

## INVESTMENT OPPORTUNITIES FOR BIOECONOMY AT THE REGIONAL LEVEL



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2018 BIOREGIONS FORUM  
BARCELONA, SPAIN, 13. NOVEMBER 2018



# The EIB: the EU bank

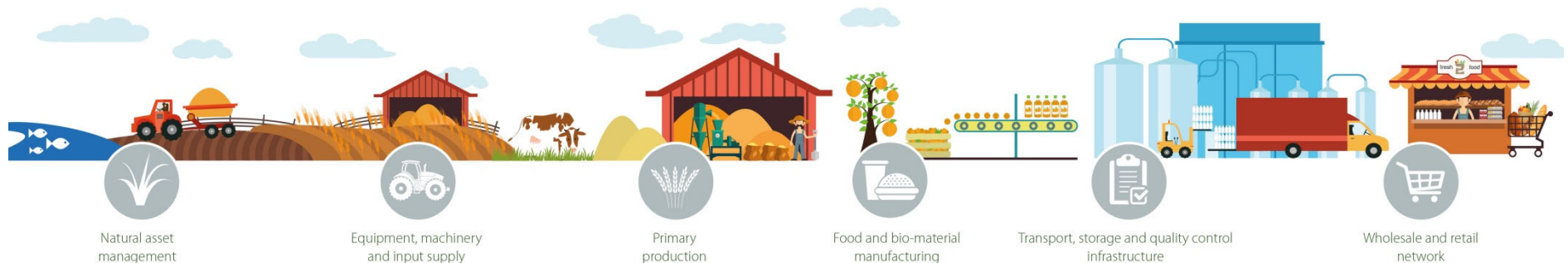


- ▶ Natural financing partner for the EU institutions since 1958
- ▶ Around 90% of lending is within the EU
- ▶ Shareholders: 28 EU Member States
- ▶ Priorities: environment, infrastructure, innovation, SMEs

**Investing in  
Europe's growth**

# Sector definition: bioeconomy

- Unlocking production potential in a sustainable and resource-efficient manner



## ➤ Counterparts/Beneficiaries/3<sup>rd</sup> parties:

- ✓ Any economic actor along the agriculture and bioeconomy value chain:
  - ✓ Farmers, fishers, forester and SMEs
  - ✓ Cooperatives
  - ✓ Agribusiness
  - ✓ Corporates active in bioeconomy up and down stream value chains
- ✓ Public Sector Institutions

# EIB lending products

## Project loans:

- To private companies (including mid-caps through dedicated Agriculture Program Loan) active in the bio-based industries
- To public entities or concessionary PPPs to invest in public, agriculture-related infrastructure

## Framework loans:

- Rural development programme loans: co-finance operational programs with European Agricultural Fund for Rural Development

