global seaweed coalition

European Investment Bank

Financing opportunities for EIB in support of sustainable seaweed and bivalve sectors in the EU, and criteria to ensure their sustainability

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Aquaculture Advisory Council
WORKING GROUP 2 «Shellfish» Meeting
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Introduction

Status and potential of regenerative mariculture in Europe

Investment opportunities for the EIB in the seaweed and bivalve sectors in Europe

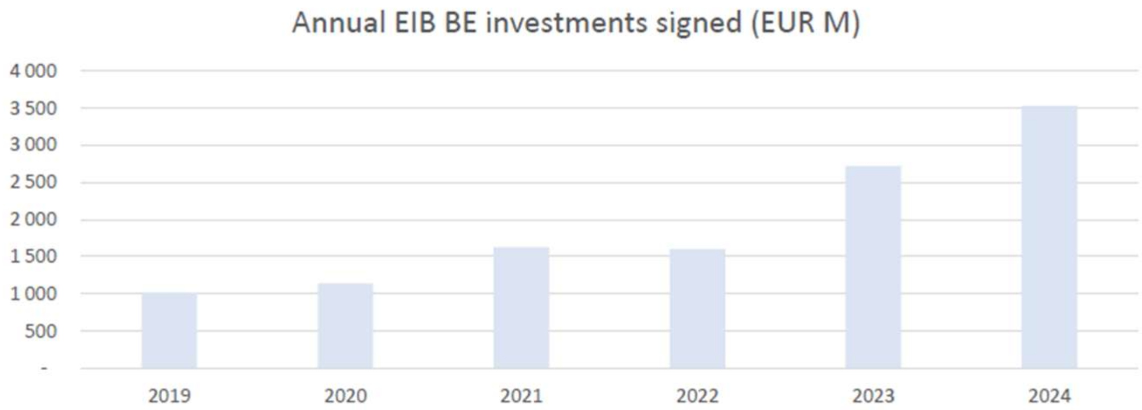
Operationalizing investment opportunities

