

# EMFAF Financial instruments in support of sustainable and resilient fisheries and aquaculture

**Miglena Dobрева,**  
Financial Instruments Advisor (moderator) , European Investment Bank

**Richard Croft,**  
Policy Officer, DG MARE, European Commission

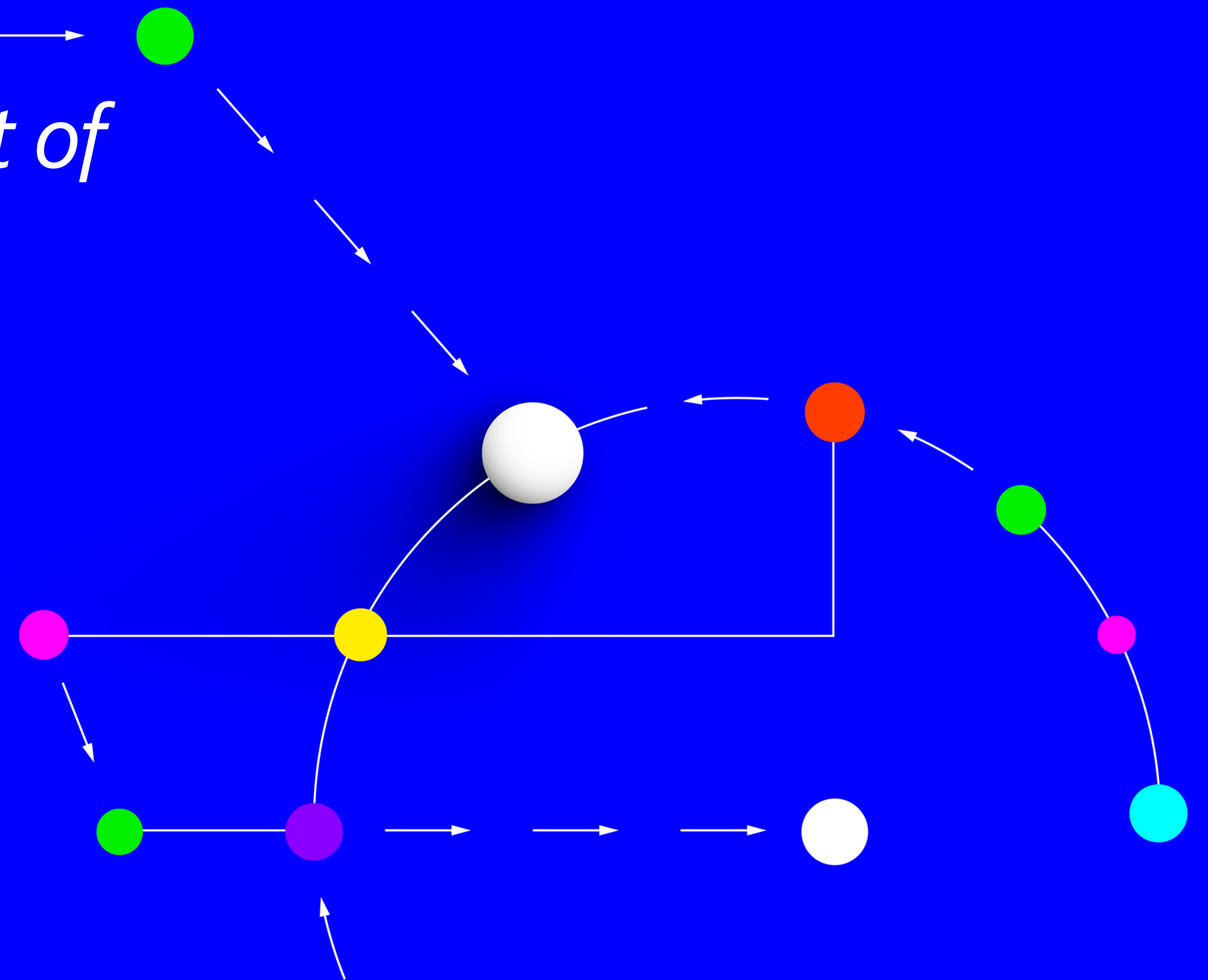
**Antony Starr,**  
Senior Specialist, Ministry of Agriculture and Forestry, Finland

**Toomas Kevvai,**  
CEO, Paldiski Fishmeat Plant, Estonia

**Ana Peralta Baptista,**  
Team Leader, Blue Economy & Energy Transition, European Commission

**Camille Richter,**  
Environmental Fund Manager, BlueSeeds, France

**Eduard Koitmaa,**  
Line Manager of Producing and Marketing of Living Aquatic Resources, Ministry of Regional Affairs and Agriculture of the Republic of Estonia



# Use of Financial Instruments under EMFAF – state of play

Richard Croft,  
Policy Officer,  
DG MARE, European Commission



# Definitely

<u>Member State</u>	<u>State of Play</u>	<u>Other information</u>
BG	Programmed	SOs 1, 2 and 3
EE	Will (continue to) use FI	/
EL	Programmed	SSCF/ aquaculture/ processing
FI	EAA done – will implement in 2025	MA will implement directly
HR	Programmed	SOs 1 and 2 - also (possible) use of national scheme
IT	Programmed	SOs 1 and 2
LT	EAA done – reworked in 2024	FIs to be used for processing

# Maybe

<u>Member State</u>	<u>State of Play</u>	<u>Other information</u>
CY	EAA under review	
CZ	EAA in 2019 – revisit 2025	Aquaculture/processing to be assessed
DK	EAA done	To reconsider in post-2027 period
ES	EAA done	Will reflect on need for FIs when RRF effects are clearer
FR	EAA done – no FIs at national level	Regions may use FIs
LV	EAA in 2019 – revisit in 2024	National capital company
MT	EAA within 2 years	Unlikely – small programme
NL	EAA done – no FI use under EMFAF	National guarantee scheme
PL	Market study done	FIs proposed for processing sector
RO	EAA in 2 years	Unlikely – low sector interest
SK	EAA in 2 years	

# (What's The Story)...?

<u>Member State</u>	<u>State of Play</u>	<u>Other information</u>
AT	EAA done	FIs considered unnecessary
BE	Will not use	Sector too small
DE	EAA may be done	No FI demand from sector
HU	EAA done	Programme too small
IE	EAA suggested use with EAFRD	No FIs for EAFRD (and thus none for EMFAF)
PT	EAA done	FIs considered unsuitable
SE	EAA done – no use of FI under EMFAF	FIs will not enhance aquaculture sector
SI	EAA done	Programme too small

# The Masterplan

## Simplified rules for MS level FIs

- **FIs integration in programming stage**, i.e. streamlined ex-ante
- Possible to **continue FI implementation** across programming periods
- Working capital financing

## New combination possibilities

- More flexibility to **combine EMFAF FIs and grants in one operation**, incl. capital rebates
  - **One set of rules**
- Possibility to contribute programme resources to **InvestEU MS compartment**

## Relying on private sector support and expertise

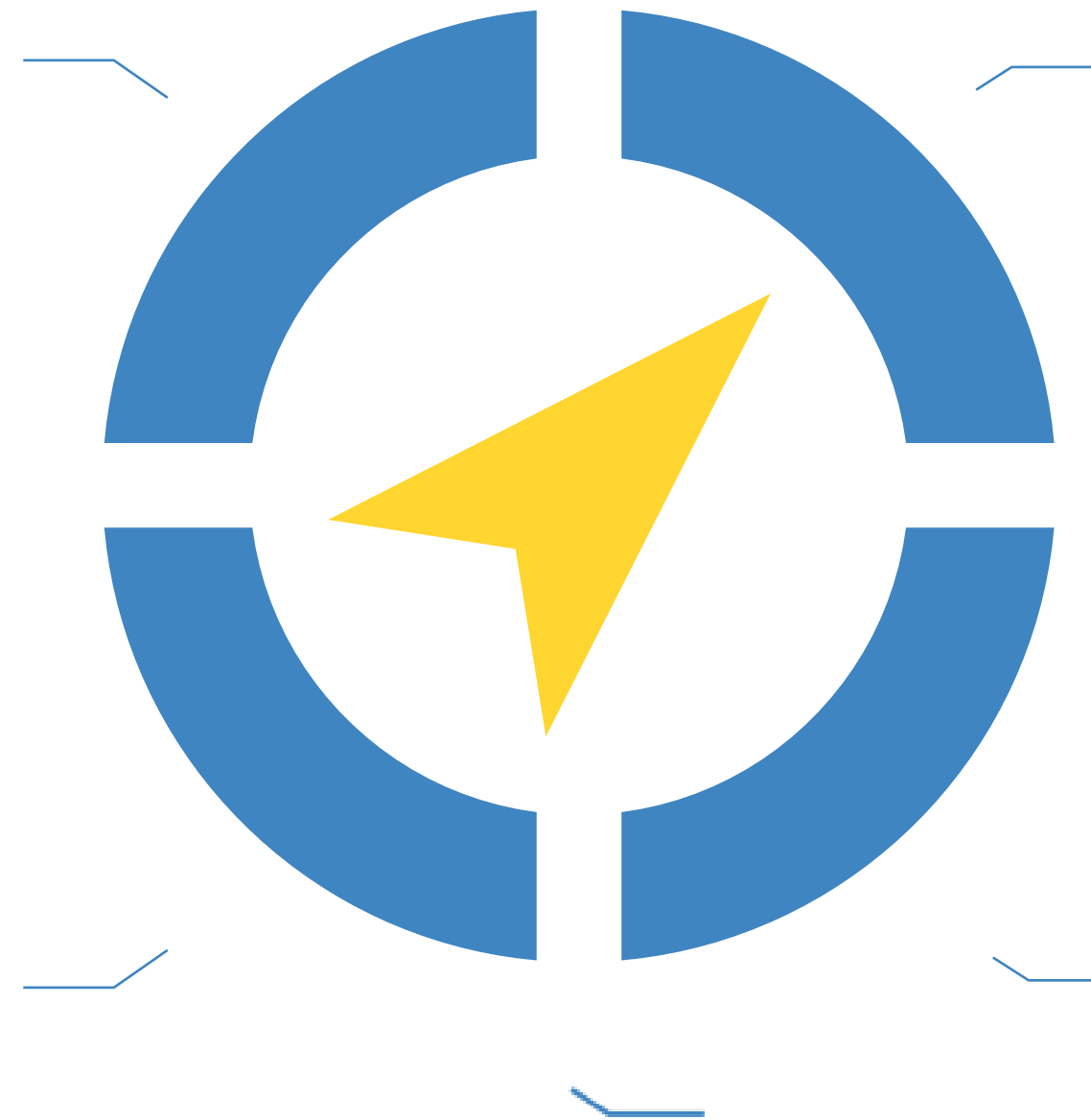
- **Leveraging additional private resources** to address the market needs
- **Building on the expertise** and market-based approach of the **financial intermediaries**
- Active fund manager's role in **project management and business development in case of equity**

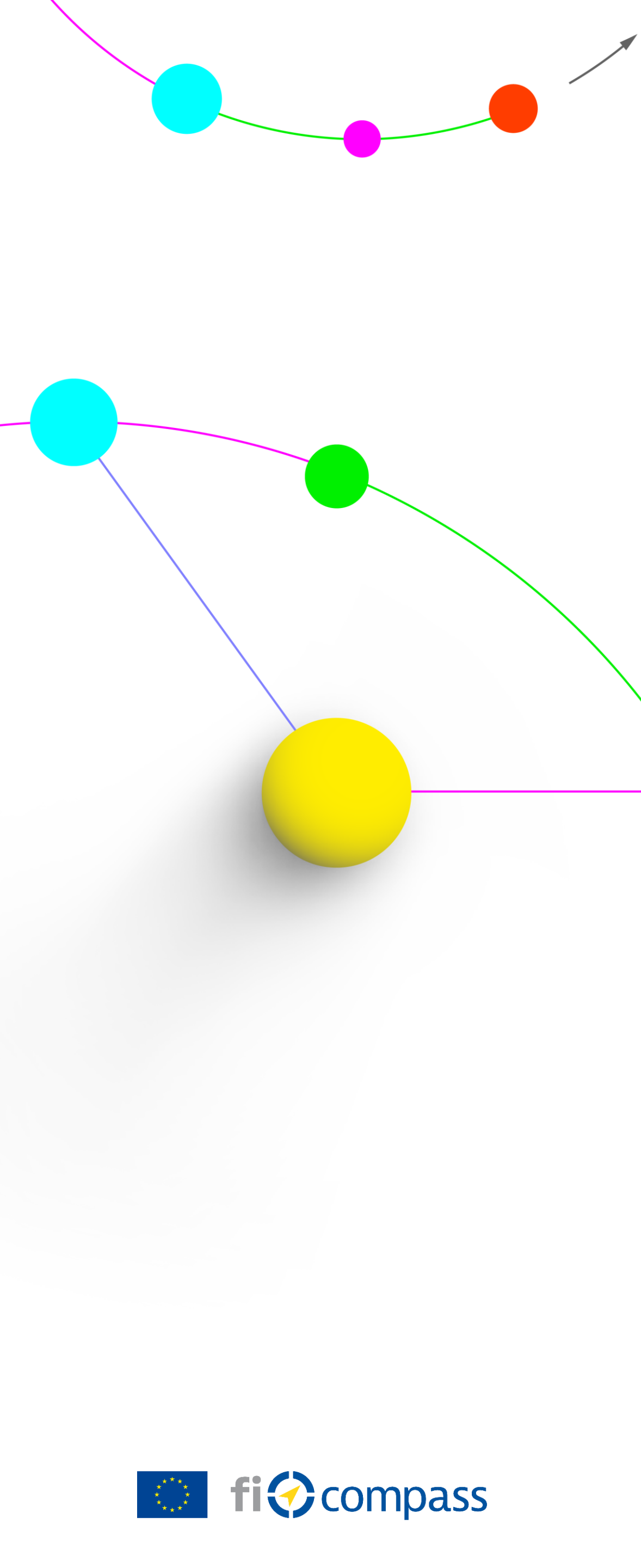
## Revolving effect

- **Resources paid back can be used again** and remain for the MS
- Fairer way to support the target groups

