EIB Vice President Jonathan Taylor, Global Finance Keynote Speech, Bloomberg New Energy Finance Summit, 4 April 2016

CHECK AGAINST DELIVERY

Ladies and Gentlemen,

I would like to thank Bloomberg New Energy Finance, in particular CEO John Moore and Chief Editor Angus McCrone, for the opportunity to engage with this influential audience here in New York.

This dialogue is very significant, given that BNEF and EIB are both deeply engaged at the forefront of climate finance.

COP 21 in Paris was a historic achievement of international diplomacy and politics. But unless we deliver on the commitments made there, all that diplomacy will turn out to have been nothing more than the hot air we're battling to contain.

Paris was politics; this is New York, so let's talk about business.

Through its universal adoption, the Paris deal has given confidence to investors that rapid scaling up of all sorts of climate finance, notably for renewables, is inevitable.

The momentum carried over from Paris has people truly believing that we can achieve net-zero emissions in the second half of the century.

What we need now is ratification, implementation… and increased ambition.

The intended nationally determined contributions submitted in Paris show a departure point that is still insufficient to meet the target of limiting climate change to a range of 1.5 to 2 degrees Celsius. Also, to reduce emissions we need to increase investments in clean technology.

According to Bloomberg New Energy Finance, some USD 8 trillion will be invested in renewables between now and 2040.

That growth market is a major business opportunity.

The first signals from the market indicate that investors are responding positively.

Around COP 21, the Portfolio Decarbonization Coalition (PDC), a group of investors committed to supporting the fight against climate change, announced that its members are now overseeing the gradual decarbonization of a total of USD 600 billion in Assets under Management. That's a sharp increase from USD 100 billion in just one year.

Nearly 1,500 investors have signed the UN's Principles for Responsible Investment.

Those investors manage a combined USD 59 trillion--more than half the world's institutionally managed funds.

According to HSBC, investing influenced by Environmental Social & Governance factors has grown from close to zero a decade ago to an estimated 30% of professionally managed assets globally today.

This is a promising signal and means that close to USD 21 trillion of funds under management integrate some form of Environmental Social & Governance criteria into the investment process.

However, to achieve the Paris targets, these numbers need to increase. Many more investors need to factor climate risks more explicitly into their investment decisions.

This conference is where environmental finance is really happening. We must all start to write our bottom line with green ink.

For anyone who cares about that bottom line, climate action must become like the climate — which is, by definition, everywhere.

At the European Investment Bank, wherever you look, you find climate action. The Bank commits at least 25% of total lending to climate-action.

In developing countries, at least 35% of our lending will be for climate action by 2020.

To continue meeting our ambitious targets, we invest in small projects and we build massive frameworks for climate-action investment.

The EIB is the world's largest multilateral financer and borrower by volume. It is also the largest lender to climate-related investments and renewable energy projects in its peer group.

Overall the EIB currently expects to finance climate-friendly projects worth USD 100 billion by 2020.

This will include soft enhancement of projects, where EIB`s due diligence and stamp of approval will attract private and public investors. After all, we usually only finance about 30% of a project, which means there are plenty of opportunities for private investors, like you, to co-finance climate action projects.

Financing more climate action means originating more high impact and high quality projects, like the [Wa-za-zat] Ouarzazate solar plant in Morocco, the biggest concentrated solar project in the world.

Upon completion, the [Wa-za-zat] Ouarzazate project will provide electricity for more than 1 million people.

Projects like this show the path for providing clean energy in a world with an ever-growing demand for power.

However, the agreement in Paris was to keep global warming well below 2 degrees Celsius.

Just to prove that everything's bigger in America, I'll translate that to 3-point-6 degrees on the Fahrenheit scale for our American friends.

To get this done, the bulk of the investment will need to be made by the private sector. So these investments must be smart and green.

In shifting trillions of dollars into green investments, public banks such as mine play a critical role in providing the products and instruments that encourage and maintain private capital flows to climate-friendly projects.

Financing a 1.5 to 2 degrees Celsius world is not a question of additional liquidity.

There is ample liquidity in the financial markets.

Instead it is a matter of driving re-allocations and de-risking investments.

And that's what we do.

We provide what the private sector really needs. I call it hard enhancement – meaning taking away certain risks that are holding you—the private investors—back from putting your money into green projects.

That's because risks typically include regulatory and political uncertainties as well as technological risks associated with the financing of emerging technologies.

Another barrier is scale.

In energy efficiency, for example, we'll need to implement a large number of small investments. That means higher transaction costs.

In the case of adaptation, one problem is that often there is no immediate visible financial return. There is only the avoided cost or risk

of damage. So it is somewhat difficult to explain and mobilize investments for adaptation.

Our contribution is to lift barriers, mitigate risks, and thereby crowd-in private investors.

