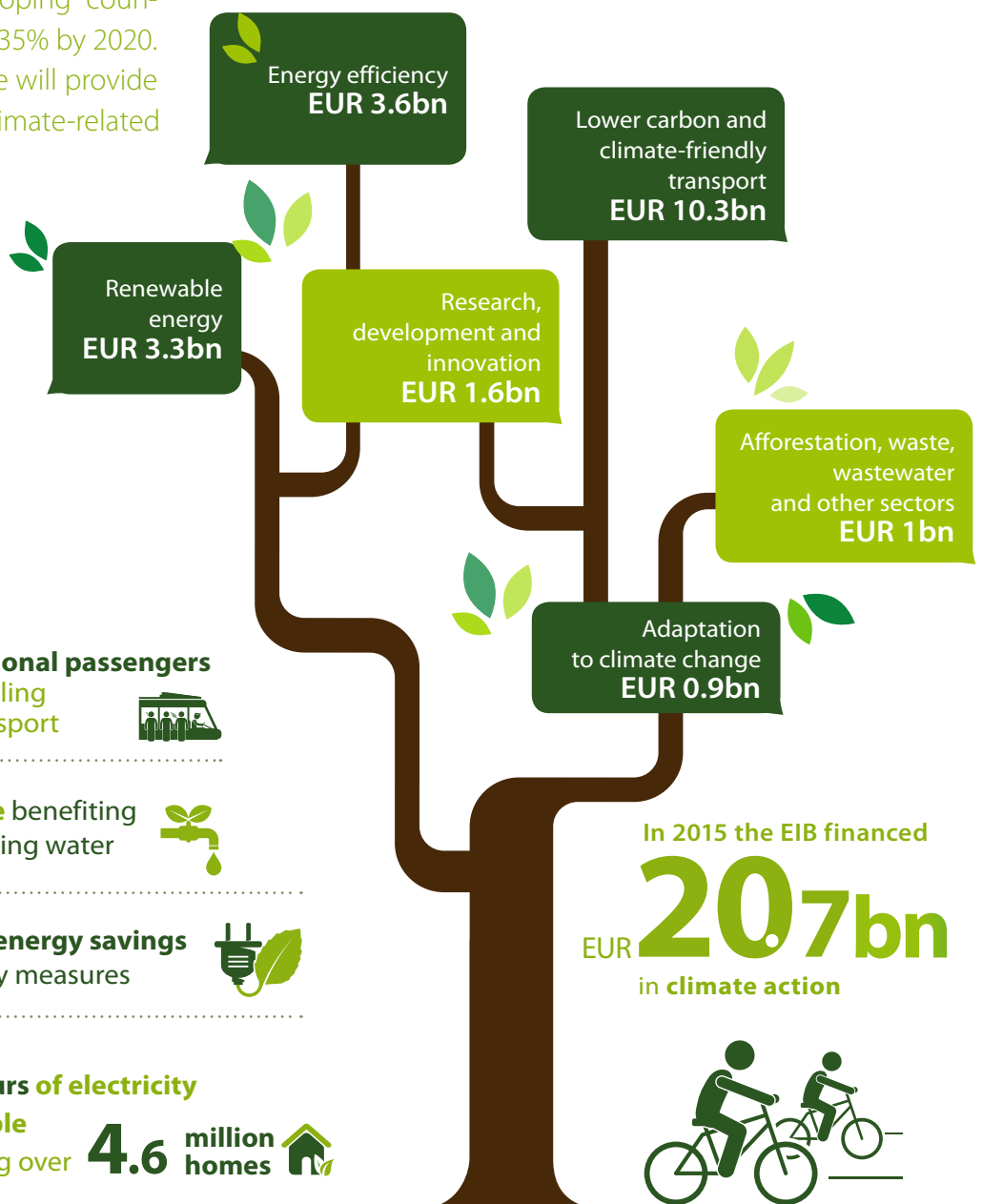


Finance for climate action

As the EU bank, the European Investment Bank (EIB) supports the transition to a low-carbon, environment-friendly and climate-resilient economy. In our climate strategy, published in 2015, we commit to ensuring that at least 25% of all EIB lending supports climate-related investment. For loans in developing countries, this figure will rise to 35% by 2020. Over the next five years we will provide around EUR 100bn for climate-related projects as we help turn the ambitious agreement approved at the COP21 climate conference in Paris into reality.

