

EIB examples of innovation support for low carbon projects and technologies

Second Stakeholder meeting on post-2020 carbon leakage provisions for the EU Emissions Trading System

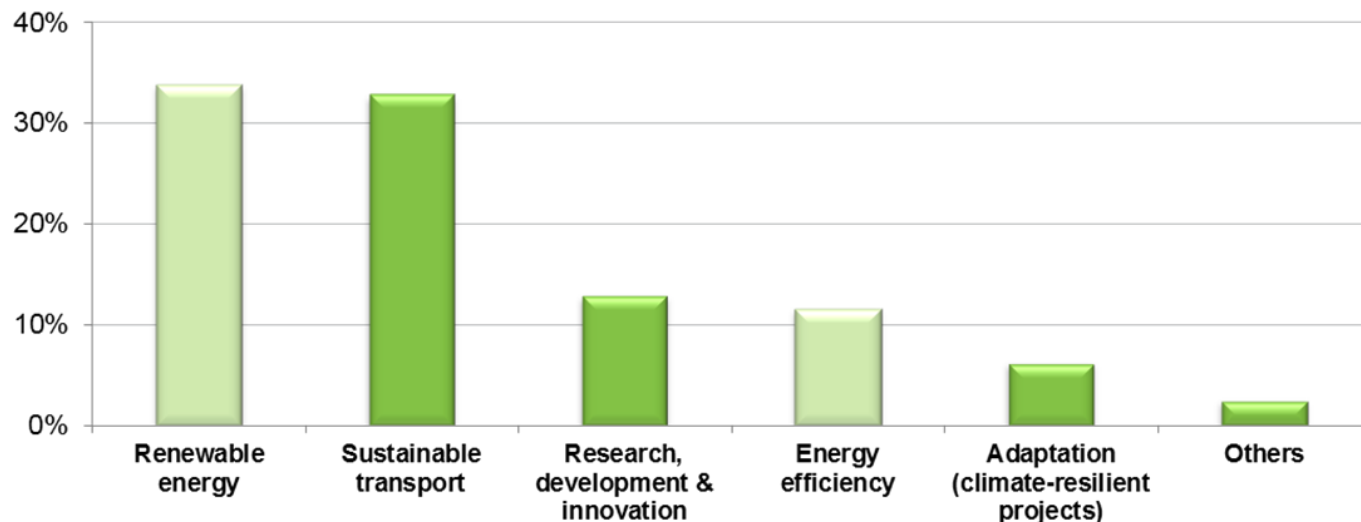
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- EIB is the EU's long-term lending bank set up in 1958 by the Treaty of Rome, headquartered in Luxembourg
- EIB shareholders are the 28 EU Member States
- Largest multilateral lender and borrower in the world
- Around 400 projects annually in more than 160 countries
- Around 10% of financing is for projects outside the EU
- Financing is in support for EU priority objectives (climate change, infrastructure, energy, SMEs, innovation, regional development, etc.)

