

Financing the Transition to a Low-Carbon and Climate-Resilient Economy

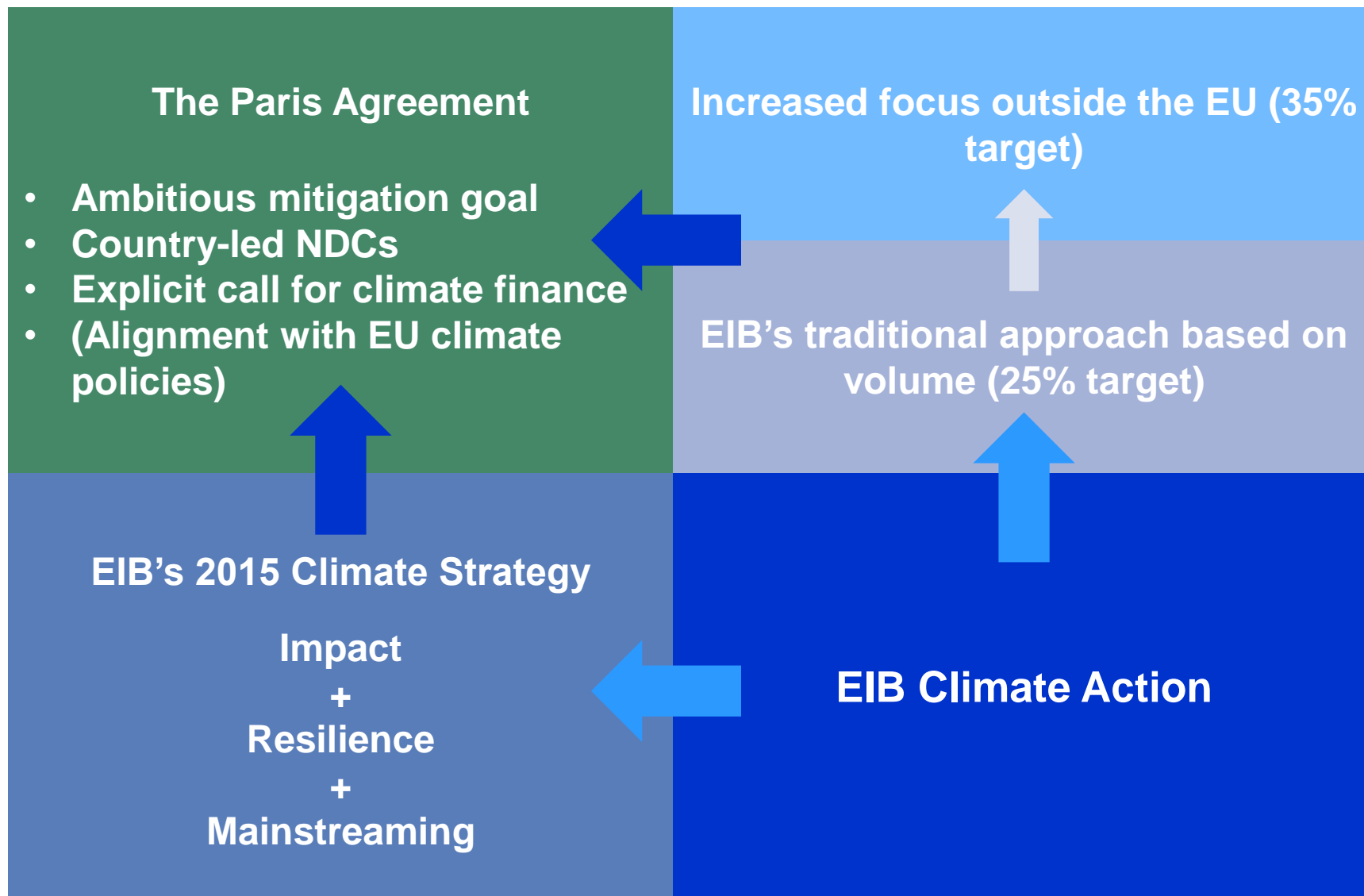
Public Initiatives: Fostering Low-Carbon Development and Climate Resilience

Beyond Paris: Driving Solutions for the Next Decade

Austrian Climate Change Workshop, 18 February 2016

Martin Berg

The Paris Agreement & EIB Climate Action



EIB Response: Volume (1)