Over **90.5bn** EUR in climate action lending (2011-2015)




The EIB's 2015 climate finance is expected to support:

More than **338 million additional passengers** per year travelling by public transport 

19.8 million people benefiting from safe drinking water 

428 GW hours of energy savings from efficiency measures 

13 154 GW hours of electricity generated from renewable sources per year, powering over **4.6 million homes** 

In 2015 the EIB financed **20.7bn** EUR in climate action 



Our approach to climate action

All of our climate action work supports the implementation of EU climate policy objectives and is guided by our [climate strategy](#). Published in 2015, the strategy shapes our medium to long-term actions worldwide. It will help implement the Paris agreement both inside and outside the EU by focusing on:

1. High impact projects, financial innovation and further support for the Green Bond market.
2. Projects which are more resilient to climate change or which facilitate adaptation to its effects, and the development of tools to assess climate risk and vulnerability.
3. Continued “mainstreaming”: the integration of climate action considerations throughout the methods and processes that we use to assess and monitor climate action in all our investment projects.



Transparent climate finance

Our work has a strong focus on ensuring that climate finance acts as a catalyst for further investment from both private and public sources. For this we have developed a particularly robust system that clearly identifies and tracks our climate finance. In 2015, we continued our collaboration with the other MDBs on the publication of the joint annual Climate Finance report and worked with the group on the harmonisation of principles for tracking finance for both climate mitigation and adaptation.

Strategic partnering on climate action

The EIB engages with companies, think-tanks, not-for-profit organisations, public authorities and other international financial institutions. We co-finance mitigation, adaptation and other climate-related projects. We work closely with the other MDBs and the members of the International Development Finance Club to harmonise concepts and approaches.

On the sidelines of COP21, the EIB and 25 other leading financial institutions from around the world adopted a set of voluntary climate mainstreaming principles with the aim of improving the effectiveness and transparency of climate action. Specifically, they undertook to improve climate performance, manage climate risks, promote climate-smart objectives, account for climate action, commit to climate strategies, and turn the talk into reality.

Other key examples of our work in this area are our leadership of the working group which established the Green Bond Principles and our contribution to developing a harmonised framework for impact reporting on projects to which Green Bond proceeds have been allocated. In March 2016, we were accredited as a partner institution of the Green Climate Fund, bringing us exciting new opportunities to work closely with other bodies to develop successful and innovative climate finance. We are also a member of the European Financing Institutions Working Group on Climate Change Adaptation and a partner in the Climate and Clean Air Coalition to Reduce Short-Lived Climate Pollutants and the Climate Bonds Initiative.



Our financing products

Our traditional financing products are medium and long-term loans with fixed or variable interest rates in euros or other currencies. We finance large projects with direct loans whereas we support smaller projects indirectly, through credit lines to local banks or other intermediaries.

The EIB offers the opportunity to combine its financing with EU grants, depending on the scope and definition of the project. Building on over 50 years' experience and know-how, we complement our traditional lending with innovative finance products:

- **Infrastructure funds** providing equity, filling gaps in the market and piloting new areas especially for environmental services;
- **Layered-risk funds**, usually offering debt, allowing the issuance of one or more variable income tranches and sometimes fixed income notes to offer investors different risk-return profiles;
- **Initiatives** such as the Natural Capital Financing Facility and the Private Finance for Energy Efficiency scheme;

EIB financing – more than a loan

EIB financing is supported by specialised in-house staff providing the know-how required to develop sustainable and climate-resilient projects. Our advisory services include the sharing of substantial technical and financial expertise for projects in less developed regions or with a weaker institutional framework.

One example of this is the ELENA (European Local Energy Assistance) facility: managed by the EIB and funded by the European Commission, ELENA provides technical assistance grants to local and regional authorities for the preparation of energy efficiency and renewable energy investment programmes.

- **Capital market activities**, such as the Project Bond Initiative and the Climate Awareness Bonds.

More details can be found in a dedicated brochure "*The climate finance pioneer*" on our website.

