Exploring Promising Financial Instruments to Unlock Additional Finance

Sixth Annual Meeting of the San Giorgio Group: Expanding Green, Low-Emissions Finance

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Overview of the EIB

- EIB shareholders are the 28 EU Member States.
- Largest multilateral lender and borrower in the world.
- Some 450 projects annually in more than 160 countries.
- Around 10% of financing is for projects outside the EU.

Overall EIB financing volume and geographies 2016

- European Union: EUR 75.4bn
- Outside EU: EUR 8.38bn (total EUR 83.8bn)
  - EFTA & Enlargement Countries: EUR 3.35bn
  - Eastern Neighbours: EUR 1.65bn
  - Africa, Caribbean, Pacific, South Africa: EUR 0.77bn
  - Asia and Latin America: EUR 0.98bn
  - Southern Neighbours: EUR 1.63bn
EIB 2016 Climate Action finance

In 2016, the EIB financed EUR 19.6 billion of climate action. That is 26% of all financing, and 28% of all lending outside the EU.

The Bank commits to climate action loans that amount to at least 25% of total lending, across all its public policy areas.

- Energy efficiency: EUR 3.6 billion
- Renewable energy: EUR 3.9 billion
- Lower carbon and climate friendly transport: EUR 7.9 billion
- Research, development and innovation: EUR 1.8 billion
- Afforestation, waste, wastewater and other sectors: EUR 132 million
- Adaptation to climate change: EUR 1.2 billion
Options to make climate projects commercially more attractive and leverage the private sector

- Lending
- Grants
- Risk mitigation
- Equity

Potential for leverage
Examples for paving the way for the private sector

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<td>Equity Funds</td>
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<td>Catalyse and leverage additional private investment (&quot;halo effect&quot;) and enable investment into new asset classes.</td>
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<td>Layered funds</td>
<td>GREEN FOR GROWTH FUND SOUTHEAST EUROPE</td>
<td>First loss protection for funds focused on specific policy outcome to allow public and private co-financing</td>
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<td>Fund of funds with first loss protection</td>
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<td>Innovative risk water fall for fund of funds focused on RE and EE in emerging markets and economies in transition to attract private co-investment</td>
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<td>Engage Institutional Investors</td>
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<td>Credit exposure to EIB credit not projects: CABs pari passu with other EIB bonds (AAA rated)</td>
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Example for cooperating with governments on engaging the private sector: Joint LUX-EIB Climate Finance Platform

Addressing climate change will require innovative, high impact finance solutions that mobilise the private sector.

The Luxembourg government is looking to support high impact climate transactions and to promote Luxembourg as a centre for climate finance.

The EIB aims to increase the impact of its climate financing, in particular by mobilising more private sector investment, which requires blended solutions.

A joint climate finance platform with pre-agreed criteria and easy access to subordinated funding and high impact transactions is of mutual benefit for both partners.
Joint LUX-EIB Climate Finance Platform – Overview

Joint Climate Finance Platform

- Funding (EUR 30m)
- Subordinated funding

Service Provider

- Legal advice
- Quality Control
- Labelling
- Vehicle set-up
- Consulting

Joint Climate Finance Platform

- Funding (€€€)

High Impact Climate Finance Transaction 1 (Vehicle)

High Impact Climate Finance Transaction 2 (Vehicle)

High Impact Climate Finance Transaction n (Vehicle)

Funding (€€€)

Co-finance (€€€)

Private Investors (int’l)

Co-finance (€€€)

- Platform management
- Origination
- Structuring
- Due diligence
- E&S standards
More Information (please click on the pictures)

The climate finance pioneer

A beginner’s guide to Innovative Climate Financing with EIB’s Martin Berg

Wanted: More Trees! with EIB’s Jane Feethan

What do we mean by resilience?

Finance for climate action

As the EU bank, the European Investment Bank (EIB) has put climate action at the top of its agenda. It has committed to spend at least 33% of its lending portfolio on climate-related activities.

Our funding supports sustainable projects in over 100 countries and acts as a catalyst to mobilise private finance for climate action, encouraging others to fund crucial long-term investment.

Making a difference: Our ambitious support includes:

- 545 million additional passengers (in public transport)
- 27 million people benefiting from more reliable and efficient drinking water
- 3,000 km of energy savings
- 12,000 TWh of electricity generated from renewable sources

Breakdown:

- 191 billion climate finance
- 25 billion on climate finance
- 5 billion on climate finance
- 3 billion on climate finance
- 1 billion on climate finance
- 500 million on climate finance
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Questions?

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