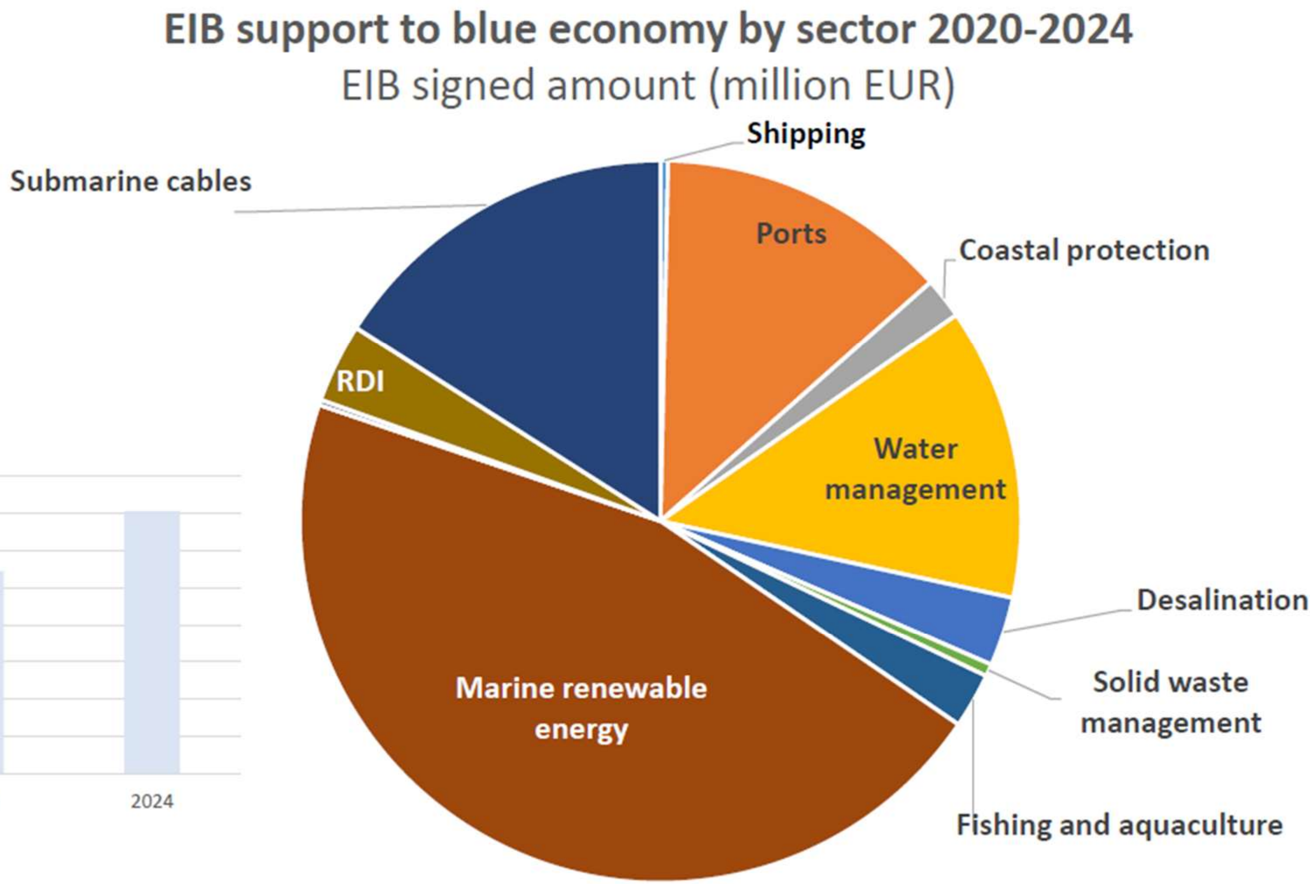
EIB Blue Economy in the last 5 years

€10.6 billion investment

€43 billion leveraged

86% CAES





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European seaweed industry at a glance

~300,000 wet tons
used in 2020 in Europe

4%

of EU seaweed in cultivated (vs. 96% wild harvested)

75 seaweed farms

200+ innovative start-ups

> Seaweed production in Europe is still dominated by wild harvesting, but **seaweed aquaculture is growing**

> **Today, around 75% percent** of seaweed is used for **human consumption**, with the remaining 25% used in personal care, nutraceuticals, soil fertilizers, and animal feeds.

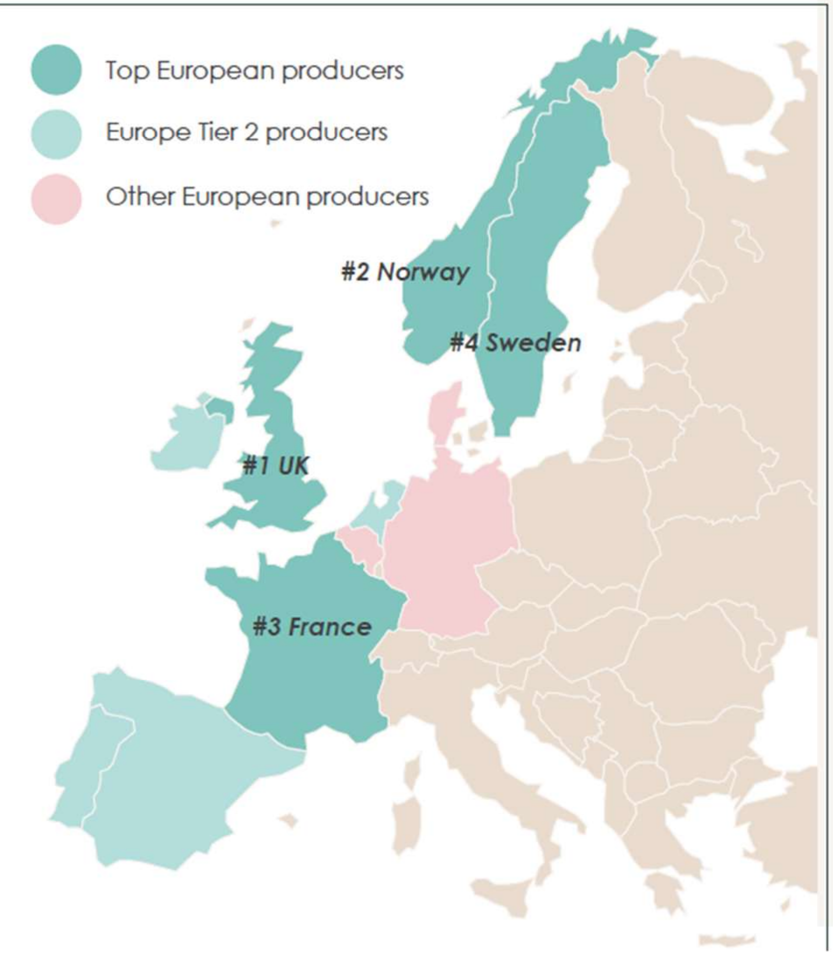
> Numerous start-ups have emerged over the past decade, trying to **revolutionize the way seaweed is produced and valorised**