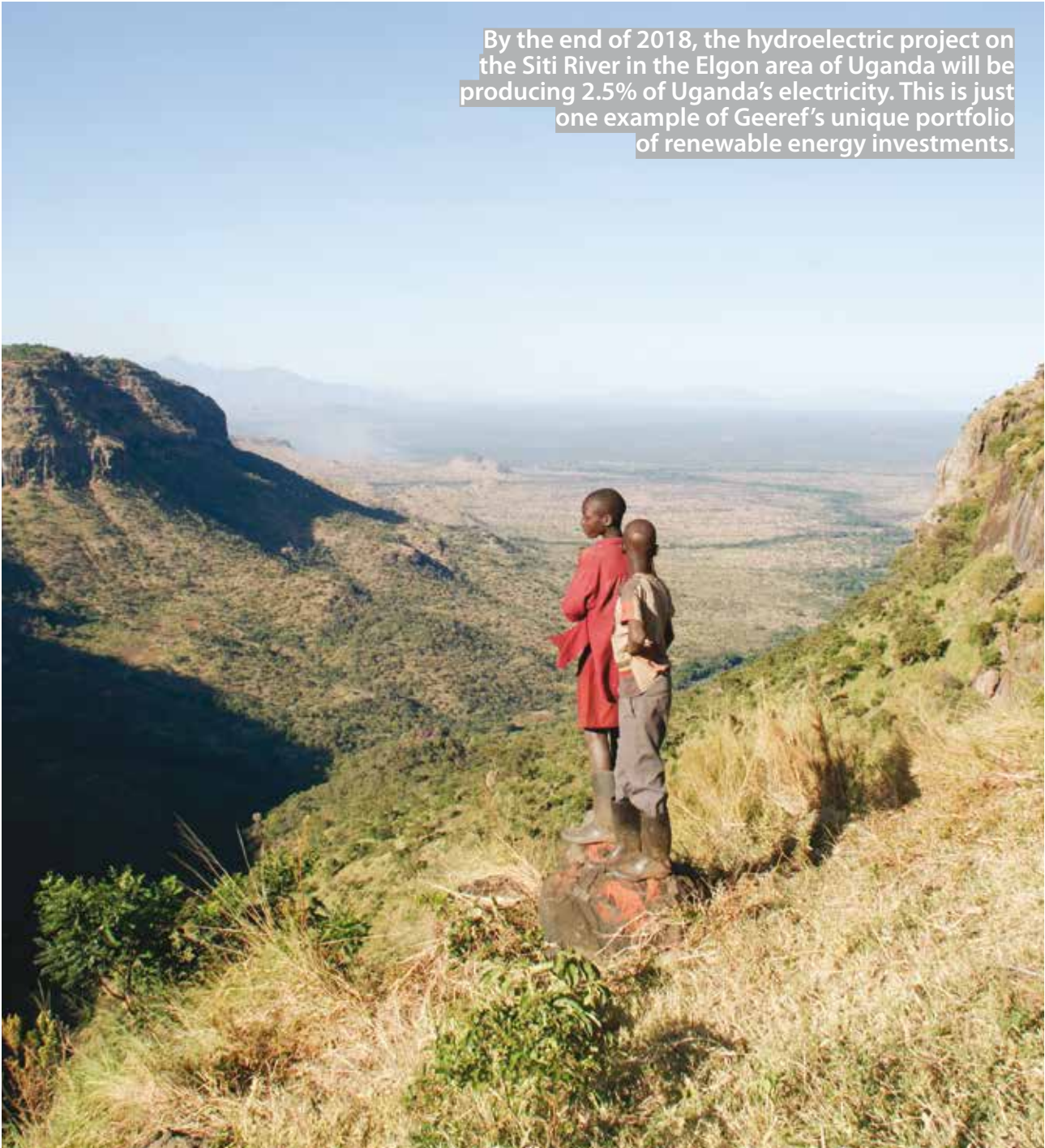
Carbon footprint

We have developed carbon footprint methodologies to measure absolute greenhouse gas emissions generated by the projects we finance across all sectors and to compare these emissions with the likely alternative to these projects – estimating relative or net emissions.

We are also committed to minimising our internal carbon footprint as one of our corporate responsibility objectives, and, having made significant reductions, we now compensate for our residual emissions on an annual basis.



