Blended finance – accelerating the growth of the alternative proteins market in Europe

Europe must leverage blended finance as a key tool to unlock private investment for the alternative proteins sector, helping the industry access the capital needed to scale and commercialise its operations.

Governments across the world are starting to recognise the role of alternative proteins – meat, seafood, eggs or dairy made from plants, cultivated from animal cells, or produced via fermentation[1] – as a cross-cutting solution for addressing societal challenges such as climate change and for building a competitive and resilient food supply. Alternative proteins represent a transformational opportunity as they aim to deliver the same taste, texture and price as conventional meat and dairy, but require fewer natural resources (such as land and water) and generate far fewer negative externalities (such as greenhouse gas emissions[2], biodiversity loss, pandemic risk[3]).

Meeting the growing demand for meat and dairy with conventional meat alone will be impossible if we are to stay within planetary boundaries. Animal agriculture is already causing around 20% of global greenhouse gas emissions. Animal products account for up to 17% of total EU emissions. Agricultural emissions, which are dominated by animal agriculture, have remained largely unchanged since 2005, hampering the EU's climate objectives. By 2050, global demand for animal protein is projected to increase by 50%. In that context, alternative proteins represent an important lever to diversify meat production in ways that massively reduce our food system's climate impact. Moreover, shifting towards alternative proteins represents a high-impact and low-cost climate investment, especially in view of the substantial funding gap for climate finance.

Apart from the climate benefits, alternative proteins can also contribute to boosting economic competitiveness and food security in Europe. For example, with the right support cultivated meat could add up to €85 billion to the EU's economy on an annual basis by 2050. Helping the alternative protein industry to overcome structural barriers to innovate and scale their operations therefore aligns well with the objectives of European policymakers under the current mandate.

In that context, it is encouraging that the European Investment Bank (EIB)[4] recently announced a €3 billion financing package[5] to "help meet agriculture's triple challenge of producing affordable food, protecting farm production and livelihoods in the face of climate change and preserving the environment and natural resources". It is explicitly mentioned that part of this funding

[1] Various plant-based and fermentation-based alternative proteins are already available on the market for consumers (eg, The Vegetarian Butcher, Quorn). In addition, newer products benefiting from emerging technologies (such as cultivated meat and eggs, or dairy and egg proteins made through precision fermentation) are currently in development or under assessment by the relevant food safety authorities.

[2] For instance, plant-based and cultivated meat could reduce greenhouse gas emissions by up to 92%.

[3] The United Nations (UN) has identified that growing demand for animal protein is a key driver for the proliferation of zoonotic diseases. Alternative proteins can help satisfy this demand without adding to this risk.

[4] The EIB is the long-term lending institution of the European Union, financing investments that contribute to well-defined EU policy objectives. In particular, one of its main objectives is to finance projects that drive competitiveness, promote innovation and support a just transition to climate neutrality.

[5] The EIB Group loans will be matched by other financial institutions, unlocking close to €8.4 billion of long-term investments for the sector.

will be directed towards "European innovative technologies and solutions for the future of food", and in particular, "to attract private investors to the sector".

The public sector can play a crucial role in directing economic growth, catalysing innovation and shaping markets for new technologies. As has already happened with renewable energy and electric vehicles, leveraging the public sector will therefore be a key tool for decarbonising the food sector in Europe and accelerating the growth of our world-leading food biotechnology industry.

Building on cross-sectoral learnings and the recent success stories of public investment programmes in Europe, we advise policymakers to increasingly leverage blended finance to de-risk, attract and crowd in private investment in the alternative proteins sector. Taking such measures will allow forward-looking industry players to access the capital needed to innovate and scale their operations.

To contribute to this discussion, this briefing examines the critical role of blended finance in accelerating the adoption of green technologies and how this mechanism can be leveraged to accelerate the growth of the alternative proteins market in Europe. The briefing will clearly explain the concept of blended finance, explore the economic theory behind it, examine empirical evidence for its multiplier effect[6] and draw parallels between the alternative proteins industry and other innovative industries such as renewable energy and electric vehicles, which are also characterised by high capital investments and technological uncertainty – and where blended finance has played a key role in accelerating the growth of the market – offering a set of policy recommendations for Europe.

[6] The multiplier effect of blended finance refers to the extent to which public funding is able to crowd in private investment in critical green sectors in Europe (including alternative proteins).