> Market forecast all point to a **double digit positive CAGR** over the next decades for seaweed products

> To unleash its potential, the European seaweed industry needs to **overcome certain awareness, technological and regulatory barriers**

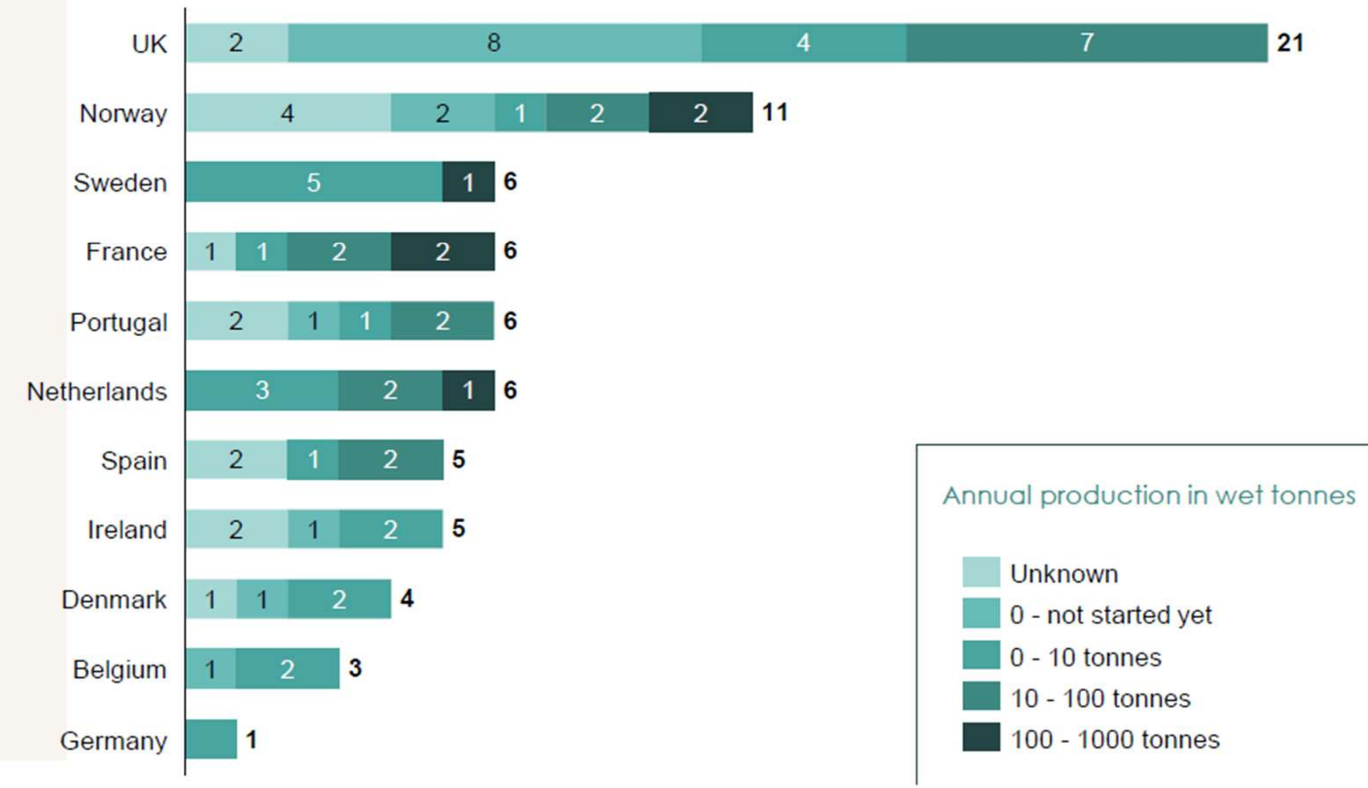
> However, European seaweed also **benefits from an unprecedented political support** and can leverage a **rich and solid network of enabling organisations**

