

AFRICA CLIMATE RESILIENT INFRASTRUCTURE SUMMIT Building a sustainable future for Africa:

EIB Climate Action and Sustainable Infrastructure in Africa



Morag Baird Addis Ababa, 27 April 2015



European Investment Bank at a Glance

The EU Bank

- Shareholders: 28 EU Member States
- Support to EU policies
- Largest multilateral lender in the world
 - EUR 76bn in 2014 total
 - EUR 8bn outside the EU



- Efforts to mitigate/adapt to climate change are a priority for EU hence the EIB
- Target of more than 25% of total EIB lending towards Climate Action
- More than 150 in-house sector specialists



III 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

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

integrate climate considerations effectively into all EIB activities and practices

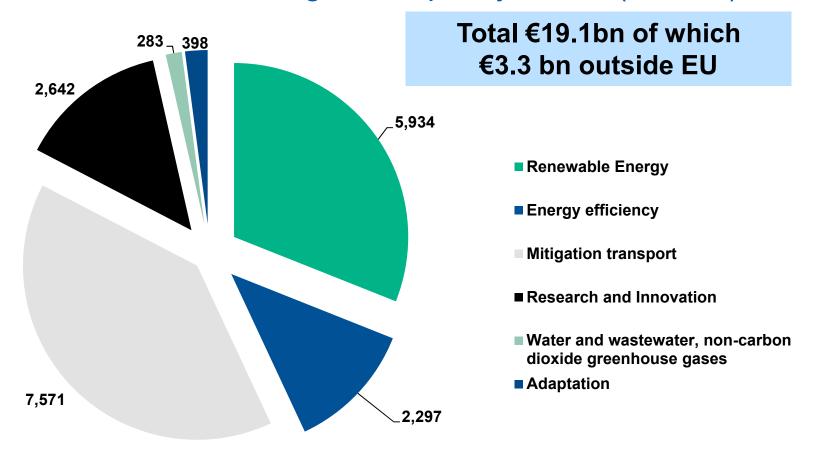
catalyse private sector financial flows using EIB financial leverage and capacity to innovate.

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



EIB climate action lending 2014 split by sector (in EUR)





Mainstreaming climate action – portfolio level

Renewable Energy

Electricity, heat or fuel production from renewable sources, related component manufacturing facilities and associated infrastructure

Energy Efficiency

Projects justified on the basis of cost-benefit analysis – NPV of cost of the project over its life < NPV of energy saved, incl. externalities

Sustainable **Transport**

Transport projects resulting in reduction of GHG emissions through modal shift and/or more efficient operation in a single mode

Forestry and **Land Use**

Biological sequestration projects that sequester or conserve equivalent

Research. **Development & Innovation**

RDI activities in areas of energy efficiency and low-carbon technologies, including deployment of breakthrough innovation

Adaptation

Projects and/or measures to increase climate resilience of vulnerable infrastructure/areas, such as e.g. flood control, drought management

GHG capture or avoidance

Projects with demonstrable substantial reductions in GHG emissions, e.g. methane capture or avoidance projects from waste water treatment



EUR 200m

financing

structure for the largest

wind farm that

is currently

being developed in

Sub-Saharan

Africa

EUR 50m

credit line for

the financing of

energy

efficiency

investments

carried out by

private

companies in Lebanon

Sample climate action projects outside EU

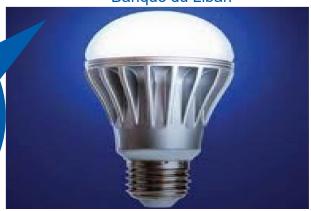
Renewable Energy: Lake Turkana Wind Project

Adaptation: Caribbean Development Bank (CDB)



US\$ 65m dedicated lending and technical assistance programme for adaptation activities in the 18 CDB member countries

Energy Efficiency: Banque du Liban



Sustainable Transport: **Egypt Cairo Metro**



EUR 600m loan for extension of the Cairo Metro with 17 km to serve the main transportation corridors of urban greater Cairo

European Investment Group



ACP Mandate:

Cotonou Agreement: Resources and amounts

European Development Fund – EDF (EU Member States' budgetary funds)

EIB Own Resources

Investment Facility (IF) revolving fund

- Junior or subordinated loans
- Quasi-equity funding
- Equity funding
- Guarantees

Local currencies

Total capital endowment under 9th , 10th and 11th EDFs

- ⇒ ACPs EUR 3,637 m°
- ⇒ OCTs EUR 48.5 m

- Interest rate subsidies
- Technical Assistance

- Senior loans*
- Intermediated loans*
- Widely traded currencies

Amounts available under 11th EDF 2014-2020

- ⇒ ACPs EUR 634 m
- ⇒ OCTs EUR 5 m

- ⇒ ACPs up to EUR 2,500 m
- \Rightarrow OCTs up to EUR 100 m

"Including EUR 500m 'impact financing' envelope

* Instruments also available under IF



EIB Activity in ACP 2014



- EUR 916m total financing and EUR 480m disbursements
- EUR 66.2m (grant funding for TA + Interest Rate Subsidies)
- EUR 475 m (52%) for 19 financial sector operations (all IF)
 - supporting SMEs via credit lines signed with 15 banks; and investment in 4 private equity funds
- EUR 441m (48%) for 8 large infrastructure projects (2 IF, 6 OR)
- EUR 650m (70%) of private sector initiatives
- Countries of projects (2014-Activity only):
 - Kenya, Liberia, Ghana, Nigeria, Mozambique, Botswana, Zambia, Tanzania, Uganda, Guinea, Niger, Burkina Faso, Burundi, Regional East-Africa, Regional West Africa, Regional Africa, Regional Caribbean and Regional Southern Africa
- EIB also active in Northern and South Africa



ACP Regional Business Plan



KEY FOCUS	 Infrastructure: Infrastructure with a regional focus, notably projects consistent with the PIDA (Programme for Infrastructure Development in Africa) Priority Action Plan projects with a pro-poor focus projects which promote sustainable economic growth, in any of the following sectors: energy, water and sanitation, transport and telecommunications. 		Financial sector: channelling finance to SMEs and micro-enterprises, with the aim of stimulating job creation and private sector growth and supporting the development of local financial markets credit lines, also in local currency, to selected local financial intermediaries private equity funds targeting SMEs and microfinance risk capital (direct equity, quasi equity) and risk-sharing instruments such as guarantees.	
OVERAL GOAL	Across all sectors, Climate Action investment is important for the region given that many ACP states are highly vulnerable to a changing climate. Supporting adaptation initiatives and mitigating the impact of climate change through the promotion of low-carbon transport and energy, increasing climate resilience and promoting renewable energy sources and energy efficiency are over-arching priorities of EIB lending.			
OTHER PRIORITIE	Agriculture and food security projects have a high multiplier effect in terms of development impact and are a priority sector in the Agenda for	Corporate Lending / Industry, which directly supports private sector activities.		Health, especially in the countries most affected by the Ebola virus, in the Sub-Saharan Africa and any other region, if potentially affected by epidemics.
OTHER SECTORS	Affordable and Social Housing, Education, Mineral Resources, Tourism.			



Thank You

More information at: http://www.eib.org/acp