Executive summary:

- **Europe has the science, talent, and innovations to lead the global race in food biotechnology.**
- **Alternative proteins – embedded in food biotechnology – are a strategic market for Europe to build a competitive and resilient food system, as a high-impact, low-cost climate investment.**
- **Public funding plays a critical role in shaping the clean technology market – characterised by high capital investments and technological uncertainty – allowing companies to innovate and access the capital needed to scale operations.**
- **The success stories of the renewable energy and electric vehicles sectors – which have successfully benefited from public funding in the past – offer insights on how to design an ambitious alternative protein industrial strategy.**
- **By de-risking and mobilising otherwise unavailable private investment, blended finance can accelerate the market growth for clean technologies, such as alternative proteins.**
- **The outcomes of existing public funding programmes – such as the accelerator programme of the European Innovation Council – demonstrate a significant multiplier effect in mobilising private funding (2x-4x). That means that every euro of EU public funding through these programmes has mobilised between two and four euros of private investment.**
- **It is encouraging to see early signs that the alternative protein sector is included within the scope of EU public funding programmes. Looking forward, Europe should increasingly leverage blended finance – and its strong multiplier effect – as a key tool to unlock private investment and accelerate the growth of the alternative protein market.**

Blended finance: Accelerating the growth of the market for alternative proteins in Europe

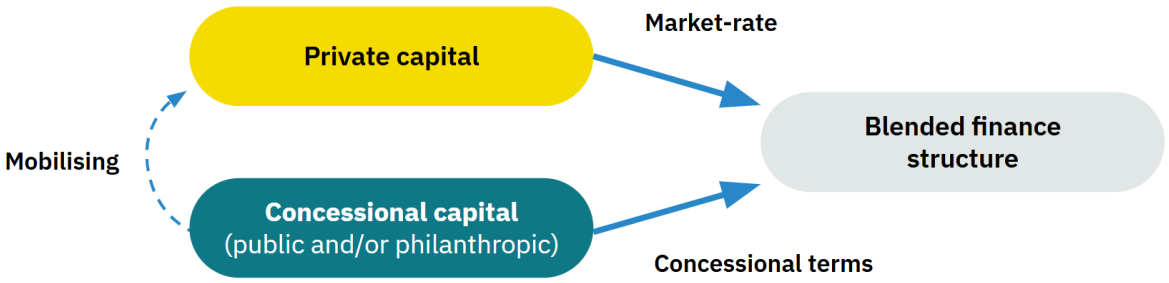
What is blended finance?

In its most elementary form, blended finance is a strategy that leverages funds from different sources – public and/or philanthropic capital, together with private investment – to work together to address investment barriers while achieving well-defined, desirable policy objectives. For instance, by combining concessional finance[7] from public resources with private investment, a blended finance structure can aim to achieve societal impact while ensuring financial viability for a project.

Blended finance can be employed as a powerful tool to align the interests of different parties and unlock untapped private capital for the transition towards a more sustainable food system. In particular, blended finance allows for de-risking and mobilising private investment that would not have occurred otherwise.

Typically, a blended finance approach addresses the main barrier to private investment by improving the risk-return profile for a certain project. In this case, concessional capital from public and/or philanthropic capital will accept lower returns and/or take on more risk in order to make the project more attractive to private investors. As shown by the graph below, it does so by adjusting the risk-return profile to that of alternatives available on the market.