Seaweed farming is growing in Europe, counting around 75 farms in 11 countries, although most of them are still at a nascent stage



Breakdown of number of seaweed farms in Europe per maturity

Bucketed by annual production in wet tonnes – excl. Faroe Islands, Greenland and Iceland, representing an additional 5 farms in total



Bivalve aquaculture in Europe at a glance: ~0.5m tonnes produced (half of EU aquaculture volumes), worth ~€1.3B (a third of EU aquaculture value)

> Europe accounts for **4% of global bivalve production**, 26% when excl. China

> **Bivalves** are the **most produced commodity group farmed in the EU aquaculture**

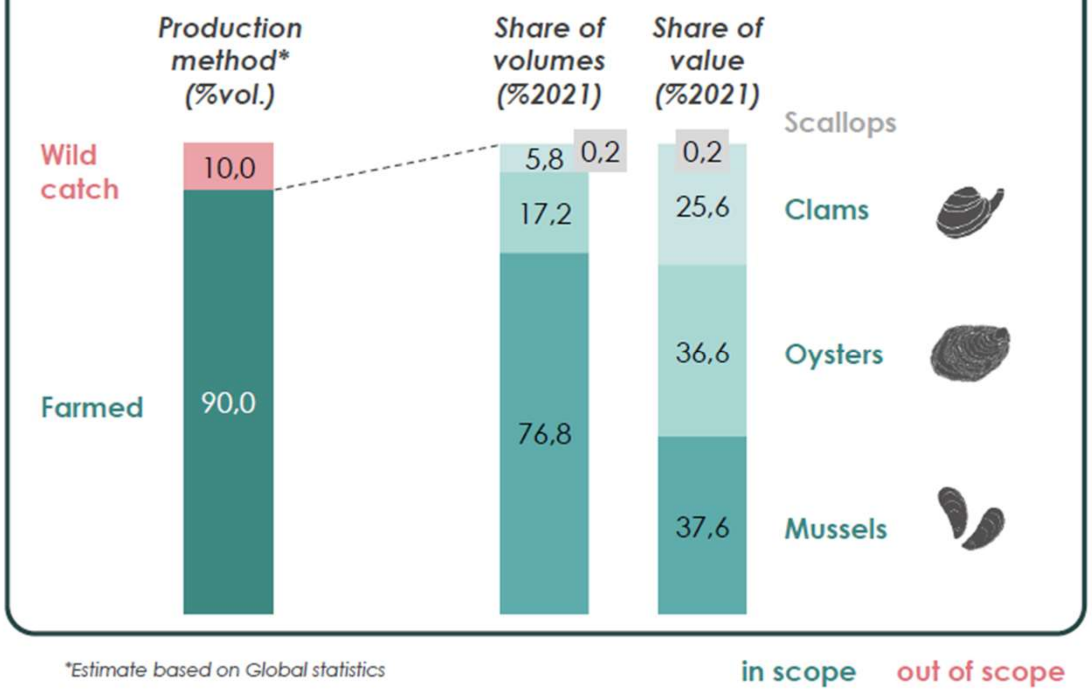
553k tonnes
Produced in 2021

€1.27B
Worth

49%
of EU aquaculture **volumes**

30%
of EU aquaculture **value**

>99% of EU production rely on 3 groups of species



*Estimate based on Global statistics

Current trends leading to stable (although fluctuating) volumes, with stable to increasing production value over the years, driven by 5 key factors