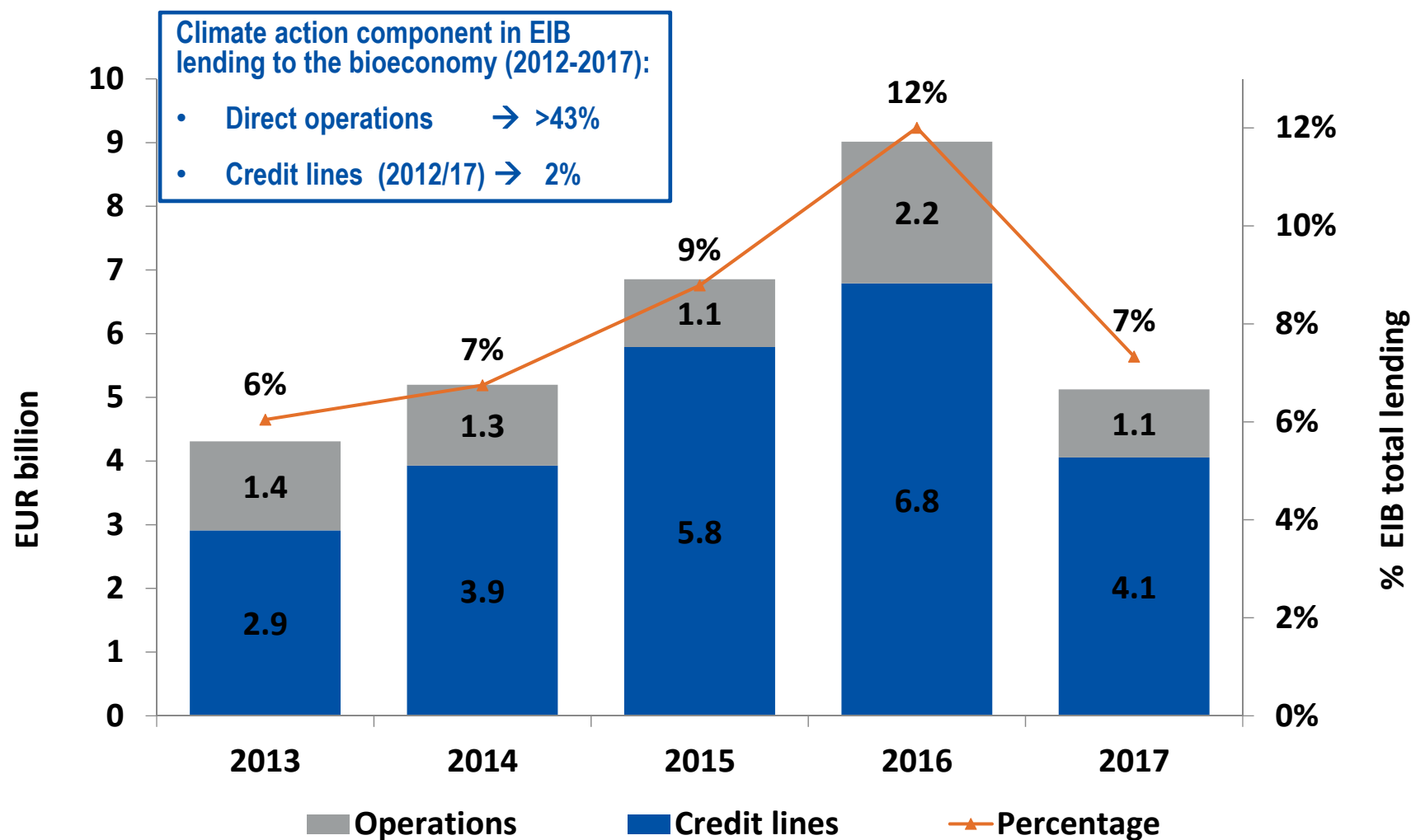
## Multi-Beneficiary Intermediated Loans (MBIL):