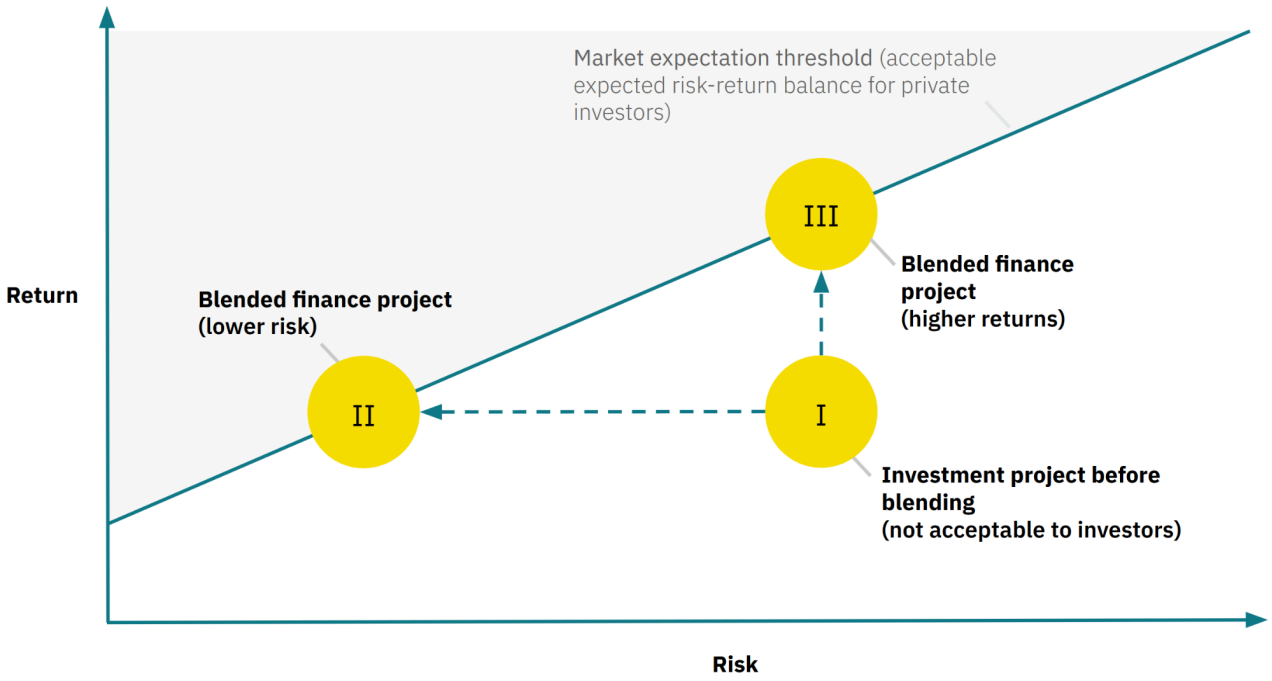
To offer additional flexibility, blended finance solutions can take many forms, including grants, subsidised loans, loan guarantees, first-loss capital[8], or a combination thereof. As an example, a grant typically improves the return to private investors by increasing the firm's assets (moving on the second chart from I to III), whereas a loan guarantee reduces the risk to private lenders in case the company defaults on its outstanding debt (moving on the second chart from I to II).



Blended finance: combining private and concessional capital in a structure

[7] Concessional finance provides companies with access to capital on favourable terms (such as grants or loans at lower interest rates or more flexible terms as compared with what the market would offer).

[8] First-loss capital refers to a situation where investors agree to have a lower claim on the firm's assets as compared with other investors in the event of a liquidation (eg, junior equity, subordinated debt).



Blended finance: mobilising private investment by adjusting the risk-return profile

This paper will primarily focus on blended finance incorporating public funding, as this specific form has the secondary effect of conveying a strong signal to private investors about the long-term market potential of innovative technologies.

This signalling power is especially relevant in a context where new technologies are moving from pilot facilities to market commercialisation. This is because, during the scale-up phase, companies do not offer the foreseeable revenues and familiar market parameters – associated with relatively low risk and quick returns – that private investors typically prefer.

In this scenario, the public sector can leverage blended finance to further de-risk private investment beyond what can be expected based on the standard methodology for blended finance using philanthropic capital, as outlined above.

Accelerating the growth of the market for clean technologies

More than ever, governments see a critical role for clean technologies in addressing the dual challenges of achieving economic growth and mitigating climate change. For instance, in 2020, the EU introduced NextGenerationEU as a stimulus package to boost Europe's recovery and achieve the transition towards a more green, digital and resilient economy. Following that, in 2022, the United States announced the Inflation Reduction Act, which included a wide range of fiscal incentives to steer private capital towards clean energy, transportation and industry.

At the start of her second mandate, European Commission President Ursula von der Leyen highlighted that "there is an equally urgent need to decarbonise and industrialise our economy at the same time". This message resonates with the main recommendations of the Draghi report on EU competitiveness, providing a strong sense of urgency for Europe to overcome its industrial challenges if it wishes to maintain its economic standing amid fierce, global competition. Through this lens, the EU's Competitiveness Compass aims to harness the power of blended finance to de-risk

private investment in clean and strategic technologies – including biotechnology – in order to achieve common goals of European interest.

Despite their transformative potential, advanced clean technologies – such as alternative proteins – face numerous hurdles in Europe. These challenges typically relate to technical development, barriers to entry, competition and regulatory approval. During the critical startup phase commonly referred to as the 'valley of death'[9], the financial risk of supporting cleantech companies until they become cost-competitive, achieve economies of scale and capture market share is too high for most private investors (including venture capital). This is especially true in the European context, where the development of more unified, efficient and deep markets for private capital to finance riskier projects is still a work in progress.