## Efficient and fair support mechanism

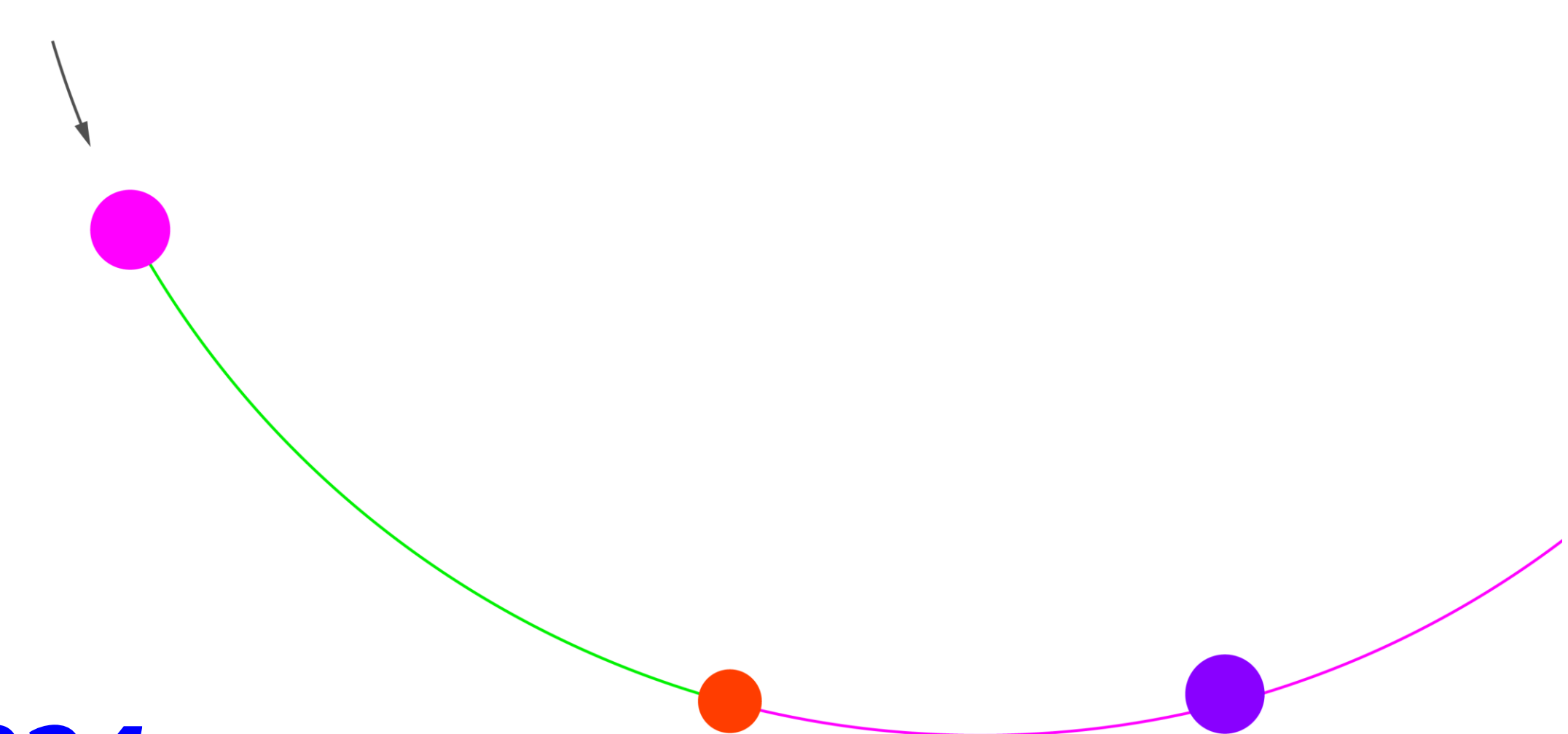
- **Financing through FIs** reaches recipients **faster**
- Suitable for economically viable investments
- **Fairer competition** - wisely and thoroughly planned projects
- Lower administrative load for the MAs to implement





# FI *Campus 2024*

Thank you



# *EMFAF and FI's – Experiences from the Finnish Managing authority*

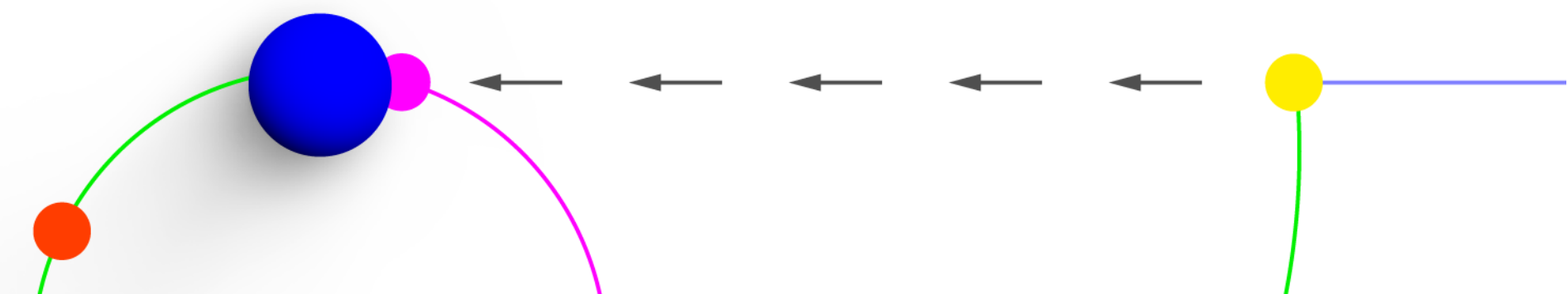
Antony Starr,  
Senior Specialist,  
Ministry of Agriculture and Forestry, Finland





# The process so far

- Utilised EIB/FI-Compass tailored training (Autumn 2021)
- Ex-ante reports completed (Autumn 2019 and 2022)
  - miss-match in demand and supply of finance within the fisheries/aquaculture sector  
e.g. financial bodies and lack of knowledge of the sector.
- Plans to allocate EUR 5-10 million for financial instruments in order to mobilise EUR 5-15 million of other finances.
- Discussions with Estonia about their experiences. Also a visit to the Estonian financial intermediary.



# Ex-ante report identified 3 financial instruments

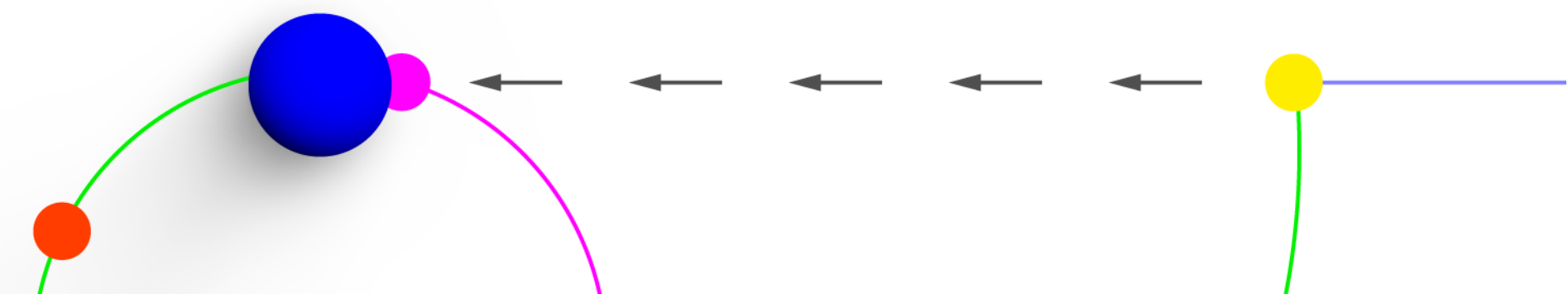
(1/2)

## Capped guarantee portfolio

- Aimed at SME's and micro-enterprises.
- Help to solve bottlenecks in debt financing.
- Lack of guarantee/collateral was seen as a major problem in the sector, especially for starting fishers and aquaculture companies.

## Risk-sharing loan instrument

- Aimed at SME's
- To facilitate access to finance and improve loan terms.
- Lower interest-rate and longer repayment times

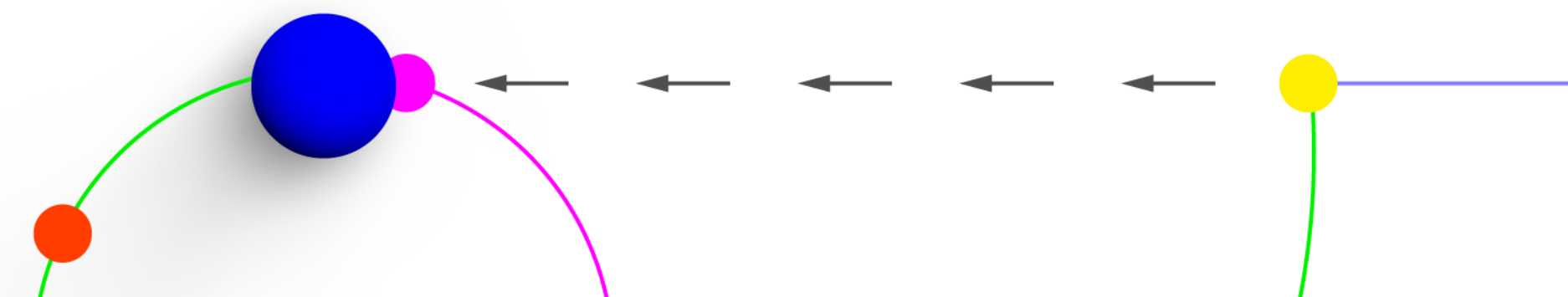


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## Collective investment instrument

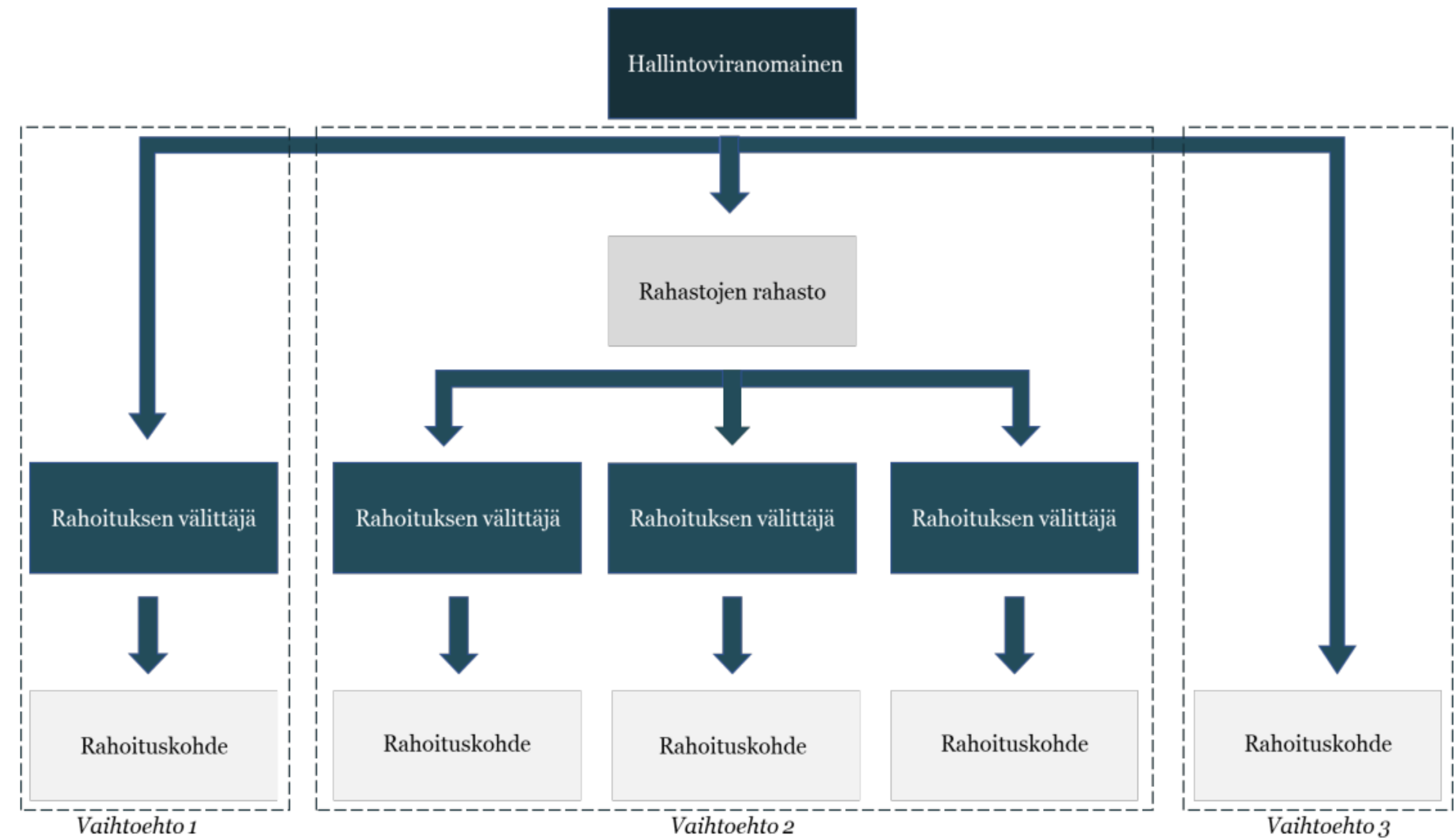
- Developing SME's with increased risk profiles.
- Strengthening of capital financing.
- Attracting other investors.
- Developing profitable business in the long term.