	DRIVERS	MUSSELS	OYSTERS	CLAMS
1	**Robust traditional consumption and markets**	✓ *Spain, France, Italy*	✓ *France*	✓ *Italy, Spain*
2	**Increasing tendency to incorporate added value to the bivalves produced**	✓	*Almost no processing*	?
3	**Low environmental impact of bivalve production vs. health and nutritional benefits**	✓ *280x less GHG vs. beef*	✓	✓ *Dredging*
4	**Inherent physical capacities, s.a. to clean water and (potentially) to sequestrate CO_2**	✓	✓	✓
5	**Scientific progress and technological advancements improving prod. methods and yields**	✓	✓	✓

Innovative use cases already being explored, see following pages

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5 debt financing opportunities identified for the seaweed industry in Europe

Opportunities	Key features	Average deal size
Revolving loan	Access to working capital to manage seasonality of spends, payment delays from public grants and subsidies	€200k – €1.5 m
Seaweed farming infrastructure	Financing of new lines, moorings, boats, basins, etc. to increase seaweed production; or sensors, software or hatchery to optimize it	€500k – €2 m
Seaweed processing and logistics	Financing of capex for primary processing (e.g., dryer), single application processing (e.g., bio-stimulants) or logistics (e.g., warehouse)	€500k – €5 m
Biorefinery	Financing of construction and first years of operation of seaweed biorefinery facility, demo plant or commercial-scale plant	€20m - €50 m
M&A	Financing of consolidation between players, vertical integration (e.g., production + products) or horizontal (massification of production/ processing)	€1m - €10 m