Take the Global Energy Efficiency and Renewable Energy Fund (which we call Geeref). It was, by the way, one of the finalists in Bloomberg`s 2014 Finance for Resilience challenge.

The Geeref fund started with a big chunk of public money—EUR 112 million from Norway, Germany and the EU—which it used to entice EUR 110 million from private investors.

It focuses on funds whose managers are experts in their field, but lack track record. This is understandable, as Geeref focuses on emerging markets. The EIB's presence, in the form of Geeref, helps these managers raise money. These funds in turn invest in small and medium-sized energy projects across emerging markets.

The result: for every euro Geeref puts into a Philippines hydro project or a geothermal power plant in Ethiopia, about 50 euros is ultimately invested.

This is an example of what we do for projects in the field.

Now for the capital markets dimension.

The EIB started the market for Green Bonds in 2007 and has issued almost EUR 13 billion in the format. The Bank has been the largest issuer of Green Bonds in the world

Green Bonds can be a transparent investment product, which is easily assessed within existing fixed-income frameworks. That's vital for engaging institutional investors and bringing scale to climate finance.

We see our role in the Green Bond market as a catalyst. Of course, we issue Green Bonds. But we also engage in market governance, contributing greatly to the development of best practice guidelines for issuers. That stimulates further investment.

The USD 40 billion raised in 2015 in the Green Bond market is associated with climate action and other environmentally sustainable projects. The market's challenge has been in the measurement and reporting of impact.

Here's the problem: Different Green Bond issuers may calculate and report impact for the same project using different approaches, and in some cases don't report on impact at all. Investors have until recently been short of information about the emissions they have saved through their investment.

There's movement toward a solution.

Last year the EIB coordinated a group of 11 international financial institutions which released guidelines for the harmonized reporting of the impact of projects associated with Green Bonds.

Thanks to this working group, a first authoritative market reference for Green Bond impact reporting harmonization was put in place. We were the first to apply this harmonized framework in our own Green Bond reporting, improving transparency and fostering comparability across Green Bond issuers. That's an important step for the Green Bond market, allowing it to mature and catalyse more funding to climate action.

So, for example, through our Green Bonds we funded the United Kingdom's Galloper offshore wind project. It is a project with large turbines not tested before at scale. Our in-house engineers and economists examined it, and we participated alongside six commercial banks.

But we're determined to do more.

Last month the EIB received its accreditation for the Green Climate Fund.

We have built up considerable experience in blending donor funds with banking instruments, and we hope to put this experience to good use within the GCF, just as we have done in the past with the European Commission, Germany, Norway or my home country the UK.

I would like to flag one example of the kind of novel initiatives we would like to apply as a Green Climate Fund implementing entity.

As part of the UN Sustainable Energy for All initiative, the EIB, together with UNEP and the UK Department of Energy & Climate Change, developed the Renewable Energy Performance Platform.

REPP is a one-stop-shop for private renewable energy developers. The aim is to help companies overcome barriers for small and medium-scale renewable energy projects and to support countries across Sub-Saharan Africa in delivering a portfolio of bankable renewable energy projects.The first projects approved for support are two small hydro power projects in Kenya. The REPP will provide technical assistance; financial structuring; and access to risk-mitigation instruments and long-term debt.

These two small projects are expected to result in 10 megawatts of new generation capacity, providing 8,500 people with improved access to clean energy and mitigating 23,000 tonnes of CO2 equivalent.

It is these types of project we shall look to support.

Small in scale and with a high impact on the ground, making a real difference to local communities and people`s lives.

Looking ahead, two weeks from now, the Paris Agreement will be signed not too far away from where we are right now, at the UN Headquarters.

Later this year, COP22 will be held in Marrakech. It presents an important milestone to elaborate on the implementation of the Paris agreement.

As a member of the group of Multilateral Development Banks, the EIB will follow up and report on progress since the joint MDB Paris declaration, where we committed to work together to substantially increase climate investments from the public and private sectors.

This is a year of consolidation. Not only of the Paris agreement, but also for the EIB climate strategy.

Our strategy will help implement the Paris Agreement inside and outside the EU by focussing on the following three pillars:

1. A pipeline of high impact projects – like the ones I just described under REPP - financial innovation, and developmental support for the Green Bond market

2. Operations that are more resilient to climate change, plus an increase in adaptation investments and the development of climate risk and vulnerability assessment tools

3. Further mainstreaming of climate change considerations through all projects the EIB finances

These are our commitments, as the world`s largest multilateral financier for climate action.

So whether you're in public finance or the private sector...and whether you measure climate change in Celsius or Fahrenheit… we must all

move into that great future together. Everything depends on the financial path we chart now. Right here. I know we can get the job done.

Thank you.