LUXEMBOURG-EIB CLIMATE FINANCE PLATFORM
DE-RISKING CLIMATE INVESTMENT

Climate change is the most pressing issue facing the world today. It has both short and long-term consequences. These are already evident and range from rising sea levels and unpredictable extreme weather to increased health challenges and pandemics. The effects of climate change are being felt by populations around the world, posing an existential threat to hundreds of millions of people.

Despite the urgent need to combat climate change, climate action faces funding challenges. Some of the most innovative companies in the climate action sector whose work would have a genuine impact and improve lives cannot secure financing because investing in them is considered risky. Equally, some regions do not have the financing structures or capacity in place to support businesses that are looking at alternative energies, energy efficiency or sustainable land use.

The Luxembourg-EIB Climate Finance Platform, or LCFP, was created by the European Investment Bank (EIB) and the government of the Grand Duchy of Luxembourg in 2017 to help address these challenges. It is designed to make equity investments in junior tranches of layered funds, which reduces the risk of investment in senior tranches for private sector players. These funds then invest in companies in emerging markets that are involved in climate change mitigation and adaptation projects. These regions will be worst hit by climate change which, if unchecked, could see the forced displacement of up to 200 million people, and rural to urban movement of a further 150 million by 2050: entire populations forced to leave their homes as a result of desertification, land degradation and volatile weather.

To tackle this crisis, we need to work together: the investment needs are huge, and time is running out. The EIB and Luxembourg are ready to do more, and invite more donors to get involved.
**FOCUS ON IMPACT**

The 13th UN Sustainable Development Goal is to take urgent action to combat climate change and its impacts. The benefits brought about by the projects supported by the Luxembourg-EIB Climate Finance Platform will help to achieve this goal, through reduced emissions, energy savings, land restoration, the promotion of new technologies and much more.

The Luxembourg-EIB Climate Finance Platform is currently working with six funds. Each is quite different in terms of geographies covered and sectors of activity, and their impacts are multipronged.

“Unlocking private finance and de-risking projects in developing countries is key to bridging the financing gap. Luxembourg is a leader in the field of sustainable finance in Europe. I’m happy with the impressive track record we have been able to achieve together with the EIB in mobilising investments to tackle climate change and support the achievement of the Sustainable Development Goals.”

**Pierre Gramegna**, Luxembourg Minister for Finance

“Our government and the EIB have created an innovative new model to channel private investments. This addresses climate and social challenges and promotes new ways to provide financing for the climate and environmental emergency. This platform creates opportunities to scale up action for a sustainable future. I am happy that we are achieving this goal while further establishing Luxembourg’s position as a leader in this field.”

**Carole Dieschbourg**, Luxembourg Minister for the Environment, Climate and Sustainable Development
THE STORY SO FAR

To date, the Luxembourg-EIB Climate Finance Platform has approved investments in six different funds alongside the EIB. These are the Emerging Market Climate Action Fund, the Urban Resilience Fund B, the Green for Growth Fund, the Land Degradation Neutrality Fund, the Access to Clean Power Fund, and the Climate Resilience Solutions Fund.

The leverage effect of the LCFP is clear:

€40 million LCFP

+ €288.4 million EIB

↓ €18.2 billion in project investment

Depending on the fund, the expected multiplier effect of the Luxembourg-EIB Climate Finance Platform, defined as the ratio of total investment in final projects to the platform’s initial commitment, ranges from around 146x in the case of the Climate Resilience Solutions Fund, to more than 600x for the Emerging Market Climate Action Fund at target size.
The LCFP is active across the world, in all partner regions. Current active project locations are shown on the map.
Emerging Market Climate Action Fund

The Emerging Market Climate Action Fund (EMCAF) is a new, innovative fund-of-funds. It leverages public funding to crowd in private investors in support of climate mitigation and climate adaptation, as well as environmental sustainability projects in developing countries.

The €500 million fund is managed by Allianz Global Investors, with the EIB stepping in as investment advisor. EMCAF invests primarily in Paris-aligned infrastructure funds with a focus on climate action projects. Building on the EIB’s experience, the aim of the fund is to generate tangible positive climate action and environmental and social impact.