In the absence of those private markets, there is an even more urgent need for the public sector to step in with concessional finance to support more long-term or risky investments that are strategic in nature. For this reason, it is critical for promising companies to receive access to patient capital[10] to be able to commercialise their products and achieve economies of scale, which will ultimately benefit consumers in the form of better products, greater choice and lower prices.[11]

Through that lens, the public sector should play a critical role by providing finance to promising startups and implementing an intelligent policy mix stimulating both the demand and supply side of the market. In that scenario, innovative companies are responding to clear signals from both sides of the market, working alongside the public sector to achieve long-term objectives for clean industrial growth. This full-spectrum style of policymaking is exactly what led to massive cost reductions for important clean technologies such as solar panels (a reduction of 85% between 2009 and 2019) and lithium-ion batteries used in electric vehicles (a reduction of 89% between 2008 and 2022).

Against this background, Development Financial Institutions (DFIs), such as the EIB Group, can play a key role, either by providing patient capital or by setting up blended finance structures with a clear focus on crowding in private investment. This approach enables cleantech companies to overcome structural barriers, especially when innovation is uncertain and capital-intensive. DFIs can also convey a strong signal to private investors about the future market potential of certain technologies, thereby de-risking and mobilising private investment even further.

The above considerations must be taken into account when assessing the strategic role of blended finance in delivering on the EU's objectives and priorities during the current mandate. This is especially true when it comes to unlocking clean industrial growth and accelerating the transition towards a more sustainable food system.

[9] The 'valley of death' refers to the crucial early period for startups after seed funding investment has begun to run low in the transition and scale-up towards commercialisation. For cleantech companies, the valley of death can be particularly treacherous as their technology is highly capital-intensive and they face higher technological and regulatory risks, extending their time to market.

[10] Patient capital refers to investors who are willing to offer flexible terms and wait several years for potential returns to support a company's long-term growth. This is different from most venture capital investors who typically want to see a return on their investment within three to five years.

[11] For instance, in the alternative protein sector, achieving price parity or becoming less costly than conventional animal products is crucial for widespread adoption.

Bridging the funding gap for the sustainable transition

Although the concept of blended finance is not new, it is not always clear how policymakers can make use of specific financial structures to maximise the impact of limited public resources by crowding private investment into critical green sectors. This is especially relevant in view of the substantial funding gap to deliver on the sustainable transition and achieve net zero emissions globally by 2050, as called for by the Paris Agreement. For instance, in 2022, it was estimated that only 16% of climate financing requirements had been met globally.

In that context, shifting towards a sustainable and healthy food system – where alternative proteins form an integral part of the solution – proves to be a huge, untapped opportunity for high-impact and low-cost climate investment. A study by the World Bank shows that, in terms of greenhouse gas mitigation potential, alternative proteins are ranked second (at 6.1Gt CO_2eq per year) only behind afforestation. Similarly, a study by the Tilt Collective found that transitioning to a plant-rich food system would reduce emissions by 28Mt CO2eq per billion dollars invested – making it more than five times more impactful than renewable energy investments, and four times more impactful than investing in electric vehicles.

As a highly cost-effective yet relatively neglected climate mitigation strategy, alternative proteins are an important and pragmatic decarbonisation strategy. Yet despite this, in relative terms, the funding gap for the segment of alternative proteins is even larger than that for climate financing at large. A 2022 study by the Rockefeller Foundation estimated that the alternative protein sector needs $40 billion in annual investment to scale and boost consumer adoption, but only 7% had so far been financed by governments, philanthropy and private investors.

To unlock the transition towards a more sustainable food system and bridge the observed funding gaps, there is a clear need for blended finance to mobilise funding from private investors. From this perspective, supporting alternative proteins through blended finance should be seen as an integrated part of the climate and industrial policy toolbox.

Effectiveness of blended finance

What does the theory tell us?

Microeconomic theory suggests that public investment in industries with market failures can help correct for inefficiencies and mobilise private investment. When markets fail to allocate resources efficiently – whether due to externalities, information asymmetries, or high initial investment costs – the government can play a corrective role in creating and shaping new markets. This is especially true for emerging markets characterised by high risk and innovation, where substantial upfront investment and uncertain returns often deter private sector participation, as is the case for the alternative protein industry.

One important empirical study was the first to assess the magnitude of the impact of public investment on mobilising private capital in the renewable energy sector, while comparing its effect to that of other policy instruments. Based on a robust data sample,[12] the econometric results indicated that increases in public investment had the strongest positive effect on levels of additional private investment in low-carbon technology.[13] By contrast, government subsidies and tax incentives showed smaller positive effects on mobilising private capital in the renewable energy sector.