More complicated instrument and will take more time to set-up.

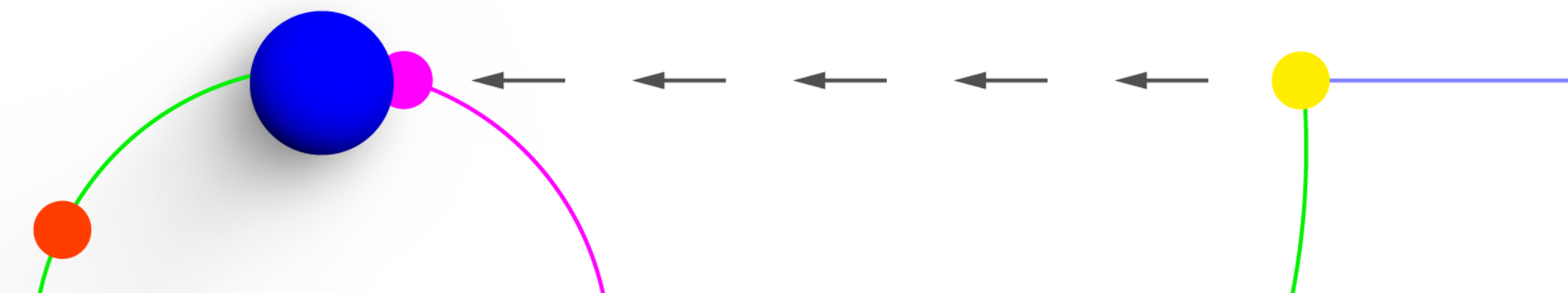


# Governance structure

- Management structure. Three options recognised by the ex-ante reports.  
→ Direct management was chosen
- From the three identified instruments  
→ capped guarantee portfolio
- Also looking into TFCs (ITQs) as possible guarantee for loans  
→ system in development

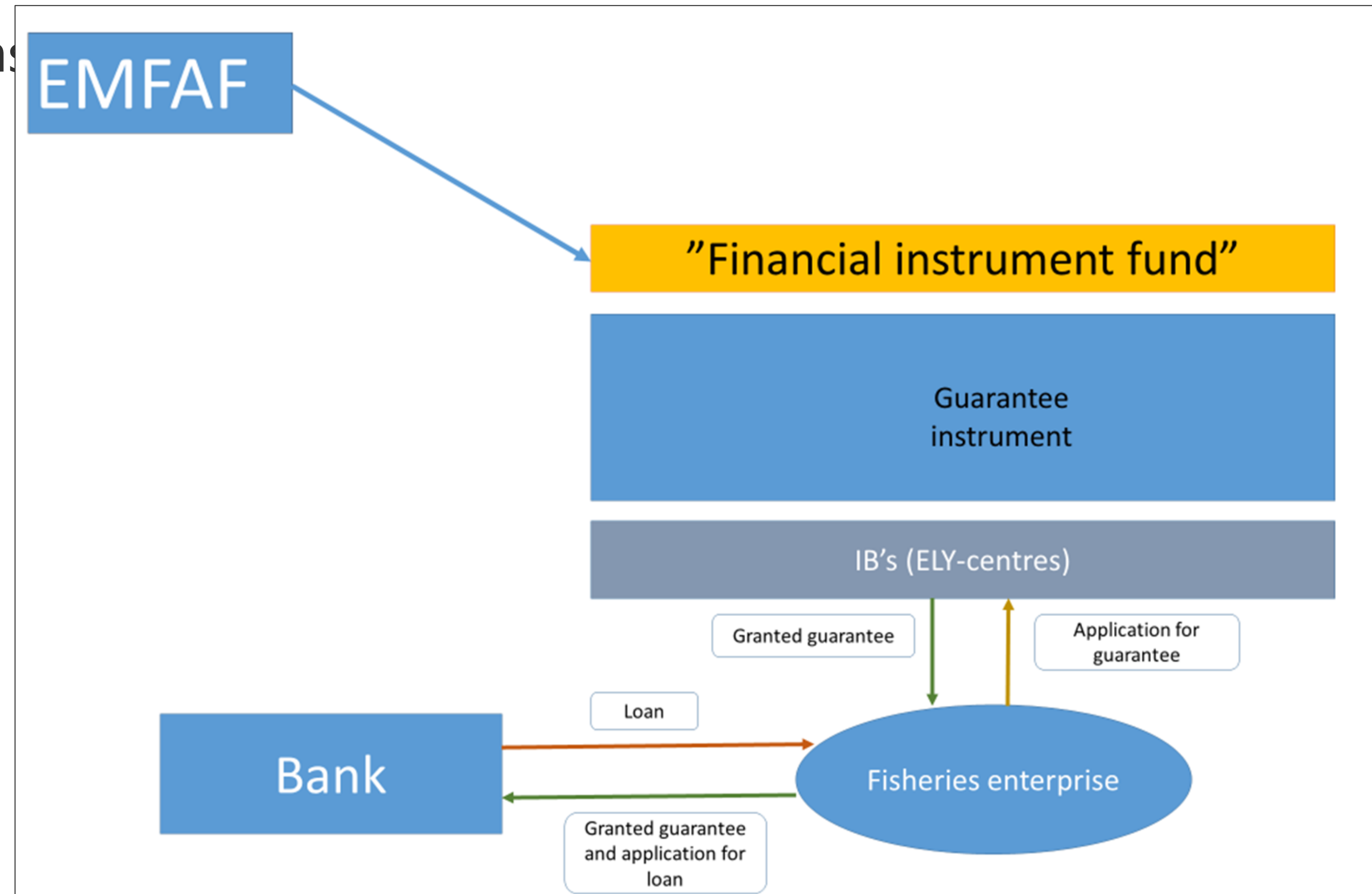


Source: Ex-ante report by Gaia Consulting



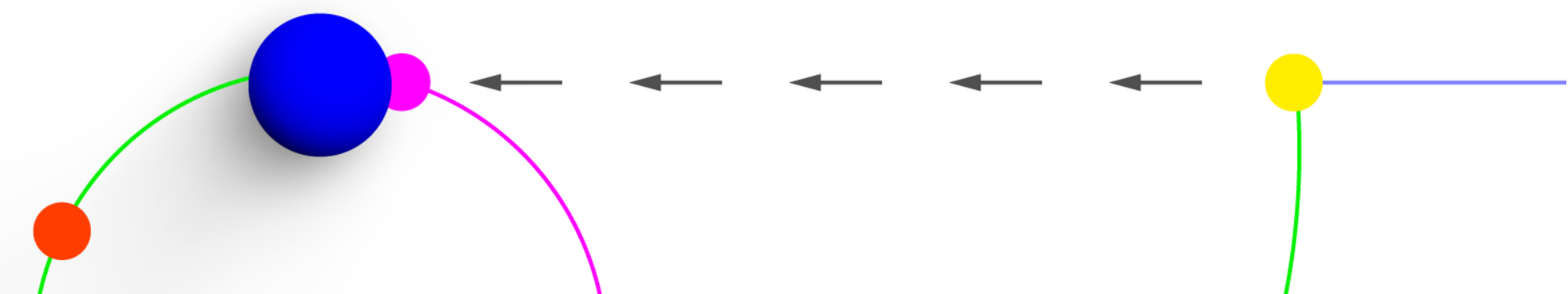
# Next steps

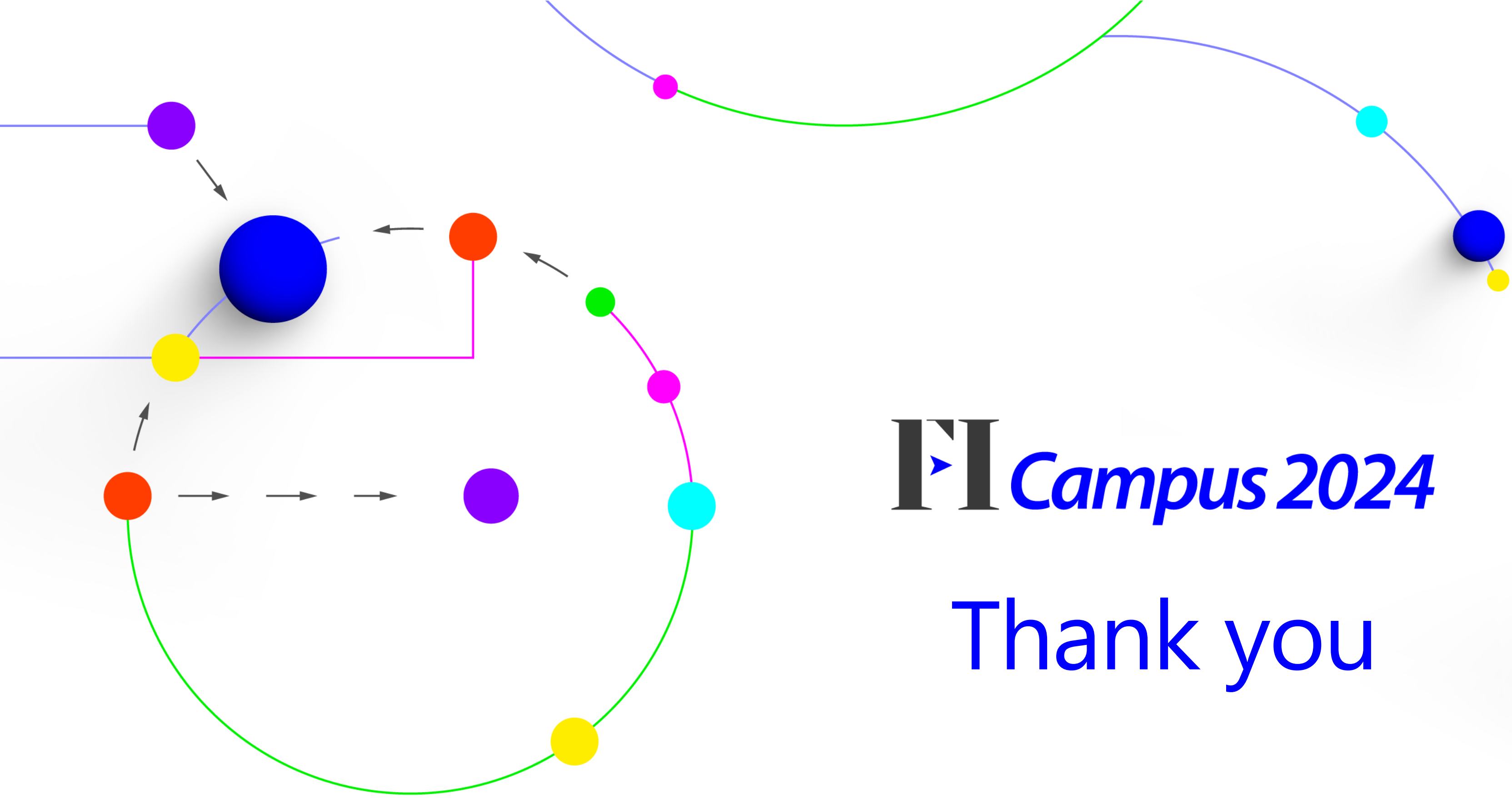
- Finalising the system  
→ e.g. procedures and arrangements in case of foreclosure of the fisheries enterprise (paying the guarantee to the bank)
- Some changes to the national EMFAF legislation needed
- New government decree needed for outlining the guarantee system and arrangements
- IT-system changes needed for application and granting of the guarantee procedures



