

Scaling up: Rising to the Investment Challenge

European Energy Forum

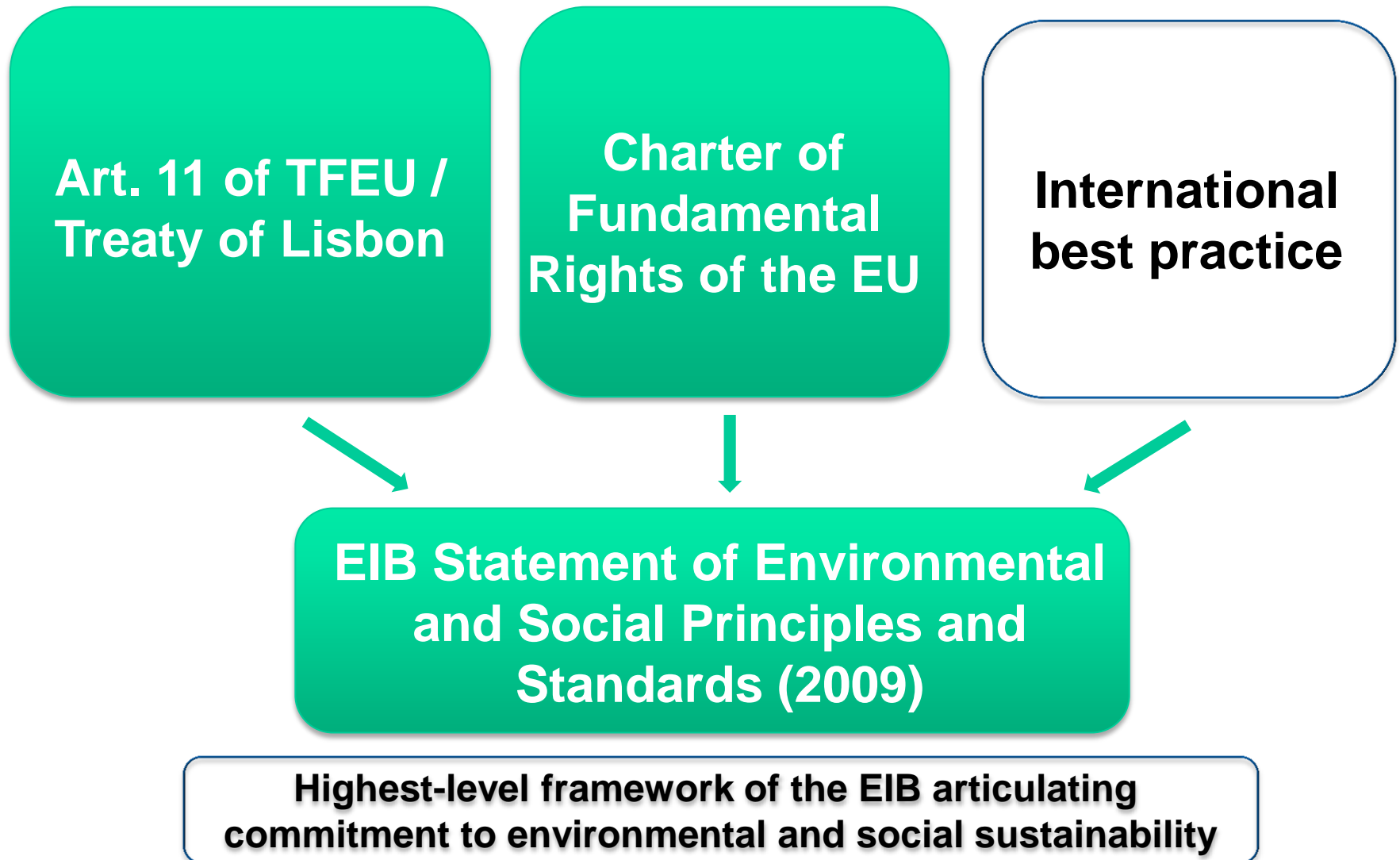
Paris, March 13th 2015



The European Investment Bank (EIB)

Long-term finance promoting European objectives

- ✦ **European Union's long-term lending bank set up in 1958 by the Treaty of Rome**
- ✦ **Shareholders: 28 EU Member States**
- ✦ **Policy driven bank – not profit driven**
- ✦ **Funds its operations by borrowing on the capital markets**