- Finance SMEs and microenterprises through credit lines to intermediated Banks

## Quasi Equity

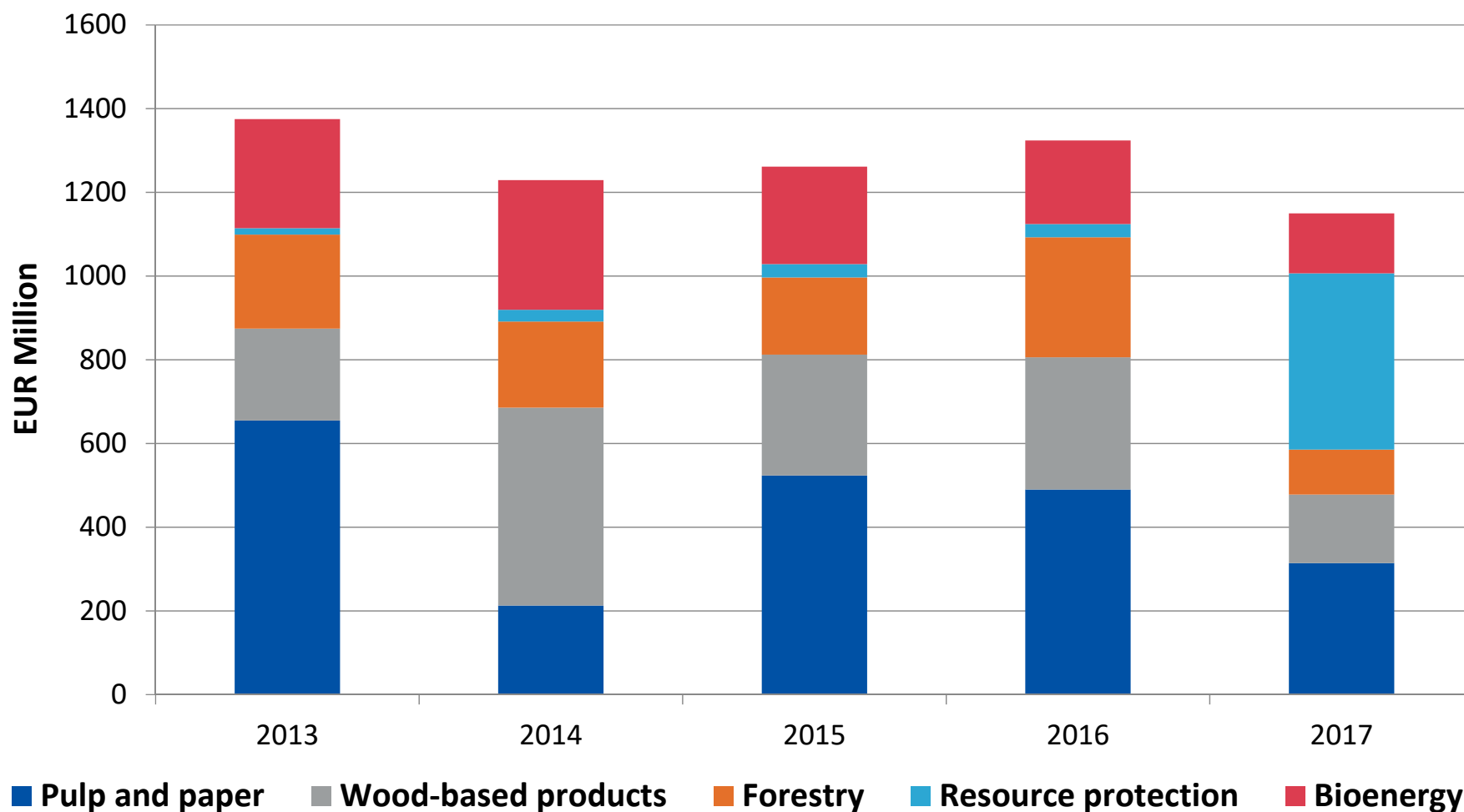
- Innovative bio-based company

# EIB lending to agri-bioeconomy 2013-2017



# EIB financing to forestry sector

Investments 2013-2017: EUR 6.3 bn



# Why is Bio- and Circular Economy **relevant to EIB?**

- Bio- and Circular Economy are high on the EU policy agenda
  - As the EU Bank, we have a role in supporting the circular and the green/blue economy transition
- Bio-and Circular- Economy is strongly aligned with EIB policy objectives
  - Innovation, Environment, SME, Infrastructure and Climate action
- EIB can bridge financing gaps and catalyse investments through EFSI, InnovFin and other risk sharing instruments
- EIB can provide advisory services project promoters



# Investment Barriers : Bioeconomy-Access to Finance Study (2017)

## Market

- Lack of developed markets for new products
- Price volatility for product and feedstock
- Cheap fossil feedstock

## Public Support

- Readiness to pay for public benefits
- Public perception: Sustainability
- High interest vs. complex science/ technology issues

## Feedstock

- Competition for resources
- Need support schemes to guarantee long term supply
- Sustainability: credible certification

## Regulatory Environment

- Repeated change
- Insufficient/ inadequate support schemes
- Hurdles to new products

## Technological readiness

- Price cost-effectiveness
- Competitiveness
- Risk of Technology substitution

## Finance GAP

- High CAPEX
  - Midcap promoters or SPV/PF
  - Technological risk
  - Insufficient catalytic impact of existing finance products
- Innov. BBI projects financed by equity



# Blending: The InnovFin program

SMEs	Midcaps	Large Caps	Thematic Finance	Advisory
InnovFin SME Guarantee	InnovFin MidCap Guarantee	InnovFin Large Projects	InnovFin Energy Demo Projects	InnovFin Advisory
InnovFin SME Venture Capital	InnovFin MidCap Growth Finance		InnovFin Infectious Diseases	<ul style="list-style-type: none"> <li>• Project advisory &amp; LPA</li> <li>• Horizontal Activity</li> </ul>
SMEs and small Mid-Caps < 500 Employees	Mid-Caps < 3,000 Employees	Large Caps Typically > 3,000 Employees	SPV, Mid-Caps and Large Caps	Public and Private Sector Promoters
Intermediated SME/Mid-Cap Financing	Intermediated and/or direct Corporate lending	Direct Corporate Lending	Project Finance and/or Direct Corporate Lending	Financial Advisory

