



Carbon Markets and the role of the EIB

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European Investment Bank (EIB)



The European Union's financing institution

Created by the Treaty of Rome in 1958, to provide long-term finance for projects promoting European integration

Subscribed capital:	EUR 165 bn	
EIB shareholders:	27 Member States of the EU	
Total assets 2007:	EUR 311 bn	<i>(EUR 304 bn in 2006)</i>
Lending in 2007:	EUR 48 bn	<i>(EUR 46 bn in 2006)</i>
of which within the EU:	EUR 41 bn	<i>(EUR 40 bn in 2006)</i>
Borrowing in 2005:	EUR 55 bn	<i>(EUR 48 bn in 2006)</i>

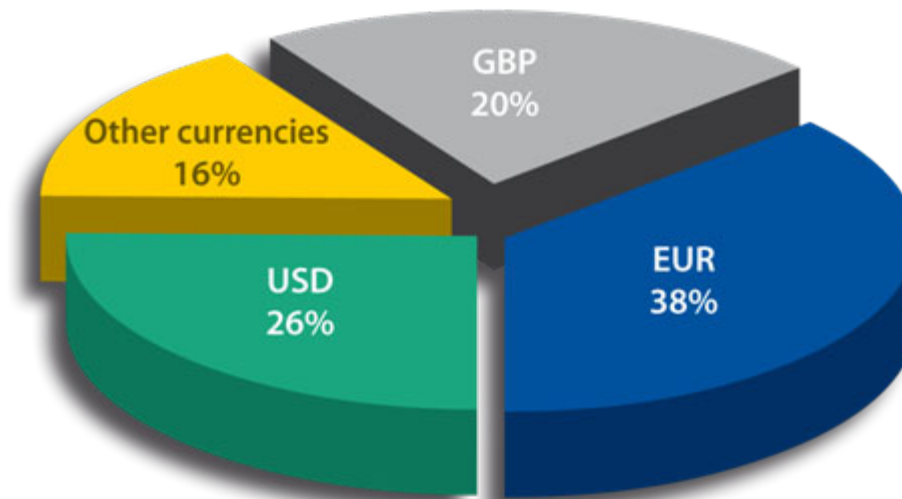


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EIB Borrowing activity



- Total borrowing in 2007: EUR 55bn
- 236 bond issues across 23 currencies

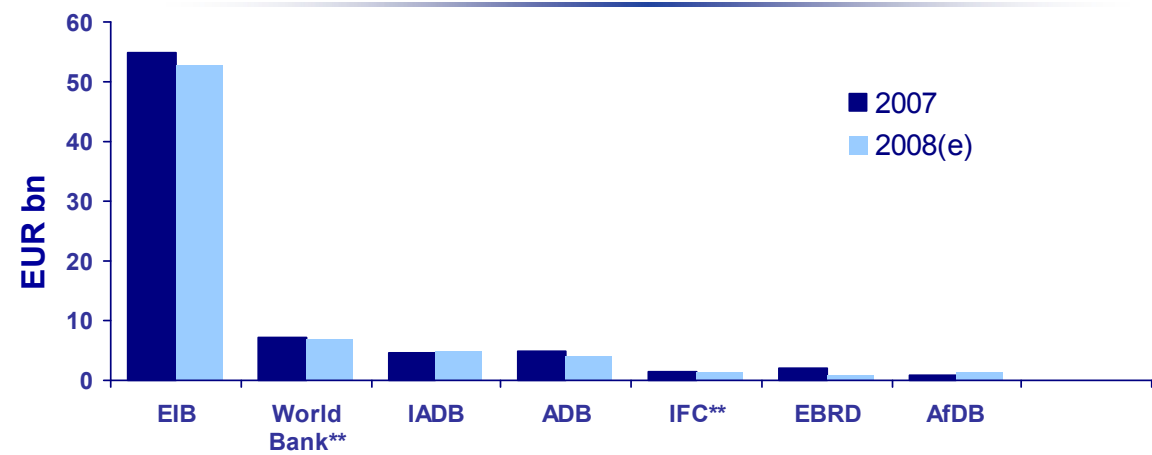
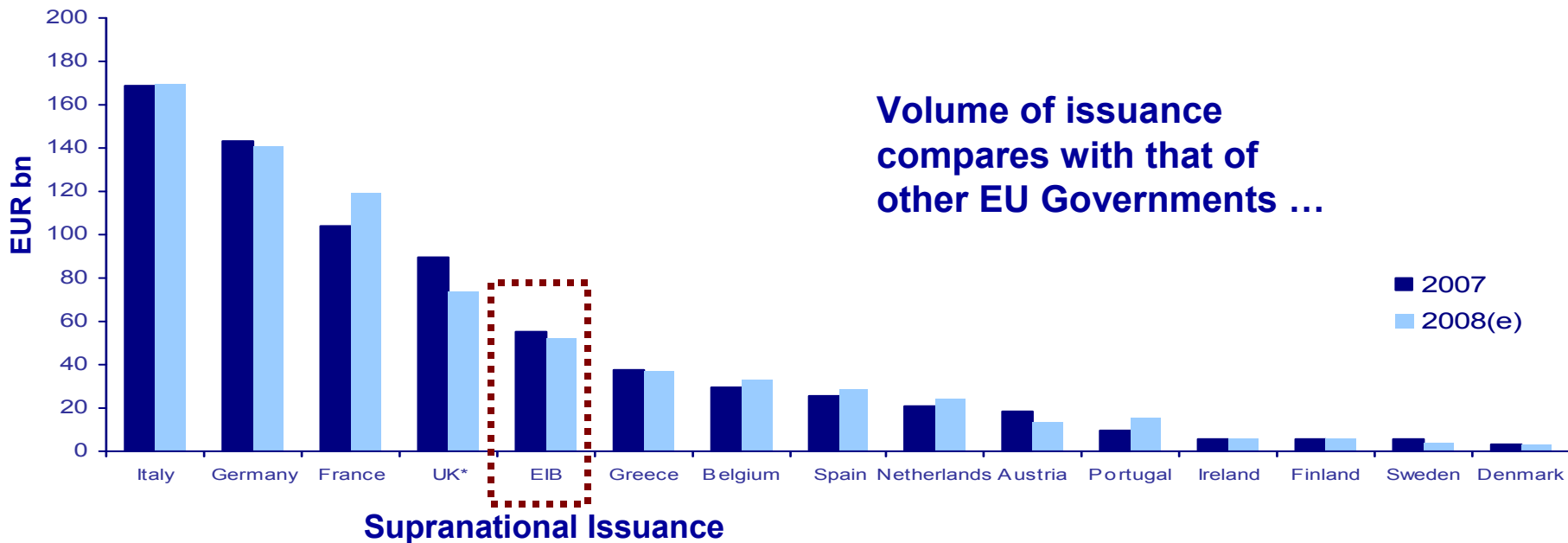


