

International Research Network for Low Carbon Societies (LCS-RNet)

2nd Annual Meeting

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European Investment Bank

- Profile



The European Investment Bank is the European Union's long-term financing institution. The Bank acts as an autonomous body set up to finance capital investments furthering European integration by promoting EU policies.

- EIB was created by the Treaty of Rome in 1958
- EIB is a **not-for-profit, policy driven** institution
- EIB is 100% owned by the 27 EU member states
- EIB has subscribed capital of EUR 232.4 bn as of 2009
- EIB is AAA/Aaa rated by rating agencies
- EIB funds itself on the capital markets: EUR 79.4 bn in 2009
- EIB signed loans amounting to EUR 79.1bn in 2009
- EIB is the largest multilateral financing institution



European Investment Bank Policy Objectives

1. Within the European Union

- ▣ Cohesion and convergence
- ▣ Small and medium-sized enterprises (SMEs)
- ▣ Environmental sustainability
- ▣ Knowledge Economy
- ▣ Trans-European Networks (TENs)
- ▣ Sustainable, competitive and secure energy

2. Outside of the European Union

- Private sector development
- Infrastructure development
- Security of energy supply
- Environmental sustainability
- Support for EU presence in Asia and Latin America via Foreign Direct Investment (FDI)

3. Under EU Mandates

- Pre-accession
- European Neighborhood
- Development



EIB Climate Action Framework: Six Areas

1. Aligning of Bank corporate objectives, targets, principles and standards with evolving **EU and international climate policy**
2. **Scaling-up lending** for climate change
3. Financing the accelerated development, commercialization and diffusion of cost-effective early-stage **low-carbon technologies**
4. Deploying **new financing instruments**
5. Scaling up lending and Technical Assistance in vulnerable sectors (e.g. water) and constituencies where **adaptation** is urgently needed
6. **Mainstreaming** climate change considerations into Bank operations, building staff awareness, capacity, and expertise

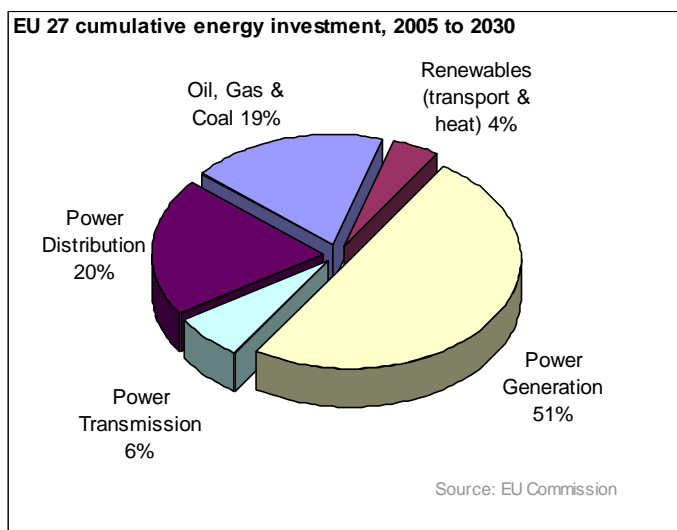
EIB Lending Priorities – Investment Criteria

1. **Renewable Energy**
Investments result in an increase in energy-efficiency of at least 20%, compared to the appropriate benchmark; or
2. **Eco Efficiency/Resource Efficiency**
Decoupling of resources use from volume growth, through: efficient use of resources and the sustainable consumption of renewable and non-renewable resources as well as environmental technologies.
3. **Clean Transport (European Clean Transport Facility, ECTF)**
Development of environmentally friendly vehicles, with a focus on fuel-efficiency and the reduction of CO₂ emissions and other pollutants.
Criterion: investments need to exceed the emission targets for Europe, with a longer term view until 2030
4. **Electricity Grids**

