000 ha
Reforestation/afforestation: 130 000 ha
Biodiversity conservation: 80 000 ha

Significant positive externalities: carbon seq., biodiversity conservation, support to local economies

Securing jobs in rural economy:
- **36 000 FTE** implementation phase
- **10 000 FTE** operation phase

Sustainable salmon production

Sustainable and innovative land-based recirculating aquaculture system for salmon production allowing further water savings compared to traditional aquaculture systems, improved fish welfare and feed conversion ratio, reduced environmental footprint and GHG, and biogas production.

EIB Financing: 48 mEUR

SWEDEN

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GHG emissions reduction:
26 ktCO2 eq/year

ASC certification - Chain of custody for soybeans –Insect and algae proteins as an alternative to fish meal - Reuse of by-products for pet food and sludge for biogas

Decreased environmental impact of salmon farming, water savings, and green-energy production

Securing jobs in rural area: 105 FTE

EAFRD Co-financing Andalucia RDP

The Project will finance modernisation of 1 405 farm holdings, climate-related investments in 961 agricultural holdings, as well as investments related to natural resources in another 708 holdings. It also targets 3 000 hectares of forestry area benefitting from better protection against weather and fire risks and enhanced ecosystems.

EIB Financing: 60 mEUR

SPAIN

72% CAES

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Agricultural projects that contribute to increasing the carbon stock in the soil or avoiding loss of soil carbon through erosion control measures

Enhanced financial profitability through EAFRD support.

The Project will secure existing jobs and create new ones in agricultural SMEs, food processing, forestry, rural tourism and local services in the broader rural economy.

177 FTE created + 35,000 farmers benefitting from the scheme

THANK YOU
European
Investment Bank | Group

EIB Pipeline for the Bioeconomy Sector

- **Intermediated Programme Loan / Guarantees:**
  - Addressing liquidity needs
  - New agriculture facilities in France amounting to € 420 million
  - New Pan-European Programme Loan
- **Direct Programme Loan:**
  - Launched of a new **Bioeconomy Programme Loan** for € 500 million under Own Resources / **Invest EU**.
  - Launched of a **Programme Loan for Thematic Finance** (Debt Type Operations and Equity Type Operations), partially dedicated to **Bioeconomy and biomaterials**.
  - Focus on Climate Action, Environment and Farm to Fork Strategy.
- **Investment Loans:**
  - Increase investments in **innovative agriculture technologies, RDI and infrastructure**.
- **Advisory Hub** to support the development of EIB's lending opportunities, in particularly in the area of financial instruments.

Intermediated Programme Loan - Young Farmers Initiative

Description

- Launch in 2019, the Programme Loan supporting agriculture-related SMEs and Mid-caps. The Programme includes a Young Farmer window of at least 10% of the loan amount. The Programme amounted to € 1 billion.

Implementation

- 98% of the financing has been signed with intermediary banks in Italy (€ 350 million for four operations), France (€ 375 million for three operations), Greece (€ 210 million for four operations) and Croatia (€ 20 million). 70% disbursed.
- 24% of the financing dedicated to Young Farmers and around 12% Climate Action.
- Working capital and biogas are eligible under the Programme Loan.

Direct Programme Loan

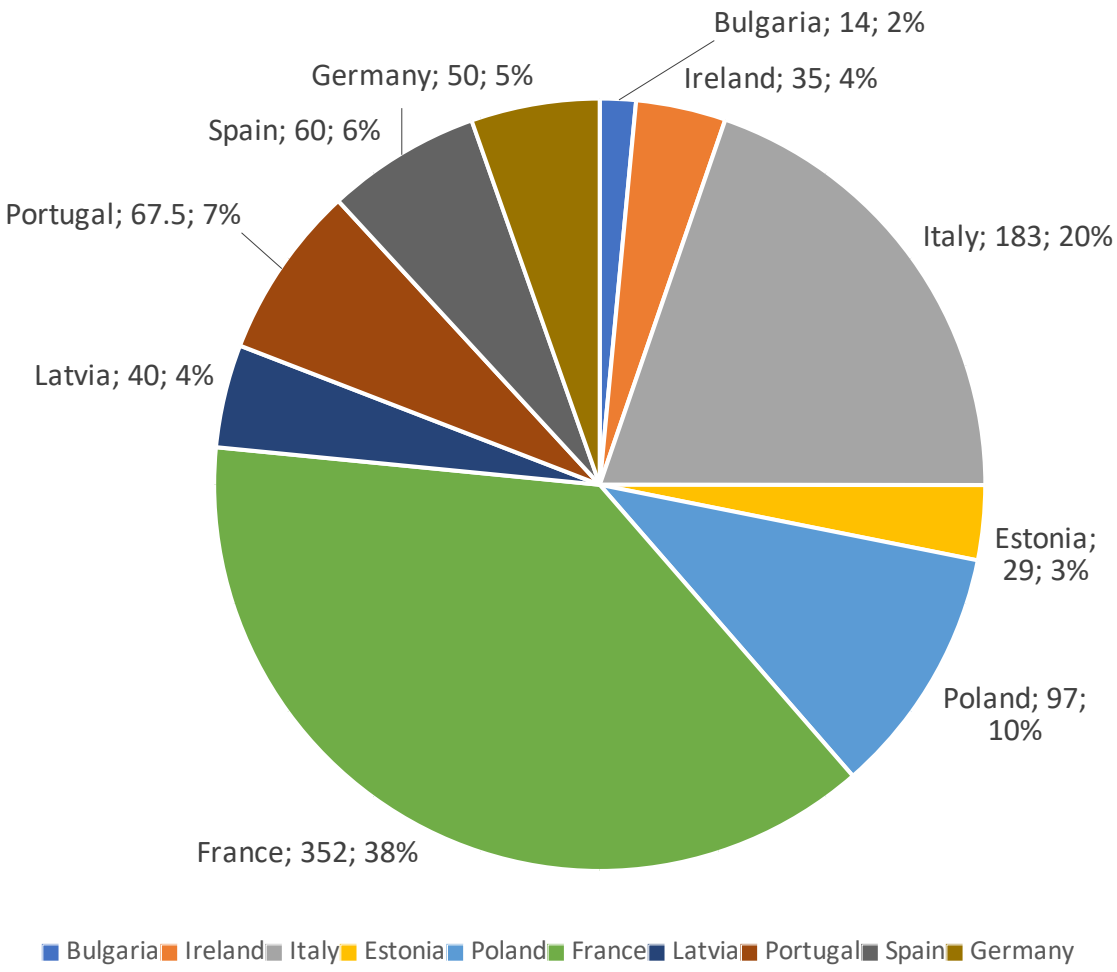
Description

Launched in 2018 the Programme Loan for € 400 million and was allocated under EFSI.

Second Programme Loan for €700 million approved 4Q2019 also under EFSI.

Implementation

First PL fully allocated through 11 projects, ranging from € 14-50 million.

Second PL allocated EUR 529 m (76%) to 13 operations of which 12 signed for EUR 489 m. Amount available EUR 171 m until 14/11/2023 under EIB Own Risk.

Approved amount