# Challenges

- Small unfamiliar sector for commercial banks. May be a challenge to find financial intermediaries.
- Finnish EMFAF fund relatively small, demand for funds higher than what is available. Priorities: RDI and public authority activities (e.g. data collection, control...)
  - Aid intensity for investments lower than the legislation would enable
  - Available funds for FIs is limited. **However**, important to gather experiences in utilising FIs and their benefits during current EMFAF period.
- Supporting fisheries enterprises at different growth stages e.g. RAS aquaculture → big investments and capital needs.
- Interest in finding additional financial sources i.e. synergy and cooperation with other national financial institutions e.g. Business Finland, Finnvera, Tesi (Finnish Industry Investment Ltd), Nordic Foodtech VC etc.
- Trawl and coastal fisheries; strict EMFAF rules and conditions concerning vessel investments a challenge, as finance an important issue in the sector's energy transition

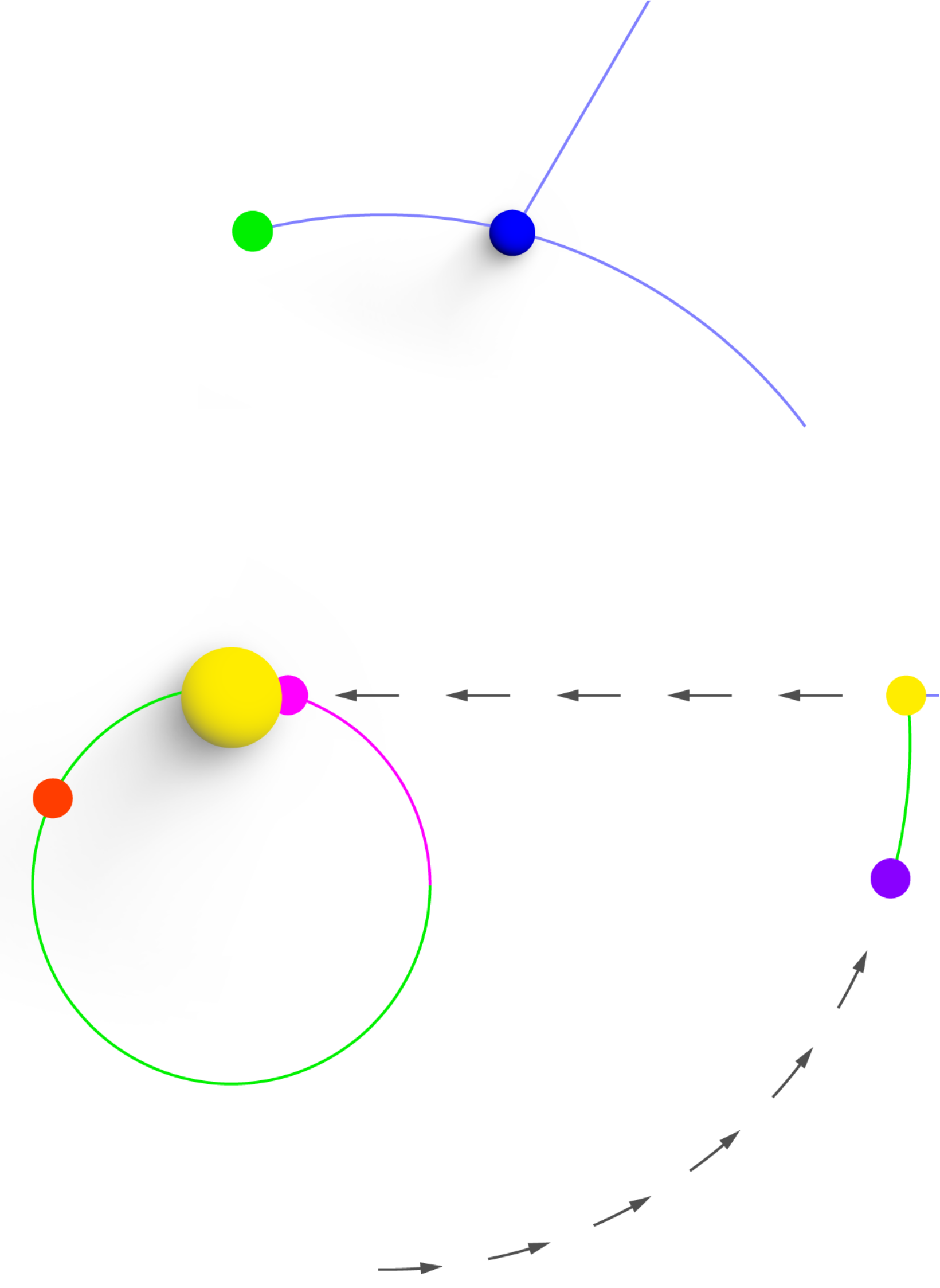




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Thank you

[antony.starr@gov.fi](mailto:antony.starr@gov.fi)



*EMFAF Financial instruments in support of sustainable and resilient fisheries and aquaculture*

Toomas Kewai,  
CEO,  
Central Union of Estonian Fish Producers, Estonia





# Hierarchy of support

## *Simplified approach*

1 – Information availability – EU and National legislation explained

advisory/information dissemination

2 – Cooperation – private sector, scientific community, inspectorates,

3 – Training and R&D projects

4 – Financial instruments

5 – Non refundable aid



# Scope hierarchy

## *Simplified approach again*

Public interest (IUU etc)

Sectorial interest

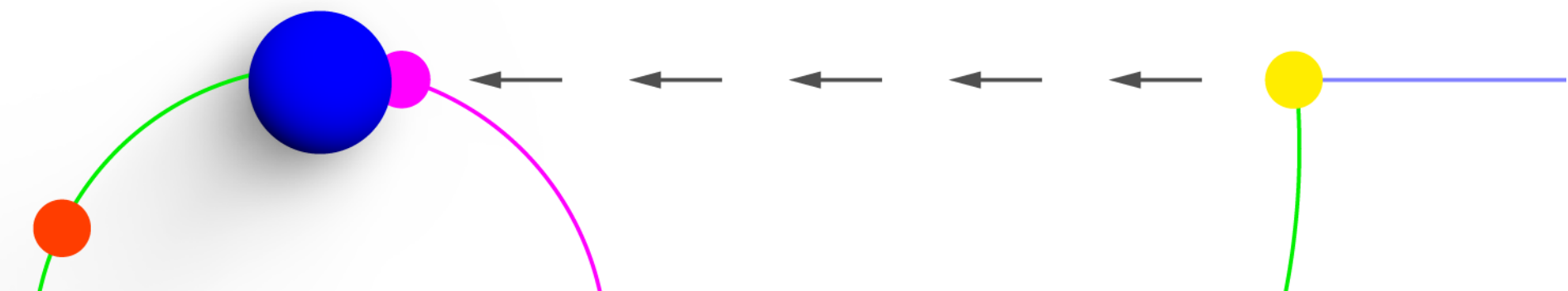
structural development

Private interest

development at enterprise level

Structural and enterprise level development must target economical viability enabling meeting higher environmental, safety and animal welfare standards

It is questionable to support purely environmental projects unless the economical feasibility of the sector will be ensured

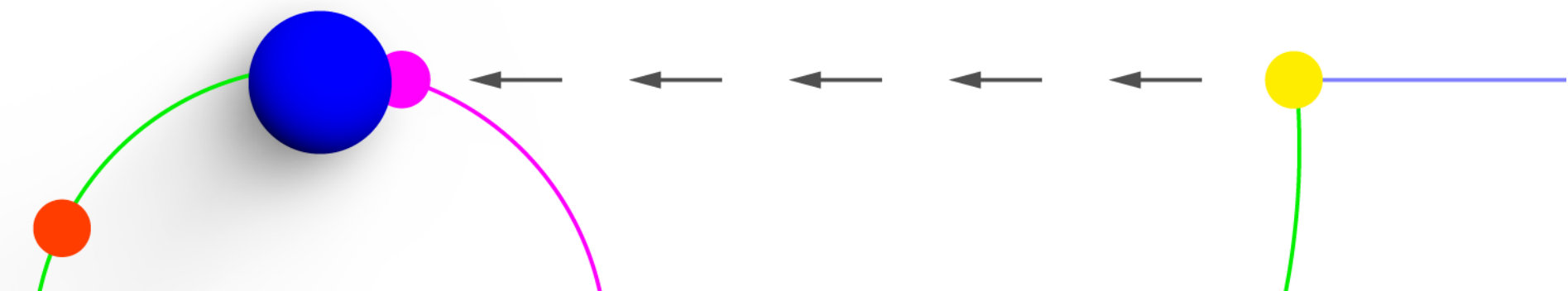


# Core principles

Overall approach – It is not justifiable to promote employment growth in sectors needing public support for economical sustainability – especially agriculture, but also fisheries

Diversification of income sources – in the case of fisheries (seasonal economical activity), it is important to guide the economy to ensure income also outside fisheries

Open approach to overcoming taboos - for example, renewal of the fleet. Estonia's average trawler is 38 years old and not environmentally friendly. At the same time fleet capacity is in line with fish resources. So there is a clear need to meet new challenges in order reduce CO2 footprint, improve working conditions, and maintain catch quality.



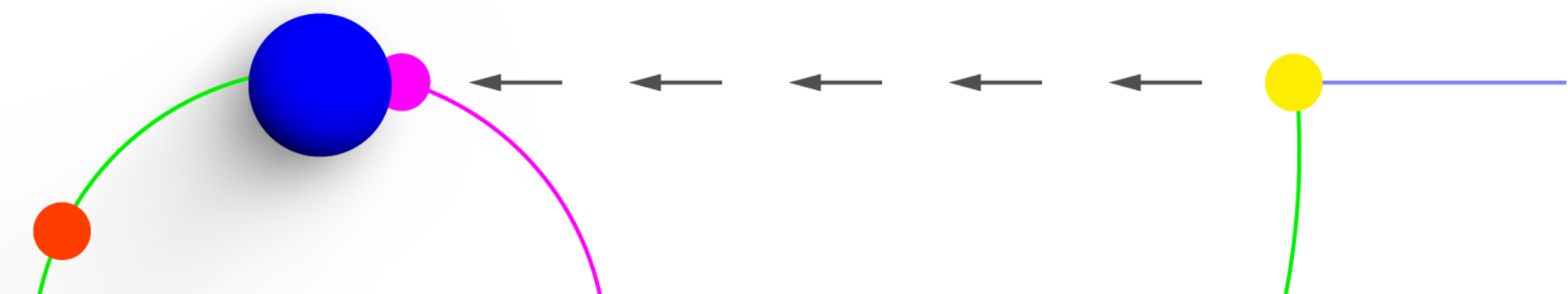
# Financial instruments vs non refundable investment aid

From Taxpayers point of view – financial instruments (loan, guarantee, etc) could be seen more as investments than spending

Financial instruments are important to promote investments where there is market failure – no private financial schemes are available.

Example – vessels

- there are not enough transactions for banks to build up intelligence to evaluate
- very long pay back periods (much more attractive sectors to give loans)
- vessels as collateral are not attractive as they are very specific and often are tied to fishing rights
- vessels are specific – so compared to their price they have a limited market



# Case for financial instruments

Public financial instruments are needed when there is a market constraint – private financial institutions are not interested or are abnormally expensive

Some of the investments into fisheries require a very long payback time, so there is a need for long term loan resources with a grace period