 direct products

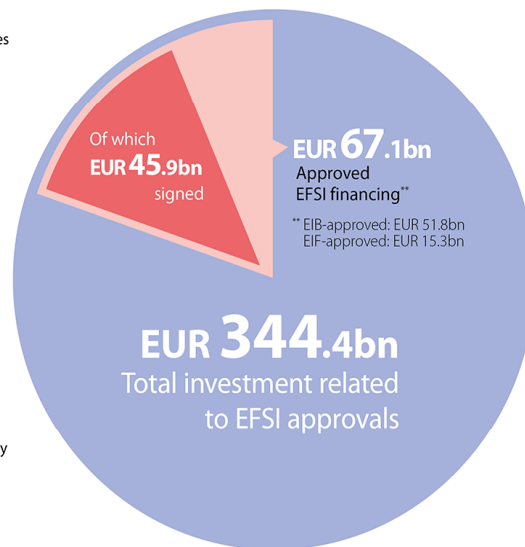
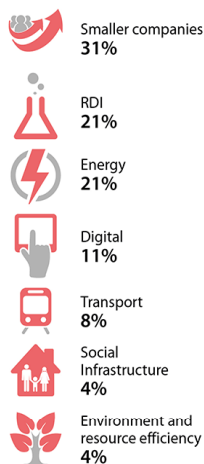
 indirect products

# Blending: European Fund For Strategic Investments

**Objective:** Bridge investment gap in the EU by reaching out to under served segment of the economy and addressing specific financial market failures.

## EIB Group figures As of 18/09/2018

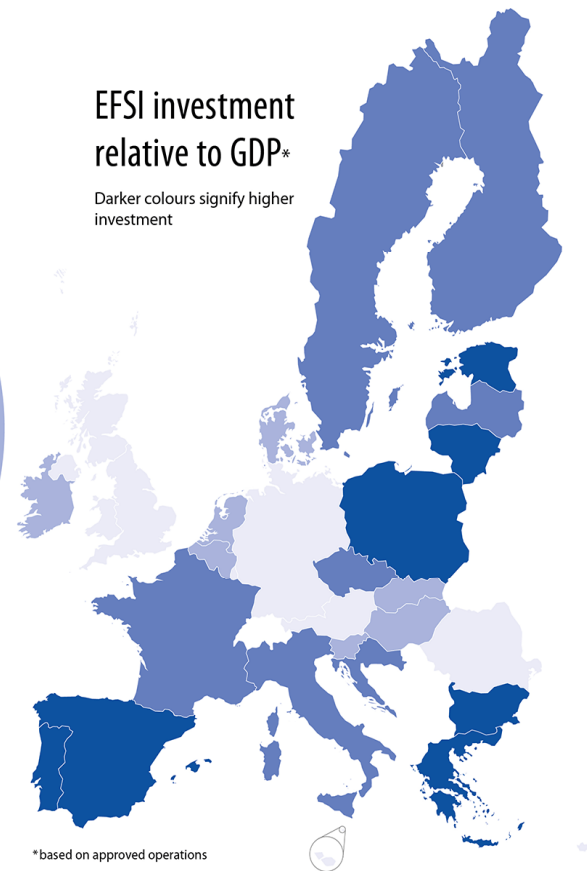
### EFSI investment by sector\*



Target by 2020 **EUR 500bn**

### EFSI investment relative to GDP\*

Darker colours signify higher investment



\*based on approved operations

### Bioeconomy:

Some 28 operations with EUR 1 bn signed/ approved EFSI loans



# Project example: Spain

## EIB FINANCED PROJECTS (co-financing EAFRD/ ERDF)

- **Regional:** Castilla la Mancha, Castilla y Leon, Andalucia, Galicia
- **National:** Forestry & Coastal Management

**Total EIB loans: EUR 0.7 billion**

**Total mobilized investments: EUR 1.7 billion**

OUTCOMES	Unit	Value
Forest fire mitigation and prevention	ha	390,000
Reforestation	ha	60,000
Afforestation	ha	70,000
Biodiversity conservation	ha	80,000
Forest road infrastructure	km	10,000
Temporary jobs created (Implementation)	FTE	36,000
Permanent jobs created/enhanced (Operation)	FTE	10,000