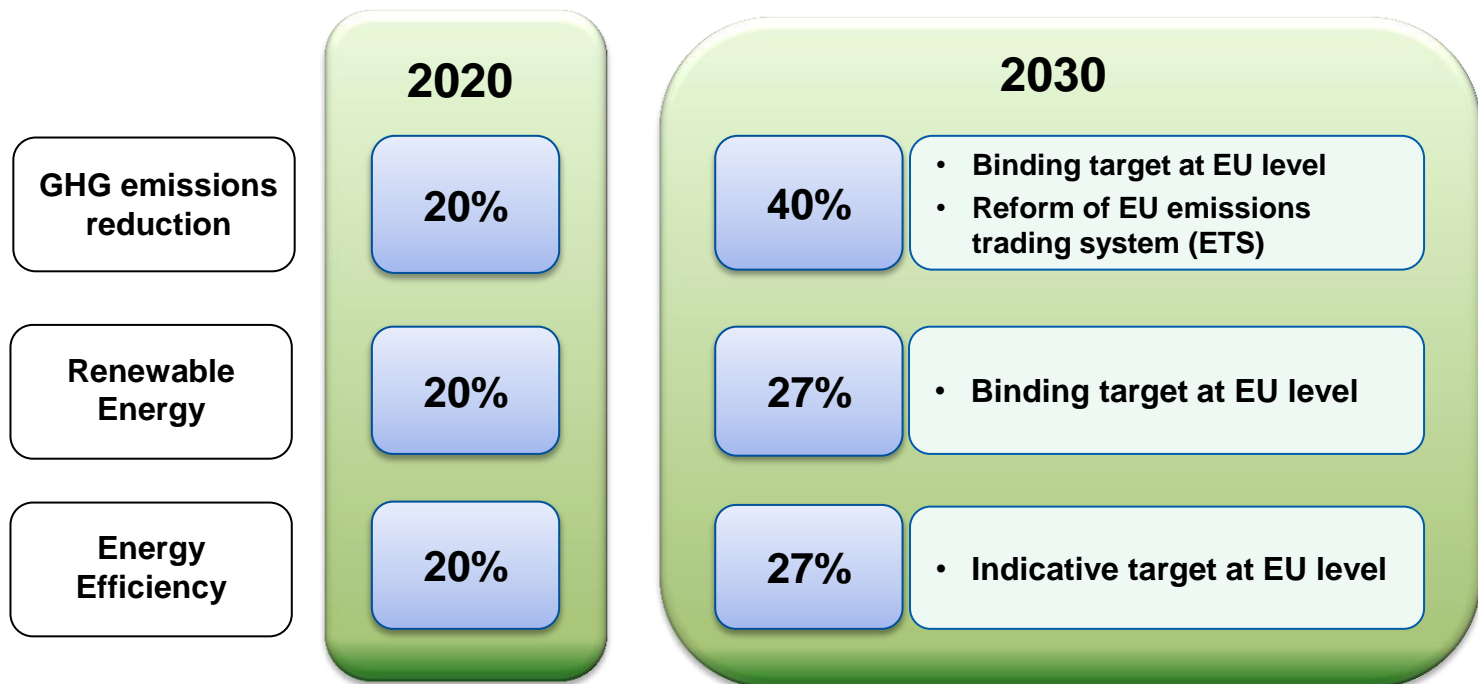


Aligned with EU policies



Climate Change Mitigation

- ✧ 2007: Energy Action Plan – ambitious 20-20-20 targets to be attained by 2020
- ✧ 2011: Roadmap for moving to a competitive low carbon economy by 2050
- ✧ 2014: 2030 framework for climate and energy policies - adopted by EU Council on 24th October



Climate Change Adaptation

- 2013: EU Adaptation Strategy

EIB Statement on Climate Action (2013)



Statement on Climate Action

Climate is a key element of sustainable development, alongside other environmental, social and economic issues which together impact upon communities, vital ecosystems and international stability. Climate change and the associated increase in extreme weather variability is a major international challenge of the 21st century.

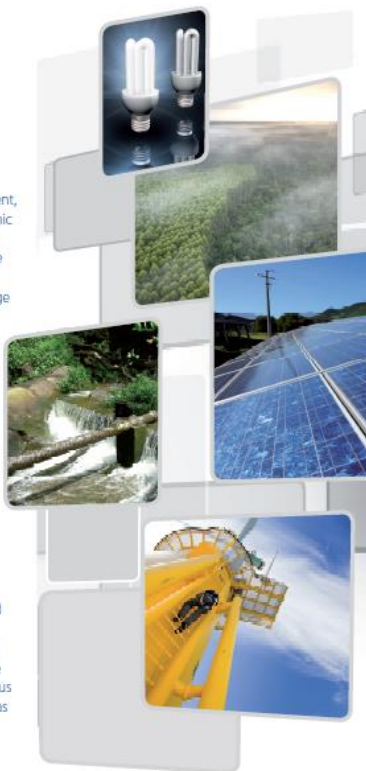
Dealing with climate change is one of the keys to achieving environmental sustainability and the overarching goal of sustainable development.

The European Union (EU) is a leader on climate action. As the EU bank owned by the Member States, the European Investment Bank (EIB) considers climate action to be of strategic importance and its activities, both within and outside Europe, support the climate policy set by the EU.

The consequences of climate change will have serious social and economic impacts in the EU and globally in the coming decades. Growth and development gains made in both developed and developing countries may be put at risk by climate change. To counter this, the EIB applies an ambitious and comprehensive approach to climate change, as part of its overall sustainability framework.

