Round Table Event Report

BOOST

Bioeconomy projects accelerator

Funded by the European Union

PROJECT INFORMATION

Grant agreement number	101060974
Project title	Catalysing Investment into Catalan Bioeconomy via One-Stop-Shop Accelerator
Project acronym	BIOBOOST
Funding scheme	HORIZON Coordination and Support Actions European Research Executive Agency
Start date	June 1st 2022
Duration	48 months
Call identifier	HORIZON-CL6-2021-CIRCBIO-01
Project website	https://bioboost.cat/en/

DISCLAIMER

Funded by the European Union

"Funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union. Neither the European Union nor the granting authority can be held responsible for them."

Table of Content

Funded by the European Union

0. Executive Summary

This document gives a summary of the round table event on bioeconomy investment, including its planning, execution, and outcomes.

The *event planning and preparation* section present critical considerations before the event, including defining objectives, marketing strategies and creating an agenda.

The *event execution* section focuses on the actual implementation, highlighting the agenda, its noteworthy aspects and the attendance and participation of the intended audience.

The *achievements and outcomes* section assesses the feedback received, emphasizing positive outcomes resulting from the event.

Given that this is a public deliverable, specific company names within invetees and specific information about the investment opportunities will not be shared. For further information you can contact: info@bioboost.cat.

1. Introduction

The Round table event on bioeconomy investment was held in Barcelona, Catalonia, with local stakeholders, mostly investors, focused on identifying barrier and opportunities for investment. The main objectives were:

- Identification of **opportunities** and **barriers** to investment in bioeconomy
- Analysis of the **interests and needs of investors** in bioeconomy – understanding **what they look for**
- How to **overcome** the barriers and promote **investment-ready** bioeconomy projects
- Present **investment opportunities** in bioeconomy

The event raised awareness of the BioBoost project to stakeholders from the financing community and presented opportunities for investment into the bioeconomy in Catalonia. Secondly, the round table allowed us to collect information and gain insight on the challenges facing investors and decision makers when it comes to investing in such projects, understand their interests and get feedback from the projects that are in the BioBoost pipeline. The investors attending were interested in a follow-up conversation regarding the investment opportunities presented.

2. Event planning and preparation

Defining the objectives

To ensure a clear direction for the round table with investors, the organizing committee prioritized defining its objectives. These objectives were carefully crafted to align with the overall goals of the Bioboost project and set the foundation for subsequent planning activities. The defined objectives encompassed the following key aspects:

By establishing these objectives with clarity, the organizing committee effectively charted a clear path for the event. Placing a strong emphasis on drawing in investors and investment facilitators to highlight the significance of involving influential participants who possess the ability to make valuable contributions to the project's triumph.

Marketing and communication strategy

A comprehensive marketing and communication strategy was implemented to effectively promote the event. The committee developed captivating messages and visually appealing promotional materials, such as digital invitations, flyers and engaging social media campaigns.

By leveraging their existing networks and partnerships within the bioeconomy sector, the project team ensured that key stakeholders were informed about the event. Personalized invitations were sent to relevant investors emphasizing the value and importance of their participation.

To expand the reach and engage with a wider audience, the project team focused on creating dynamic and interactive content on social media platforms, specifically Twitter and LinkedIn. Engaging posts were shared regularly to captivate the attention of followers and increase the overall network of the event. These platforms were utilized strategically to generate buzz, encourage discussions, and foster a sense of anticipation among the target audience.

We should highlight that all communication and dissemination materials for this event are in Catalan, as the event was celebrated in Catalonia and specifically aimed to attract projects from Catalonia. The marketing and communication strategy was tailored to effectively reach the local audience and align with the cultural context and language preferences of the region. By utilizing the Catalan language, the project team ensured clear and effective communication, fostering a stronger connection with the target audience and reinforcing the event's focus on promoting local projects and initiatives within Catalonia.

Location and Agenda

The round table with investors event was done at Norrsken House in Barcelona, Europe's biggest Hub for Tech and Impact, a purpose-filled community of founders, investors, talent and enablers.

The committee developed a comprehensive agenda that was shared with the invitees weeks before the event. The first part presented the round table objectives and included a short presentation of the BioBosot project. Afterwards, the BioBoost members guided a discussion with the investors by asking them a series of questions divided in four thematic blocks: i) About Bioeconomy, ii) Bioeconomy Sectors and Investment Barriers; iii) Extra-financial factors; and iv) Corporative Investment Strategy (see Annex).