DEBT FINANCING OPPORTUNITIES – BIVALVES

5 debt financing opportunities identified for the bivalve industry in Europe

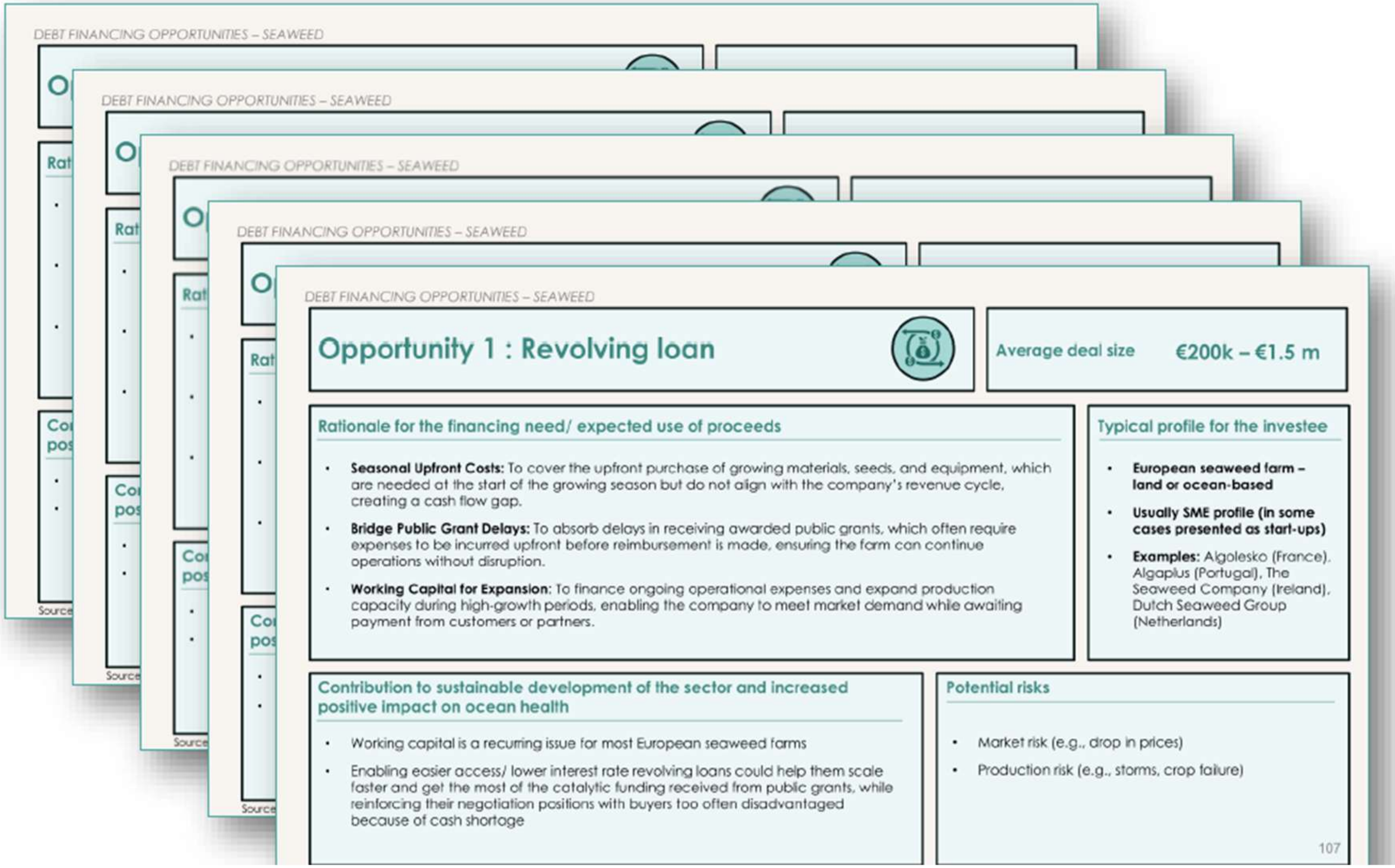
Opportunities	Key features	Average deal size
Revolving loan	**Access to working capital to manage seasonality of spends, payment delays** from public grants and subsidies, **as well as temporary drops in activity**	€100k – €1m
Farming infrastructure and green transition	**Financing of land-based basins** for adaptation to viruses / heat waves, **new farming infrastructure, hatchery** to optimize spat resilience; and **solutions to renew equipment and farm sites with climate-friendly alternatives**	€100k – €2m
Mechanization	**Financing of new equipment to mechanize** seeding / bivalve management and handling / harvesting	€20k – €500k
Buyout and rehabilitation	**Financing the takeover of a business,** e.g. in the case of a transfer during retirement, and/or **the rehabilitation of disused shellfish farming sites**	€500k - €3m
IMTA	**Financing of diversification of activities** to include for instance seaweed farming as additional income stream – cf. seaweed financing opportunities	€200k - €1m

The demand for grants will ***probably cover several of these use cases*** *and require* ***customized financing structures***

What you can find in the report

Each opportunity is reviewed under the following dimensions:

- Rationale for the financing need/ expected use of proceeds
- Typical profile for the investee
- Average deal size
- Contribution to sustainable development of the sector and increased positive impact on ocean health
- Risks and possible mitigation strategies


DEBT FINANCING OPPORTUNITIES – SEAWEED

Opportunity 1 : Revolving loan

Average deal size €200k – €1.5 m

Rationale for the financing need/ expected use of proceeds

- **Seasonal Upfront Costs:** To cover the upfront purchase of growing materials, seeds, and equipment, which are needed at the start of the growing season but do not align with the company's revenue cycle, creating a cash flow gap.
- **Bridge Public Grant Delays:** To absorb delays in receiving awarded public grants, which often require expenses to be incurred upfront before reimbursement is made, ensuring the farm can continue operations without disruption.
- **Working Capital for Expansion:** To finance ongoing operational expenses and expand production capacity during high-growth periods, enabling the company to meet market demand while awaiting payment from customers or partners.