This "Statement on Climate Action" presents the EIB's objectives and approaches in support of EU leadership on climate issues. The Statement guides EIB activities today and will continue doing so in the future.

www.eib.org/climate



To **integrate** climate considerations effectively into all EIB activities and practices

To **catalyse** private sector financial flows using EIB financial leverage and capacity to innovate.

To provide a range of **climate finance** solutions, for both mitigation and adaptation purposes, as part of the EU response to the climate challenge.

To **engage** constructively with a wide range of external stakeholders



Mainstreaming Climate Action



Ranking EIB portfolio by GHG emissions



Low carbon

Carbon intensive



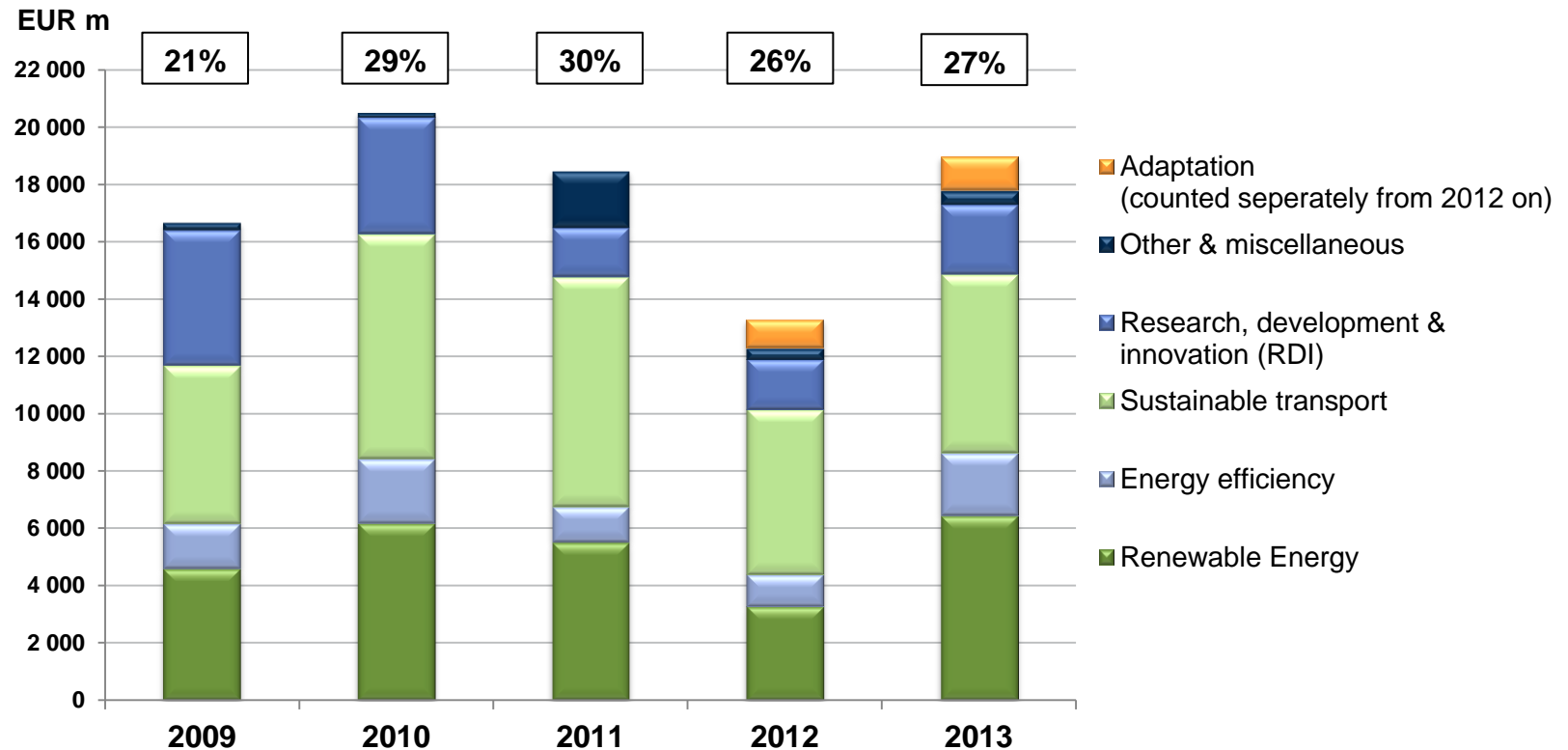
Support to
climate action
projects

Integration of climate aspects into
all Investment Projects
(environmental due diligence,
carbon foot-printing, economic
assessment incl. shadow price of
carbon, climate resilience)