[12] The empirical study was undertaken on the basis of 187 observations of public investments in low-carbon technology in 17 countries between 2004 and 2014.
[13] Econometrics is the use of statistical methods to test data-driven hypotheses. Typically, econometrics relies on a specific procedure for assessing whether a relationship between different variables in a given dataset is statistically significant. If it is, one can reasonably conclude that the observed results are not likely to occur randomly, but are attributable to a specific relationship between variables.

These results show that blended finance played a pivotal role in accelerating the growth of the renewable energy sector – by unlocking and mobilising private capital – at a time when the sector was not yet price-competitive with fossil fuels.

What does the empirical evidence show us?
Here, we use empirical evidence to further illustrate the important role of blended finance in driving additional private investments in critical climate sectors by assessing various outcomes of public investment programmes at the EU level. As a metric to gauge the effectiveness of blended finance, we will present the multiplier effect for each programme, or provide a reliable estimation based on publicly available data.

European Fund for Strategic Investments (EFSI)
The **EFSI**, also known as the Juncker Plan, was a partnership between the EU and the EIB Group designed to stimulate private investment in strategic projects across Europe through targeted public funding.[14] Between 2015 and 2022, EFSI played a key role in mobilising private financing for investment projects with high economic, environmental, and societal benefits. By the end of 2022, cumulative investments under EFSI had reached €503 billion, over two-thirds of which could be attributed to private investors (€363 billion). This represents an aggregate multiplier effect of **2.6x**.

The table below[15] presents the multiplier effect of the EFSI programme at large, together with a more detailed breakdown for its Investment and Innovation Window (IIW) for mid-cap companies (**2.1x**) and its SME Window (SMEW) for small and medium-sized enterprises (**3.5x**). This indicates that the multiplier effect of the EFSI programme was larger for smaller companies, where private investors are typically more deterred by less advantageous risk-return profiles (due to a high degree of uncertainty on future profitability).

EFSI (2015-2022)	Amount (billion EUR)	Multiplier effect (blended finance)
IIW (public funding)	92.4	
IIW (private funding)	195.6	2.1x
SMEW (public funding)	48.0	
SMEW (private funding)	167.0	3.5x
Total (combined)	**503.0**	**2.6x**

[14] In 2022, InvestEU took over as the EU's new long-term financing programme, incorporating the EFSI programme and building on its proven success. InvestEU enables the EIB Group to finance strategic investments to support a sustainable recovery and help build a greener, more digital and more resilient European economy.

[15] *Note to table*: The multiplier effect is calculated by dividing the amount of private funding mobilised by the amount of public funding that was put in place initially (either on aggregate or for specific investment programmes). Source

The table below presents the multiplier effect for different industry sectors,[16] where the EFSI programme mobilised additional private financing through its IIW for mid-cap companies.

This indicates that the multiplier effect was likely to be larger for supporting the (renewable) energy sector (**2.4x**), as well as for smaller companies in the mid-cap segment (**2.6x**).[17] This could be explained by the underlying economic rationale that blended finance achieves more effective outcomes in industries characterised by substantial upfront investment and high innovation, or for smaller companies with a high degree of uncertainty about future profitability.

EFSI (IIW) (2015-2022)	Multiplier effect (blended finance)
RD&I	2.0x
Energy	2.4x
Transport	1.7x
Smaller companies	2.6x
Digital	2.2x
Environment, resource efficiency	1.9x
Social infrastructure	1.9x
Regional development	1.3x
Bioeconomy	1.7x
Total (combined)	**2.1x**

European Innovation Council (EIC)

The **EIC** falls under the umbrella of Horizon Europe, the EU's key funding programme for research and innovation between 2021 and 2027. The overarching aim of the EIC is to support breakthrough and disruptive innovation in Europe (with a total budget of €10 billion). It does so predominantly through its EIC Accelerator programme, which provides blended finance with public grants and equity investments to individual startups to develop and scale up their innovative technology. In terms of sectoral scope, its portfolio is primarily focused on technologies that can help to achieve the European Union's policy ambitions for the green and digital transitions.

To deliver on those objectives, the EIC also holds green investments in portfolio companies in the agriculture and food sector, including those working with innovations in alternative proteins. One example is Infinite Roots[18], a German biotech company, which produces a new generation of sustainable food through the fermentation of edible mushroom mycelium. At the start of 2024, the company secured $58 million (€53.1 million[19]) in a series B funding round that was co-led by the EIC.