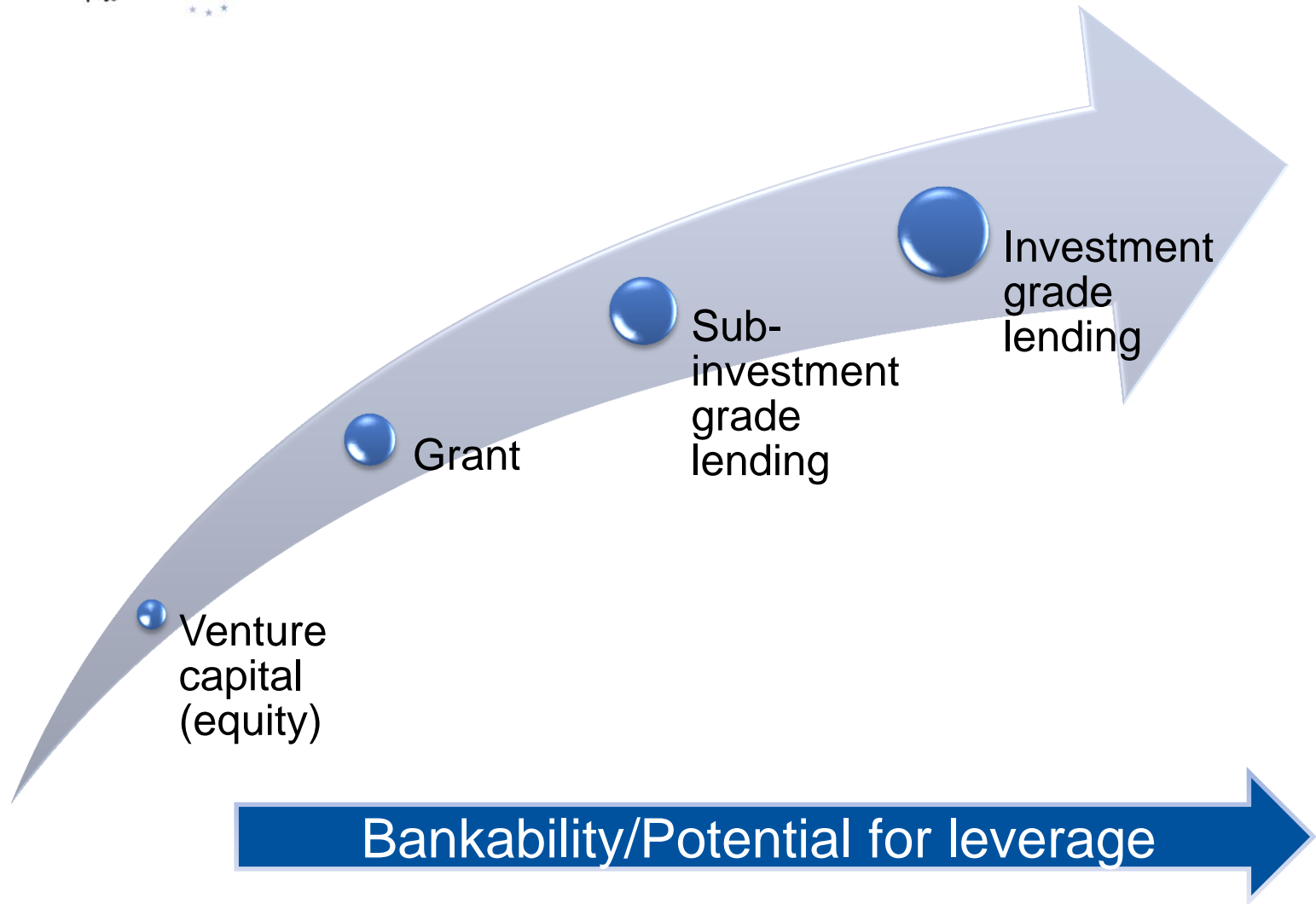
Climate Action at the EIB

- Efforts to mitigate/adapt to climate change are a priority for EIB
- More than 25% of total EIB lending goes towards Climate Action
- Almost EUR 100bn of financing worldwide during 2008 – 2013
- More than 50 in-house environmental specialists

