Exploring Promising Financial Instruments to Unlock Additional Finance

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

Martin Berg, European Investment Bank

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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.
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.
Options to make climate projects commercially more attractive and leverage the private sector

Potential for leverage

- Lending
- Equity
- Grants
- Risk mitigation
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<td>Improve bankability of small projects</td>
<td>REPP (ICF supported)</td>
<td>Access to risk protection and financing products for small RE project in Sub-Saharan Africa</td>
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<td>Equity Funds</td>
<td>Gmkgo</td>
<td>Catalyse and leverage additional private investment (“halo effect”) and enable investment into new asset classes.</td>
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<td>Layered funds</td>
<td>althelia ecoSphere</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>
<td>eef</td>
<td>Innovative risk waterfall 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>
<td>Climate Awareness Bonds</td>
<td>Credit exposure to EIB credit not projects: CABs pari passu with other EIB bonds (AAA rated)</td>
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<td>Innovative Use of Bond Proceeds</td>
<td>althelia ecoSphere Madagascar Climate/Conservation Bond (under development)</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

08/05/2017 European Investment Bank Group
Joint LUX-EIB Climate Finance Platform – Overview

- Funding (EUR 30m)
- Legal advice
- Quality Control
- Labelling
- Vehicle set-up
- Consulting
- Platform management
- Origination
- Structuring
- Due diligence
- E&S standards

Joint Climate Finance Platform

Subordinated funding

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 (€€€)

Co-finance (€€€)

Private Investors (int’l)
More Information (please click on the pictures)
Questions?

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