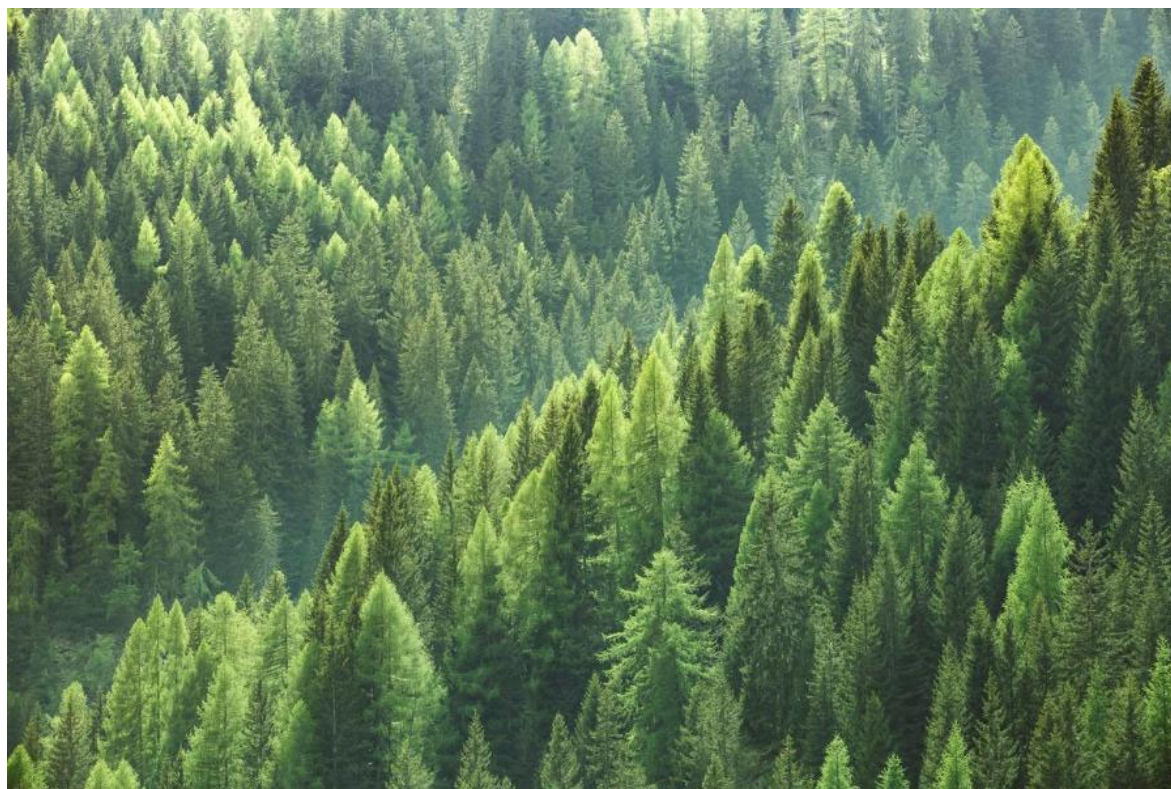
# Spain: preventing and extinguishing forest fires



- Preventive silviculture: clearing flammable undergrowth
- Surveillance and monitoring systems
- Forest fire prevention and extinction teams and brigades



# Modernisation of Östrand mill



Cost of project: EUR 648.0 m

Loan amount: EUR 150.0 m

Investing in

- afforestation
- energy efficiency
- renewable energy

Svenska Cellulosa  
Aktiebolaget

- producer of forest products
- the largest private forest owner in Europe



# Portuguese cork industry: financing innovation



## Corticeira Amorim

- cork stoppers
- floor and wall coverings
- composite cork
- insulating cork
- raw materials

## Objectives

- research innovation and product development
- energy efficiency
- environmental protection and safety

Cost of project: EUR 74 m

Loan amount: EUR 35 m

# Novamont Renewable Chemistry / Italy

- Support Research & Development to develop monomers from vegetal oils & sugar
- Scale-up and upgrade existing bio-plastic production facilities