Finally, BioBoost members presented three of the Bioboosters as investment opportunities to get feedback from investors (see Section 4 for more information).

Timing	*Description*
9:45 h	Arrival at Norrsken and Registration
10:00 h	Focus Group Objectives and BioBoost Presentation
10:15 h	Guided discussion with investors
11:15 h	Presentation of investment opportunities and feedback from investors
11:45 h	Wrap up and next steps

3. Event Execution

Attendance and participation

The total 15 invitees included mainly different types of investors (debt, grants, venture capital, impact funds, venture philanthropy funds, infrastructure funds, concessional finance, corporate venture). The final attendees were the investment facilitators (Nactiva) and potential investors (Suma Capital, Nara Capital). Nactiva is the first natural capital Market Builder in Europe that, through a collective platform driven by the private sector, connects all types of economic and social actors to promote the development and implementation of projects and businesses for the activation of natural capital in the Mediterranean. Nactiva designs, accelerates and obtains private, public and philanthropic funding for projects and companies with the objective of generating ecological, social and economic impact on the territory. Suma capital is a Venture Capital focused on responsible investment through three investment strategies: SC Growth (investment in equity fo companies), SC Infra (infrastructure for decarbonisation), and SC Venture (invest in climate change mitigation and circular economy initiatives to decarbonise industry and transport). Nara Capital is a private equity fund focus on promiting decarbonisation by promoting photovoltaic solar parks, wind farms, and renewable energy.

4. Achievements and outcomes

In this section, we delve into the achievements and outcomes of the round table event. We explore the feedback received from attendees, highlighting their impressions on each one of the four thematic blocks: i) About Bioeconomy, ii) Bioeconomy Sectors and Investment Barriers; iii) Extra-financial factors; and iv) Corporative Investment Strategy. Additionally, we examine the positive outcomes resulting from the event.

About Bioeconomy

We started by talking about what bioeconomy is, to make sure that we were stablishing a common base of discussion:

1. *What do you understand by bioeconomy project? Can you give an example?*
2. *What do you think are the main characteristics of a bioeconomy project?*

Most of the attendees understood that bioeconomy consists on transforming renewable biological resources to produce bio-based materials, energy, products or services in the bioeconomy sectors, however, we clarified that from BioBoost we are only providing PDA to projects that have **systemic impact** and that are **collaborative**.

The attendees include three more conditions that bioeconomy projects need to have that are important to investors:

- Eco-regeneration: bioeconomy projects need to include the eco-regenerative factor and allow the ecosystem involved in the project to renew and recover from damage, allowing the ecosystem to replenish the resources being used, and making them resilient to disturbances.
- Impact positive: moving from carbon neutrality to a net positive impact on agricultural and industrial activities. Since the time of the first industrial revolution, the balance sheets of the industry did not consider the so-called negative externalities. That is, the social and ecological impact in addition to the economic one. The three categories must go hand in hand in regenerative capitalism and cannot be understood independently, taking a holistic approach.
- Efficient resource management: supporting effective and efficient management of bioeconomy projects and collaboration between stakeholders. Right now, a lot of projects are implemented in parallel, each one of them with their own investment, while these investments could be centralised with stakeholder collaboration and common implementation of one strategic project.

Moreover, when showing the future bioeconomy potential, investors would like to see the real potential in specific industries depending on the future bio-based market share in the different industries, and not the current potential, since at the moment very few of the sectors are bio-based. Parameters like the percentage of substitution of current fossil-based products by bio-based products should be taken into consideration to show the **future potential market** and make bioeconomy projects more attractive to investors.

Other important parameters to show to investors are **scalability and replicability** (not only in a specific region but EU and worldwide), including total addressable market, serviceable addressable market, and serviceable obtainable market.

