



The  
climate  
finance  
pioneer



Jonathan Taylor,  
EIB Vice-President for Environment  
and Climate Action



The European Investment Bank (EIB) is **one of the largest providers** of climate-related investment **globally**.

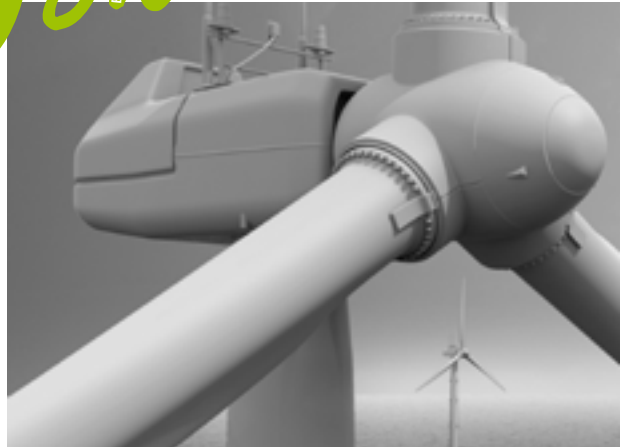
The EIB's **unique expertise** and **financial strength** gets climate projects off the ground. However, the EIB cannot meet the challenge on its own. **Cooperation** with our partners is crucial.

We focus where the **impact** of our investments is greatest.  
**Innovative finance** is key.

# Investing in **climate innovation**

➔ **20bn**  
over  
of finance worldwide  
in 2015

- ✓ **largest MDB** for climate action finance worldwide
- ✓ **largest MDB** issuer of **green bonds**: nearly EUR 13bn since 2007
- ✓ **USD 100bn** for climate action expected over the next five years



✓ global target: more than 25% of all lending is for climate action - nearly 27% in 2015



As partner to leading climate actors worldwide, including the **Green Climate Fund**, the EIB brings its resources to mobilise finance in developing countries.



✓ increased target of 35% of lending in developing countries by 2020

# Small scale, **big impact**



Financial innovation may look complicated, but here is the bottom line. In everything we do, people and climate come first.

Stepping up our climate action finance in developing countries is not just about lending more money for big projects. We find **innovative ways** to finance more community-based projects that generate lasting results for local people to adapt to climate change.

Runa Foundation is the first company to sell tea beverages made from the leaves of a native Amazonian tree, guayusa. We support it through our investment in **EcoEnterprises II**, a pioneering impact fund with a women-owned management team.

“Runa Foundation worked with us to incorporate guayusa into our farms to increase income and create sustainable livelihoods. Growing guayusa to sell to Runa helped diversify our farms, making us more resilient in the face of climate change. In addition to the cocoa that we grow, I planted 300 guayusa trees on a half-hectare farm, and I expect my harvest of guayusa to increase.”

Ruth Grefa, Farmer in San José, Napo Province, Ecuador.



# **Multiply our impact** on the ground

We maximise the positive change to people's lives and the environment.  
This requires leadership and innovation.

