



European
Commission

EU blending facilities in climate action: overview



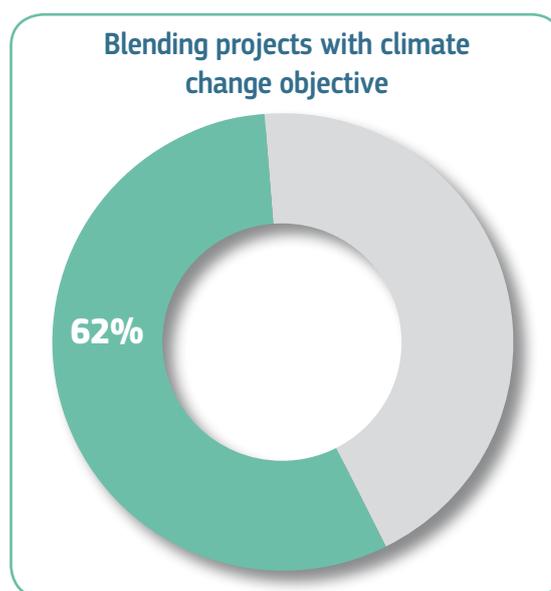
EU blending facilities: mobilising climate finance in developing countries

The transition to a green economy that is needed to keep global warming below 2°C requires significant scaling up of investments. Besides traditional forms of support, the EU blending facilities mobilise additional financing from private and public sources for climate change action, complementing other aid modalities. Blending is the combination of EU grants with loans or equity from public and private financiers. EU grants can take different forms: Investment grant and interest rate subsidy, technical assistance, risk capital and guarantees. EU regional blending facilities operate in all regions of EU external cooperation and help partner countries transition to low carbon and climate resilient economies.

Scaling up climate finance

The EU mainstreams climate action throughout its support to developing countries. In addition, the EU blending facilities have set up specific Climate Change Windows to crowd-in more public and private financing for low carbon, climate resilient investments.

- **2007-2013: About €1 billion** of EU grants has been committed to climate-relevant green projects estimated at **€25 billion**. That is **62%** of all blending projects made since 2007.
- **2014-2020: the EU expects to double the volume of grant finance to €2 billion**, aiming mobilise projects of about **€50 billion**.
- **Majority** of EU blending projects are in energy and transport sector; climate change adaptation is mainstreamed.



Projects

The EU blending facilities have helped bring more than 140 climate-related projects on mitigation and adaptation to life in all regions and many different sectors.

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Kyrgyzstan Sustainable Energy Efficiency Financing Facility (KyrSEFF)

Total project volume: €20.8 million; Grant contribution: €6.8 million

Involved European Financial Institution: EBRD

The Kyrgyz economy is very energy-intensive due to a high rate of energy losses, out-of-date energy infrastructure and inefficient equipment.

Financed by the CAIF, the KyrSEFF helps local financial intermediaries to finance more small-scale sustainable energy projects by combining credit lines with technical assistance.

KyrSEFF supports residential and industrial energy efficiency projects, as well as small-scale renewable energy investments, by providing loans to Participating

Financial Institutions, FIs then pass these on to private sector borrowers, thus helping financial intermediaries improve their capacity to appraise and finance energy efficiency and renewable energy projects.

Lake Turkana Wind Power station

Total project volume: €625 million;
Grant contribution: €25 million

Involved European Financial Institutions: EIB, FMO, Proparco, DEG, IFU, FINNFUND

The electricity demand is rapidly growing in Kenya. The project helps to cover this from renewable energy resource, while also reducing the country's dependence on imported fossil fuels and climate-sensitive hydropower, supporting economic development and avoid the environmental impacts of fossil-fuelled electricity generation.

The capital participation of the EU-Africa Infrastructure Trust Fund in the form of a preference share to cover the financing gap made the project financially viable. With over 300MW installed capacity and a net capacity factor above 50%, the station that is the largest wind farm currently being developed in Sub-Saharan Africa.



For further information on the EU blending facilities and projects financed, please consult:
https://ec.europa.eu/europeaid/policies/innovative-financial-instruments-blending_en