Bioeconomy Sectors and Investment Barriers

We continued talking about specific bioeconomy sectors and investment barriers:

3. *What sectors are you most interested in?*
4. *Which of these sectors do you think has the most potential?*
5. *What are the main barriers you encounter when investing in bioeconomy projects?*
6. *Are you interested in investing in a specific technology (within the field of organic matter transformation)?*
7. *Have you invested in bioeconomy and/or circular economy projects previously?*
8. *Have you detected administrative or legal barriers that limit the development of this type of project? If so, could you explain them to us? Have you had the support of the Public Administration when looking for a solution to overcome them?*
9. *Do you consider that there is a lack of regulatory regulation that protects the development of this type of project or that the existing regulations are outdated and have complex procedures that do not facilitate the obtaining of the relevant permits?*
10. *Do you consider it a risk that the projects are multi-actor?*

Attendees are mostly interested in bioeconomy projects in the **agriculture and livestock, forestry, food, bioenergy, and water regeneration** sectors, some have previously invested in bioeconomy projects, mostly in bioenergy, and are interested in continuing to do so in this and other sectors, and the ones that have not invested in bioeconomy yet, are interested in doing so.

Attendees also described the **investment barriers** usually encountered:

- Investing in bioeconomy projects (involving multiple stakeholders) needs **innovative investment structuring** which necessitate investment **contracts**, long-term off-take agreements, feedstock supply agreements, etc. that have not been done before. There is the need of **standardised contracts and models** that have been validated and demonstrated.
- Current **regulation blocks and delays implementation** of projects:
    - complex and lengthy administrative procedures, lack of coordination between administrations
    - lack of clarity in the regulatory framework
    - slow granting subsidiaries procedure to renewable energy communities and citizen energy communities
    - urbanistic barriers
    - access and connection permits on the renewable energy sector
    - flexibilization of the draft royal decree that develops the figures of the renewable energy communities
    - adaptation of the municipal regulations to the renewable energy sector
- Companies and investors do not have the **resources needed to go through long administrative procedures**, if the investment requires complicated permitting or regulatory changes, **they will not invest in them** even if they have large potential. There is the need of a project promoter that will lead this tasks and overcome this barrier.
- While it is important to promote the "difficult" projects with a lot of barriers but with large systemic impact, they are often **too risky**.
- Lack of incentives.
- Lack of leadership.
- Scarce talent.
- New rules are not overwriting old ones, slow decision-making process.
- Farmers reluctancy to high investments and to do co-investments with external investors and companies, losing power over the organic resources and the final bio-based products.

- Need to use more the role of "strategic project" to accelerate regulatory processes for project implementation, but getting a project accepted as a strategic project is not easy.
- Importance in project dimension.

Extra-financial factors

We also discussed the extra-financial factors:

11. *To what extent do you consider ESG criteria important? Do you have basic requirements?*
12. *What is your motivation when deciding which Project to invest in?*

Attendees find that ESG criteria is very important and is a decision factor when investing. Especially they look that the impact-positiveness of the projects.

Attendees value corporate image, environmental factors, business ethics, as well as financial performance.

Corporate Investment Strategy

13. *Corporate objectives in the investment structure.*
14. *Do you generally invest in: companies, projects/infrastructure, both, others?*
15. *Are you interested in public co-financing?*
16. *Do you value positively that a project incorporates the sale of carbon credits into its business plan?*
17. *Could you list some key factors on a proposal presentation to successfully grant funding?*
18. *What development lifecycle activities of a project would you typically fund?*
19. *What degree of involvement do you usually assume in the projects in which you invest?*
20. *What is the minimum IRR requested?*
21. *What is the expected maximum return period for investments in bioeconomy projects?*

Corporate objectives: ROI, entering new businesses, making our existing businesses sustainable, differentiation.

Attendees are interested in public co-financing but need of new governance models.

Most of the attendees would invest in the pre-feasibility and feasibility stages of the projects, and take between a medium and very high involvement in the project.

Investors attending would prefer becoming the full owners and operators of the project, with a concession agreement or similar in place with the project promoter.

To invest in a project with less than 50% of the shares they will ask to have to have controlling stake/blocking rights. This might be problematic since the project promoter

Investors attending use different investment structures:

- Project finance
- Direct investment in an existing entity or SPV
- Grant
- Concessional capital: targets high-impact projects responding to globally significant development challenges that otherwise could not go ahead without specialised financial support. The most common financial products used to deliver concessional finance come in the form of loans, grants and, to some extent, equity investments.
- Venture Philanthropy: a high-engagement, long-term strategy whereby an investor supports a social purpose organization to help it maximize its social impact.
- Corporate venture capital

Attendees state that the requested IRR depends on each project, but usually they look for a minimum IRR of 15%, with minimum 5 years as expected maximum payback.