new fish farms

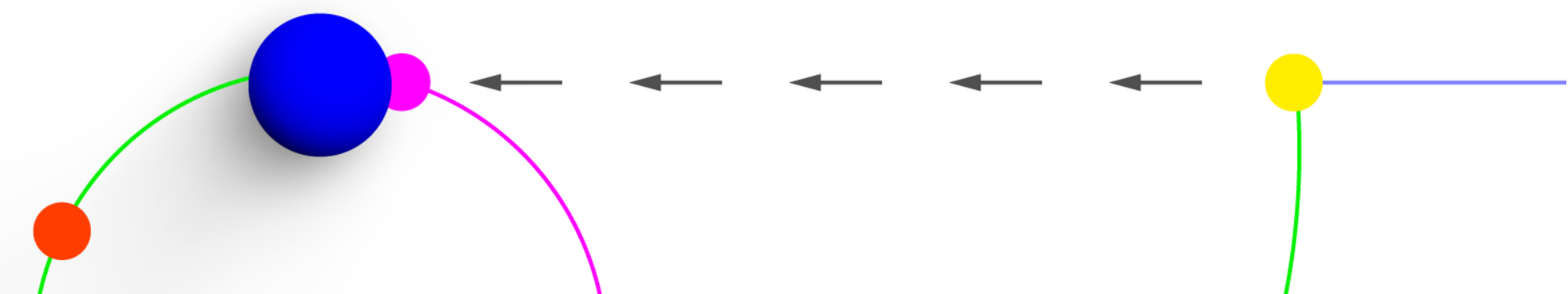
trawlers

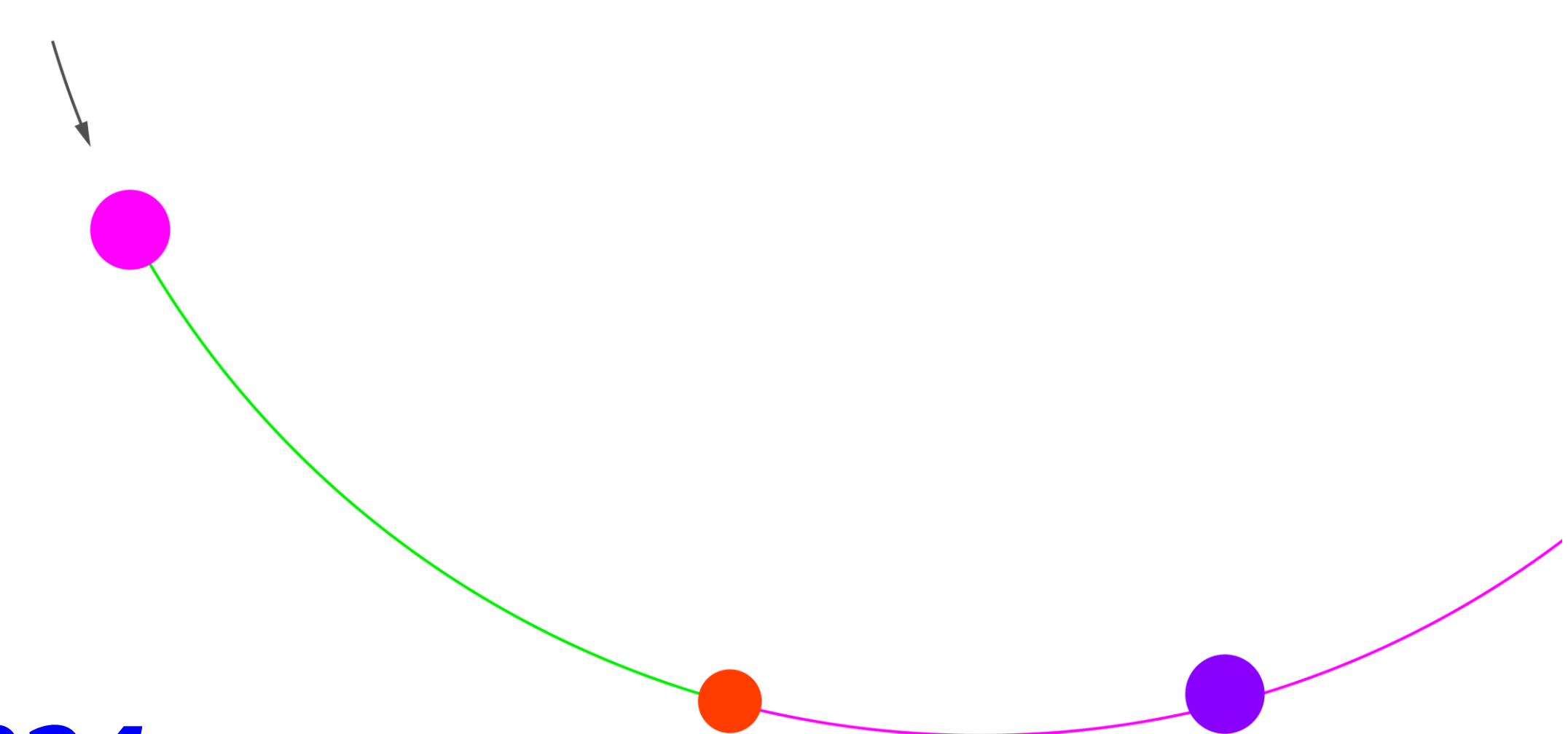
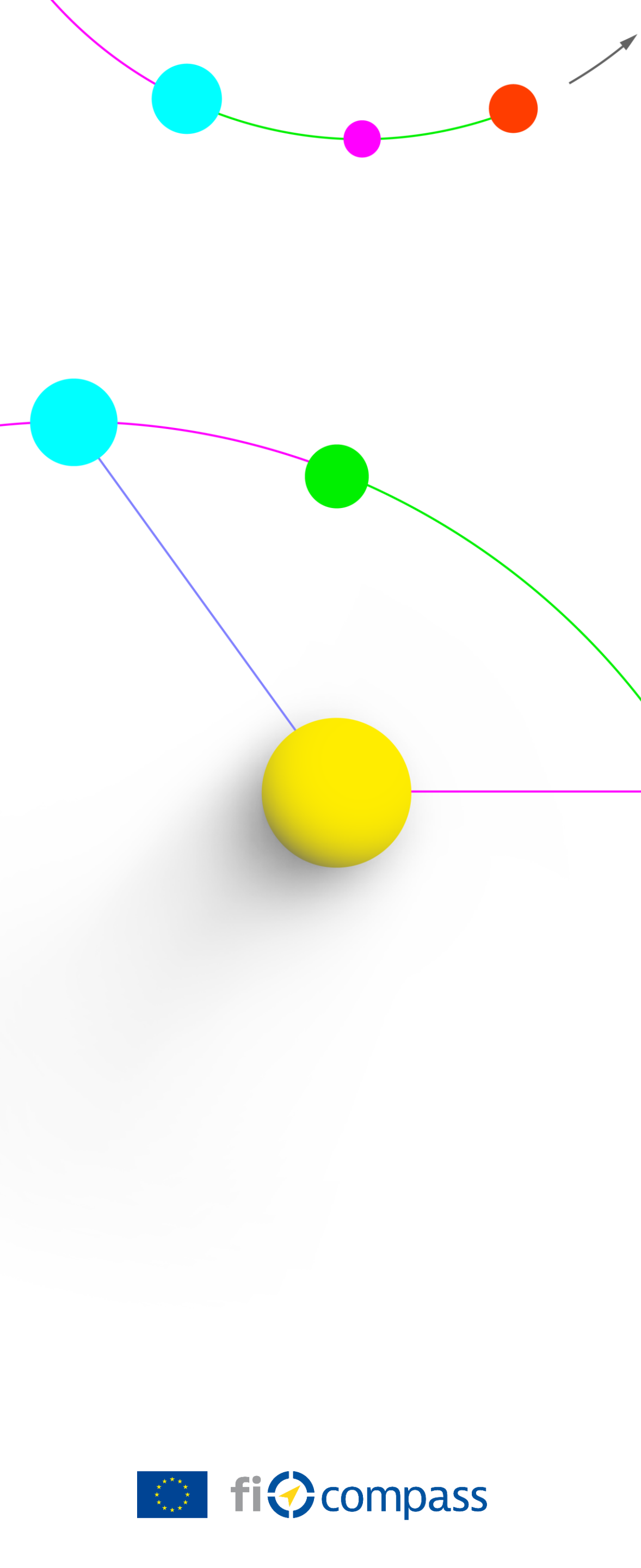
investments in structural development



# Financial instruments combined with non refundable financing

One can assume that it could be a good idea to combine financial instrument (loan) with non refundable (grants) or to be more specific – to turn a loan after 3 or 5 years into a non refundable grant (if loan is well served) to give the enterprise financial room to take new loans to expand or develop business.





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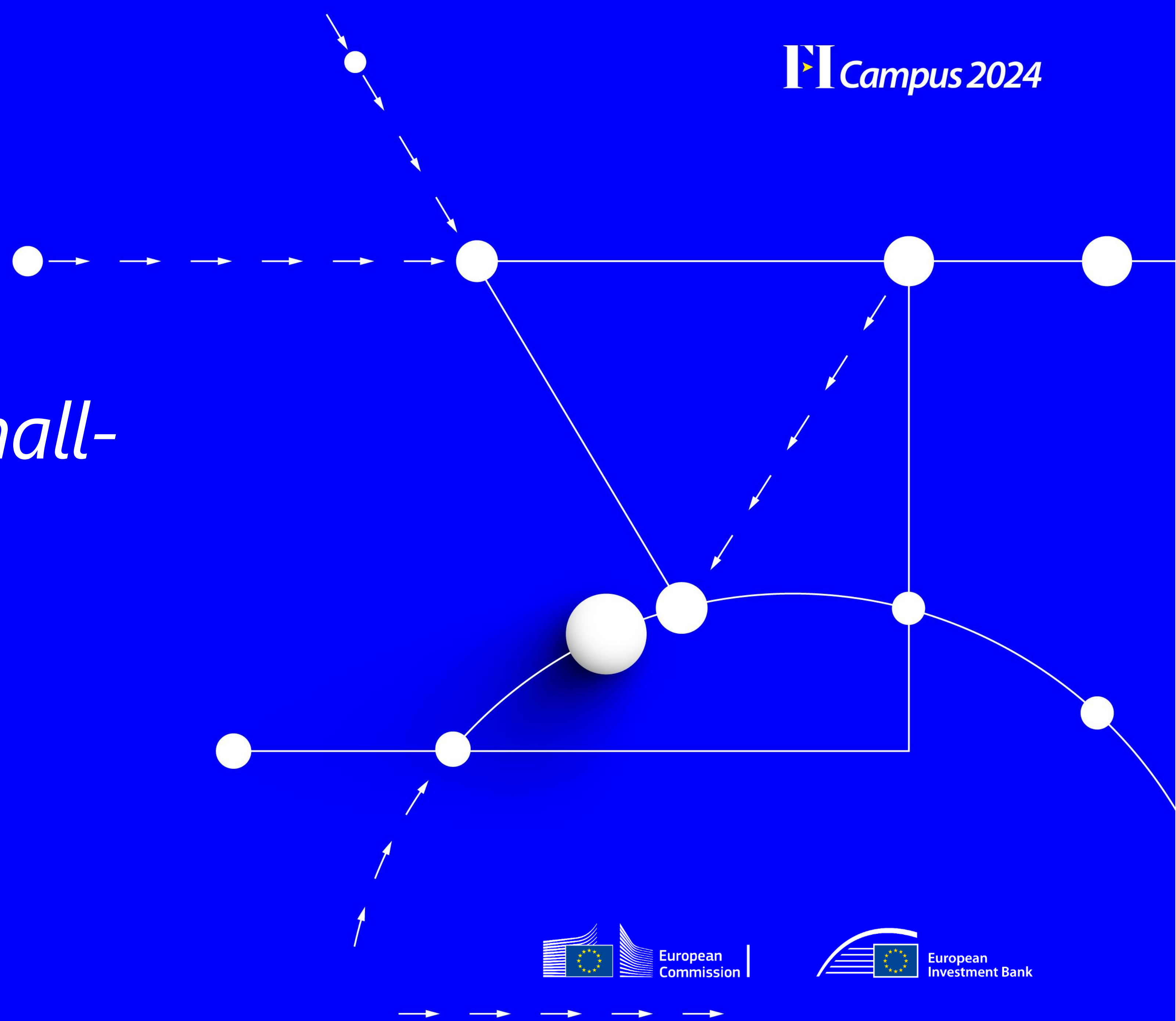
*EMFAF Financial instruments in support of sustainable and resilient fisheries and aquaculture]*

Camille Richter,  
Environmental Fund Manager,  
BlueMove, France





*Why a focus on small-scale fishing?*



# Small-scale fishers' contribution

*Less impact, more jobs*

Source: Time for a u-turn. 2024, analysis of French fleet.  
Link: <https://www.bloomassociation.org/en/a-groundbreaking-report-on-the-social-ecological-transition-of-the-fishing-industry/>



## Big numbers, small boats

Small-scale fisheries (defined by EU as vessels <12 meters), represent 75% of the European fleet. Some definitions include the use of passive gear.

## Economic value

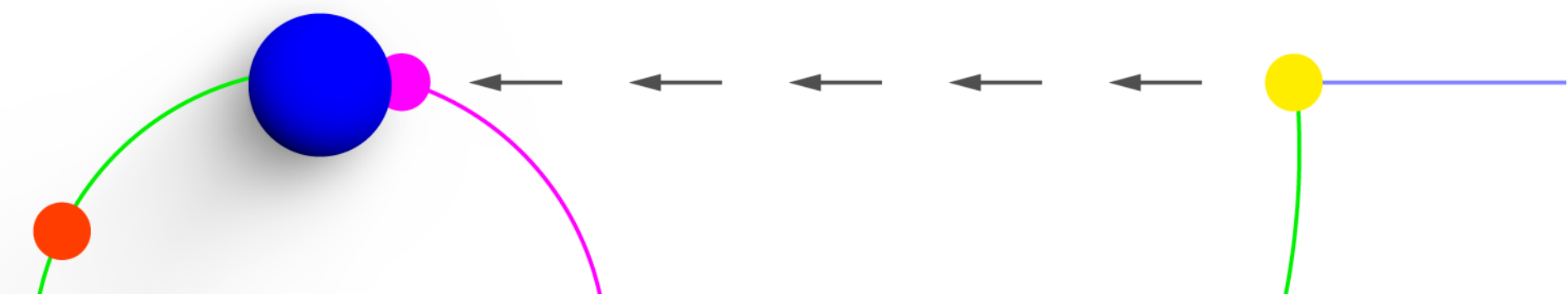
10 times more jobs generated per ton landed than industrial pelagic trawlers  
33% of total landings, 37% of added value

## Environmental value

Passive gear fleets account for 17% of total CO<sub>2</sub> emissions. Their pressure on the fish stocks is much lower.