**Climate
Action
Financing
2011-15 =
> EUR 90bn**



Transport

EUR
37.7bn

**Renewable
energy**

EUR
24.4bn

**Energy
Efficiency**

EUR 10.5bn

RD&I

EUR
10.2bn

Other

EUR
2.8bn

Forestry

EUR
0.2bn

Adaptation

EUR
4.5bn

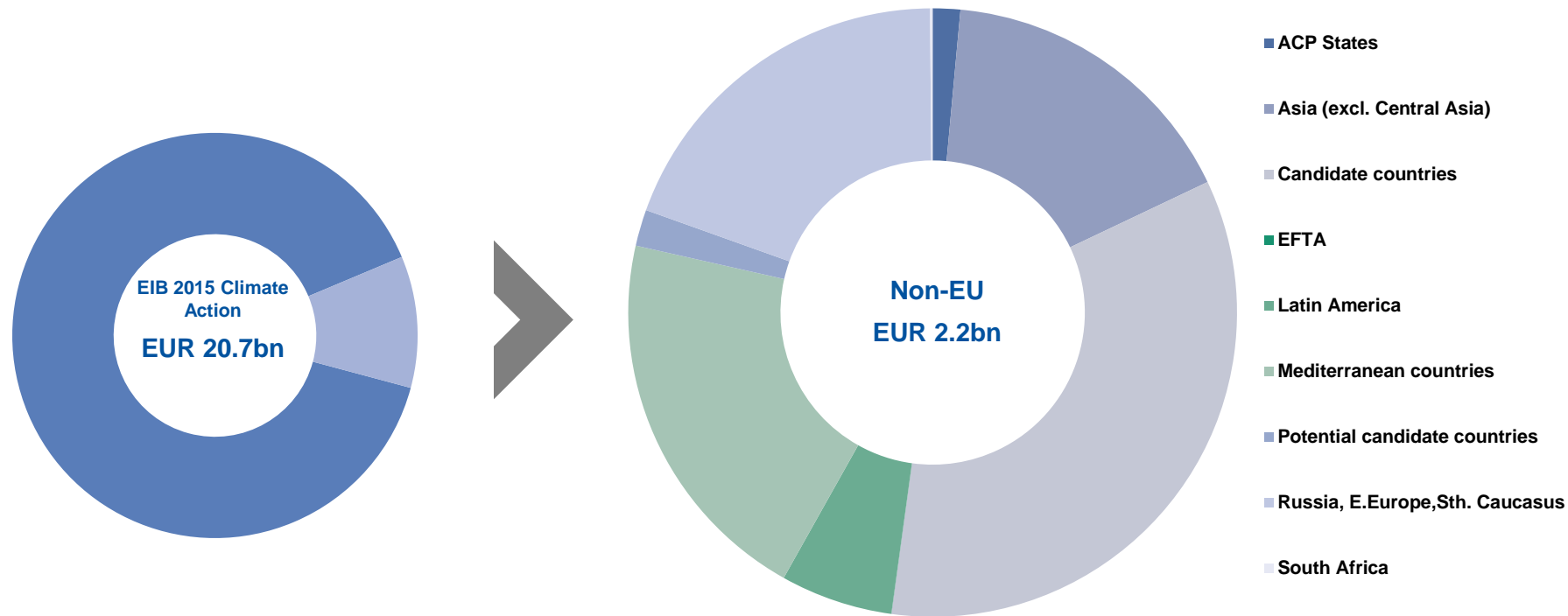
Waste

EUR
0.06bn

EIB Response: Volume (2)

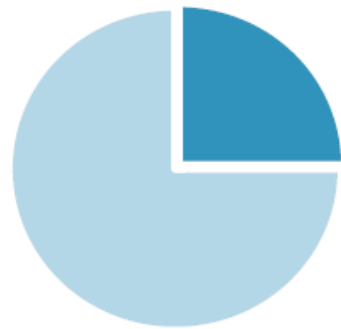
In 2015, EIB delivered **EUR 20.7bn** to specific **climate action** projects

- Exceeded the 25% financing target towards climate action.
- Remained the largest MDB in terms of support to climate action.
- **EUR 2.2bn** were channeled **outside the EU**.



EIB Response: Increased Focus outside EU

In the lead up to COP-21, the EIB committed to increase its climate finance for **developing countries** to 35% by 2020.



>25% worldwide

2015 → 2020



35% in world's
developing regions

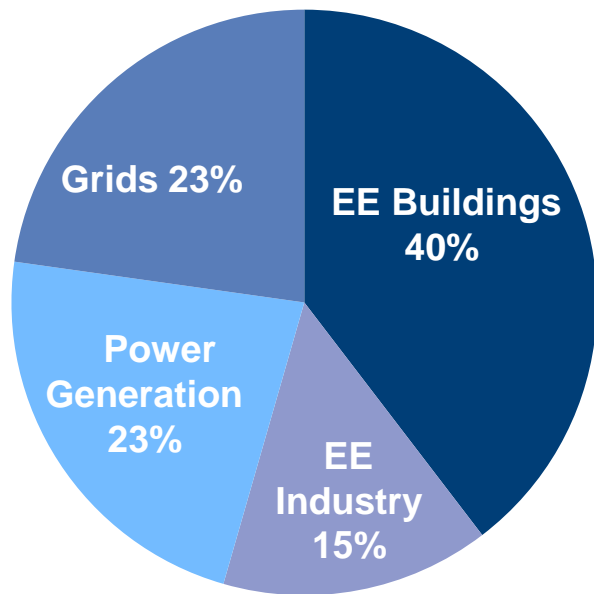
EIB's 2015 Climate Strategy
We are increasing our climate commitment:

USD 100bn over next 5 years

EU Investment Needs and Key Areas

EU 2030 Climate & Energy Framework

GHG reduction by 40% in 2030 represents the NDC of the EU



Total needs to implement EU 2030 Climate & Energy framework (2021-30): ~**EUR 209bn p.a.**

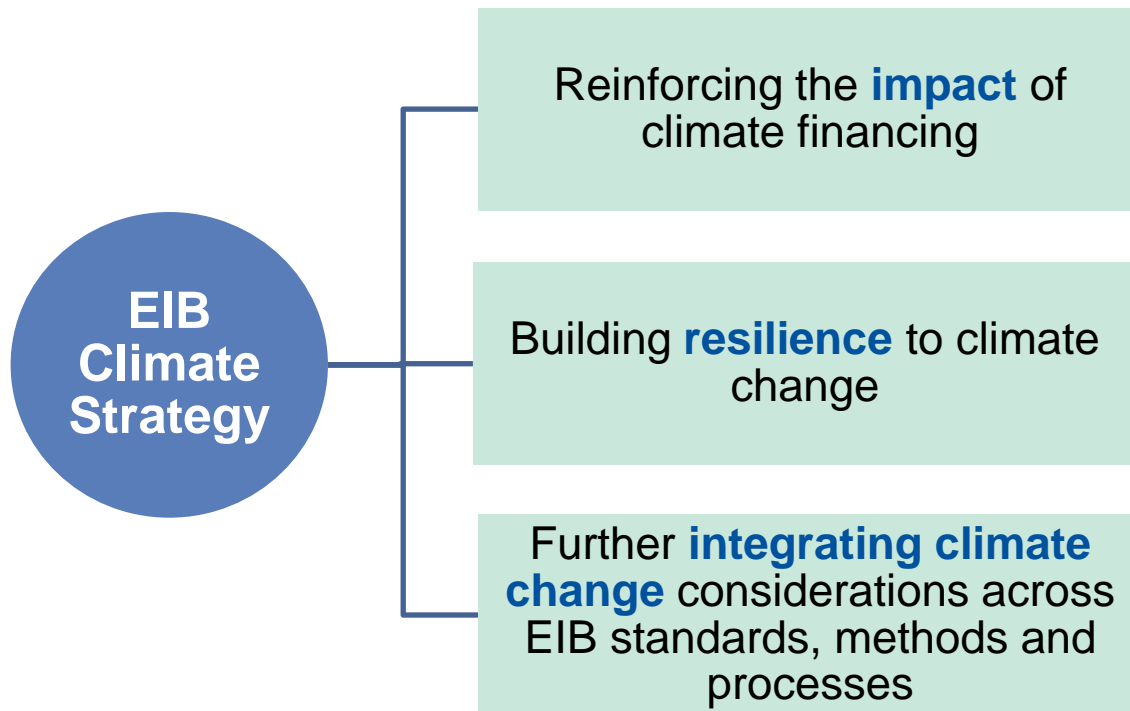
- Large low carbon investment required to implement 2020 and 2030 targets
- Different needs across Europe (e.g. higher needs for lower income MS)
- Largest investment needs in energy efficiency in the building sector
- Modernisation of the power sector (power generation and grids) remains a key
- New technologies need to be developed/made commercial. Need to step-up efforts related to innovation
- Short-term challenge: identifying investment opportunities and investment certainty
- Long-term challenge: new financing sources will be required

Implementing the NDCs – LDC Investment Needs

- Almost all the **Least-Developed Countries** (LDCs) have delineated how they plan to contribute to post-2020 global climate action — through their **NDCs**.
 - Many LDC NDCs considerably differ on both their start date and length of implementation.
 - Timeframe of LDC NDCs can vary significantly between domestic adaptation and mitigation programmes.
 - The cost for all LDCs to implement their NDCs is estimated to be around **USD 93.7bn p.a.**
- Although 'new and additional' USD 100bn was promised to all developing countries under the Cancun Agreement, only 1/3 of climate finance reaches the LDCs
- In addition to mitigation and adaptation efforts, meeting LDC NDCs requires delivering finance requests for **capacity building** and **technology transfer** activities.

