

# EIB to provide advisory support to three first-of-a-kind climate action projects



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The European Investment Bank (EIB), one of the world's largest providers of climate finance, today signed three agreements with leading European innovators to collaborate on the development and potential financing of new projects that address climate change. Under a partnership with the European Commission delivered through the [InnovFin Advisory programme](#), the EIB will provide strategic financial advice and support to RenFuel (Sweden), Bioforever (Netherlands) and Magaldi (Italy) to help prepare their climate action projects for potential financing.

All three projects address climate change by developing innovative, first-of-a-kind demonstration plants:

- **RenFuel Lignolproduktion AB:** A production plant for lignin oil (LIGNOL®) from lignin in black liquor from the pulp industry in Sweden. RenFuel's plant plans to extract 70 000 tonnes of lignin, which will result in an annual production capacity of approximately 185 000 tonnes of LIGNOL®.
- **Magaldi Power:** A first-of-a-kind plant based on a new solar thermal generation and storage concept in which a fluidised bed of sand generates green thermal or electrical power that is dispatchable on

demand. The promoter is based in Italy and its demonstration project will be located in southern Europe.

- **Bioforever:** A demonstration-scale wood-to-ethanol biorefinery in the Netherlands, with a capacity of 35 000 tonnes of wood waste, producing 8 000 tonnes of ethanol per year.

The promoters and the EIB, through [InnovFin Advisory](#) – a programme supported by the European Commission to advise companies on how to structure their projects in order to improve their access to finance – will work on bringing the projects to maturity. The EIB will provide extensive knowledge sharing to each promoter and help them navigate the financing schemes that exist within and beyond the EIB, in order to bring these types of project to life. The Bank offers numerous options for companies looking for funding, such as corporate loans, project finance or venture debt.

This Project Development Assistance (PDA) is available to project promoters to increase the investment readiness of projects in innovative renewable energy, carbon capture and storage (CCS), smart energy systems and storage. The funding for the PDA originates from the NER 300 programme, which was set up by pooling together around €2 billion of overall support for innovative low-carbon technology, focusing on the demonstration of environmentally safe CCS and innovative renewable energy technologies on a commercial scale within the EU.

Future similar innovative climate action projects will also have the opportunity of PDA support, which will combine financial advice with technical and operational support at relevant points in the cycle, under the upcoming [Innovation Fund](#). The future Project Development Assistance will be available from 2021 onward.

“If we want to achieve our ambitious climate action targets we need highly innovative technologies and flagship projects with European value added that can bring about significant emission reductions. Our advisory services play a key role in structuring and maturing such innovative projects across all sectors to a stage where they become scalable and truly impactful. That is why I am very happy about today’s agreements,” said EIB Vice-President Ambroise Fayolle.

Clara De La Torre, Deputy Director-General for Climate Action, European Commission, said: “The European Green Deal puts great importance on supplying clean energy and channelling investments into innovation and clean-tech solutions to attain our ambitious climate goals. Now, with the EIB and the European Commission’s financial support, we can help scale up low-carbon technologies and facilitate the transition towards climate neutrality. These successful projects aim to demonstrate an effective pathway for doing so.”

RenFuel Lignolproduktion AB’s CEO and Chairman, Mats Odell, said: “We are proud to be able to build this first-of-a-kind large-scale production plant for 185 000 tonnes of LIGNOL®, for which production is planned to start in the second quarter of 2023, thanks to the support of the EIB NER 300 programme in partnership with the European Commission.”

Magaldi Power's CEO Mario Magald, said: "We are extremely glad that the European Investment Bank chose to support Magaldi in the development of its innovative storage technology known as STEM. This collaboration will be a fundamental step forward in supporting our entrance into the market."

Biofuel's CEO Anton Robek, said: "Innovative first-of-a-kind projects typically have a high risk profile and therefore access to finance is a challenge. On top of that, the COVID-19 crisis forced several potential strategic partners to focus on impact mitigation. As a consequence, there is a risk that the commercialisation of innovative projects that will contribute to CO<sub>2</sub> emission reductions may be seriously delayed. Therefore, the support of the EIB to explore extensive funding options is very much welcomed."