## Safeguards, cultural value and knowledge

Pillars of the culture, the economy and the social life in European coastal cities  
Uncountable source of ecological knowledge  
Sentinels



*Very few small-scale  
fishers benefit directly  
from EMFAF*



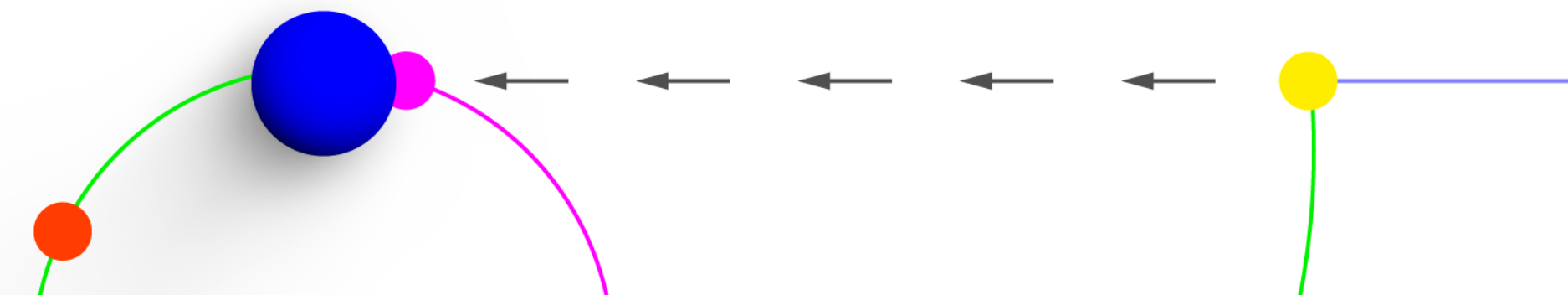
# Lack of access to subsidies

*Very few small-scale fishers benefit directly from European aid*

Only **3%** of the European Maritime Fisheries Funds (EMFF for 2014-2020) dedicated to the **fleet** have been assigned to small-scale fishers in Mediterranean EU countries.\*

The industrial bottom trawler fleet receives 5 times more subsidies per job than coastal vessels using passive gear, and twice as much per kilogram landed.\*\*

There is scope for **redirecting negative subsidies** towards sustainable small-scale fishing projects.



# Barriers

*3 barriers identified*



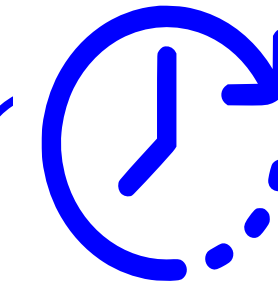
## Lack of upfront capital

to start a project, as the subsidy is paid on completion



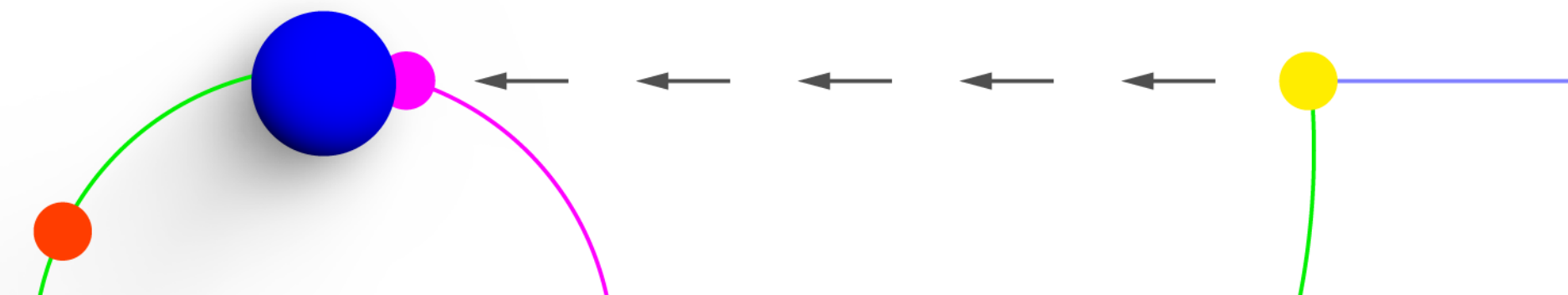
## Difficult access to bank loans

due to unwillingness of banks



## Complex and time-consuming

tasks required to submit a project to EMFAF



*Case studies  
Croatia, Cyprus, Greece,  
Italy*



# Croatia, France, Greece and Italy

2021-2022



Call for interest published in partnership with WWF Mediterranean Marine Initiative

111 applications received from 4 countries  
37 small-scale fishers supported in 2 countries

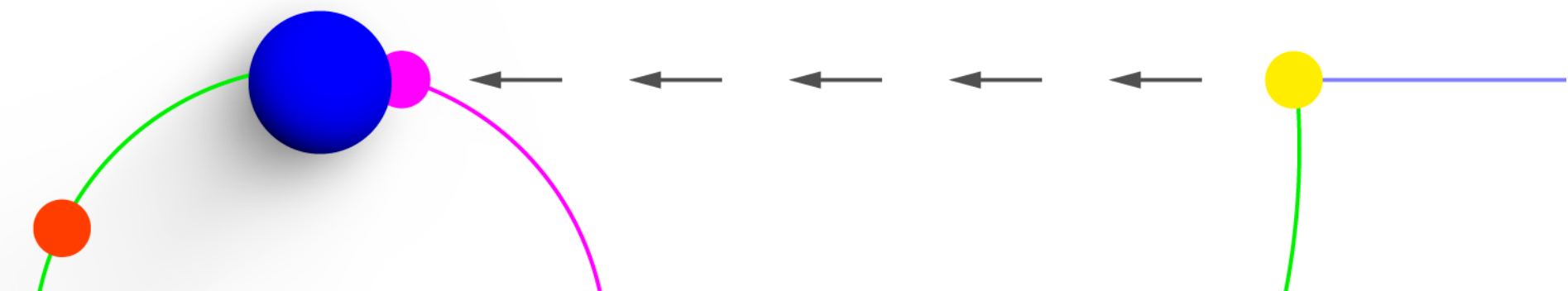
€43,000 technical assistance  
€207,000 grants allocated up-front  
€2,397,000 of EMFF applications

Technical assistance = **1.8% of the total EMFF applications**

Supported projects:

- New drift nets
- New engines for energy efficiency and CO<sub>2</sub> reduction
- Refrigeration equipment to improve revenues

Successful capacity building: fishers now have the **skills to apply for new EMFAF funding by themselves**



Success story



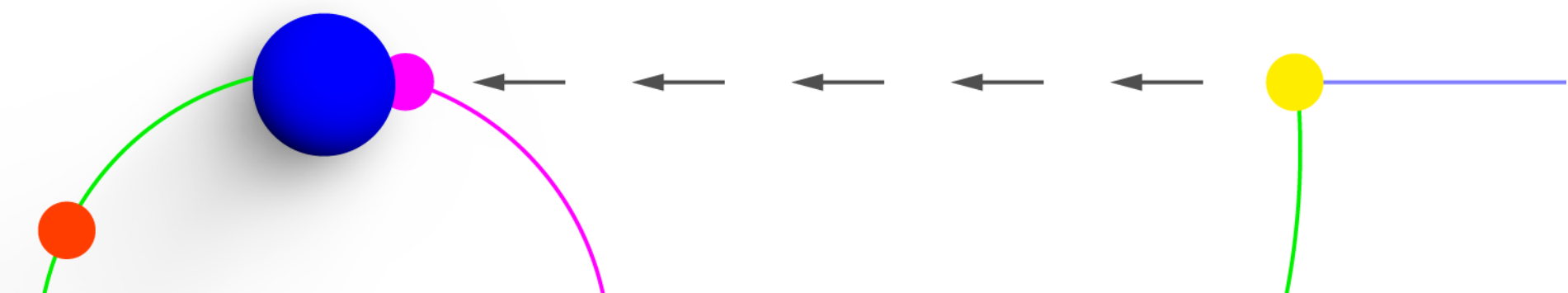
Antonio Divoje,  
small-scale fisher  
in Lastovo,  
Croatia



I have successfully implemented two projects that I submitted to the EMFAF with the help of the WWF Adria.

With the grant, I improved the hydrodynamics of the vessel's hull by upgrading the bow part of the keel, installing spoilers and side fins, and by correcting the curvature of the stern part of the boat. I also installed an autopilot and solar cells. I have significantly improved the energy efficiency of the vessel, reduced fuel consumption, and therefore operating costs.

To improve safety, I modernized the complete cabin, together with electrical installations, windows and doors. I modernized the sanitary room, and I installed an anti-slip surface, as well as railings on the roof of the cabin and the deck.





# Croatia

2023-2024



Same team for the liaison with fishers + a social financial cooperative ZEF

6 workshops in fishing ports: training and lunch provided

EMFAF open calls for applications are delayed

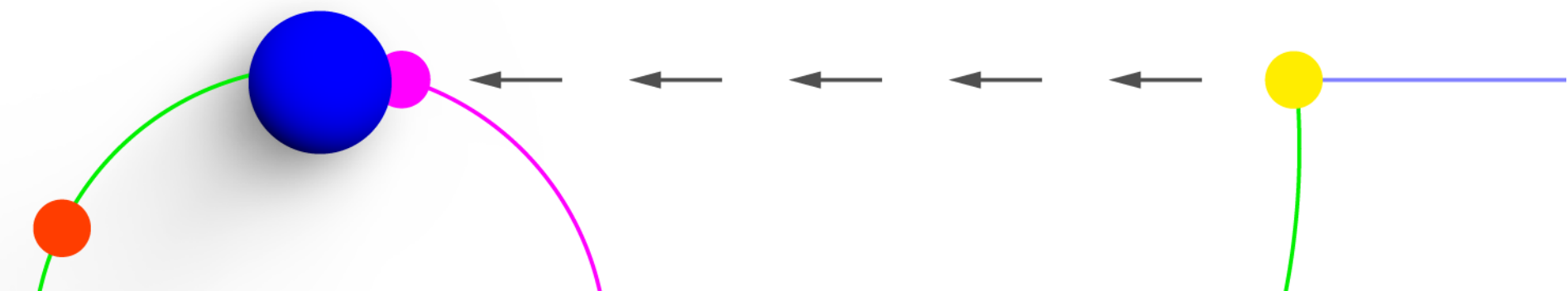
Call for interest published by WWF Adria in April 2024



56 applications: 25 on islands, 50% < age of 40  
36 never applied to EMFAF before

Projects reach a total of €1.9 million:

- CO<sub>2</sub> reduction: stability mechanisms, autopilot, propeller, fuel flow meter, solar system, anti-fouling systems...
- Selectivity: bigger mesh size for nets, creels for shrimps and eels, developing gear for catching invasive species (blue crab)
- Added value: refrigeration equipment, processing of own catch
- Revenue diversification: fishing tourism



# Cyprus

2024-2025



Good access rate for compensation measures (COVID-19, Ukraine, invasive species)

4 EMFAF open calls for applications before the end of 2024 applicable for small-scale fishers, already received 50 applications out of 350 eligible vessels for open calls

6 trainings workshops to plan end 2024  
6 workshops to share results in 2025



*Lagocephalus sceleratus* in fishing net  
©Dr. Paraskevi Karachle and Katerina Dogramatz

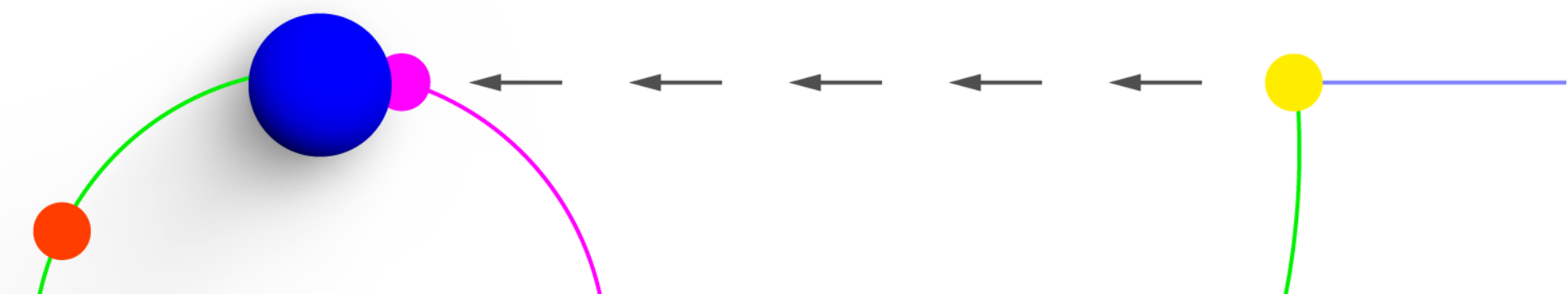


Interest in assistance for digital applications and upfront capital for investments