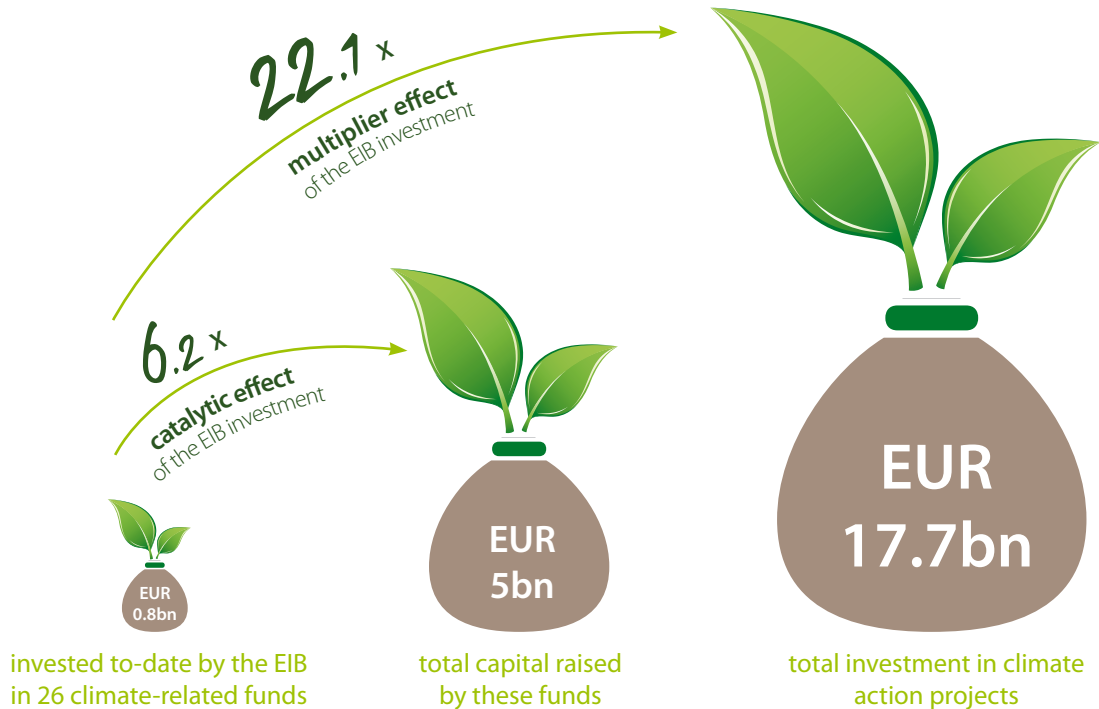
## **Equity funds**

An EIB equity-investment provides a "quality stamp" to:

- ✓ encourage and attract new investors
- ✓ enable investment into new asset classes  
(soil decontamination, biodiversity, land use)
- ✓ mobilise additional public and private capital







A pioneering private equity fund draws institutional investors into areas where they might have hesitated to invest.



## Copenhagen Infrastructure II Fund

*Our contribution:*

EUR 75m equity investment.

Fund size: EUR 2bn, mostly from Scandinavian pension funds.

We invested in a fund structure covering large offshore renewable energy infrastructure with a long term investment horizon.



© Copenhagen Infrastructure Partners



- ✓ first equity transaction under the European Fund for Strategic Investments (EFSI)
- ✓ invests in large greenfield renewables projects in Northern and Western Europe
- ✓ investments with relatively lower leverage
- ✓ enables institutional investors to engage at an earlier stage

A unique new fund mobilises private capital from investors for clean energy projects in developing countries.

## Global Energy Efficiency and Renewable Energy Fund – GEEREF

Fund-of-funds advised by the EIB. *Total size:* EUR 222m.

- ✓ **innovative partnership** bringing together public and private investors
- ✓ anchors private equity funds, which in turn invest in private sector energy projects in **Africa, Asia, Latin America and the Caribbean**
- ✓ backs first-time funds, early in their development
- ✓ takes early-stage development risk
- ✓ helps set up teams and develop investment strategies

GEEREF has invested in 10 funds so far. For every euro invested by GEEREF, over EUR 50 is invested in final projects on the ground.



The Corbetti Geothermal Power Project is developed by the EIB and GEEREF-backed African Renewable Energy Fund.



“ We’re building Ethiopia’s first independent power project in the extinct Corbetti volcano. Once operational it will produce enough electricity to supply five million Ethiopian homes. Without the EIB it would have been very, very hard to get it off the ground. ”

Alastair Vere Nicoll,  
Founder of Berkeley Energy.

When banks and markets can't help, the EIB figures out a way to do it.

## Green for Growth Fund – GGF

Layered-debt fund initiated by the EIB and KfW, supported by the European Commission and Germany.

*Our contribution:* EUR 50m.

Total fund size: EUR 380m of which 15% raised from the private sector

- ✓ innovative public-private partnership with lean structure, high specialisation
- ✓ fosters energy and efficiency investments in South-East Europe, the Eastern Neighbourhood and Turkey
- ✓ provides financing to businesses and households, mostly through financial institutions previously inactive in these sectors





Armenian chocolate producer Arcolad bought new energy-efficient machinery for chocolate production thanks to a GGF loan.

- ✓ attracts private capital to a challenging segment, green energy, and region
- ✓ quickly deploys capital to generate energy savings and CO<sub>2</sub> reduction
- ✓ Technical Assistance Facility building capacity within financial institutions

We create financial instruments that take on the risk of green investments so commercial banks will join in.



## Private Finance for Energy Efficiency – PF4EE

Managed by the EIB and funded by the EC Programme for the Environment and Climate Action.

- ✓ gets **risky projects off the ground**
- ✓ promotes energy efficiency lending from commercial banks
- ✓ combines protection against losses, an EIB loan and technical assistance







PF4EE is active since 2015 with operations in Czech Republic, Spain and France. It is expected to unlock EUR 1bn of private investment in energy efficiency in the EU by 2020.

A

B

C

D

E

F

G

We cut the risk for project developers so they can build a pipeline of small scale renewable energy investments.

## Renewable Energy Performance Platform – REPP

Managed by the EIB with the support of Camco Clean Energy and Greenstream.

- ✓ improves the bankability of projects by providing access to risk-mitigation tools
- ✓ supports the development of small-scale renewable energy projects in sub-Saharan Africa
- ✓ reimbursable grants for development costs
- ✓ financial structuring assistance
- ✓ results-based 'top-up' finance to enhance equity returns



REPP advisors at work  
to support project  
developers in getting  
access to long term  
lending and risk  
mitigation  
instruments.