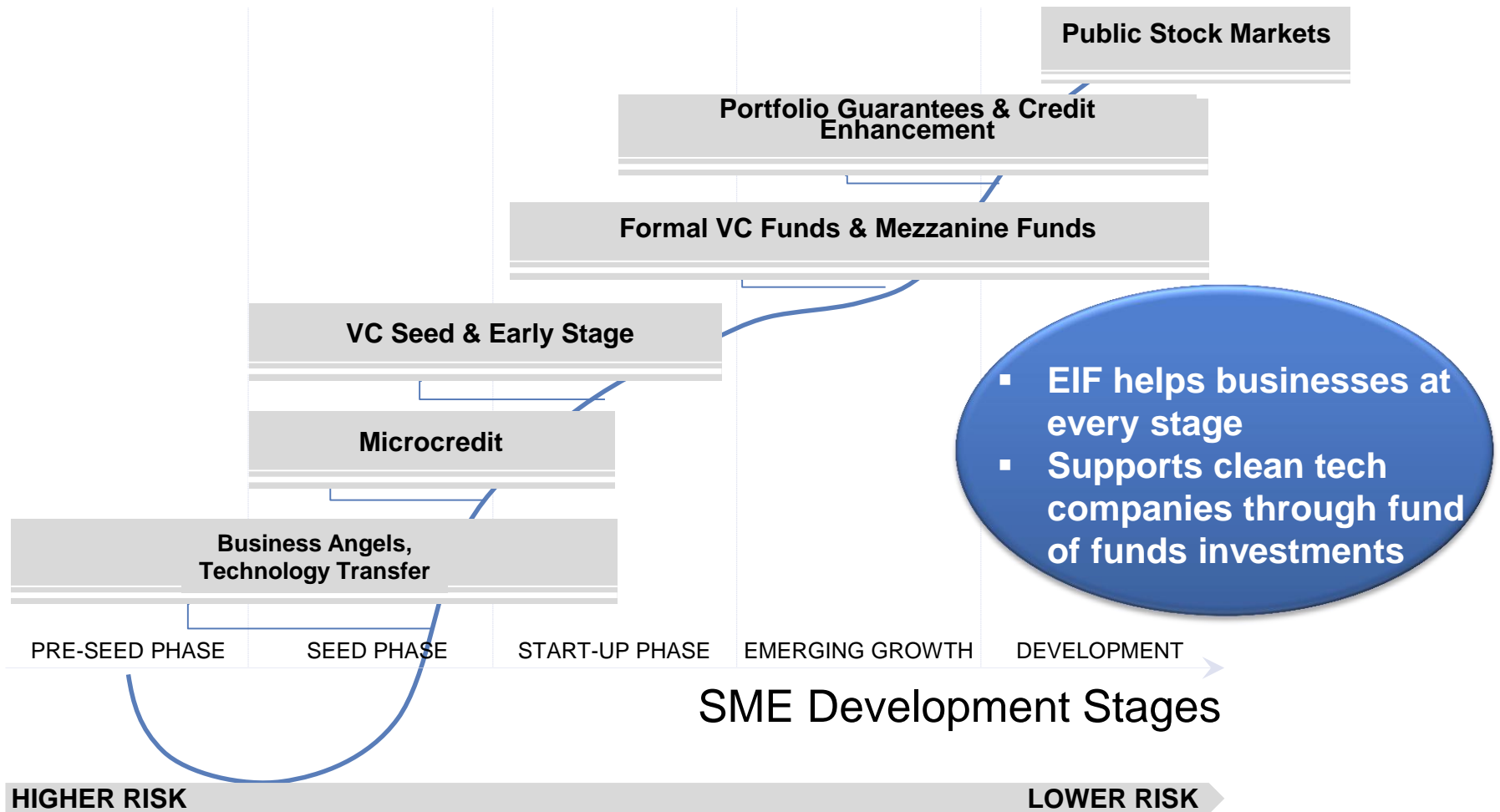
Sectoral breakdown of EIB Climate Action lending in 2013
Total: EUR 19bn (signed loans)