By the end of 2018, the hydroelectric project on the Siti River in the Elgon area of Uganda will be producing 2.5% of Uganda's electricity. This is just one example of Geeref's unique portfolio of renewable energy investments.



Hydroelectric energy in Uganda

The Global Energy Efficiency and Reliable Energy Fund is a prime example of our cutting edge financing products. It uses public funds to cushion private investors against risk, generating EUR 50 of investment for every EUR 1 it puts into private sector energy projects in Africa, Asia, Latin America and the Caribbean. Geeref backs first-time funds early in their development, takes early-stage development risk and helps set up teams and develop investment strategies.



Capital market activities: EIB leads Green Bond market developments

Aiding market development

An increasingly robust governance framework facilitates the integrity and growth of the Green Bond market. The Green Bond Principles (GBPs) constitute voluntary process guidelines promoting best practice for Green Bond issuance, and provide valuable guidance in this respect. The EIB currently serves as member and Chair of the Executive Committee of this cross-market forum, for which more than 100 investors, issuers and underwriters have signed up as members or observers.

In 2007 the EIB issued the world's first Green Bond – dubbed the “Climate Awareness Bond (CAB)” – with proceeds earmarked for disbursements to projects with positive environmental impact.

Specifically, CABs focus on projects in the fields of renewable energy (wind, hydro, tidal, solar and geothermal power) and energy efficiency (district heating, co-generation, building insulation, energy loss reduction in transmission and distribution and equipment replacement).

CABs provide investors with the opportunity to make a positive contribution to climate action, while benefiting from the EIB's excellent credit quality.

One of our key goals is to enhance accountability through effective reporting on the use of Green Bond proceeds. We do so through our Financial Report, our Sustainability Report and our dedicated Climate Awareness Bonds Newsletters.

The world's largest issuer.
Since 2007, **Climate Awareness Bonds** have raised the equivalent of over

 **EUR 14 bn**
in 11 currencies



Building an energy-secure future

Our support for sustainable energy includes mature renewable energy technologies, such as onshore wind farms, hydropower, geothermal and solid biomass, as well as the expansion of early-stage or evolving technologies such as solar, offshore wind, photovoltaic, concentrated solar power and second-generation biofuels. The EIB is the leading financier of wind energy in the EU, and has financed roughly two-thirds of all European offshore wind capacity.

Energy efficiency is the most cost-effective and rational way of reducing emissions and improving the security of the energy supply. Projects typically include the retrofitting and expansion of existing social and urban infrastructure and services, including water facilities and wastewater utilities.

Wind energy in Sweden

The EIB doesn't typically take ownership stakes, but it co-invested EUR 16m in the Langmarken wind farm alongside investment fund Mirova Eurofideme 3, giving the Bank and Mirova a joint share of 90%. The deal was put together using the Investment Plan for Europe's European Fund for Strategic Investments, which is a powerful tool to speed up and scale up climate-action deals.



Langmarken wind farm.

Solar energy in Morocco

The EIB partnered with other institutions including the European Commission, KfW, and the World Bank to co-finance all three phases of the project and provided additional support through expert technical assistance. The impact of the project will be significant. Morocco currently imports over 97% of its energy. By harnessing its abundant sunshine, the country will free itself from volatile fuel costs and will create the potential to export green energy to neighbouring countries.

Upon completion, Ouarzazate will provide electricity for more than 1 million people, contributing around 14% of the energy mix in Morocco's electricity supply and reducing the country's fossil fuel dependence by the equivalent of 2.5 million tonnes of oil. Carbon emissions will be cut by 760 000 tonnes per year, potentially leading to a reduction of 17.5 million tonnes in carbon emissions over 25 years.



Energy efficiency for apartment buildings in France

Three-quarters of homes in the Île-de-France region are either condominiums or social housing. Built before oil shocks prompted energy efficiency regulations, the apartments leak heat, but obtaining the finance for each individual apartment owner to implement energy efficiency measures is a formidable undertaking.

Énergies POSIT'IF is a public-private company that aims to make the condominium buildings of Île-de-France more energy efficient. A EUR 100m loan from the EIB means that the company can function as a one-stop shop, offering finance to all co-owners in a condominium so all apartments can benefit from new windows, improved heating and ventilation systems, and an additional thermal insulation envelope which encases the whole building, just like a pullover!