Additional
safeguards for
carbon intensive
projects



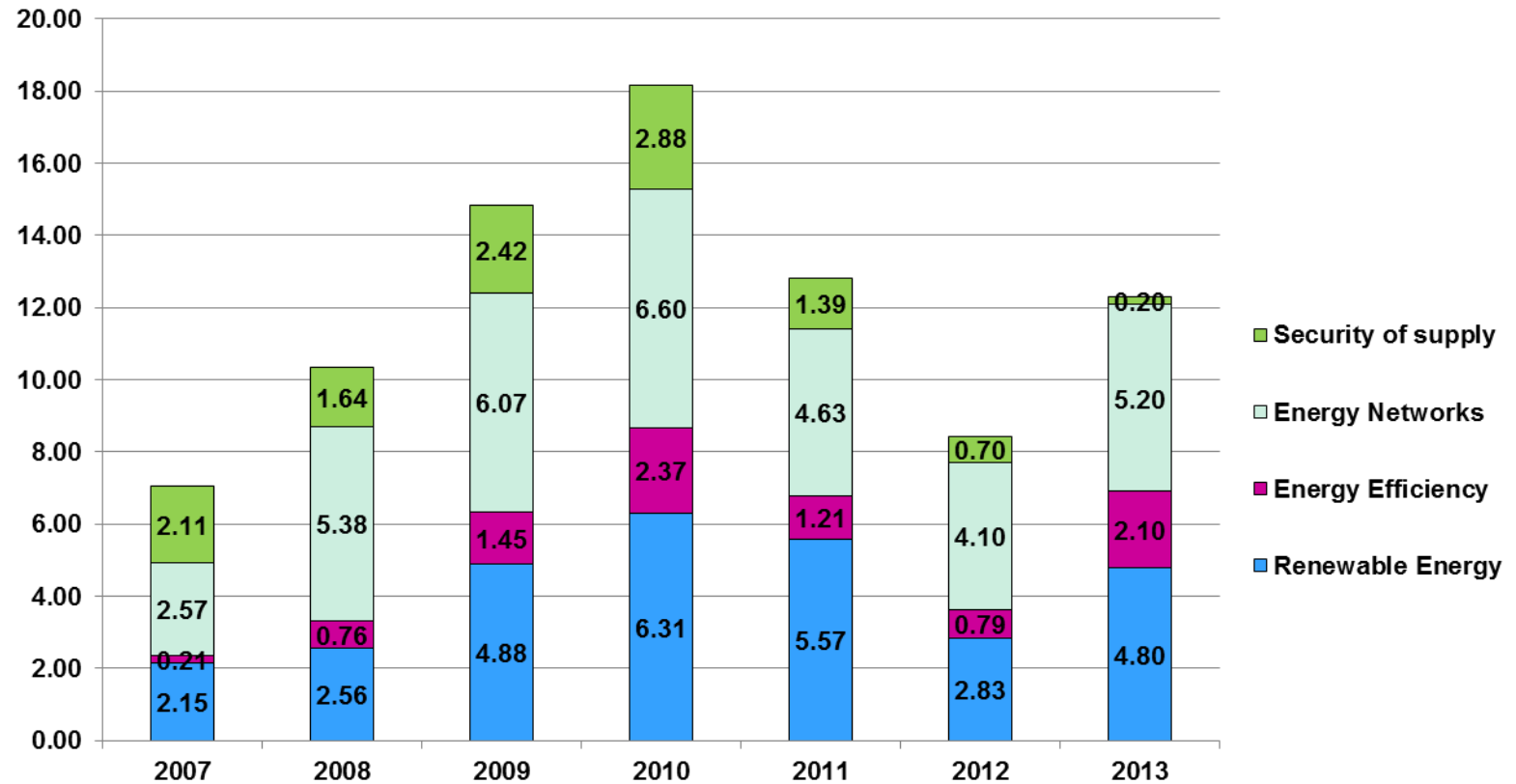
EIB climate action loan signatures (in EUR m and percentage of total annual loan signatures)