Investors attending are more used and more interested in investing in companies, but would also invest in projects/infrastructure.

Investment Opportunities

Attendees express interest in building an **archetype of invest-ready projects** by typology to **facilitate the match-making** between investors and projects.

Dev**elopers are needed to accompany projects to the investment phase** (private sector) to put pressure on public administrations.

BioBooster "Alcarras Bioproductors":

- Investors needed to finance the upgrading plant and pyrolysis plant, either an industrial partner or an investment fund.
- Attendees are asked if they would invest in such a project with strengthened majorities and they say yes, but only with these majorities strengthened.
- Attendees have partnerships with industrial partners they can invest through Joint Ventures.
- **Investors attending are interested in investing in the project and more information will be sent to them.**

BioBooster "Wool Washing and Valorisation":

- Currently wool is a residue that is not valorized and the business is not viable. There is large potential for wool valorization but it is necessary to find the target markets. The systemic benefits of the project, such as forest management, must be incorporated into the equation.
- Externalities: It is necessary to assess negative effects of this business, such as the use of water and energy, or transport in case of making a centralized plant. Take them into account in the business plan. Positive externalities must also be assessed.
- One of the attendees specialized in natural capital protection and regeneration mentions the need of generation of demand for forest management and has a model / calculator to see the costs of each project linked to forest management.
- Need to have enough wool for the scale of the wool washing plant and the market size of the final markets. Need of replication in other regions.
- Need to take into account the externalities, the current origin of wool, and the functions of herds in forests are not recognized, and if big enterprises are not forced to make the change they will not. This requires financial help from the public administration.
- Need to do this type of projects even if they are not profitable at short term, need to take into account the future impact and quantify it.
- **Investors attending are interested in promoting the project and more information will be sent to them.**

BioBooster "Alternative Protein Production":

- In general investors are interested but the project is still a bit immature. The first part of the project will be financed by the public administration to de-risk it. Afterwards private investment can be done, possibly by the potential clients.

5. Conclusions and Impact

In conclusion, the round table event allowed us to receive good feecback from investors in terms of barriers in investing bioeconomy and what they look for in bioeconomy projects.

It was complicated to engage the investors at this early stage of the project. Investors were mostly interested in seeing the specific investment opportunities in detail, and at this stage most of the Bioboosters are not mature enough. Our expectations and the investors' were not fully aligned: we wanted to understand what they look for in bioeconomy projects, but they were not able to go more in detail because it is better to base it in more specific case studies.

This event was planned too early and this explains the low attendance. However, with the three attendees were able to get very impactful feedback, and they were interested in knowing more about two of the investment opportunities presented. Moreover, that is why we have created the questionnaire for investors and we will be doing more round tables with investors in the future, when the BioBoosters are more developed.

The achievements and outcomes resulting from the round table event are noteworthy, since investors attending are interested in investing the the presented opportunities, validating the services provided to the biobooster have brought the projects to a mature state and making them investment-ready. The BioBoosters that draw the attention of the investors are still being developed further (specific business plan development) and then they will be introduced officially to the investors at a latter stage.

Looking ahead, Bioboost is poised for continued growth and success. Building on the momentum generated by the roun table event, the program will embark on the next phase of its journey. With the valuable lessons learned and recommendations outlined in this report, future round table events can be further enhanced to maximize engagement and broaden the program's reach.

As the project moves forward, it will actively pursue the next steps, including evaluating project proposals, fostering collaboration and mentorship and providing the necessary resources and support for participants. The future of Bioboost holds immense promise, as it continues to empower and accelerate the development of innovative projects that will shape the future of their respective industries, mobilizing large bioeconomy investments in the region of Catalonia.

6. Next steps

Sending out a questionnaire for the invetsors to get more precise feedback and prepare a periodic meetings with the investors to discuss the bioeconomy investment opportunities and build a strong and trusting relationships with investors and mediate engagement with bioeconomy projects.

A database of potential investors will be developed and updated throughout the period to map opportunities and track the progress of these discussions.


BOOST
Bioeconomy
project
accelerator