Investment Needs until 2030 in Europe¹ - estimates

1. EU energy market

EUR 1 790 bn



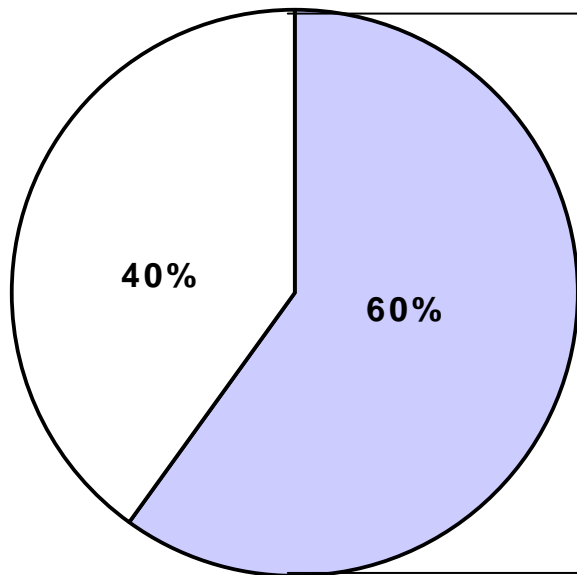
3. Clean Transport (European Clean Transport Facility, ECTF)

EUR 25 - 30 bn per year in R&D

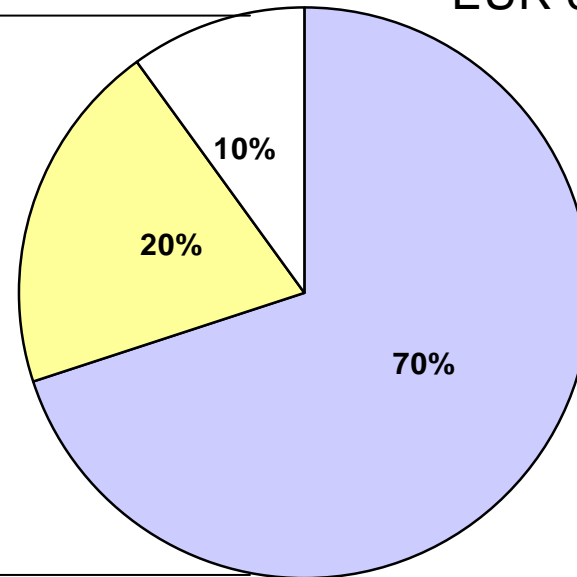
4. Industry - ???

EIB lending to the automotive sector: EUR 11.3 billion between 2008 to July 2010¹