Improving the energy efficiency of buildings generates significant energy savings.



Over **58bn** EUR
in renewable energy and energy efficiency projects over the last five years (2011-2015)



The Ouarzazate solar plant in Morocco is the biggest concentrated solar project in the world.

Banking on low-carbon transport

We strive to promote the most efficient, economic and sustainable way of satisfying transport demand by prioritising loans for cleaner modes of transport. By fostering a shift from private to public transport, we also help tackle climate change, enhancing energy efficiency and limiting greenhouse gas emissions.

In line with EU policy, we prioritise investments in railways, inland waterways and short-sea shipping projects as they do the most to reduce greenhouse gas emissions per transport unit. In addition, the development of sustainable urban transport and urban nodes, as well as road safety, are key priorities for the EIB.

Under the JESSICA (Joint European Support for Sustainable Investment in City Areas) initiative, the EIB assists national and regional authorities with investing their European Structural and Investment

Sustainable urban transport for Laos

Car ownership in Vientiane almost tripled between 2005 and 2012, while motorcycle ownership doubled. Only 1% of journeys are made by bus, the rest by private vehicle (93%) or auto rickshaw or “tuk tuks” (6%). The consequences of increased motorisation are increased congestion, road accidents and greenhouse gas emissions.

In support of the government’s sustainable development strategy – which aims to encourage a shift from private to public transport – the EIB will lend EUR 20m to help finance a Bus Rapid Transit (BRT) system that will significantly improve access and mobility within the city. The result: bus passengers will save 1.5 million hours per year and local pollutants will be significantly reduced. The project will also benefit from technical assistance provided by the EIB and funded through a EUR 5m grant provided by the Asian Investment Facility.

A EUR 20m EIB loan will help finance a Bus Rapid Transit system in Vientiane.



Almost

EUR **40bn**

for **lower carbon transport projects** over the past five years (2011-2015)



Funds, by way of equity, loans and guarantees, in urban development projects. An example of a project created by JESSICA is the North West Evergreen Fund, UK. This Urban Development Fund targets the remediation of brownfield sites and the creation and refurbishment of floor space, with a view to creating jobs.

The EIB also manages JASPERS (Joint Assistance to Support Projects in European Regions), co-sponsored by the European Commission, the European Bank for Reconstruction and Development and the German State Development Bank KfW. JASPERS promotes the efficient use of EU Structural Funds by

providing technical expertise throughout the project cycle. A Networking Platform complements JASPERS with the objective of implementing capacity-building activities, disseminating knowledge and exchanging good practices among JASPERS Stakeholders in the areas where JASPERS provides advice.

Growing a greener economy

Forestry and agriculture are at the heart of our efforts to support sustainable landscapes, foster rural economic growth and employment, and strengthen the availability of a range of key renewable resources.

Forestry contributes to a range of EU policies, including rural development, renewable energy, development cooperation, biodiversity protection and climate action. Forests play an important role in maintaining soil health, reducing soil erosion and mitigating flood risks. They are also important carbon sinks, sequestering additional carbon as they grow.



EUR **4.5** bn

Almost

for forestry projects over the past five years (2011-2015)

Our activities support the full forest value chain including afforestation, reforestation, forest rehabilitation and protection, wood processing, timberland funds, and REDD+ (Reducing Emissions from Deforestation and Forest Degradation).

The Bank supports the EU Forestry Strategy and the EU Forest Action Plan, which frame EU forestry policy, and the Timber Regulation and Forest Law Enforcement,

Governance and Trade Initiative for tackling illegal logging and improving traceability.

We do not support conversion of natural forest to plantation or commercial logging in primary tropical and subtropical forests.



The EIB invested USD 25m in the Arbaro Fund, a forestry fund targeting sustainable forestry projects in Latin America and Africa.

Sustainable forestry fund in Africa and Latin America

The Fund combats the impact of climate change by protecting soils and sequestering carbon, and supports socio-economic development in rural areas. It invests in existing forest plantations as well as in the establishment and management of new plantations, with a strong commitment to sustainability and certification. When fully invested and implemented (EUR 200m investment volume), the Fund Manager estimates that Arbaro Fund will contribute to the creation of over 5 000 jobs and sequester more than 50 million tonnes of GHG.