Typical profile for the investee

- **European seaweed farm – land or ocean-based**
- **Usually SME profile (in some cases presented as start-ups)**
- **Examples:** Algolesko (France), Algaplus (Portugal), The Seaweed Company (Ireland), Dutch Seaweed Group (Netherlands)

Contribution to sustainable development of the sector and increased positive impact on ocean health

- Working capital is a recurring issue for most European seaweed farms
- Enabling easier access/ lower interest rate revolving loans could help them scale faster and get the most of the catalytic funding received from public grants, while reinforcing their negotiation positions with buyers too often disadvantaged because of cash shortage

Potential risks

- Market risk (e.g., drop in prices)
- Production risk (e.g., storms, crop failure)

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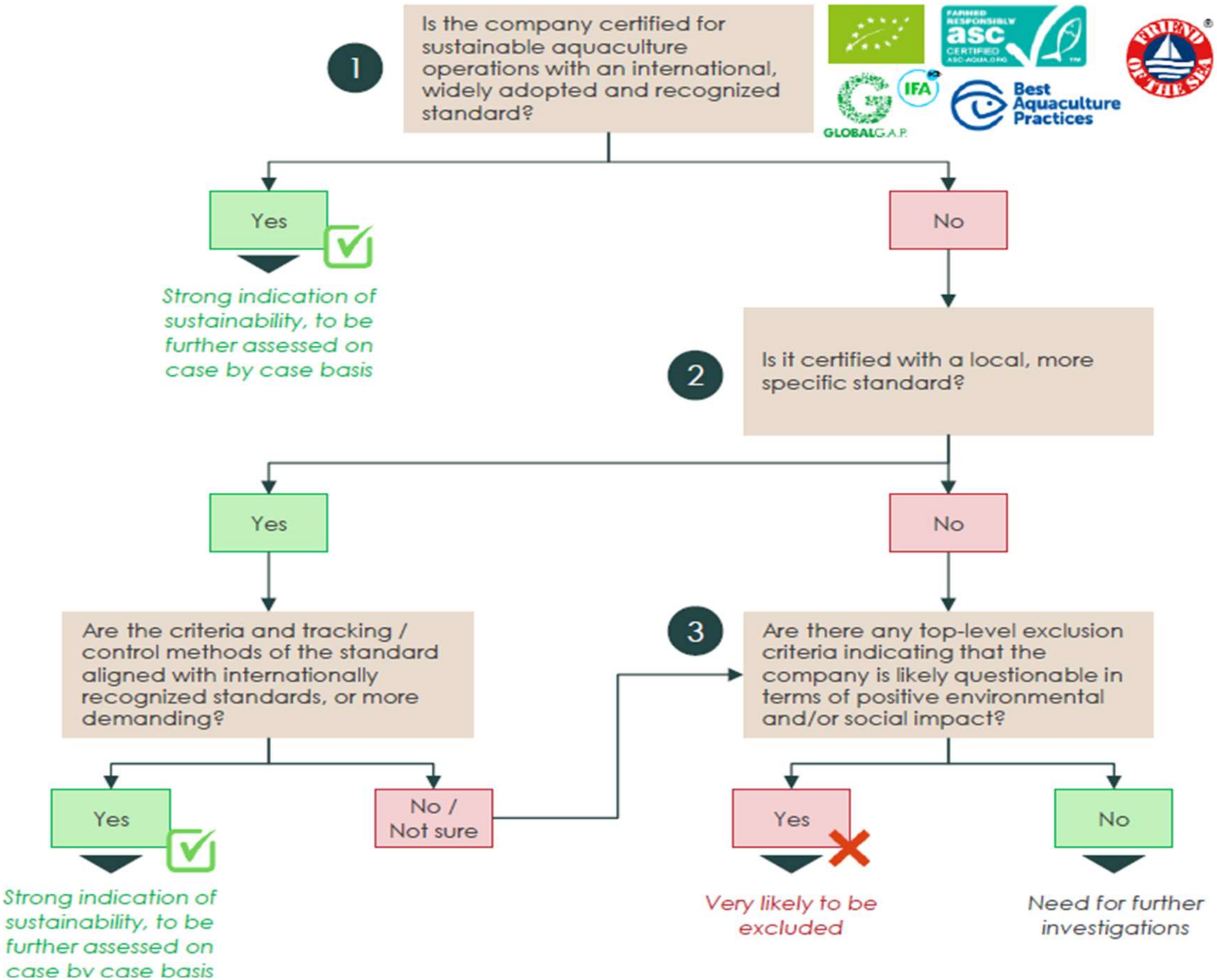
4 deployment strategies identified for the EIB to invest debt into the European bivalve and seaweed industries