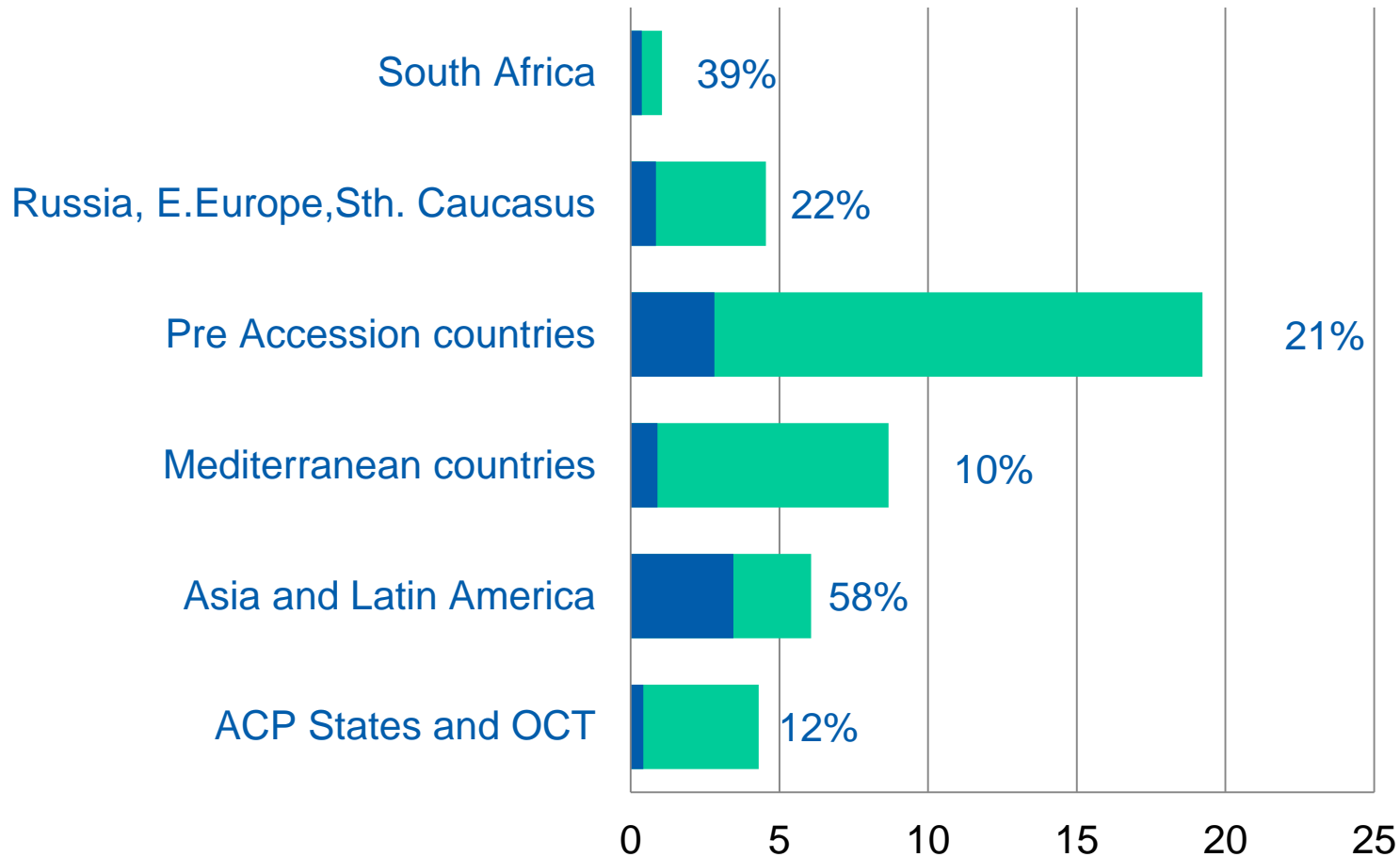
Total signed for climate action in 2009-2013: EUR 88bn



EIB Energy Lending



EIB Climate Action Lending 2009-2013 outside EU (bn EUR)





1. Portfolio level

- ❖ Climate Action lending target in EIB's Corporate Operational Plan (> **25%** of overall annual lending for 2014-2016)
- ❖ Definition of climate action policies and project types

2. Sector level

- ❖ Sector lending policies (Energy, Water, Transport, Solid Waste, etc.)

3. Project level

- ❖ Screening for and managing of climate risk
- ❖ Carbon footprint calculation [absolute annual emissions > 100, 000 tCO₂-e or relative annual emissions (either positive or negative) > 20,000 tCO₂-e]
- ❖ Economic price of carbon

+ Cross cutting issues:

- ❖ Screening for and managing project climate risks (adaptation)
- ❖ Identify energy efficiency opportunities
- ❖ Awareness raising



EIB's traditional loan products

- ❖ Direct and Intermediated
- ❖ Senior and subordinated
- ❖ Corporate loans and project finance

New financial instruments for higher value added

- ❖ Fund products
 - Equity funds
 - Layered debt funds (e.g. EEEF, GGF)
 - Fund of funds (e.g. GEREEF)
 - Carbon funds
- ❖ Risk-sharing debt products (e.g. RSFF/Innovfin, Project Bonds, PF4EE)
- ❖ Fixed income products (e.g. CAB)
- ❖ Other tailor-made (e.g. NER 300)

TA/Advisory

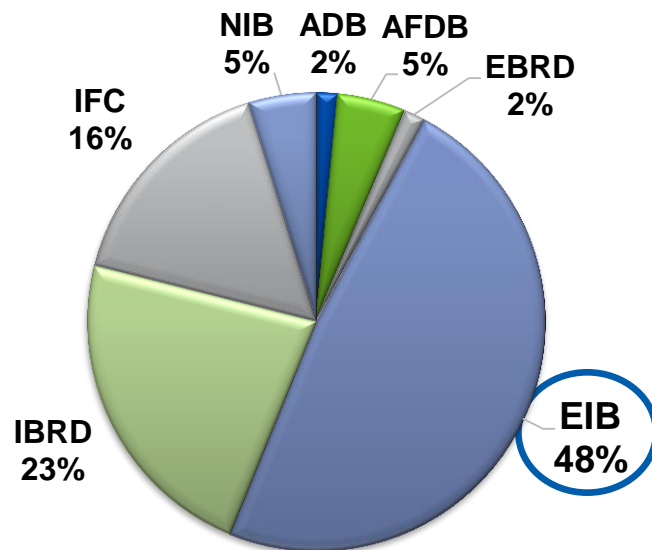
- ❖ Technical Advisory (e.g. ELENA, Jaspers)
- ❖ Financial Advisory (e.g. EPEC, Jessica)