Parameters for RDI investments



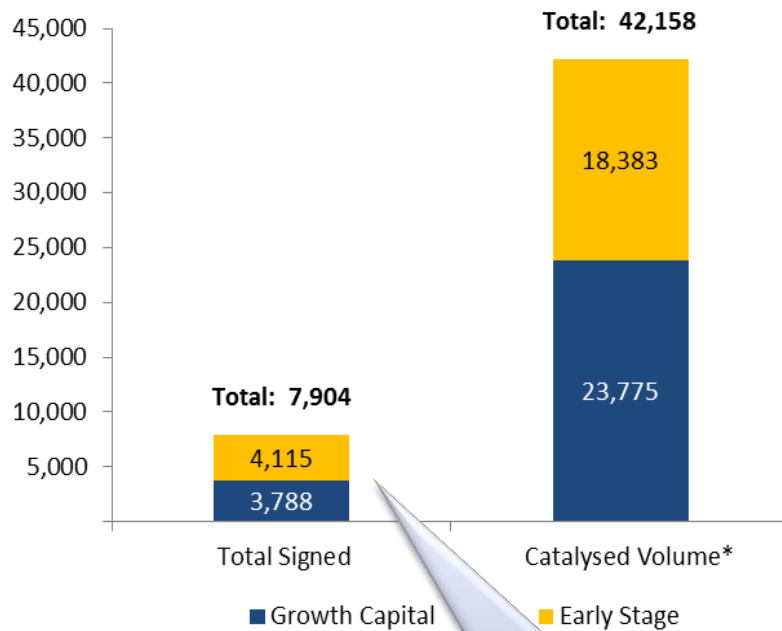
Example 1: EIF activities



Example 1: EIF activities

– Venture capital –

EIF's equity commitments*



*As of 31/12/2013

13 clean tech fund investments with total commitment of EUR 370m

Most promising European VC-backed clean tech companies



Example 2: NER300 Initiative

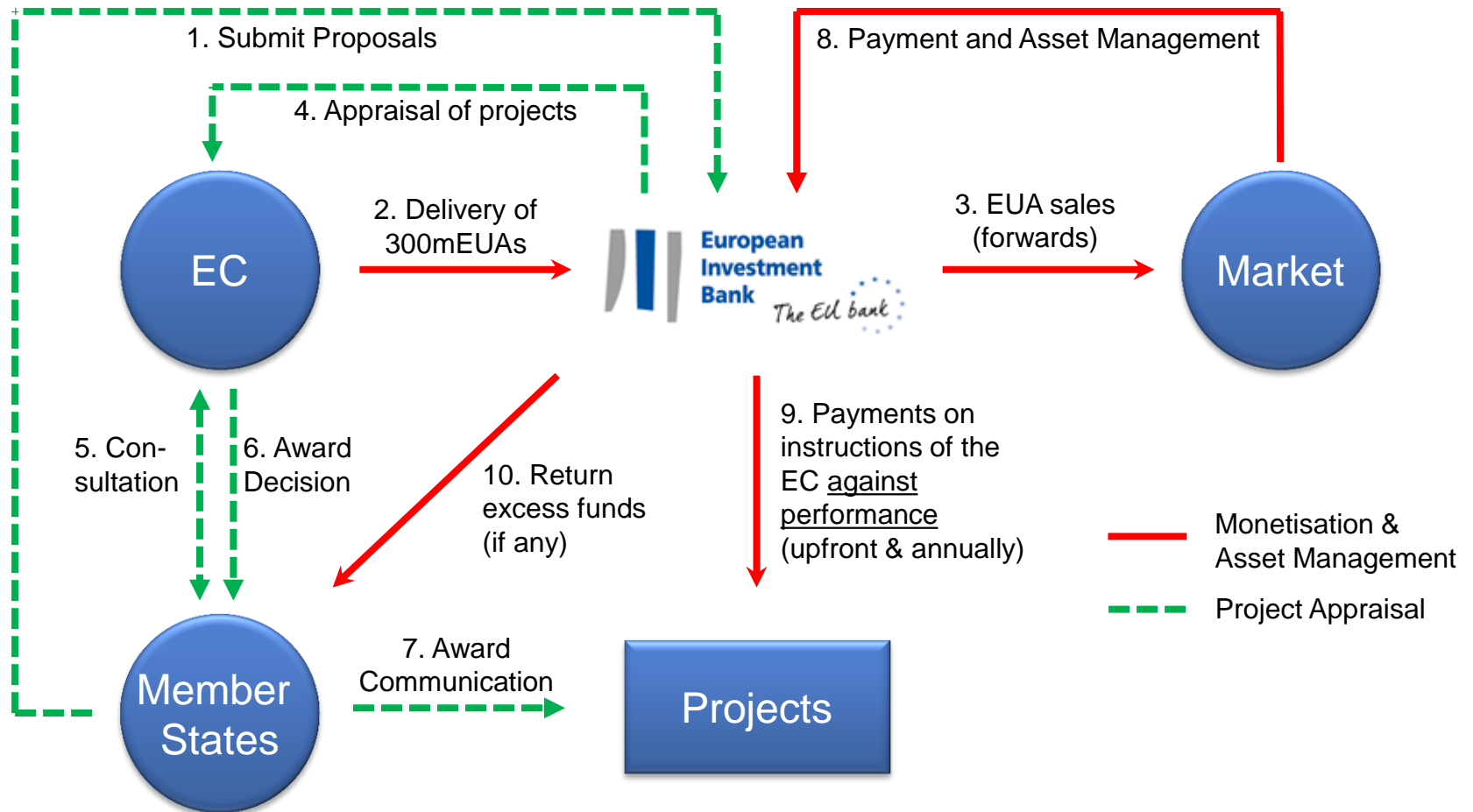
– Performance based grant –

- **Performance based grant programme** for the co-financing of carbon capture and storage (CCS) demonstration projects and innovative renewable energy technologies
- Funded through the sale of 300 million EU allowances from the New Entrant Reserve of the EU Emissions Trading Scheme (i.e. outside EU budget)
 - More than EUR 2bn were raised between December 2012 and April 2014 in two separated monetisation rounds
- Projects will be selected through two competitive calls for proposals
 - EC awarded EUR 1.2bn to 23 projects in December 2012 and further EUR 1bn in July 2014
 - The projects awarded co-financing cover a range of technologies – bioenergy, concentrated solar power, geothermal power, photovoltaics, wind power, ocean energy, smart grids and CCS

Good example how proceeds from an emissions trading scheme can be used to fund demonstration projects or other innovative climate finance activities

Example 2: NER300 Initiative (cont'd)

– Performance based grant –



Example 3: InnovFin

– Sub-investment grade lending –



- Funded by Horizon 2020, InnovFin stands for ***EU Finance for Innovators***
- InnovFin is a debt based instrument and covers the full company lifecycle from SME to large cap.