<table>
<thead>
<tr>
<th>LCFP contribution</th>
<th>€15 million</th>
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</thead>
<tbody>
<tr>
<td>EIB co-financing</td>
<td>€50 million</td>
</tr>
<tr>
<td>Target fund size</td>
<td>€500 million</td>
</tr>
<tr>
<td>Geography</td>
<td>Africa, Asia, Latin America</td>
</tr>
<tr>
<td>Focus</td>
<td>Energy efficiency, renewable energy, climate adaptation, environmental sustainability, energy access</td>
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</table>

**EXPECTED IMPACT**

The Emerging Market Climate Action Fund will contribute to the achievement of a significant number of Sustainable Development Goals. The fund will principally support the production of electricity from low-carbon sources, thus reducing carbon emissions and air pollution. Capital is to be deployed to funds with a focus on renewable energy, mostly solar photovoltaics (32%), onshore wind (22%) and hydropower (17%), as well as other renewable energy projects (such as geothermal energy and biomass), resource efficiency projects (mainly energy efficiency), and environmental sustainability projects.

**FINANCED SECTORS**

- Industry/Construction 13%
- Energy 87%
Urban Resilience Fund (TURF) B

The Urban Resilience Fund (TURF) B, part of The Urban Resilience Fund Global Platform (TURF), is a layered fund focusing on equity and quasi-equity investments supporting sustainable and resilient greenfield infrastructure projects developed with municipalities across Africa.

The fund is managed by Meridiam SAS.

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<thead>
<tr>
<th>LCFP contribution</th>
<th>€5 million</th>
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<tbody>
<tr>
<td>EIB co-financing</td>
<td>Up to €50 million</td>
</tr>
<tr>
<td>Target fund size</td>
<td>€350 million</td>
</tr>
<tr>
<td>Geography</td>
<td>Africa</td>
</tr>
<tr>
<td>Focus</td>
<td>Mitigation and adaptation</td>
</tr>
</tbody>
</table>

FINANCED SECTORS

Urban mobility
Energy transition
Built environment
Smart cities
Resource management
Circular economy

EXPECTED IMPACT

The Urban Resilience Fund B is expected to increase city resilience and support essential public infrastructure projects in rapidly growing urban areas, contributing to the Sustainable Development Goals.

Thanks to its unique focus on resilience, the fund will help the EIB meet its climate action objectives, with 85% of the committed portfolio allocated to adaptation finance and mitigation measures related to transport, energy efficiency in buildings and the greening of urban areas. While the operation is not fully Paris aligned, the fund manager is contractually committed to ensure that at least 85% of the fund’s investments comply with the Bank’s Paris-Agreement criteria.
Green for Growth Fund

The Green for Growth Fund (GGF), advised by Finance in Motion, is an impact investment fund that mitigates climate change and promotes sustainable economic growth, primarily by investing in measures to reduce energy consumption, resource use and CO₂ emissions.

The fund is a public-private partnership that leverages risk capital provided by public institutions with additional private capital to substantially increase investment volumes in regions and sectors that do not normally attract such flows.

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<thead>
<tr>
<th>LCFP contribution</th>
<th>€5 million</th>
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<tbody>
<tr>
<td>EIB co-financing</td>
<td>€100 million</td>
</tr>
<tr>
<td>Target fund size</td>
<td>€787.8 million</td>
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<tr>
<td>Geography</td>
<td>Southeast Europe, Eastern European Neighbourhood, Middle East, North Africa</td>
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<tr>
<td>Focus</td>
<td>Mitigation: energy efficiency, renewable energy</td>
</tr>
</tbody>
</table>

FINANCED SECTORS

- Transport 2%
- Agriculture 4%
- Commercial 7%
- Manufacturing 21%
- Services 34%
- Households 31%
- Other 1%

IMPACT TO DATE

- 998,092 tonnes reduction in CO₂ emissions per year
- Energy savings of 3.87 million MWh/year
- 1,131 MW of renewable energy capacity installed
- Water savings and treatment of 113,667 m³ per year
- Waste avoidance and treatment of 411,589 tonnes per year
- 16,224 tonnes of materials saved per year
Land Degradation Neutrality Fund

The Land Degradation Neutrality Fund (LDNF), managed by Mirova Natural Capital, supports private sector-led projects that promote sustainable land management and use, and the restoration of degraded land, mainly through sustainable agriculture and forestry.