Preparing for the future

Looking ahead, we are conscious that both adaptation and innovation are key to achieving the investments needed globally in climate action.

To support appropriate and cost-effective adaptation measures, we help promoters to identify climate risks and vulnerabilities



InnovFin – EU finance for innovators

InnovFin is a joint initiative launched by the EIB Group and the European Commission under Horizon 2020. It aims to provide over EUR 24bn in financing to innovative businesses and other innovative entities in Europe by 2020, facilitating and accelerating access to funding for companies or projects dealing with complex products and technologies, unproven markets and intangible assets. InnovFin is demand-driven and technology-neutral with the potential to support low-carbon technologies and first-of-a-kind demonstration projects (e.g. renewable energy and smart grid sectors).

More information on www.eib.org/innovfin.

and to take actions that increase resilience to both current and future climate impacts, limiting potential damage and disruptions. Nearly EUR 4.5bn has been invested in adaptation since 2011.

We are committed to best practice, which implies both incorporating climate risks into investments at the planning stage and building resilience to current and future climate risks through, for example, reforestation programmes and improved water resource management.

Innovation that can be widely scaled up and replicated is at the heart of the transformation needed in our societies to tackle climate change on a suitable scale and with adequate timeliness.

This is why we strongly support investments to accelerate the development and dissemination of low-carbon technologies and processes in all sectors, such as early-stage innovative clean technologies, and carbon capture and storage.

EUR **10.2 bn**

invested in **innovation** over the past five years (2011-2015)



Nearly **4.5 bn** EUR

invested in **adaptation** over the past five years (2011-2015)

Circular economy

The circular economy is central to overcoming many of the problems presented by climate change. By decoupling economic growth and social well-being from resource consumption and by “closing the loop” of product lifecycles through greater recycling and re-use, we can conserve the earth’s natural resources and reduce pollution and waste. Over the last 10 years the EIB has co-financed circular economy projects worth about EUR 15bn.





The EIB has loaned EUR 150m for the renovation of Vienna's main wastewater treatment plant.

Circular economy investment in Vienna

The loan will help finance the construction of a new sludge treatment plant equipped with retention ponds to prevent sewage overflow into nearby waterways, including the Danube, during heavy rain. The project will also incorporate flood resilience measures. Sewage sludge resulting from the treatment process will be used as an energy resource, generating some 20 million m³ of methane-rich biogas annually, which will be converted into electricity and heat. This will allow the plant to cover 100% of its own electricity requirements by 2020. The renovation will ensure that the treatment process continues to comply with the EC Urban Wastewater Treatment Directive and that Vienna's citizens benefit from improved water quality and environmental conditions.



Heliatek HQ with active Heliacfilm[®] facades.

Decentralised solar energy generation

The EIB contributed EUR 20m along with other well-known industrial and financial investors as part of a recent EUR 80m financing round to support the development of Heliatek, a German start-up specialised in the production of organic photovoltaic films. The company produces Heliacfilm[®], a light, opaque or transparent film which can be easily integrated into the facades of commercial or industrial buildings to facilitate the local generation of solar energy. As the film is easy to install in existing buildings, it has the potential to increase the accessibility of solar power for urban areas.

Heliatek is the first company to commercialise the production of large area OPV solar films. The EIB loan will enable the firm to scale up production and distribution, and create more than 50 new high-tech jobs in Saxony.



Finance for climate action



Information Desk

+352 4379-22000
+352 4379-62000
info@eib.org

European Investment Bank

98-100, boulevard Konrad Adenauer
L-2950 Luxembourg
+352 4379-1
+352 437704
www.eib.org/climate

twitter.com/EIB
facebook.com/EuropeanInvestmentBank
youtube.com/EIBtheEUbank



The EIB at a glance

The European Investment Bank (EIB) is the European Union's bank. Owned by the 28 EU Member States, the EIB provides finance and expertise for sound and sustainable investment projects in over 160 countries. As the world's largest multilateral borrower and lender by volume, climate action is a key priority for the EIB.