- InnovFin is expected to make available more than EUR 24bn of financing for research and innovation (R&I) until 2020
- What support will be on offer?
 - Risk-sharing in the form of loans and guarantees
- For who or what?
 - RDI-driven/ innovative SMEs & small midcaps
 - Ambitious RDI projects carried out by a variety of recipients (companies, stand-alone projects etc.)
- To serve which purpose?
 - Stimulate more investment in research and innovation, notably by the private sector
 - No market distortion: intervention only to address financing gaps in the R&D&I delivery chain (notably due to high risk), and as such help translate R&D results to the market (innovation)

Example 3: InnovFin (cont'd)

– Sub-investment grade lending –

InnovFin Product Overview

SMEs	Mid-Caps	Large Caps	Advisory
InnovFin SME Guarantee	InnovFin MidCap Guarantee	InnovFin Large Projects	InnovFin Advisory
InnovFin SME Venture Capital	InnovFin MidCap Growth Finance		

 direct products

 indirect products

InnovFin is demand driven and technology neutral with the potential to support low carbon technologies and first of kind projects

Example 4: EIB loans

– Direct lending –

- EIB passes its funding benefits on to clients:
 - Up to 50% of project costs financed (extended to 75% for eligible environmental projects), at competitive interest rates
 - Broad range of currencies
 - Long maturities
 - Catalyst for participation of other banking or financial partners
- Direct Loans - Large-scale projects (more than EUR 25m)
 - Corporate and project finance
- Intermediated Loans
 - Small and medium-scale loans (particularly to SMEs) via national and regional intermediary banks
 - Lending decision remains with the financial intermediary

Example (2013)