Total automotive:
EUR 11.3 billion



ECTF:
EUR 6.7 billion



■ ECTF

□ Other

■ ICE

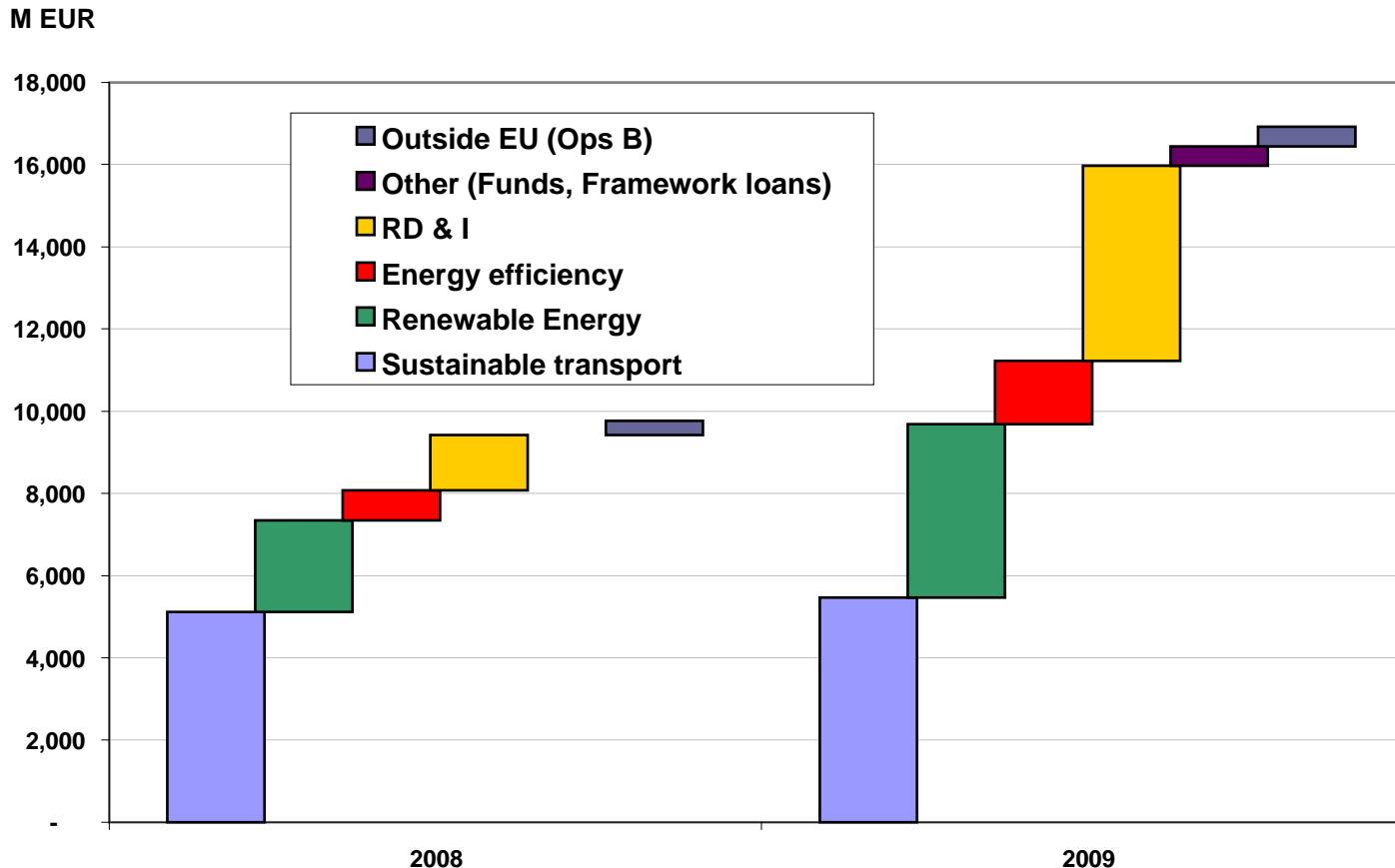
■ Hybrid

□ Electric

Scaling up Lending for Climate Action:

From €9.5bn in 2008 to €16.9bn in 2009

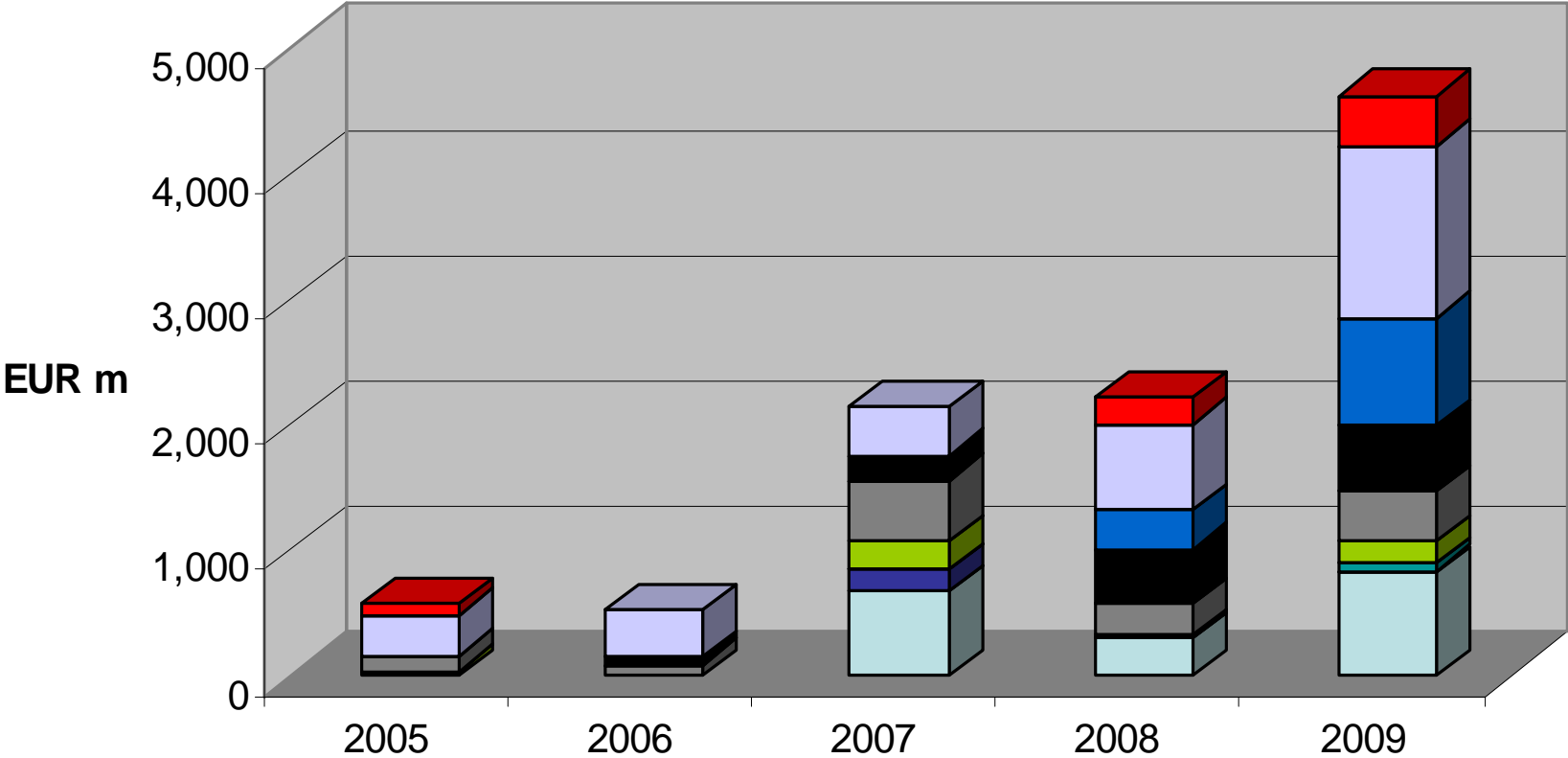
- Renewable Energy
- Energy Efficiency
- Sustainable transport
- RD&I
- Other (Funds, Framework loans)
- Outside EU (Ops B)



Climate change now a Key Performance Indicator in EIB, with volume targets (20, 22, and 25% of total lending for 2010, 2011, and 2012 respectively)

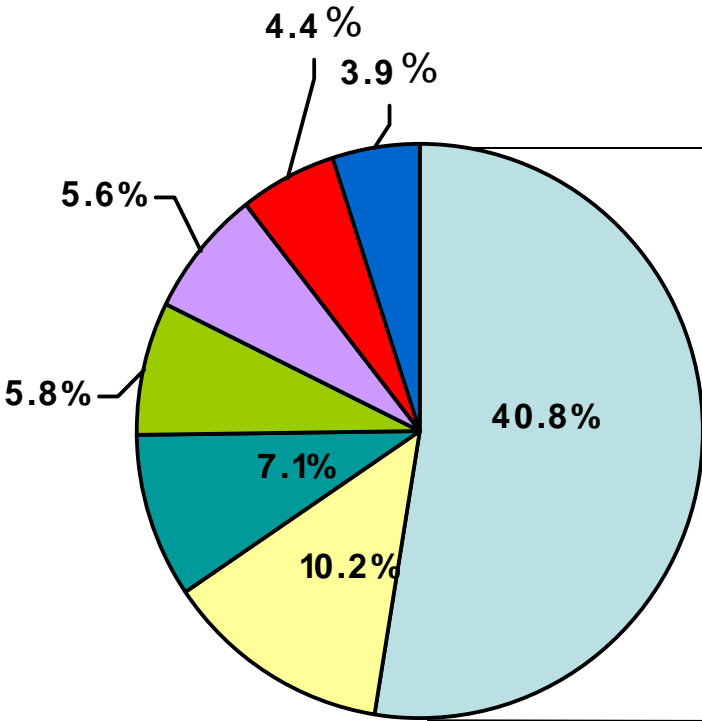
Scaling up Lending for Climate Action:

Growth in Renewable Energy Lending

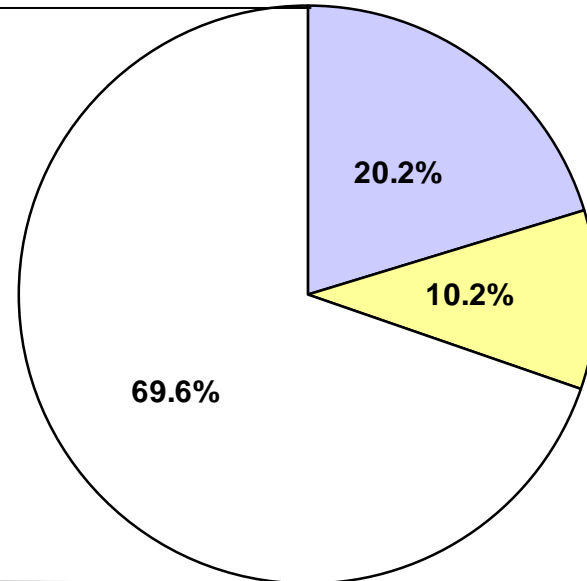
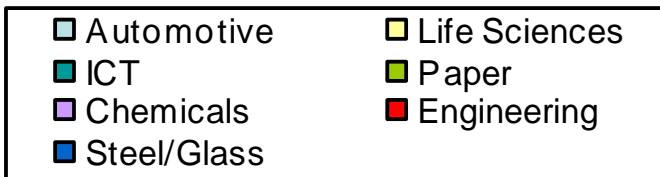


- Alternative and renew - mixed sectors
- Biomass
- Hydropower
- Solar energy manufacturing
- Wind energy manufacturing
- Bio fuel manufacturing
- Geothermal power stations
- Solar energy
- Wind energy

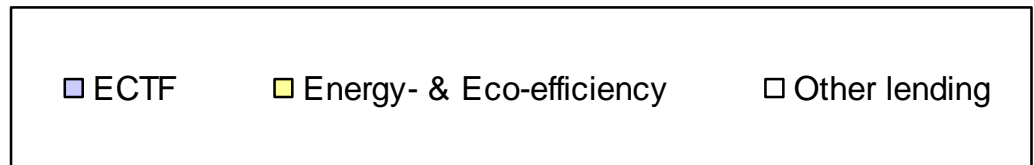
EIB lending to EE in manufacturing industries: EUR 33.1 billion between 2005 to July 2010¹



All Sectors:
EUR 33.1 billion



ECTF, Energy- & Eco-efficiency lending:
EUR 10.1 billion



New Financing Instruments for Climate Change In Europe...



- Risk-Sharing instruments including the Risk-Sharing Finance Facility (RSFF): aims at promoting research and innovation investments
- European Clean Transport Facility: provides funding for investments, from R&D to production of more fuel efficient vehicles
- MARGUERITE: a joint fund of the EIB and other European Financial Institutions to support the European Economic Recovery Plan, providing equity and quasi equity for projects in the Energy/Climate, Renewables and Transport sectors
- European Local Energy Assistance (ELENA): € 15 million grant fund of the European Commission reserved to accompany the EIB's operations in developing the potential of urban projects for renewable energy and energy efficiency