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Management Limited



We invented Green Bonds, called Climate Awareness Bonds (CABs), to stimulate green investment from institutional investors.



## Climate Awareness Bonds

- ✓ EUR 4bn raised in 2015
- ✓ EUR CAB due November 2019 is the **largest Green Bond** outstanding in any currency
- ✓ build a Green reference yield curve in EUR
- ✓ offer the opportunity for socially responsible investments
- ✓ promote **transparency** and **accountability** in its Green Bond reporting



In 2007 the EIB pioneered the green bonds market by issuing the first “Climate Awareness Bond”. CABs have supported more than 100 energy projects in over 40 countries.

The Tafila wind farm in the Jordanian desert received allocations from CABs.

“ The Tafila wind farm has brought valuable jobs and business to the area, and paved the way for improvement of the region. ”

Um Ibrahim, Local resident, Tafila, Jordan.

We pioneer financial structures like the mini-bonds of Italian water utilities pooled for an asset-backed securitisation.

## Viveracqua hydrobond

Our EUR 145m investment bought a portfolio of mini-bonds of regulated water sector utilities in Italy.

- ✓ first securitisation of mini-bonds
- ✓ first systemic operation among integrated water system companies in Europe
- ✓ reaches smaller and financially weaker water utilities
- ✓ big scaling-up and replication potential reduces the cost of capital for weaker borrowers



“ The EIB gave a much needed boost for water investments in Italy. Thanks to the EIB’s involvement, this operation has been visible to other investors who may show their interest in the operation, now and in the future. ”



3.5 million inhabitants in the region of Veneto in Italy will benefit from greater water security.

Fabio Trolese, President of the Viveracqua Consortium.



We empower innovators to invest in cutting-edge climate technology.

## InnovFin – EU Finance for Innovators

- ✓ a debt-based instrument, including guarantees, direct loans and advisory services
- ✓ supports the smallest to the largest research and innovation projects in the EU and countries associated with Horizon 2020
- ✓ InnovFin Energy Demo Projects finances innovative first-of-a-kind projects in renewable energy and hydrogen/fuel cells

InnovFin products are expected to unlock more than EUR 24bn of financing for research and innovation by 2020. This finance is expected to support up to EUR 50bn of final investments.





The EIB-backed floating wind farm WindFloat is expected to light up more than 20 000 Portuguese households.



“ By supporting proven innovative concepts that address key challenges in offshore wind, the EIB is encouraging private investment in the right technologies for commercial deployment. ”

Carlos Martin Rivals,  
Managing Director of  
WindFloat Atlantic

We promote pioneering approaches to sustainable land-use for the protection of biodiversity.

The award-winning

## Althelia Climate Fund

*Our contribution:* EUR 15m for a fund size of EUR 110m.

- ✓ projects to mitigate carbon emissions by reducing deforestation in **Africa, Latin America and Asia**
- ✓ combines revenue from carbon credits and production of sustainable certified commodities in a payment-for-performance approach

Over 42m tonnes of CO<sub>2</sub> avoided by 2021 – equivalent to nearly three times the emissions from all flights departing from London's Heathrow Airport in a year.

“ I am happy to be part of the Tambopata Bahuaja REDD+ project because it provides us with technical assistance throughout the whole production process, from preparing the soil and planting the seeds, to applying organic fertilisers. Thanks to improved agricultural practices, our sustainable cocoa will have direct access to international markets. ”

Laura Silva Camargo, Farmer, Tambopata Candamo Farmers cooperative, Peru.



We support new business models generating revenues to support private capital, instead of grants.

## Natural Capital Financing Facility – NCFF

*Our contribution:*

EUR 125m, with the support of the European Commission.





- ✓ promotes the conservation of natural capital to meet the EU nature, biodiversity and climate adaptation objectives
- ✓ tests different financing options to finance natural capital
- ✓ covers green infrastructure, payment for ecosystem services, biodiversity offsets, pro-biodiversity and pro-adaptation businesses such as sustainable agriculture, forestry, aquaculture and eco-tourism

We sponsor funds that use resource-efficient techniques to decontaminate industrial sites.

## Brownfields Regeneration, Ginkgo I & II

Backed by EIB and Caisse des Dépôts.

*EIB total commitment:*

nearly EUR 70m for funds targeting EUR 320m at their final closing.

- ✓ strong and unique expertise in a niche market already active in France, Belgium, UK, Luxembourg and Spain
- ✓ state-of-the-art techniques for remediation, promoting the circular economy

© Ginkgo Advisor



*Before*



*After*

Ginkgo I: demolition and remediation work turning the brownfield site of Mont-Saint-Guibert, Belgium, into a healthy greenspace and residential area for walking, recreation, and other physical activities.

Ginkgo II: EFSI guarantee helps the Fund reach its target size more quickly.







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