Possible deployment strategy for EIB	Key features
Direct EIB investment	• Direct deployment, on a deal-by-deal basis, by existing investment structures within the EIB • EIB ticket in a project would be minimum €15m (but typically around €50m)
Deployment through MBIL[1] mechanism	• Deployment via a commercial bank partnering with the EIB through a Multiple Beneficiary Intermediated Loan (MBIL), with a portion of the funds being earmarked for investment into seaweed/ bivalve sectors with clear sustainability criteria
Deployment through blended finance vehicle	• Creation of a dedicated blended fund vehicle managed by a third party, blending debt (from EIB), guarantees (from EIF for instance), grants (from EMFAF or other grant schemes) • Deployment of debt, backed by a guarantee and de-risked through capacity building/ technical assistance funded through the grants, aligning EIB/ EIF sustainability criteria
Deployment through matching of crowdlending	• Partnership with crowdlending platform (or platforms) to match every euro raised through crowdlending with one euro of EIB debt

No obvious winning deployment strategy, preferred route will have to be decided by EIB

Possible deployment strategy for EIB	Depth of eligible deal flow	Relevance/ fit with investment opportunities	Feasibility/ ease of deployment
Direct EIB investment	Only a handful of bivalve/ seaweed companies in Europe will raise €20m + debt in the near future	This deployment strategy could be used for instance for biorefinery financing	Easy to deploy Opportunistically, through current EIB activities
Deployment through MBIL[1] mechanism	Most companies from bivalve and seaweed sector would be eligible, but relevance and eligibility will depend on commercial bank managing the MBIL	Some opportunities might be perceived as too risky for a commercial bank, even through a MBIL mechanism	Dedicated seaweed and bivalve MBIL would be sub-scale – needs to be integrated within broader Blue economy or SME MBIL
Deployment through blended finance vehicle	Most companies from bivalve and seaweed sector would be eligible, depending on geographic scope of the BF vehicle	Most opportunities would be eligible to funding through a blended vehicle with an appropriate thesis targeting tickets < €10m	Need to be established by a third party, in collaboration with EIB/ EIF Need to align EIB/ EIF sustainability criteria
Deployment through matching of crowdlending	Only a handful of bivalve/ seaweed companies in Europe will raise €20m + debt in the near future	More likely would be applicable for revolving loans/ opportunistic fundraising but other opportunities (e.g., infrastructure financing) could be eligible	? New mechanism, feasibility to be explored


1
Is the company certified for sustainable aquaculture operations with an international, widely adopted and recognized standard?
asc
FARMED RESPONSIBLY
CERTIFIED
IFA
GLOBALG.A.P.
Best Aquaculture Practices
FRIEND OF THE SEA
Yes
Strong indication of sustainability, to be further assessed on case by case basis
No
2
Is it certified with a local, more specific standard?
Yes
No
Are the criteria and tracking / control methods of the standard aligned with internationally recognized standards, or more demanding?
3
Are there any top-level exclusion criteria indicating that the company is likely questionable in terms of positive environmental and/or social impact?
Yes
Strong indication of sustainability, to be further assessed on case by case basis
No / Not sure
Yes
Very likely to be excluded
No
Need for further investigations

Public

Thank you

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