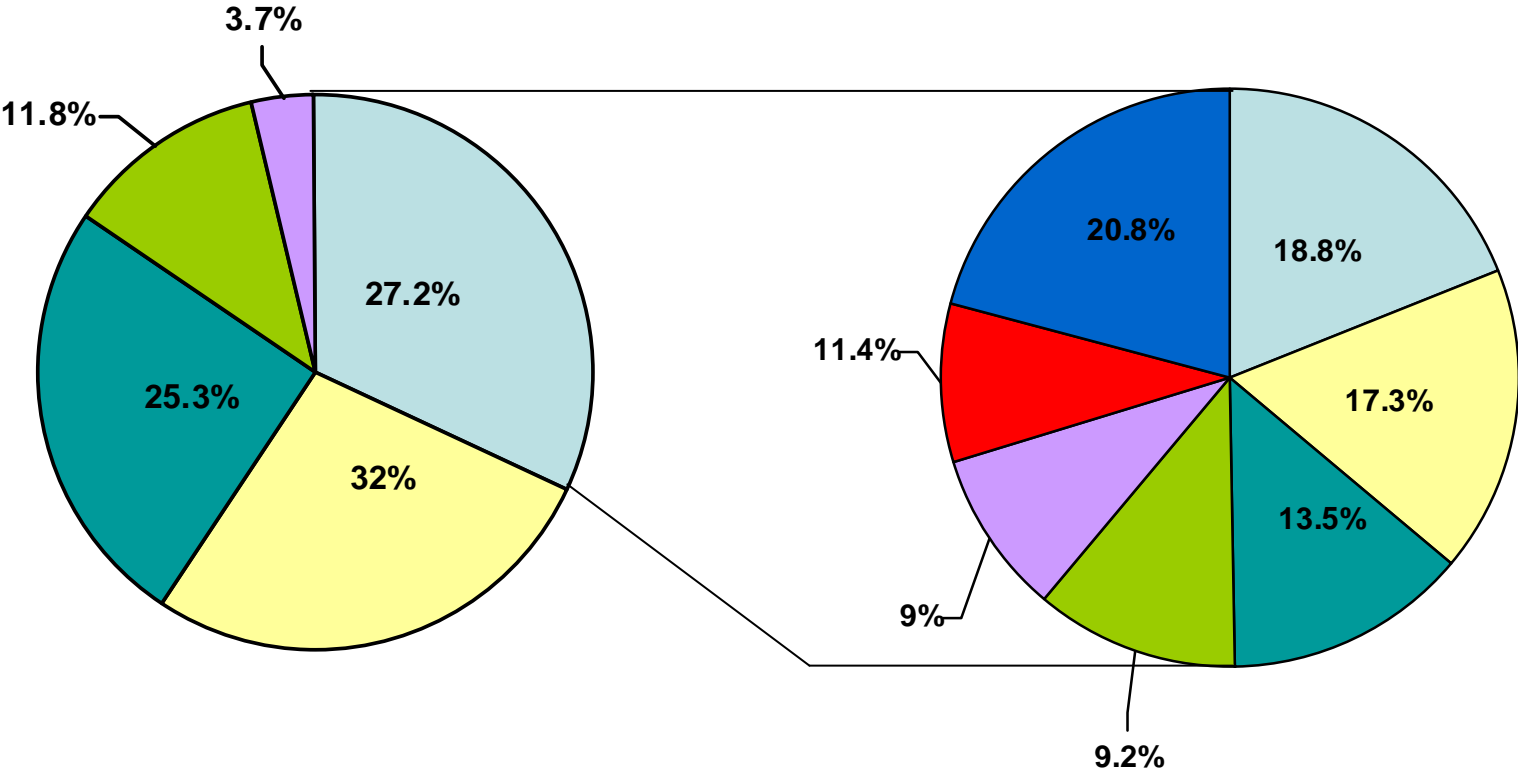
Thank you for your attention !