Climate Awareness Bond issuance

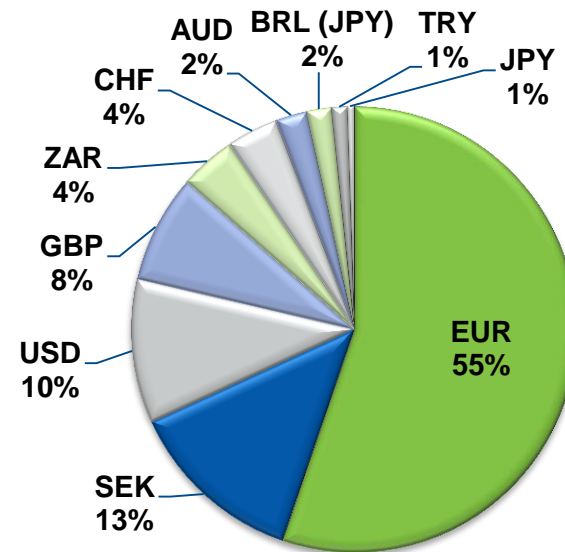


- EIB - one of the largest issuers of green bonds with EUR 7.6bn equiv. raised to date
- 2014: first EIB CAB in USD (USD 1bn), GBP (GBP 500m), CHF and JPY
- EUR CAB due 11/2019 - largest outstanding green bond in the market (at EUR 3bn)
- Building the Green Bond curve in EUR - new point reference at the long end (EUR 1bn due 2026)

Outstanding environmental bonds issued by MDBs (size > USD 100m)[^]