## ➤ PROMOTER

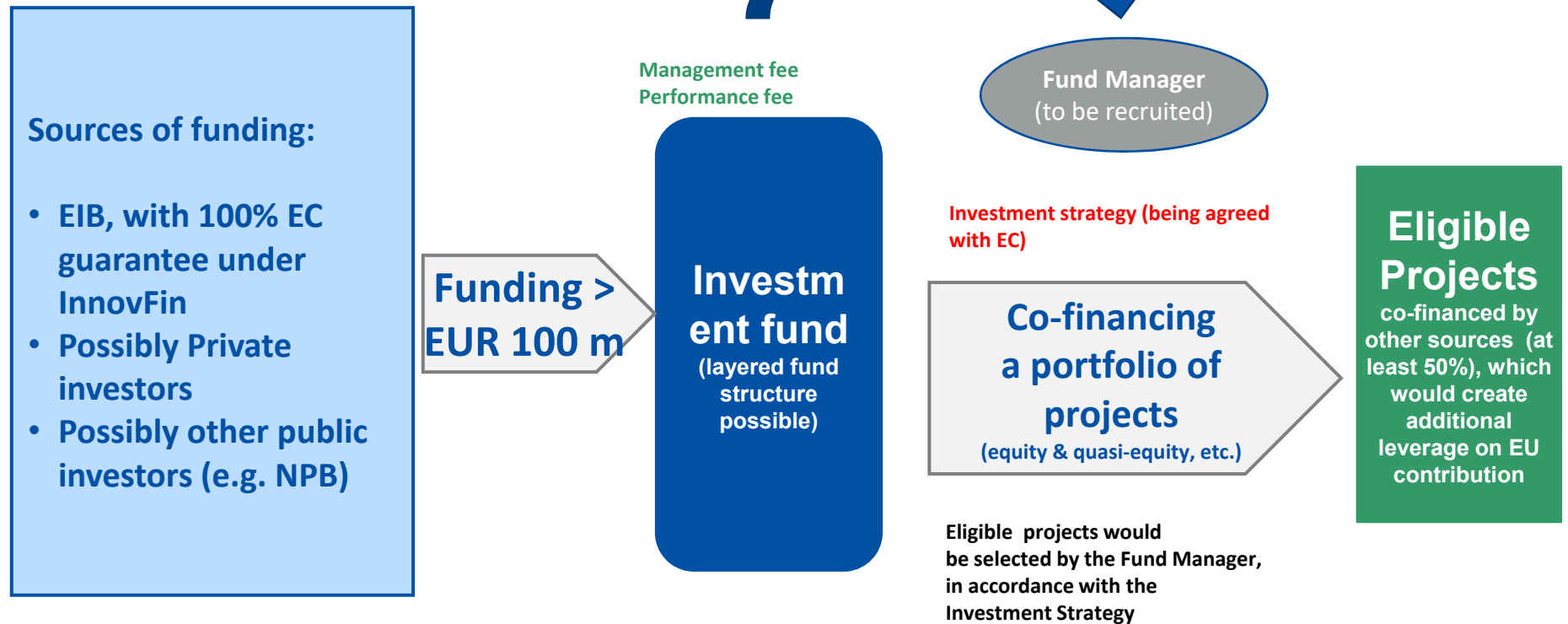
- Innovative Midcap company – pioneer in bioplastics

## ➤ OBJECTIVES

- ✓ Drive European research, development and innovation in novel materials
- ✓ Create a local bioeconomy, stimulate economic growth and employment in the local economy
- ✓ Environment: Reduce non-degradable plastic waste

Cost of project:	EUR 104.6 m
Loan amount:	EUR 50.0 m
EFSI:	EUR 15.0m

# Circular Bioeconomy Investment Platform



# Conclusions

- The transition to the circular bioeconomy is Europe's response to today's key environmental challenges.
- It is expected to
  - ✓ promote sustainable production and re-use of renewable resources from land, fisheries and aquaculture
  - ✓ reduce the dependence on fossil resources
  - ✓ transform manufacturing
  - ✓ develop new jobs and revitalize industrial production in the EU, and
  - ✓ promote rural economy
- The EIB is already supplying substantial financial support to the sector along the whole Bioeconomy value chain as well as to Circular Economy.

## EIB/EC are intensifying support to the sector:

- EFSI, InnovFin and financial instruments



# EIB Contact & Questions



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