## **Background information**

### **InnovFin – EU Finance for Innovators**

[InnovFin – EU Finance for Innovators](#) is a joint initiative launched by the European Investment Bank Group (EIB and [EIF](#)) in cooperation with the European Commission under [Horizon 2020](#). InnovFin aims to facilitate and accelerate access to finance for innovative businesses and other innovative entities in Europe. Please [click here](#) for the products available under the InnovFin programme.

InnovFin Advisory assists eligible public and private counterparts to improve the bankability and investment readiness of large, complex, innovative projects that require substantial long-term investments.

**The EIB's Innovation Finance Advisory (IFA):** IFA aims to improve the bankability and investment readiness of innovative or complex projects that require substantial long-term investments. It also provides advice to improve the investment conditions for access to risk finance for research, development and innovation (RDI) through horizontal activities.

Under Horizon 2020, the EU research and innovation programme for 2014-20, the European Commission and the European Investment Bank Group (EIB and EIF) launched the InnovFin programme, comprising a range of financial instruments and advisory services to help innovative firms access finance more easily. Innovative projects involving public and private partners need to be well prepared and structured before they can be presented to potential lenders and investors. IFA assists such priority projects in preparing a viable business plan, and advises them on the appropriate strategy, governance and financial structure.

IFA also reinforces the EIB's catalytic role in offering financial solutions where public funds mobilise private capital.

<https://www.eib.org/en/products/advising/innovfin-advisory/index.htm>

### **NER 300**

NER 300 was one of the world's largest funding programmes for innovative low-carbon energy demonstration projects. The programme was conceived as a

catalyst for the demonstration of environmentally safe carbon capture and storage (CCS) and innovative renewable energy (RES) technologies on a commercial scale within the European Union.

The NER 300 programme was funded through the sale of 300 million emission allowances from the New Entrants' Reserve (NER) set up for the third phase (2013-2020) of the EU emissions trading system. The revenues from the sales were allocated to projects selected through two calls for proposals awarded in December 2012 and in July 2014.

Thanks to the redeployment of unspent NER 300 funds, InnovFin will also feature a project development assistance (PDA) window. This PDA is a technical assistance facility providing non-refundable support to project developers in order to strengthen the financial structure and overall soundness of their applications.

### **RenFuel Lignolproduktion AB**

RenFuel Lignolproduktion AB is an innovative Swedish biofuel production company that can contribute significantly to the fossil-free transport systems of the future through its product, LIGNOL®. The parent company RenFuel AB is a spin-off from a research group at Uppsala University (2012) that, with knowledge of green chemistry and biomass from forestry, developed a renewable, lignin-based bio-oil under the name LIGNOL®. LIGNOL® offers the advantage that, after being refined to fuel (gasoline, diesel, Jet A1) in a standard hydrotreater refinery, it can be mixed in today's combustion engines to any degree. LIGNOL® is also very suitable for blending with aviation fuel.

### **Magaldi**

Magaldi Power, with its headquarters in Italy, is the worldwide leader in the production of industrial plants for handling high-temperature materials for thermal power plants, cement industries, foundries and mining. Magaldi Power has installed its products and plants in 50 countries across five continents and holds 250 international patents. It has recently developed an innovative technology for energy storage called STEM. Its mission is to design, produce and commercialise systems of maximum reliability and quality components capable of providing eco-friendly industrial solutions around the world.

### **Bioforever**

Horizon 2020 funded the BIOFOREVER project ([www.bioforever.org](http://www.bioforever.org)), which ran for three years from September 2016 to the end of December 2019. It has successfully demonstrated that forestry residues and waste wood can be converted to wood-derived sugars with a performance comparable to dextrose (DE95) in various fermentation routes to renewable chemical building blocks. As a follow-up to the project, Bio Refinery Development BV (BRD) is developing a demonstration project to convert 35 000 tonnes of post-consumer waste wood to 8 000 tonnes of ethanol. The purpose of the demonstration plant is to optimise the price/performance of the feedstock input without jeopardising plant performance and product quality. This should facilitate

the future scale-up to a large commercial plant