



The European Investment Bank (EIB): Finance for climate action

Clean Energy Conference 2017
Trinidad and Tobago



EIB: the bank of the European Union



- ❖ **Established in 1958** by the Treaty of Rome. The shareholders of the Bank are the EU's Member States.
- ❖ **The largest multilateral lender** and borrower in the world (Balance sheet total of EUR 512bn).
- ❖ The Bank raises its resources by borrowing on the capital markets and it passes on its **favourable borrowing terms** (thanks to its AAA rating) to its customers.
- ❖ Some 440 projects are financed each year, in over 160 countries, with a **EUR 77bn in new loans signed** in 2016.



The EIB is the EU's long-term lending institution. The EIB's remit is to contribute towards the integration and economic and social cohesion of the EU Member States. Since 1963, the EIB has also carried out operations outside the EU in support of the EU's external policies.

EIB helps catalyse new investments



In 2016, EIB provided over **EUR 19 billion** specifically to help mitigate climate change and adapt to its impact around the world.

LENDING	BLENDING	ADVISING
Loans <i>But also:</i> Guarantees Equity investments	Combining EIB finance with EU budget grants Higher risk projects for innovation and high social / economic impact	Prepare & implement projects Support for public / private partnerships

Attracting funding for long-term growth

What kind of financing and for whom?



SMEs + microfinance	Large corporates	SPVs & project finance (PPPs)	Public Sector
Direct loans			
Loans intermediated by a bank or guaranteed by a bank			
Credit lines to local banks			
Private Equity			
Guarantee provided by the EIB to a local bank (only in specific cases)			

Requirements and advantages of EIB funding

The project must:

- be **eligible** under the **OCT mandate objectives**
- be **technically viable** and **economically profitable**
- comply with **social and environmental standards**, and the **EIB procurement guidelines**
- represent an **acceptable credit risk** to the EIB

EIB can offer:

- **favorable margins**
- **signaling effect:** evidence of a project's quality
- **long maturity loans** + grace period on capital repayments
- **sector and product expertise**
- **blending:** combination of EIB financing and EU grants

EIB finances **up to 50% of project costs** with a minimum EIB loan size of about EUR 15M or equivalent (smaller loans on an exceptional basis)

Climate action island impact (I)



Fighting drought on the Seychelles

The EIB loaned EUR 26 million to upgrade and expand water systems to improve efficiency and increase their resilience to climate change by diversifying water sources and increasing storage capacity.



Solar micro-grids in the Maldives

The EIB is co-financing a project to install solar photovoltaic plants and energy storage systems. The systems will be mounted 3-4 meters high so as not to be affected by sea level rise.



Climate action island impact (II)



Solomon Islands forestry

With substantial illegal deforestation of the natural rainforest on the islands, the EIB provided funding to replant close to 3750 hectares of poor quality tropical hardwoods, certified by the Forest Stewardship Council.



Vanuatu retractable wind turbine

As cyclone Pam approached, the EIB financed turbines were folded over and lashed to the ground. After the storm passed, the operators could directly resume with electricity production.



Cooperation with the Caribbean Development Bank



- ❖ **USD 175 million EIB subsidized loans** to the Caribbean Development Bank to finance climate change adaptation projects such as:
 - **Road rehabilitation** in Belize to reduce congestion, reduce climate change vulnerability and improve transport safety;
 - **Water supply & irrigation** in Saint Lucia with the upgrade of water infrastructure and rehabilitate a dam;
 - A small 1 MW **solar PV plant** in Anguilla;
 - **Water supply** projects in Bahamas and Barbados, including PV plants to reduce energy costs;
 - **Energy efficient street lamps** in Saint Lucia and Antigua.
- ❖ The EIB loan is complemented with a **grant of EUR 4 million** to support capacity building and climate change vulnerability risk assessments.
- ❖ Relevant for the **Regional Members** of the Caribbean Development Bank



Caribbean Investment Facility 2015-2020



- ❖ €135 million in EU grants to be combined with loans from organisations such as EIB, Inter-American Development Bank and the Caribbean Development Bank.
- ❖ Expected to leverage around €800 to €1,2 billion in investments. So far:
 - EUR 69M allocated in grants,
 - combined with EUR 191M in loans,
 - for projects with a total budget of EUR 535M.
- ❖ Eligible sectors include:
 - Sustainable Energy
 - Climate Change adaptation
 - Sustainable transport infrastructure and interconnectivity



Caribbean Investment Facility - Project example

Sustainable Energy for the Eastern Caribbean (SEEC):

- ❖ SEEC will reduce dependency on imported fossil fuels in OECS countries through renewable energy and energy efficiency.
- ❖ Total budget of around EUR 21 million, of which EUR 4.25M in CIF grants, implemented by the Caribbean Development Bank (CDB).
- ❖ A key emphasis is energy efficiency improvements and renewable energy interventions in government buildings.



Money Isn't All You're Saving



Electrifi - Electrification Financing Initiative



- EUR 118M to support private sector investments, electrifying underserved areas, aiming to ensure access to sustainable energy for all.
- Flexible funding to high risk, early stage commercial ventures.
- Phase I: EUR 40M Electrifi contribution for EUR 200M in projects, leading to an estimated 1.2M new connections.





European Investment Bank

The EU bank

Floris Vermeulen
+1 (246) 434 8550
f.vermeulen@eib.org
EU Delegation, Barbados