[16] *Note to table:* The multiplier effect is calculated by dividing the amount of private funding mobilised by the amount of public funding that was put in place initially (either on aggregate or for specific industry sectors). A robust approximation is used based on a weighted average to account for different relative sizes of each sector. Source

[17] The investment categories of 'bioeconomy' and 'regional development' were only added as additional objectives under the IIW as of the year 2018 as part of EFSI 2.0. Therefore, it can be reasonably expected that their multiplier effect would be underestimated as the related private investments had less time to materialise after the public funding had been put in place. By contrast, all other sector-specific multipliers relate to mobilised private investments over a seven-year period.

[18] In its latest impact report, the EIC presents Infinite Roots as a prime example of its green investments in the agriculture and food sector.

[19] The euro amount was calculated based on the monthly average exchange rate for January 2024.

More generally, under its investment guidelines, the EIC systematically seeks co-investment from private investors. It aims to mobilise at least a matching private participation, but more typically, it seeks a multiplier effect of 3x throughout its investment horizon. Across its entire portfolio, the EIC already attracted more than €12 billion of subsequent investments from private investors (including venture capital funds, corporates and banks).[20] In particular, its EIC Fund[21] surpassed expectations by supporting 100 investment rounds within just over a year, securing co-investments from 280 other investors for a total amount of €1.2 billion, thereby generating a multiplier effect of **3.5x**.

Circular Bio-based Europe Joint Undertaking (CBE JU)

The **CBE JU** is an institutionalised European partnership between the European Union and the Bio-based Industries Consortium (BIC). With a total budget of €2 billion, this public-private undertaking aims to finance projects that advance the competitiveness of circular bio-based industries under Horizon Europe between 2021 and 2031.

CBE JU brings together various actors from the bio-based industry to address technological, regulatory and market challenges. Its public-private funding scheme aims to boost technology development and market deployment, with a focus on de-risking private investments. One example is the PLENITUDE project, which supported the construction of a large-scale factory producing alternative proteins through fermentation to grow mycoprotein.[22]

Since 2014, CBE JU has successfully mobilised private investments into the bio-based industries and their surrounding ecosystem, generating a total of €1.1 billion of investments in projects with a multiplier effect of **3.2x** on public investment.

This analysis of outcomes of public investment programmes at the EU level clearly demonstrates the important role of blended finance in unlocking additional private investments in critical green sectors in Europe. Depending on the specific functioning of the programme, the scope of the targeted sectors, or the enterprise lifecycle, blended finance appears to have a strong multiplier effect with an observed range between **2x** and **4x**. EU policymakers should continue to consider – and further leverage – blended finance as an integrated part of their climate and industrial policy toolbox, including for alternative proteins.

Accelerating the growth of the market for alternative proteins in Europe

Public funding has a critical role to play in providing the necessary support to de-risk investments in green sectors in Europe (including the alternative protein sector), making it more feasible for companies to innovate and access the capital needed to scale and commercialise their operations. Governments are uniquely positioned to catalyse markets for new technologies, much like they have done for renewable energy and electric vehicles through tax credits, loan guarantees, and industrial policies.

Similar forms of government support can drive progress in the food biotechnology and alternative protein sector, which will ultimately benefit consumers in the form of better products, more

[20] This refers to the long-term impact of the full EIC portfolio over a time period of around 10 years. As such, this analysis takes into account its predecessor programme 'SME Instrument Phase 2 and Future and Emerging Technology projects' (since 2014) and the pilot phase of the EIC (from 2018 to 2020).

[21] The EIC Fund has a total budget of €3 billion for the period between 2021 and 2027.

[22] To our knowledge, the PLENITUDE project represents the largest funding amount under CBE JU, as directed towards the alternative proteins sector.

choice and lower prices (while achieving important public policy goals).

A clear parallel exists between the trajectory of the alternative protein sector and the past development of industries such as renewable energy and electric vehicles, which are already at a more mature stage of development:

- Such industries are characterised by substantial upfront capital investments and a high degree of uncertainty, which form a deterrent to typical private investors such as venture capital funds or commercial banks (especially in the absence of unified, efficient and deep markets for private capital in Europe). For instance, funding the construction of a commercial-scale manufacturing facility for alternative proteins can cost between $15 million and $250 million (between €13.6 million and €227 million[23]) depending on the technology and facility size. It is unrealistic for most early-stage companies to raise this much from private funds only.

- Such novel industries employ advanced clean technologies, which have to compete downstream with incumbent technologies. This requires patient capital for those companies to innovate and become cost-competitive by achieving economies of scale and capturing market share over time.

- To unlock the potential of these industries, policymakers need to implement an intelligent mix of measures stimulating both the supply and demand sides of the market, working together to achieve long-term objectives for clean industrial growth.