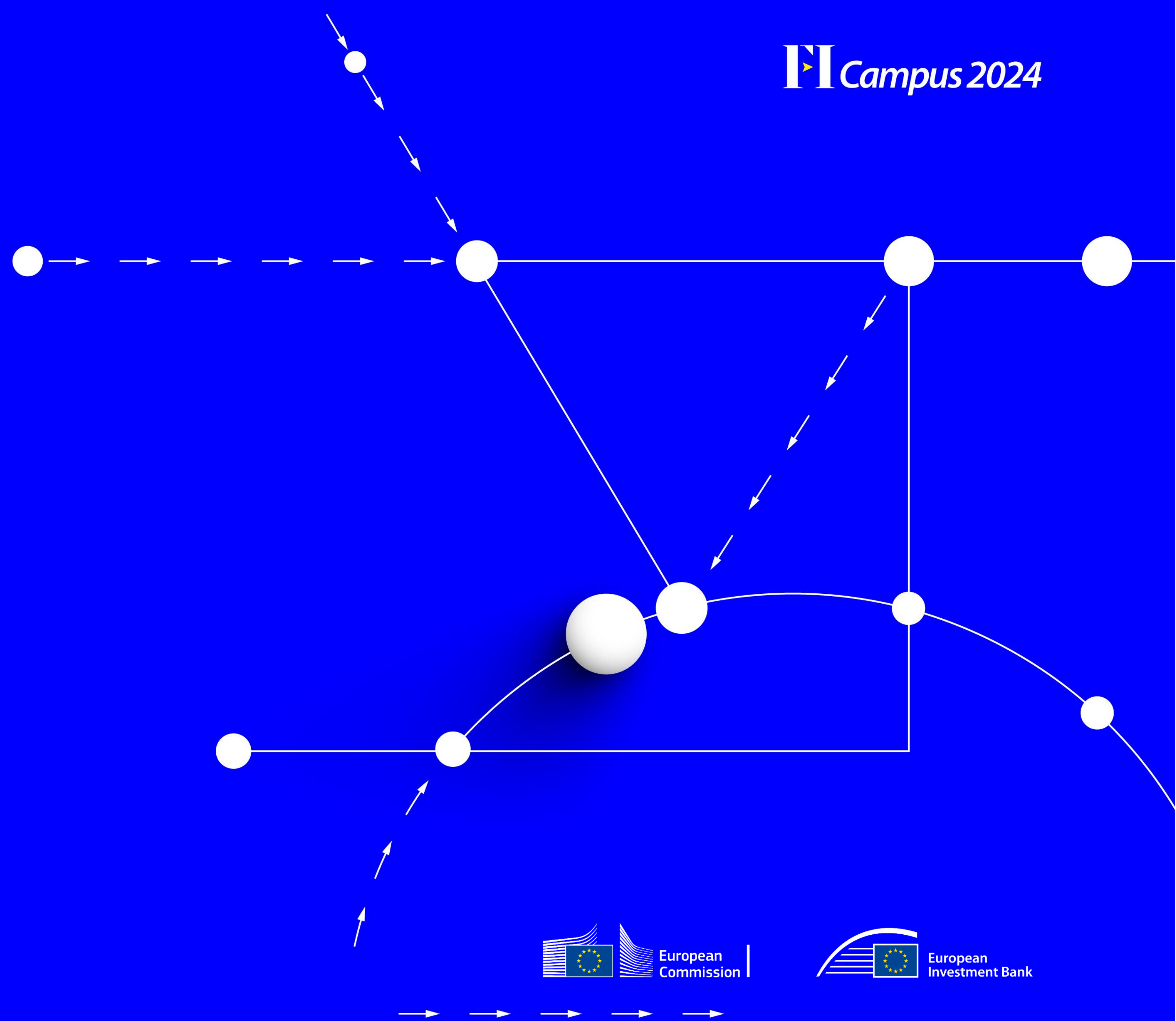
BlueMove could provide letters of guarantee for EMFAF applications > €25,000

Requests received from the Network of Cooperation of Scientists and Fishermen of Cyprus:

- Small-scale fishers label - for better sales and visibility
- Testing, adapting, building and buying gear for catching invasive species such as blue crab



# Conclusion



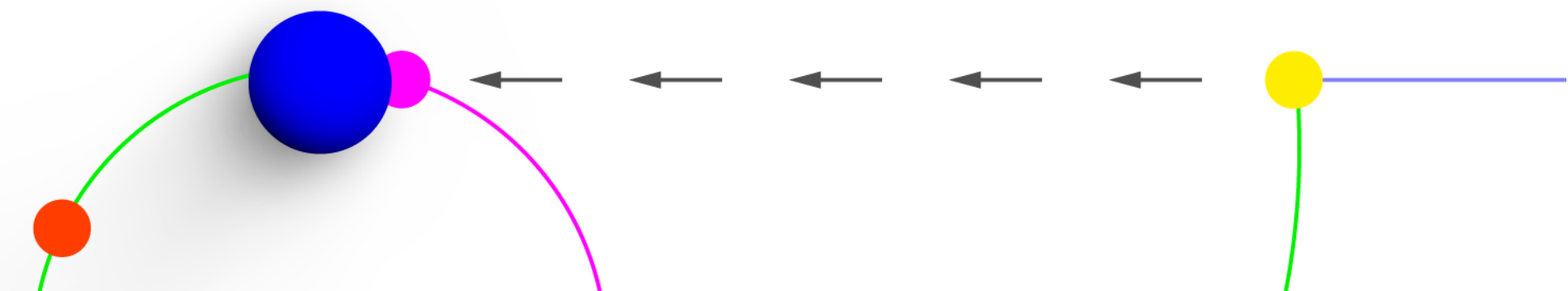
## *Facilitating access to European subsidies for sustainable fishing*

BlueMove is a French non-profit organization, created in 2022 with a private donation of €1 million euros

It aims to develop **sustainable fishing practices** by increasing the use of European funding for small-scale fishers in the Mediterranean. BlueMove offers:

- **Technical support** for fishers to prepare a robust project proposal for submission to the EMFAF managing authorities
- **Financial support** thanks to partnerships with banks, in the form of micro-credit for the fishers to obtain **up-front capital** for their project before receiving the EMFAF subsidy

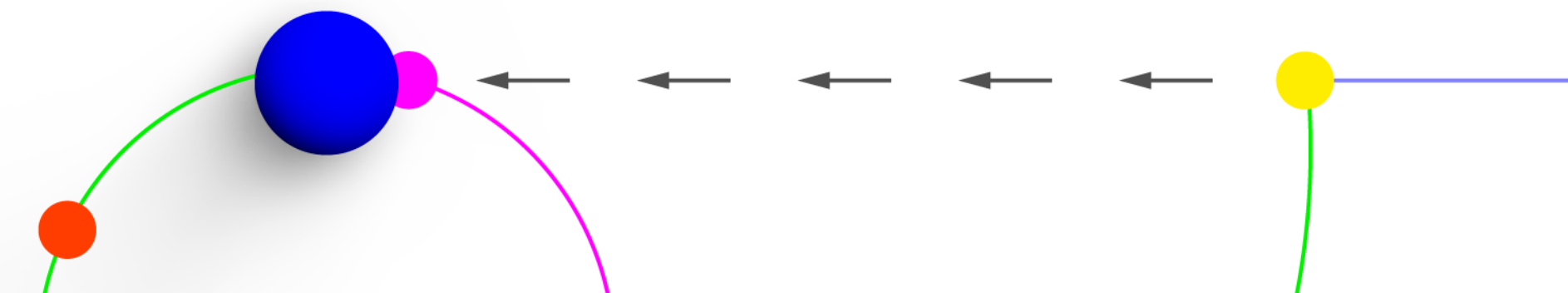
Objectives: have a flexible organisation to develop a proof of concept, measure positive impact on small-scale fisheries transition



# Lessons learned, recommendations

*Financial instruments can not be used to pre-finance grants, but...*

1. Access to **up-front capital** for low-income organisations is a barrier that needs to be addressed to ensure a sustainable transition in the fisheries sector: EMFAF payment requests flexibility, facilitating access to bank loans...
2. Specific **support** (technical assistance) for small-scale fishers is a key success factor
3. Financial instruments are needed to **complement** EMFAF subsidies, especially when there are no calls for proposals





# FI Campus 2024

## Thank you

Camille RICHER - contact: [camillericher@bluemove.org](mailto:camillericher@bluemove.org)



# Energy Transition in EU Fisheries and Aquaculture

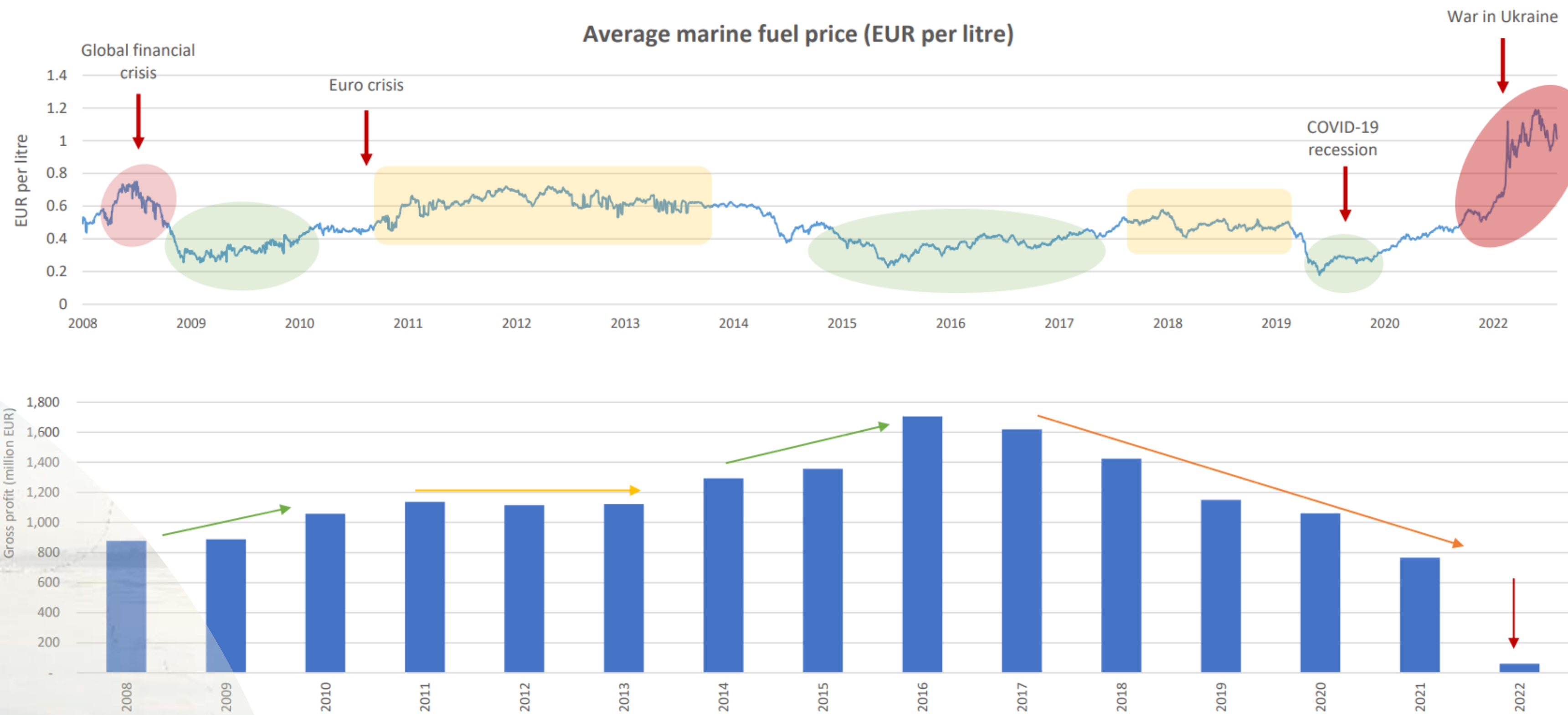
Ana Peralta Baptista,  
Team Leader,  
Blue Economy & Energy Transition, European Commission