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<th>LCFP contribution</th>
<th>€5 million</th>
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<tr>
<td>EIB co-financing</td>
<td>€39 million</td>
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<td>Target fund size</td>
<td>€174.6 million</td>
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<tr>
<td>Geography</td>
<td>Africa, Caribbean, Pacific, Asia</td>
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<tr>
<td>Focus</td>
<td>Adaptation: sustainable land use, land restoration</td>
</tr>
</tbody>
</table>

**FINANCED SECTORS**

Agroforestry 78%

Forestry 22%

**EXPECTED IMPACT**

Restoration and rehabilitation of around 500,000 hectares of degraded land and reduction of CO₂ emissions by 35 million tonnes.
Access to Clean Power Fund

The Access to Clean Power Fund (ACPF), managed by responsAbility, supports small companies that provide renewable energy solutions ranging from off-grid to captive generation (collective distributed generation). It aims to create a positive economic, social and environmental impact, helping companies to grow by offering working capital to finance inventory and receivables, and project debt to finance specific project assets.

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<tr>
<td>LCFP contribution</td>
<td>€5 million</td>
</tr>
<tr>
<td>EIB co-financing</td>
<td>€27 million</td>
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<tr>
<td>Target fund size</td>
<td>€130.7 million (funds raised to date)</td>
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<tr>
<td>Geography</td>
<td>Sub-Saharan Africa, Asia, Pacific</td>
</tr>
<tr>
<td>Focus</td>
<td>Mitigation: energy efficiency, renewable energy</td>
</tr>
</tbody>
</table>

FINANCED SECTORS

Commercial and industrial 37%

Financial institutions 7%

Energy access 56%

IMPACT TO DATE

Greater access to energy for 66 million people and 798 companies

4.8 million households with improved access to electricity

11 million tonnes of CO₂ emissions saved

65% reduction in electricity costs for small businesses

3.4 million people with greater economic opportunities
Climate Resilience Solutions Fund

The Climate Resilience Solutions Fund (CRAFT), managed by the Lightsmith Group, is the first investment fund to focus on climate adaptation, and the first commercial investment vehicle to focus on small companies involved in climate intelligence and solutions for developing countries (agricultural analytics, supply chain analytics, catastrophe risk modelling, geospatial imaging and mapping, water harvesting and drip irrigation, and resilient food systems).

<table>
<thead>
<tr>
<th>LCFP contribution</th>
<th>€5 million</th>
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<tbody>
<tr>
<td>EIB co-financing</td>
<td>€24.3 million</td>
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<tr>
<td>Target fund size</td>
<td>€218.9 million</td>
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<tr>
<td>Geography</td>
<td>Asia, Latin America, Africa</td>
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<tr>
<td>Focus</td>
<td>Adaptation: smart solutions for climate change adaptation</td>
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</tbody>
</table>

**IMPACT**

CRAFT will track several key performance indicators at the investee fund level to determine their impact. These could include the amount of water saved by applying new technologies or the amount of food wastage avoided by using new storage solutions.

**ELIGIBLE SECTORS**

Energy and water  
Food and agriculture  
Transport/logistics
Advantages of investing with the Luxembourg-EIB Climate Finance Platform

The LCFP is a fund with fast decision-making processes and clear criteria for climate finance. By joining the platform, our partners will enjoy the following benefits:

- **Origination and coverage**: as a leading investor in funds around the world, the EIB brings global coverage to donors and partner investors.

- **Due diligence and technical expertise**: a rigorous appraisal process reviews the economic, environmental, financial, social and technical aspects. The EIB has substantial technical expertise in-house (300+ engineers and economists).

- **Legal and structuring**: strong in-house structuring and legal expertise arising from broad experience in fund investment, ensuring industry-leading investment standards.

- **Environmental and social standards, monitoring and reporting**: stringent environmental and social standards, monitoring and reporting framework, alignment with other international financial institutions.

“For the EIB to play an effective role in the fight against climate change, it is essential that we join forces with other dedicated partners. The Luxembourg government is a long-standing partner of the European Investment Bank, and we are delighted to be working with them on a range of initiatives. The LCFP improves the lives of millions of people across the world. This is the impact we must have, as climate change is already affecting people and businesses everywhere.”

Ambroise Fayolle, EIB Vice-President