EIB Response: Climate Strategy

Complementing EIB's volume-driven approach, **EIB's 2015 Climate Strategy** will help implement the Paris Agreement inside and outside the EU by focussing on three key-areas:



The screenshot shows the EIB Climate Strategy webpage. It features the EIB logo at the top left, followed by the text "European Investment Bank" and "The EIB bank". Below this is a large image of a modern building's glass and steel structure. To the right of the image is the title "EIB Climate Strategy" and the subtitle "Mobilising finance for the transition to a low-carbon and climate-resilient economy". At the bottom of the page is the URL <http://www.eib.org/info/centre/publications/all/eib-climate-strategy.htm>.

Focus on Financial Impact

- The bulk of the investment needed to address climate change will have to come from the **private sector**.
- The EIB will identify operation types with a particularly **high financial impact** and/or **high mitigation or adaptation gains**, focusing on:
 - **Financial innovation** and mobilisation of private resources.
 - **Capital markets investors**.
 - Blending with **public funds**.
 - Increased pipeline of climate action projects.

Key Outcomes → Deliver climate finance both in volume (at least 25% of EIB finance) and quality (both financial and non-financial impact)

Building Resilience

- **Adaptive action** is necessary regardless of the efforts made to mitigate climate change.
- The EIB will focus on:
 - **Best practice in adaptation.**
 - Reinforced support to **adaptation investments.**
 - Increased access to financing of adaptation projects.
 - **Knowledge building** and awareness raising..

Key outcomes → An increase in adaptation finance supported by robust and transparent accounting and reporting

Climate in Everything We Do

- **Climate considerations** must be given due attention across all activities to ensure that gains are made at every possible opportunity.
- The EIB will focus on:
 - Improvements to **mainstreaming tools**.
 - Assessment of **portfolio climate change risks**.
 - **Harmonisation** of standards amongst MDBs and finance.
 - Management of internal footprint.

Key outcomes → Increased quality of all EIB investments through the use of a broader range of climate mitigation and adaptation tools and methodologies.

More information (please click on the pictures)



Climate
in everything we do

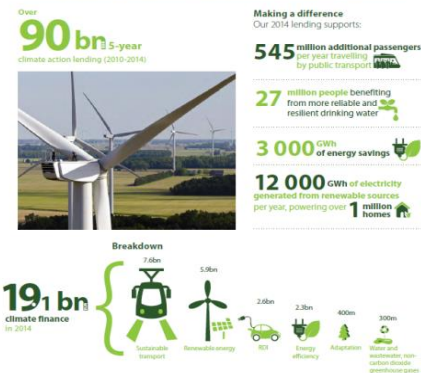


Pina Foundation, Ecuador



Finance for climate action

As the EU bank, the European Investment Bank (EIB) has put climate action at the top of its agenda. We have committed to invest at least 25% of our lending portfolio in low-carbon and climate-resilient growth. Our funding supports sustainable projects in over 160 countries and acts as a catalyst to mobilise private finance for climate action, encouraging others to match our long-term investment.



Innovative climate finance products

Tackling climate change requires going beyond traditional financing approaches and sources to meet the challenge at a global and grassroots level.

As the world's largest multilateral lender and borrower, the European Investment Bank (EIB) recognises that this means scaling up innovative solutions adapted to the characteristics of the projects we finance in terms of size, sector and creditworthiness of the counterparties.

Driven by EU policy objectives, our innovative climate finance products aim to improve access to finance for enterprises and industry by mobilising additional long-term financing sources.

Covering market gaps, most of these products help to overcome risk barriers by supporting projects that are financially viable in terms of revenue-generating capacity, but are not necessarily bankable in their own right (difficult to attract finance from the market).

These innovative climate finance products may allow grants or different funding sources to be combined with EIB loans, which enables investment in new sectors and facilitates development of large-scale programmes with improved effectiveness, impact and replicability.



Our added value:

- Flexibility** - allowing wider eligibility and different forms of financing such as equity, debt, mezzanine structures and guarantees.
- Catalytic effect** - encouraging private and public sector investments alongside those of the EIB.
- Leverage** - boosting project implementation and management experience through direct and indirect EIB financing.
- Expertise and creativity** - helping to meet the highest standards and generating new ideas.



For any questions, please contact:

Martin Berg
Investment Officer
Climate Change &
Environment

Tel: +352 4379 86059
Fax: +352 4379 67099
Mob: +352 6212 00811
Email: m.berg@eib.org

European Investment Bank
98, Boulevard Konrad Adenauer
L-2950 Luxembourg