Future Matters

Climate Bank Roadmap 2026-2030
Response to the EIB's stakeholder consultation

Future Matters is an independent, non-profit think tank that identifies politically viable, high-impact climate policies. Our systematic prioritisation methodology helps EU institutions direct resources toward opportunities with the greatest climate and economic returns. In this submission, we highlight two areas where the EIB can play a catalytic role in the next Climate Bank Roadmap: scaling up the production of low-emission alternative proteins and supporting EU–India cooperation on green iron and steel by mobilising investment. With targeted use of EIB instruments, both can advance the EU's climate, competitiveness, and international cooperation objectives.

Low-emission alternative proteins

Alternative proteins are among the most cost-effective climate solutions available. According to BCG, they offer the highest greenhouse gas mitigation potential per euro invested across all sectors. Fermentation-based biotechnologies, in particular, are among the most promising solutions in alternative protein: they are market-ready but require support for scale-up to realise their potential of generating up to 80% fewer emissions than conventional ruminant production.

In the past years, the EIB has made a series of targeted investments in fermentation-based alternative protein companies across Europe, including:

- €35 million to Formo (Germany) to develop and scale up fermentation-based cheese and egg alternatives.
- €20 million to Matr Foods (Denmark) to scale production of fermentation-based alternative meat products.
- €35 million to Puratos (Belgium) for their fermentation-based cheese protein alternatives.

- €39 million to the Zintinus Fund I, a venture capital fund focused on growth stage investments in sustainable food innovation across Europe, in particular alternative proteins.

The EIB described investments into alternative proteins as "strongly aligned with the EU Green Deal and the EIB's policy priorities concerning the environmental and carbon footprint of the agricultural sector and related industries". EIB Vice-President Nicola Beer also recognised that "developing and scaling up the industrial production of fermentation-based foods is a highly innovative approach to meeting the growing demand for protein-rich dairy and egg substitutes that are free from animal products".

While Europe leads in innovation, it risks losing this advantage to faster-moving regions. The sector faces persistent financing barriers, such as high capital expenditure for scale-up, limited investor appetite due to market uncertainty, and misaligned regulation. These currently prevents European fermentation-based protein companies to tap into a global market, expected to reach up to €260 billion by 2035 – roughly equivalent to Finland's GDP. To capture the potential of alternative proteins, global public funding on RD&D and commercialisation needs to rise to around €5 billion per year.

CBR2 could extend the EIB's existing instruments – such as venture debt, blended finance, and technical assistance – to address these barriers and scale this high-impact, innovation-driven sector that supports both decarbonisation and Europe's industrial competitiveness[1]:

- **Direct investment loans**, **venture debt** and **project finance** can support infrastructure build-out.
- **Blended finance** and **guarantees** can de-risk private investment.
- **Technical assistance** (e.g. JASPERS, ELENA) can improve project readiness.
- **Intermediated loans and portfolio guarantees** can improve SMEs' access to capital.

In addition, eligibility criteria – originally designed to restrict support for first-generation biofuels – may unintentionally exclude fermentation-based food biotech projects that use sugar or starch crops as feedstocks. This risks blocking food innovations that support the EU's food system transformation and climate objectives. Clarifying or adapting this guidance could unlock support for a high-impact area within the EIB's existing policy priorities.

Extending support for scale-up of biotechnologies for alternative proteins is aligned with the EIB's priority to "develop the bioeconomy value chain, with an emphasis on the green transition and circular economy," under the agriculture and bioeconomy pillar of the EIB's

[1] Based on recommendations from Innovative financing mechanisms for alternative proteins in Europe (Good Food Institute Europe, 2025).

Operational Plan 2025-2027. For after 2027, the European Commission's proposal for the new Multiannual Financial Framework (MFF 2028-2034) creates opportunities to increase support for the sector, in particular under the dedicated pillar for "health, biotech, agriculture and bioeconomy" of the new European Competitiveness Fund.

Green steel value chain in India

The EIB has signalled its strategic interest in India's green industrial transition through its €1 billion Green Hydrogen Initiative, launched in 2023 with the India Hydrogen Alliance and backed by the EU's Global Gateway. This builds on earlier credit lines to Indian financial institutions for renewable energy and participation in the Edelweiss Climate Fund. While these investments focus primarily on energy supply, they create a foundation for supporting hard-to-abate industrial sectors like iron and steel.