On that basis, it is encouraging to see early signs that blended finance programmes are being rolled out to catalyse the growth of the alternative protein sector in Europe. For example, the investment programmes of InvestEU (the successor of the EFSI programme), the EIC and CBE JU are all supporting alternative protein companies in their portfolios, enabling them to innovate and scale their operations. In addition, the EIB's financing package for agriculture and other bioeconomy activities (€3 billion) mentions a venture debt programme providing loans to innovative companies across the value chain, together with a private equity programme to back European fund managers that target innovative food technologies (with a view to attracting more private investment to the sector).

In particular, it is worth noting that the EIB Group recently started to support alternative protein companies in scaling up their technologies with venture debt, a relatively rare financing instrument tailored for early-stage companies.[24] In September 2024, MATR Foods received a venture debt loan (€20 million) to further develop and scale up its fungi fermentation technique to create a meat alternative that replicates the juicy texture of beef. More recently, Formo received a venture debt loan (€35 million) to further develop and scale its fermentation processes for producing alternative dairy and egg products. Both venture debt loans[25] aim to provide essential liquidity for the companies between funding rounds and attract follow-on private investment to support their growth.[26]

[23] The euro amounts were calculated based on the monthly average exchange rate for August 2024.

[24] Venture debt is a non-dilutive financial instrument with advantageous terms, supporting a startup between different equity funding rounds. The EIB's venture debt programme concerns a financial instrument with characteristics of both equity and debt, where the repayment of the venture debt depends on the company's future performance.

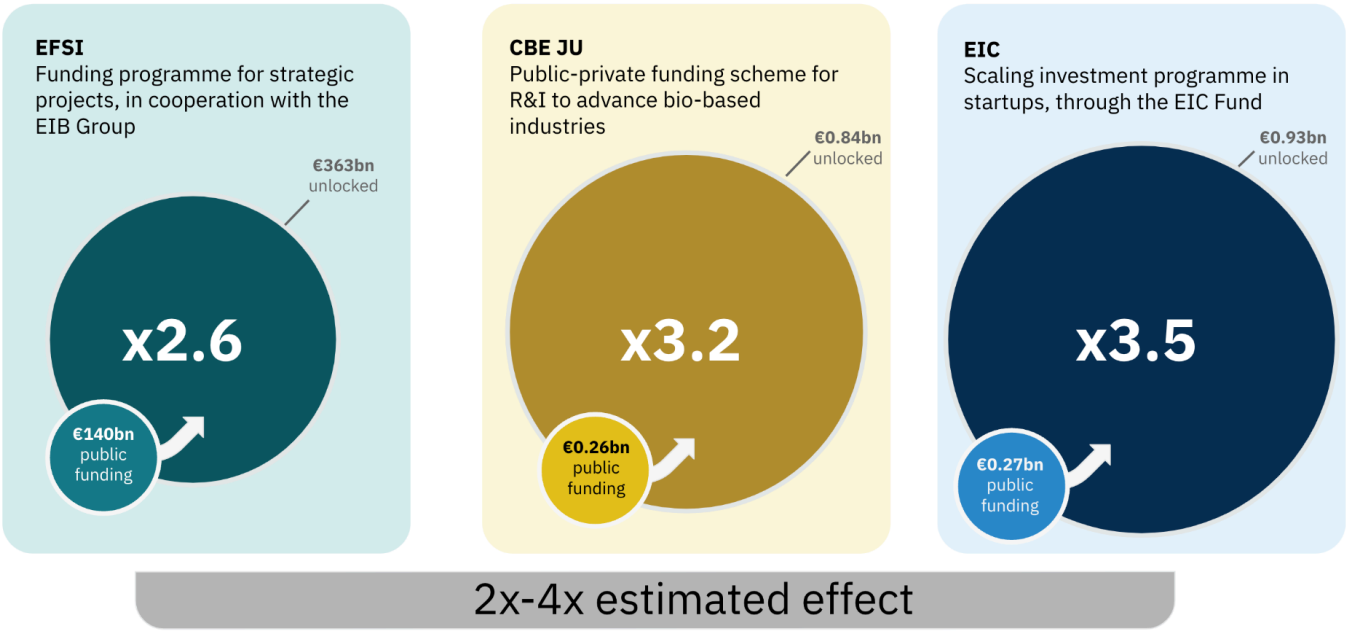
[25] To our knowledge, the venture debt loans for MATR Foods and Formo represent the largest amounts of funding provided by the EIB to the alternative protein sector (for human consumption).

[26] For instance, Gattti et al (2022) found empirical evidence of a strong, positive impact of EIB venture debt on the subsequent growth of supported companies (in terms of total assets) and their ability to attract additional debt funding.