EIB CAB issuance by currency*

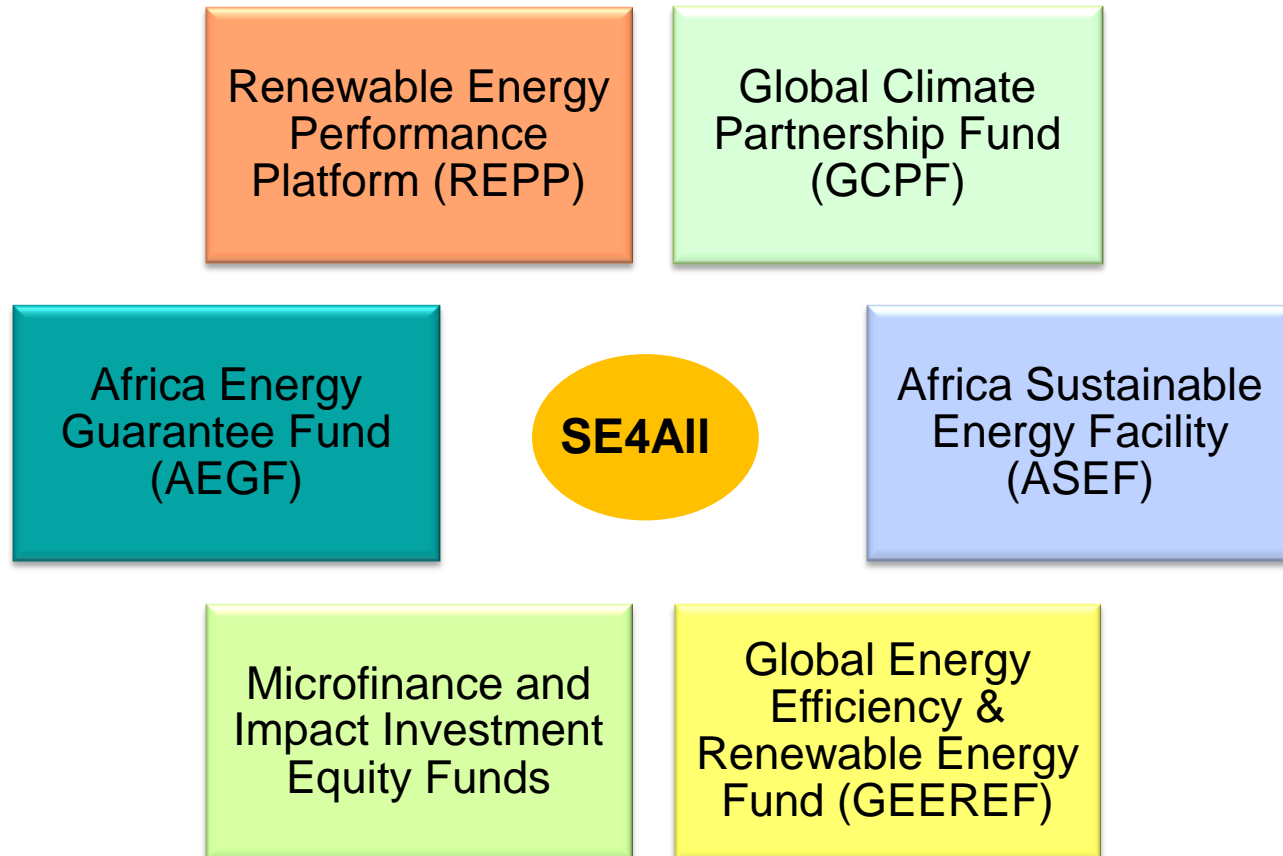


[^]Source: market data collected by Credit Agricole CIB; as of 20 January 2015

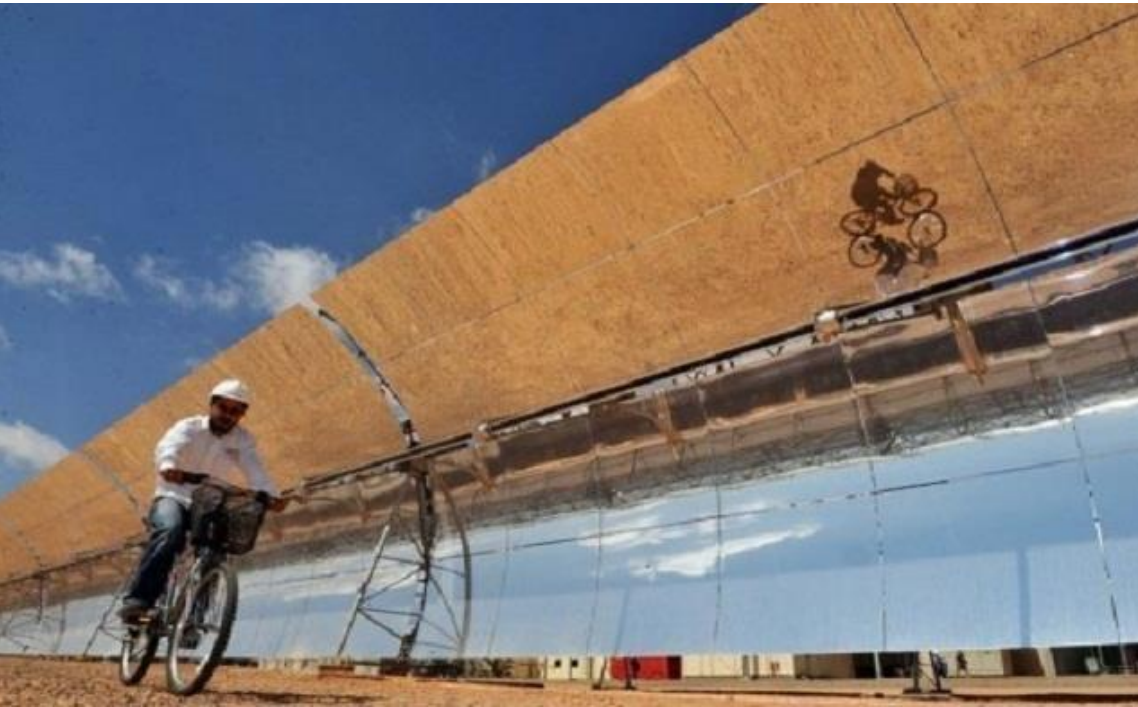
*As of 20 January 2015



EIB Initiatives for SE4All



Example 1: Ouarzazate solar project (Morocco)



**Ouarzazate I & II (Parabolic trough)
and Ouarzazate III (tower)**





Example 2: Morocco Sustainable Energy Finance Facility (Mor-SEFF)



Projects
Regions
Priorities
Project Cycle
Projects to be Financed
Explanatory notes
Breakdown by region
Breakdown by sector
Projects Financed
Operations Evaluation

FEMIP SUSTAINABLE ENERGY FACILITY

Reference: 20120684

Release date: 26 June 2013

Promoter – Financial Intermediary

ACCEPTABLE BANK(S)

Location

- ▶ Morocco
- ▶ Jordan
- ▶ Jordan; Morocco

Description

The FEMIP Sustainable Energy facility aims at providing credit lines to local participating financial institutions in Jordan and Morocco to finance energy efficiency and small renewable energy investments in the industrial, SMEs, agribusiness, commercial services and residential sectors. This project will contribute to the reduction of greenhouse gas emissions and the enhancement of security of supply.

Objectives

Improving access to term finance at favourable conditions.

Comments

Sector(s)

- ▶ Credit lines

Proposed EIB finance (Approximate amount)

EUR 30 million

Total cost (Approximate amount)

Not applicable

Environmental aspects

The operation will focus on small-size projects with, in principle, limited environmental impacts. Depending on their technical characteristics the



Mediterranean Neighbourhood

General enquiries and comments

The EIB is committed to open communication and encourages constructive stakeholder input regarding its activities. Enquiries and comments concerning the EIB's involvement in a project or the financing facilities, activities, organisation and objectives of the EIB, can be sent to the EIB Infodesk.

