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

Despite the urgent need to combat climate change, the necessary action faces funding challenges. Some of the most innovative companies in the climate action sector whose work can 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 risks in investment in senior tranches for private sector players. These funds then invest in companies in emerging countries that are involved in climate change mitigation and adaptation projects. These countries will be worst hit by climate change which, if unchecked, could cause 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 due to desertification, land degradation or volatile weather.

To tackle this crisis, we need to work together: 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 LCFP will help to achieve this goal, from reduced emissions and energy savings to land restoration and the promotion of new technologies, and they will do a lot more besides.

The Luxembourg-EIB Climate Finance Platform is currently working with four funds. Each is quite different in terms of geographies covered and sectors of activity, but what they have in common is that their impacts are multipronged.

“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

“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 am 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
THE STORY SO FAR

To date, the LCFP has invested in four different funds alongside the EIB. These are the Green for Growth Fund, the Land Degradation Neutrality Fund, the Climate Resilience Solutions Fund and the Access to Clean Power Fund.

The leverage effect of the LCFP:

€20 million LCFP + €166 million EIB

→ €3.4 billion in project investment

Depending on the fund, the expected LCFP multiplier effect, defined as the ratio of total investment in final projects to the LCFP’s initial commitment, ranges from around 146x in the case of the Climate Resilience Solutions Fund, to around 250x for the Green for Growth and Land Degradation Neutrality Funds.

The LCFP is active across the world, in all partner regions. Current active project locations are shown on the map.

- Green for Growth Fund
- Land Degradation Neutrality Fund
- Access to Clean Power Fund
- Climate Resilience Solutions Fund
**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 that 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 to regions and sectors that do not normally attract such flows.

<table>
<thead>
<tr>
<th><strong>LCFP contribution</strong></th>
<th>€5 million</th>
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</thead>
<tbody>
<tr>
<td><strong>EIB co-financing</strong></td>
<td>€75 million</td>
</tr>
<tr>
<td><strong>Target fund size</strong></td>
<td>€500 million</td>
</tr>
<tr>
<td><strong>Geography</strong></td>
<td>Southeast Europe, European Eastern Neighbourhood, Middle East, North Africa</td>
</tr>
<tr>
<td><strong>Focus</strong></td>
<td>Mitigation: energy efficiency, renewable energy</td>
</tr>
</tbody>
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**FINANCED SECTORS**

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

**IMPACT TO DATE**

- Reduction of 939,273 tonnes of CO₂ per year
- Energy savings of 3.68 million MWh/year
- 1,066 MW of renewable energy capacity installed
- Water savings and treatment of 113,459 m³ per year
- Waste avoidance and treatment of 365,151 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. Eligible projects bring about environmental and socioeconomic benefits, and aim to create jobs and improve incomes on the ground.

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<tbody>
<tr>
<td>LCFP contribution</td>
<td>€5 million</td>
</tr>
<tr>
<td>EIB co-financing</td>
<td>€39 million</td>
</tr>
<tr>
<td>Target fund size</td>
<td>$300 million</td>
</tr>
<tr>
<td>Geography</td>
<td>Africa, Caribbean, Pacific, Asia</td>
</tr>
<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 (collectively, distributed generation). It aims to contribute to positive economic, social and environmental impacts, helping companies grow by offering working capital to finance inventory and receivables, and project debt to finance specific project assets.

**LCFP contribution** €5 million

**EIB co-financing** €26 million

**Target fund size** $156 million (funds raised to date)

**Geography** Sub-Saharan Africa, Asia, Pacific

**Focus** Mitigation: energy efficiency, renewable energy

**FINANCED SECTORS**

- Commercial and industrial 37%
- Financial institutions 7%
- Energy access 56%

**EXPECTED IMPACT**

Greater access to energy for 171 million people

5.2 million tonnes of CO₂ emissions saved

An additional 6 100 small businesses with improved energy access

2 306 MW in new clean electricity generation capacity
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, resilient food systems).

<table>
<thead>
<tr>
<th>LCFP contribution</th>
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<tbody>
<tr>
<td>EIB co-financing</td>
<td>€26 million</td>
</tr>
<tr>
<td>Target fund size</td>
<td>$250 million</td>
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<tr>
<td>Geography</td>
<td>Asia, Latin America, Africa</td>
</tr>
<tr>
<td>Focus</td>
<td>Adaptation: smart solutions for climate change</td>
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</table>

**IMPACT**

CRAFT will track several key performance indicators at the investee fund level to determine their impact, the amount of water saved by applying new technologies, and the amount of food wastage avoided by using new storage solutions, amongst others.

**ELIGIBLE SECTORS**

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

The LCFP is a platform with fast decision-making processes and clear criteria for climate finance. By joining the fund, 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