On a complementary basis, blended finance programmes at the EU level are supported by important policy initiatives in the current mandate. The Vision for Agriculture and Food creates a road map for the agricultural and food sectors to ensure long-term competitiveness and sustainability within planetary boundaries, supporting thriving rural areas, food security and resilience. This policy guidance refers to "innovative technologies in the field of food technology, biotechnology and biomanufacturing" as crucial levers for the EU to "remain a world leader in food innovation". The bioeconomy sector is also prominently featured in the EIB's 2024-2027 Strategic Roadmap and the EU's Competitiveness Compass, demonstrating a strong emphasis on clean technologies, biotechnologies, and the need to scale and de-risk private investments through blended finance.

Policymakers should increasingly leverage blended finance as a key tool to unlock private investment in the alternative proteins industry in Europe, helping the industry to innovate and scale, and paving the way for widespread adoption of sustainable foods.

Case study summary



Policy recommendations

Europe has the science, talent, and innovations to lead the global race in food biotechnology. With processes such as biomass and precision fermentation, alternative proteins demonstrate how a world-leading food biotechnology sector in Europe can drive clean industrial growth – linking sustainable food production with industrial innovation.

Public funding has a critical role to play in accelerating the growth of the market for clean technologies – including alternative proteins – making it more feasible for companies to innovate and access the capital needed to scale and commercialise their operations.

In particular, EU policymakers should leverage blended finance as a key tool to unlock private investment for the alternative proteins industry in Europe, helping the industry to innovate and scale, and paving the way for widespread adoption of sustainable foods.

Develop strategic markets: Recognise the key role of food biotechnology, including alternative proteins, for clean industrial growth in Europe

- **Set a clear ambition to accelerate the growth of a competitive and world-leading food biotechnology sector and recognise it as a strategic market for Europe**. Securing a resilient and diversified protein value chain – where alternative proteins play a key role as a high-impact and cost-effective climate investment – should be a priority for policymakers in Europe.
- **Revise the Bioeconomy Strategy and leverage the new EU Biotech Act as an opportunity to make alternative proteins an integral part of food biotechnology**. This will help to build Europe's economic, climate and food resilience.
- **Develop an industrial strategy for the alternative protein sector with a clear, ambitious roadmap, identifying key policy levers and creating dedicated financial instruments to support the growth of the sector.** In that strategy, the EU should seek coherence between policy measures and public funding to maximise the impact of limited public resources.

Boost blended finance: Leverage more EU funding to unlock the private investment needed to scale up innovations in food biotechnology, such as alternative proteins

- **Leverage the strong multiplier effect of blended finance to bridge the funding gaps for climate finance and alternative proteins.** Policymakers in Europe should consider alternative proteins in combination with blended finance as an integrated part of their climate and industrial policy toolbox.
- **Boost investment programmes that rely on blended finance to address the scale-up gap for food biotechnology in Europe, including alternative proteins.** Give more funding to existing instruments (such as the EIC Accelerator) and develop new instruments tailored to the needs of the food biotechnology sector (such as the Innovation Fund for cleantech).
- **Strengthen connections between R&I and the commercialisation of alternative protein technology**. Introduce an Important Project of Common European Interest (IPCEI) for food biotechnology or allocate more funding to innovation centres of excellence, which bring together researchers, universities and companies. Given its success, the CBE JU public-private partnership model could be replicated for food biotechnology, bringing in funding from large, innovative companies in Europe

leading in this space, member states who are already investing, and the European Commission.

- **The EIB Group should expand its critical support during the scaling phase of alternative protein startups.** The EIB Group should build on its successful track record in supporting innovative companies by creating further opportunities for support through non-dilutive financing options, such as loans, guarantees and venture debt, as well as equity participations. To that end, the EIB Group could engage more with alternative protein companies to discuss the available options for financial support.

- **Draw on success stories in the renewable energy and electric vehicles sectors to ensure the effectiveness of blended finance programmes for alternative proteins.** EU policymakers should rely on an intelligent mix of measures directed at both the supply and demand side of the market for alternative proteins – working together to achieve long-term objectives for clean industrial growth.

About the Good Food Institute Europe

The Good Food Institute Europe is a nonprofit and think tank helping to build a more sustainable, secure and just food system by diversifying protein production.

We champion the science, policies and investment needed to make alternative proteins delicious, affordable and accessible across Europe.

By advancing plant-based foods, cultivating meat from cells and producing ingredients through fermentation, we can boost food security, meet our climate targets and support nature-friendly farming. GFI Europe is powered by philanthropy.

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