Alternatively, the EIB can be contacted through its external offices.

Queries regarding details of a specific project, in particular when it is under appraisal by the EIB, should preferably be addressed directly to project promoters.

Media enquiries

Media-related enquiries can be addressed to the EIB Press Office. Please also visit our Press Corner.

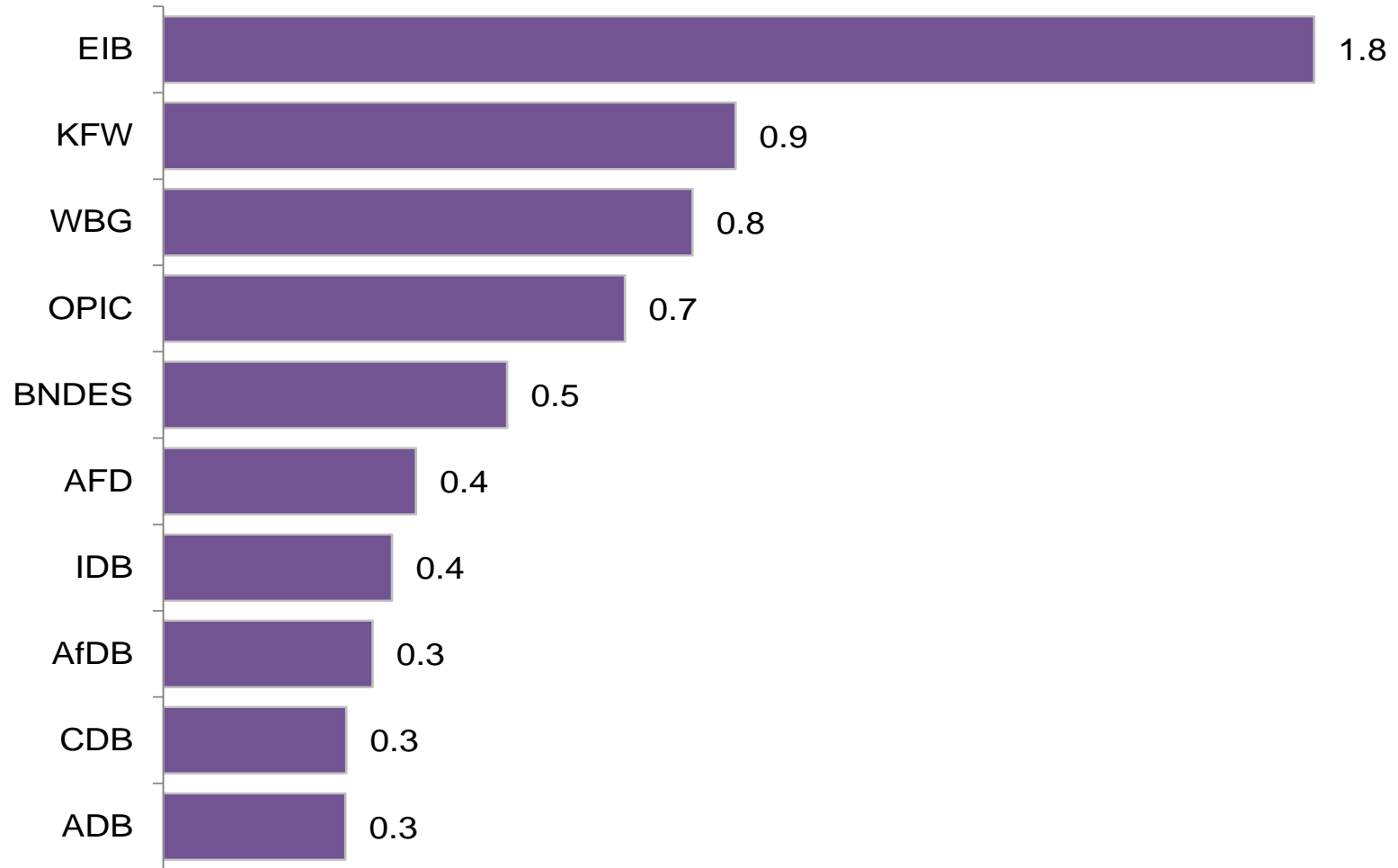
<http://www.eib.org/projects/pipeline/2012/20120684.htm>

Example 3: Energy Access Fund





Development bank Top lenders for new build renewable energy projects, 2013 (\$bn)



Source: Bloomberg New Energy Finance



Focus on Renewables



At global and EU level renewable energy (RE) is established as an essential part of power production. This is expected to continue with renewables becoming the world's second largest source of power generation by 2015 and accounting for a third of production by 2030. The key challenges for the EU over the coming years will be to:

- **improve the affordability of RE for Governments and final consumers by reducing the cost of RE production;**
- **fully integrate RE into energy markets; and**
- **maintain investments at levels consistent with the 2030 EU climate objectives**



Thank you