India has also begun laying the groundwork for decarbonising its iron and steel sector. The 2023 National Green Hydrogen Mission includes pilot projects using hydrogen-based DRI and other low-emission technologies, and a broader green steel policy is under development. The 2024 Green Steel Roadmap explicitly invites international public finance to support this transition, recognising the importance of global collaboration in scaling low-emission steel technologies. While still at an early stage, this framework signals clear political intent and provides a basis for international cooperation.

At the same time, several barriers continue to hold back progress:

- **Technology maturity**: Hydrogen-based direct reduced iron (DRI) is still early-stage in India and remains cost-intensive, requiring significant de-risking.
- **Early market development**: Indian producers face high uncertainty about domestic demand for green steel. With the EU moving to green its steel market, it can send a clear demand signal for low-emission steel to Indian producers. Because industrial investments require long lead times, decisions must be made well before demand fully materialises. De-risking now is essential to ensure that capacity is in place when international demand – particularly from the EU – scales up.
- **Access to finance**: Secondary producers (40% of India's output) are SME-dominated and face limited credit access, lack of collateral, and low investor confidence.

Decarbonising India's steel sector could avoid up to 125 Gt CO_2e by 2100[2]. Supporting the transition now would prevent carbon lock-in. For the EU, it offers access to low-cost green iron imports to meet excess demand. This can help lower input costs for green steel

[2] Future Matters calculation based on Achieving global climate goals by 2050: Pathways to a 1.5°C future (ClimateWorks Foundation, 2023).

production, reduce reliance on costly domestic hydrogen, and support the development of resilient value chains aligned with the EU's industrial and climate objectives.

The EIB is well-placed to lead on transition finance for the Indian steel sector, using tailored instruments[3] for different segments:

For first-of-a-kind and pilot projects

- **Blended finance**: Combine concessional loans, junior equity and technical assistance to support hydrogen-DRI and other early-stage technologies.

For large-scale commercial transformation

- **Loans and project finance**: Provide long-term and concessional debt for capital-intensive investments, including hydrogen-based DRI. Subordinated debt or junior equity tranches can help reduce risk and crowd in private capital.
- **Sustainability-linked loans and transition bonds**: Mobilise capital tied to verified emissions or technology performance.
- **Hybrid sustainability-linked green bonds**: Combine use-of-proceeds financing with emissions performance targets to attract broader investor interest.

For the SME-dominated secondary steel sector

- **Credit guarantees and risk-sharing mechanisms**: Reduce risk for Indian lenders financing cleaner technologies.
- **Intermediated finance**: Channel capital through local financial institutions with support for capacity-building
- **Concessional subordinate lending**: Provide low-cost junior capital to increase the creditworthiness of smaller-scale projects.

Across the value chain

- **Technical assistance and advisory**: Prepare projects, support technology transfer, and build institutional capacity.

To maximise impact, how instruments are delivered is just as important as which ones are used. In emerging economies, like India, industrial decarbonisation involves a fragmented set of public and private actors. Coordinating with other international financial institutions and national partners would allow the EIB to streamline access to finance and technical assistance. The European Bank for Reconstruction and Development's in-country platform in

[3] Based on recommendations from Scaling transition finance for green industrial transition of the Indian iron & steel sector (Climate Catalyst & Climate Policy Initiative, 2024).

Türkiye provides a useful model. Clear communication of available instruments and lessons from past initiatives can help strengthen uptake among governments, corporates and financial institutions.

The EU's cooperation with India under NDICI Global Europe and Global Gateway already prioritises green energy and infrastructure, and the EU increased funding for India cooperation under these programmes by €10 million in October 2024, recognising the growing scope of cooperation. Under the next MFF, the Commission has the intention to align external action more closely with the EU's strategic interests. This would allow for more funding under the Global Europe Instrument to be allocated to a cooperation with India that supports the EU's clean industry interests.

By extending its financial instruments to India's green steel value chain, the EIB would be taking the logical next step in a partnership already grounded in green hydrogen investments.

Contacts

Policy Manager in Climate Protection
Carl Frederick Luthin
carl.luthin@future-matters.org

Senior Policy Manager in Climate Protection
Maxime Oillic
maxime.oillic@future-matters.org

Future Matters

Future Matters is a non-profit think tank dedicated to providing research-backed, high-impact strategies for global challenges.

Future Matters
c/o UES Gesellschaft für effektives Spenden
Müllerstraße 138 D
13353 Berlin, Germany
contact@future-matters.org
future-matters.org