Further information:

<http://www.eib.org>

Backup

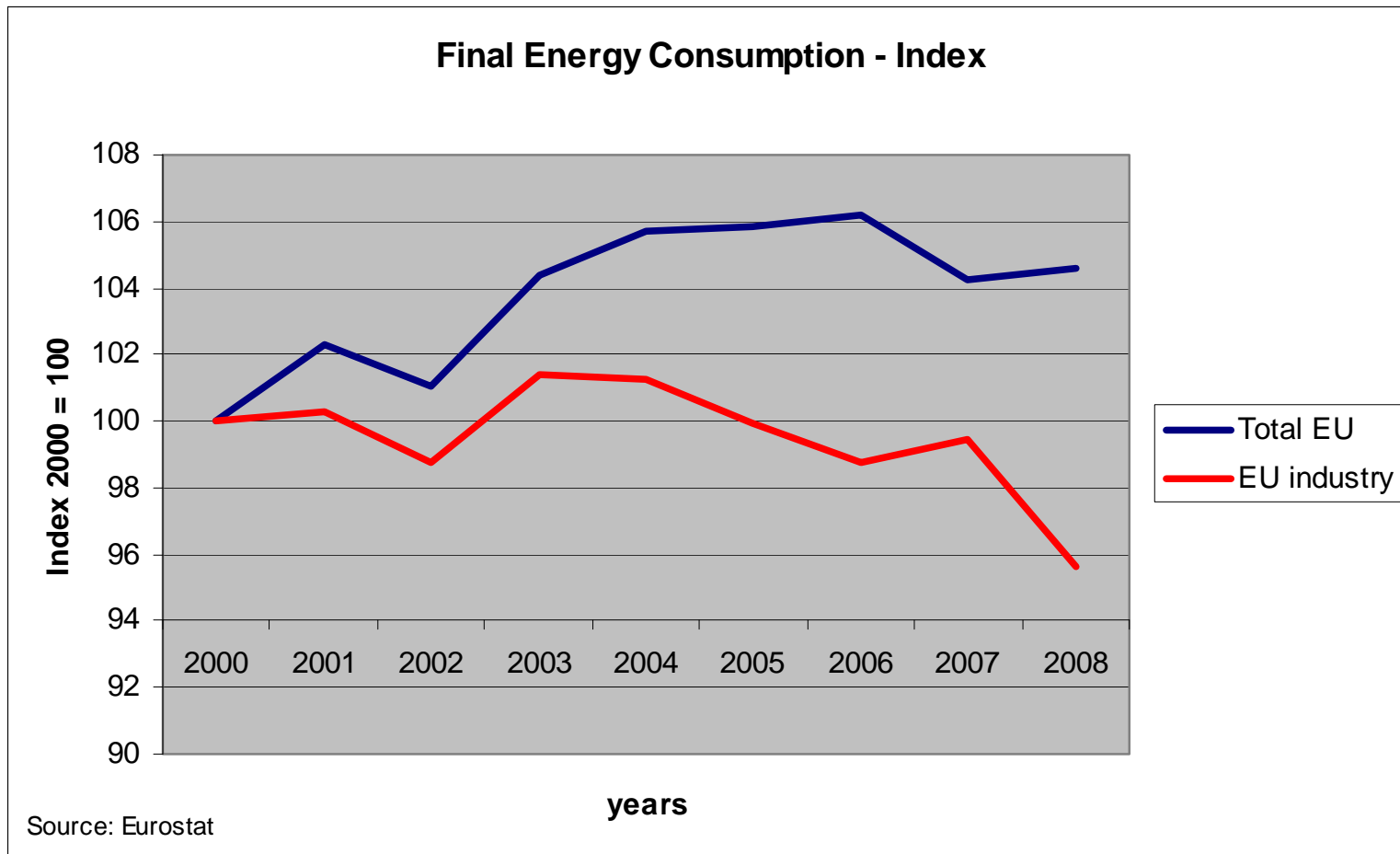
Final Energy Consumption 2008 (EU-27)



- Industry
- Households
- Agriculture
- Transport
- Services

- Steel
- Construction Materials/Glass
- Machinery/Engineering
- Other Industries
- Chemicals
- Paper
- Food