## 2. Energy transition in EU fisheries and aquaculture

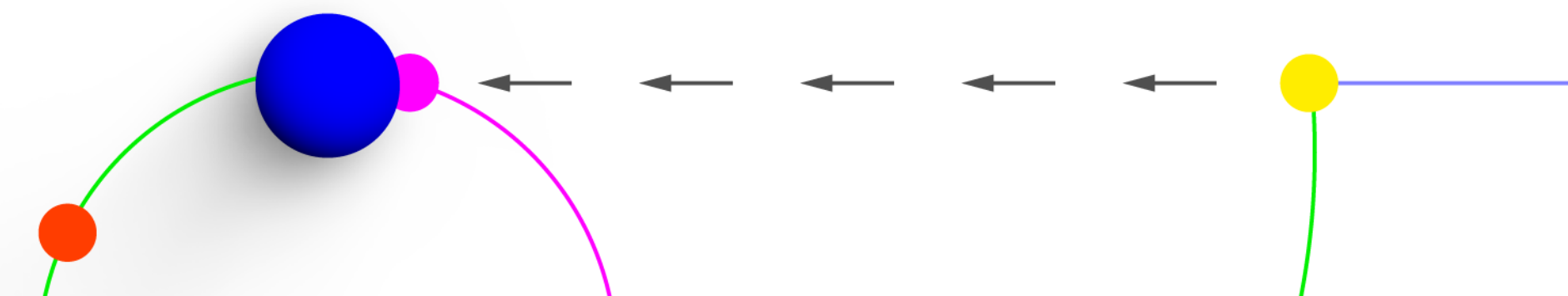
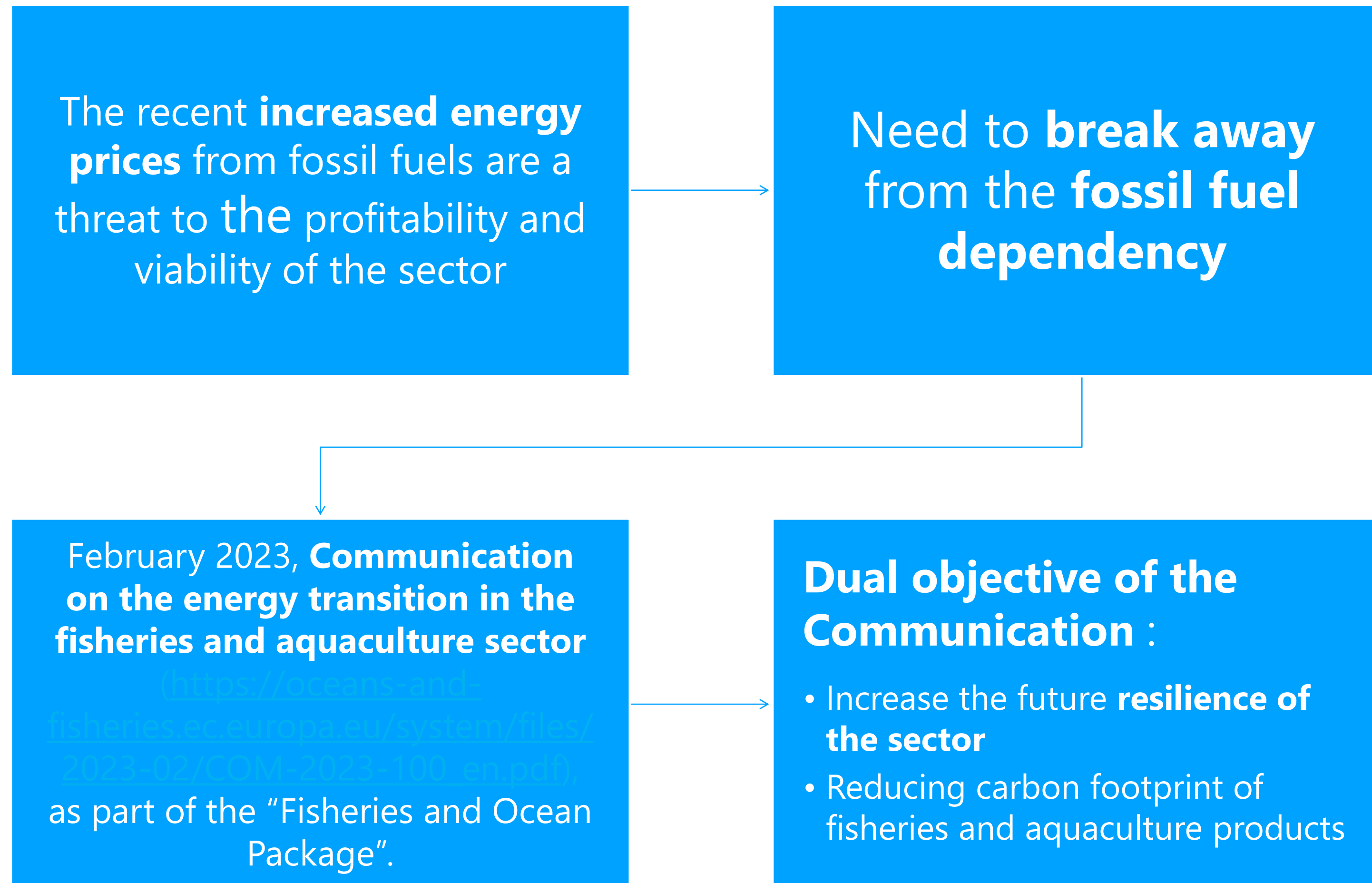
### Why an action plan?

\*Energy prices  
\*Economic viability of the sector



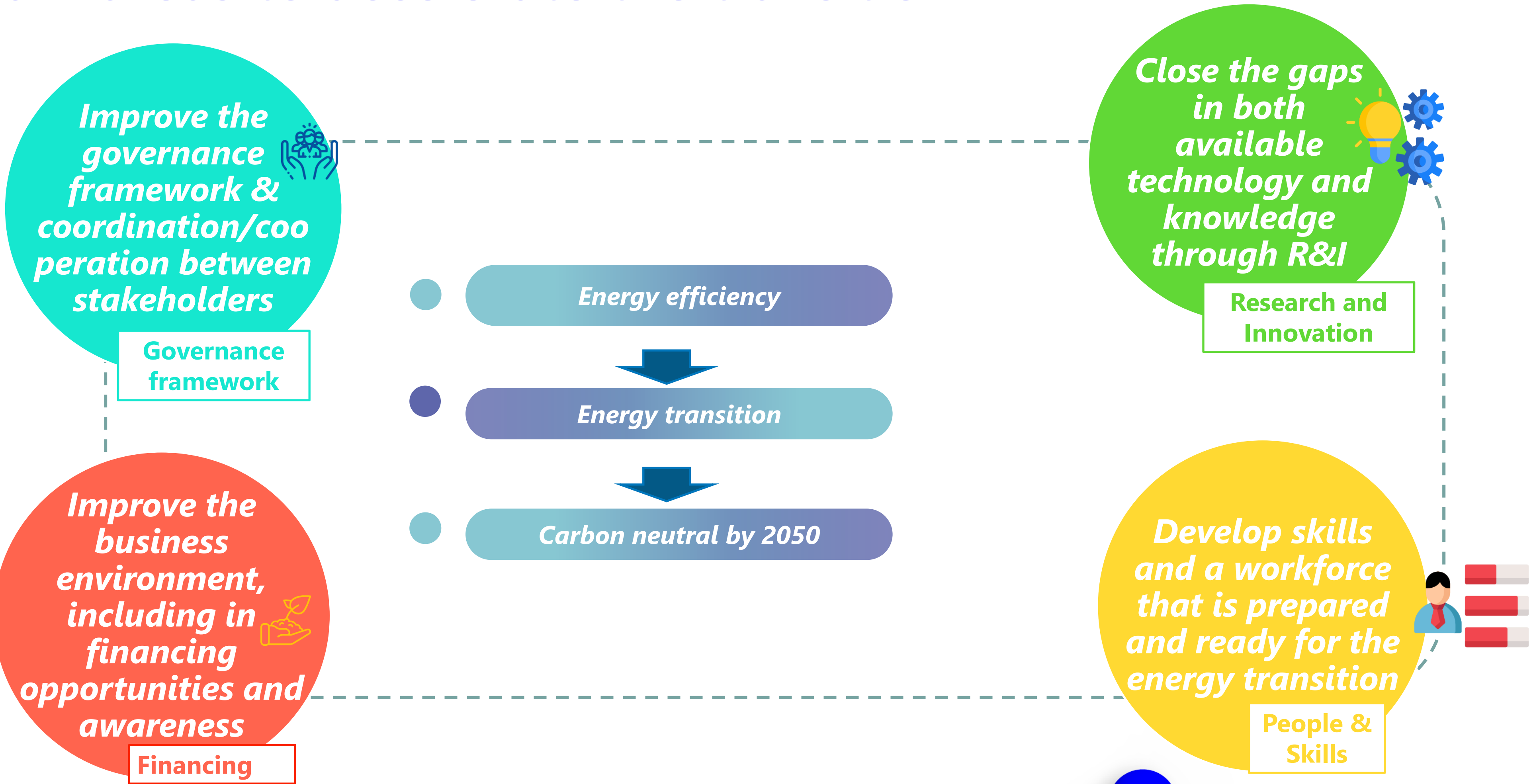


### 3. Why this Communication on Energy Transition in the EU Fisheries and Aquaculture sector?



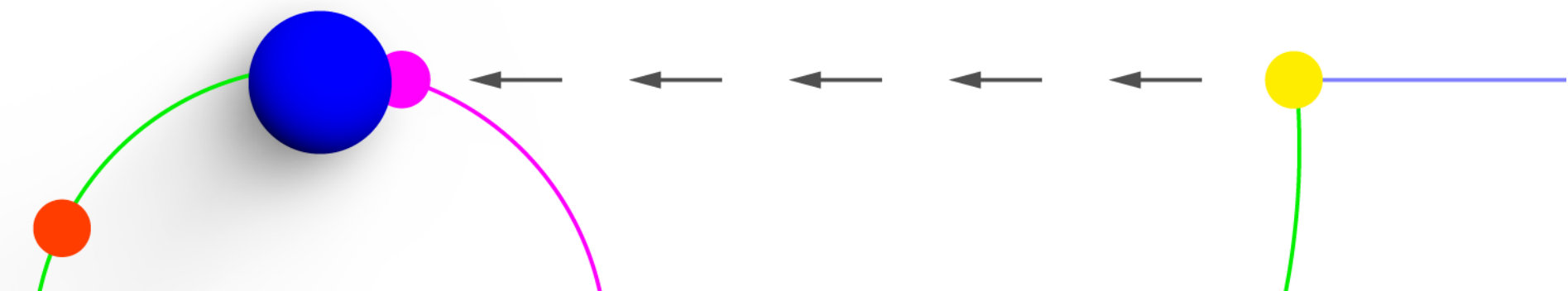
# 4. Communication on Energy transition of EU fisheries and aquaculture

## Four main areas to accelerate the transition



# 5. Stakeholder cooperation pillar

- *ETP launched Jun 2023*
- *Collaboration and knowledge sharing, work on common objectives*
- *Discussions with stakeholders within the ETP workshops → Roadmap*



# 6. ETP Workshop on Finance

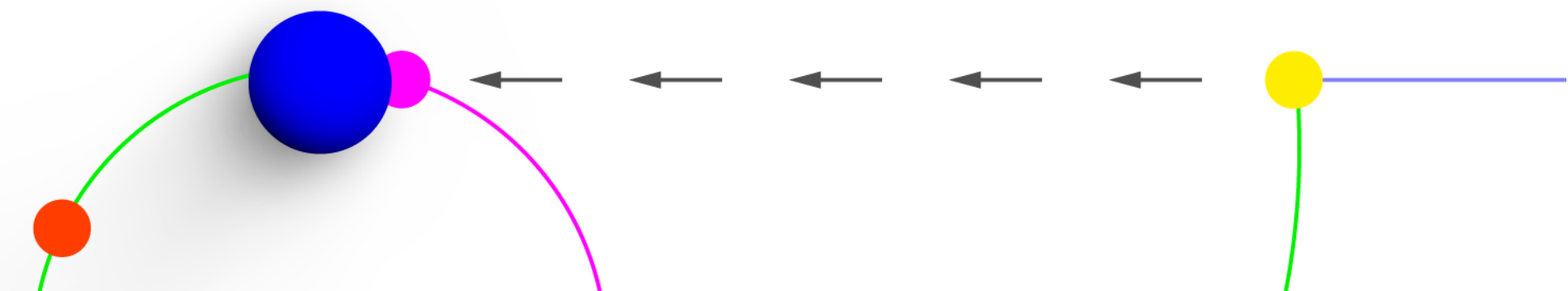


## CHALLENGES

- Image of the sector + fragmentation
- Funding limitations & accessibility of funding (gap between available funds and needs; lack of knowledge & transparency)
- Perceived high risk of investment in the sector
- Regulatory framework

## SOLUTIONS

- Need for studies, pilot projects & research on innovative technology (technology; technology platforms and multi-use)
- Investment in training and education
- Improve the investment allocation (public and private) and reduce the risk for private investors (risk and benefits evaluation)
- Need for a comprehensive strategy
- Knowledge sharing / collaboration / synergies
- Audit tools for GHG emissions + tracking
- Regulatory adjustments
- Local initiatives and regional level planning



# 7. Finance and Knowledge and Innovation pillars

## Finance

- Guide and database on the wide range of EU financing opportunities to support innovation projects and the energy transition in the EU fisheries and aquaculture sector: [Online version](#)

## Knowledge and Innovation

- Online platform: [ETP page within the EU Blue Economy Observatory website](#) (since Oct 2023)
- Compendium [Published](#). Version [online \(with search function\)](#).
- Tool with impact of fuel prices in the fleet: [Fishing Fleet Fuel analysis - European Commission \(europa.eu\)](#) (Launched in May 2023)
- [EP pilot call launched](#) from 20/2/2024 to 11 June 2024;
- [EU study on technological advanced and their costs/benefits](#) for promoting and enabling the energy transition in the sector to gain better understanding of the costs, benefits, investment needs: May 2024
- Exploring opportunities to build synergies with networks and programmes to develop living labs (the EU-wide innovation ecosystem in real-life environments)



## 8. Our ambition

- To empower the sector **to invest in the energy transition** and in the fishing vessel and aquaculture of the future.
- Support the sector in starting to prepare a **modernised, more resilient and sustainable** fisheries and aquaculture sector
- Call the attention of investors to the **opportunities in this sector** in the years ahead and leverage on public-private financing.
- Work on a **roadmap** with feasible recommendations for the energy transition in the sector for a carbon neutral sector by 2050.
- Acting now requires **collaboration** between all stakeholders, including private investors and sector's stakeholders, through the **Energy Transition Partnership.**



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## Thank you

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