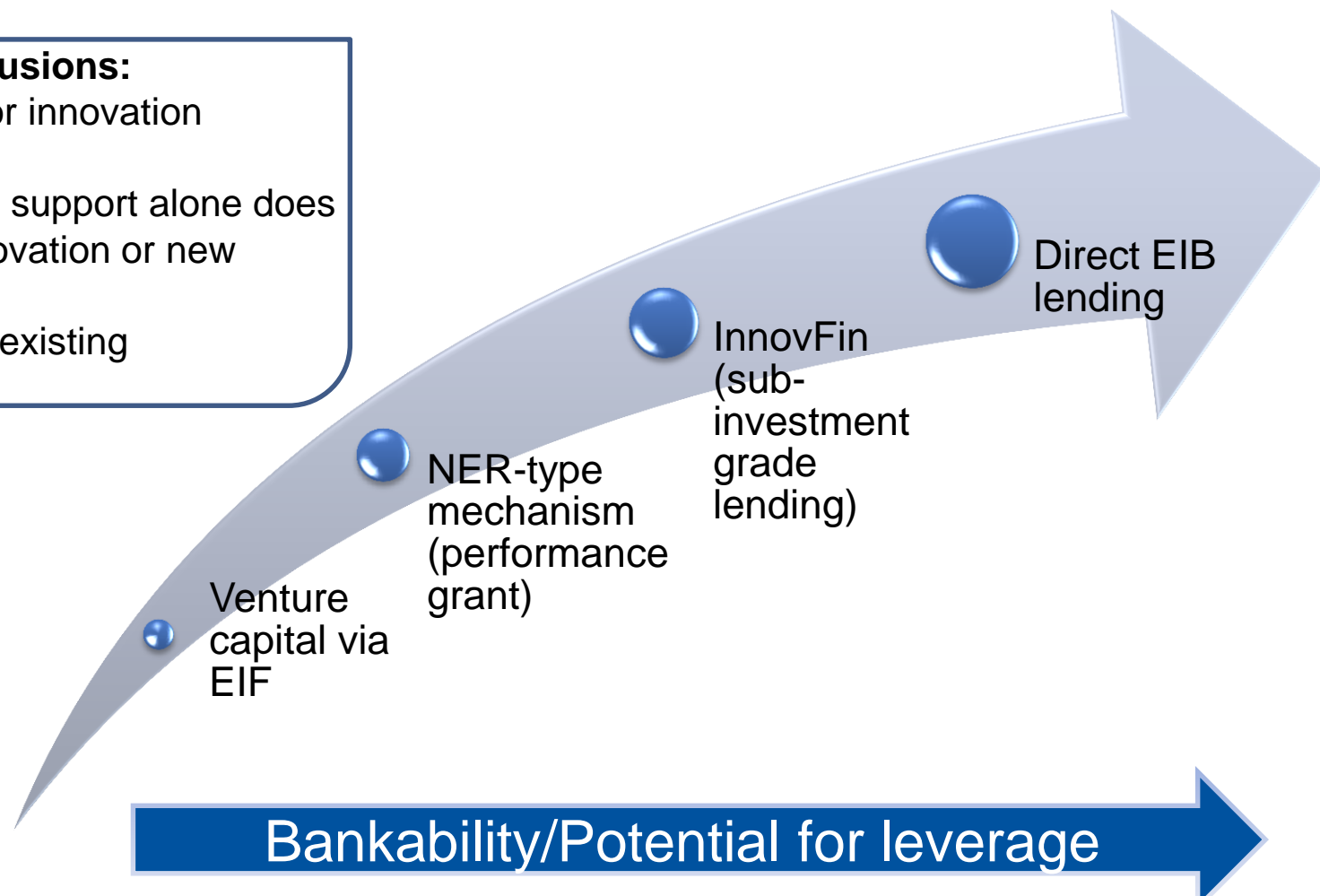


**EUR 500m loan
for RDI activities
in the field of
fuel-cell, battery
powered electric
vehicles and
hybrids**

Summary of RDI examples

Conclusions:

- Mechanisms for innovation support exist
- But: innovation support alone does not lead to innovation or new technologies!
- Try to build on existing mechanisms



Main question: What form of innovation support is needed?

Thank you for your attention!

- For more information please contact:

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