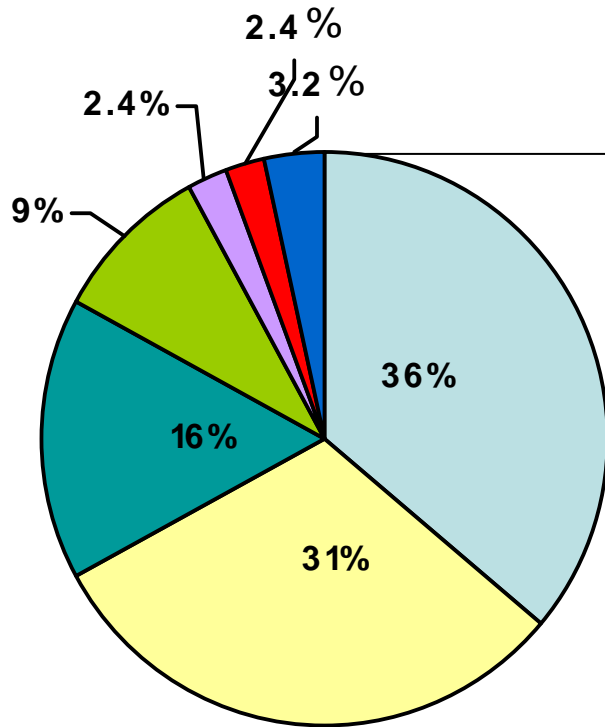
Final Energy Consumption 2008 – index (EU-27)



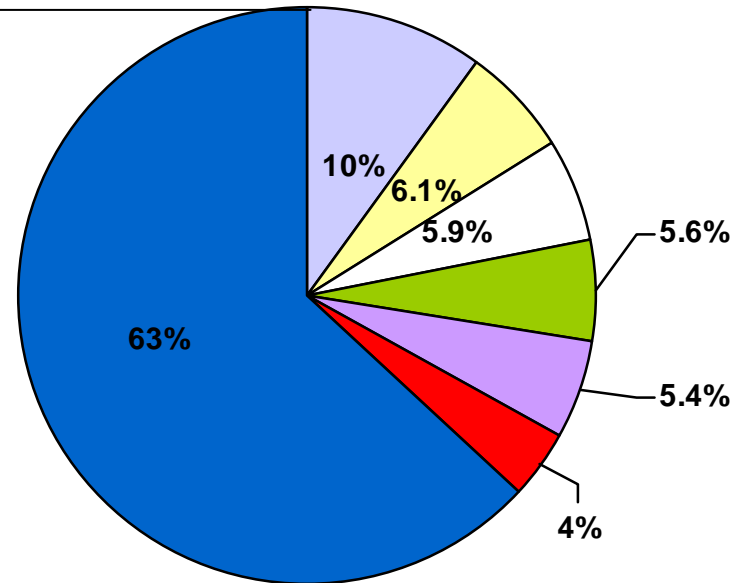
Energy-intensive sectors included in the EU-ETS

NACE-3 Sectors under the EU-ETS	NACE 3-digit code
Cement, lime and plaster	265
Basic iron and steel & ferro-alloys	271
Coke oven products	231
Refined petroleum products	232
Pulp, paper and paperboard	211
Basic chemicals	241
Basic precious and non-ferrous metals	274
Non-refractory and refractory ceramic goods	262
Glass and glass products	261
Ceramic tiles and flags	263
Bricks, tiles and construction products	264
Other first processing of iron and steel	273

Energy consumption by process type



Process Types
as end consumers



Main equipment types

- Process Heating
- Steam Generation
- Machine Drive
- HVAC/Lighting

- Dryers
- Blast Furnaces
- Stripping
- Materials Handling
- Destillation
- Pumps
- Other Equipment

Scaling up Lending for Climate Action:

A Bank with a Global Reach

Renewable energy projects approved by the EIB since 2006



Scaling up Lending for Climate Action: Lending for Energy Efficiency

- **Energy efficiency** is the most cost-effective way of reducing greenhouse gas emissions and, incidentally, to also improve energy supply security
- Lending for projects promoting energy efficiency improvements exceeded € 700 m in 2008 and € 1bn in 2009
- The Bank systematically screens projects to identify opportunities for encouraging energy efficiency, and requires that projects make use of Best Available Technologies
- Recognising the continued role and dependence on traditional power plants, the Bank will finance new coal and lignite power stations only when they replace existing ones and provide for a decrease of at least 20% in carbon intensity