- Largest supranational borrower
- Top awards for funding activities



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EIB Borrowing activity



* Estimated financial results/forecasts Apr 05-06/Apr 06-07
 ** Estimated financial results/forecasts are June 06-07/June 07-08

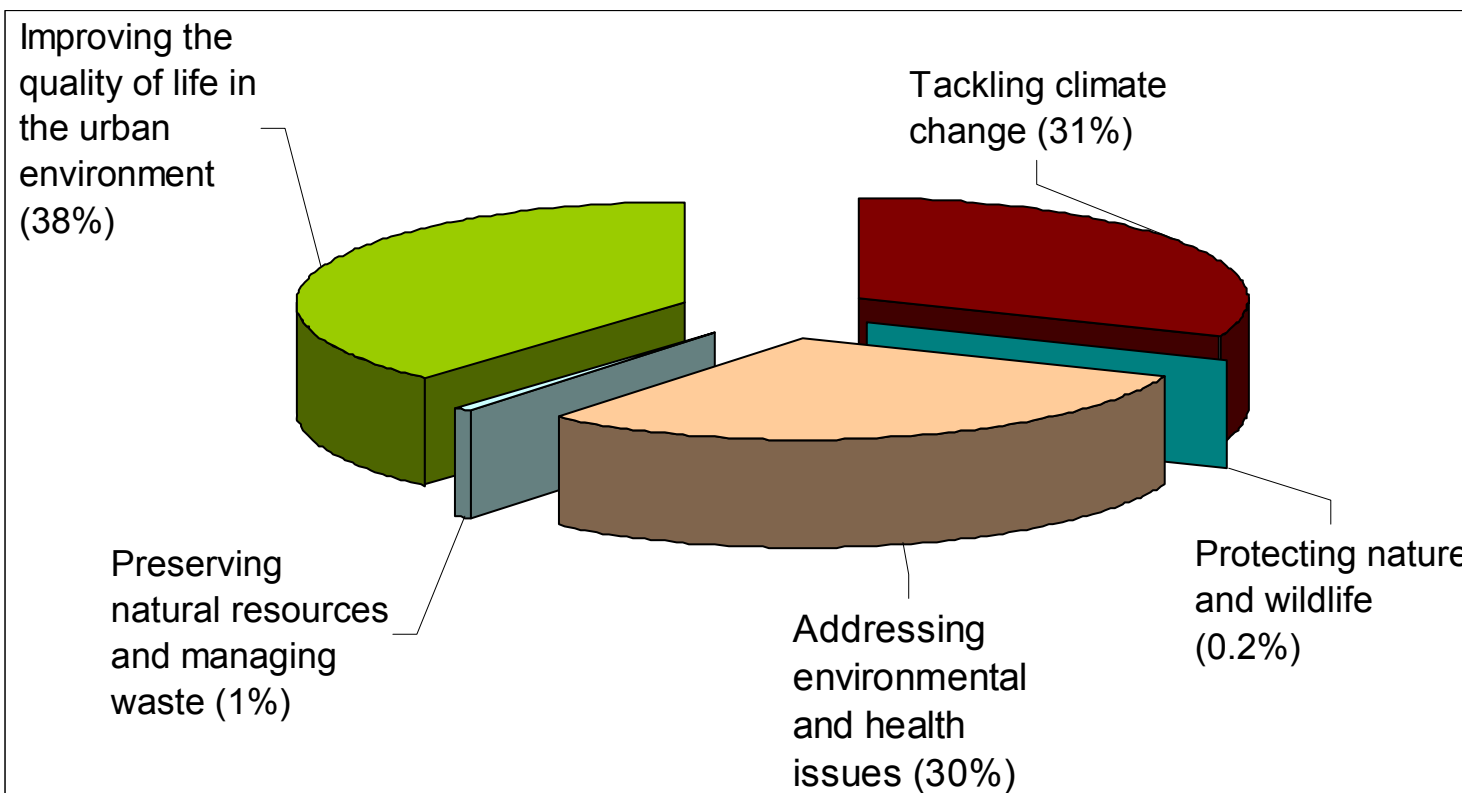
Source: Barclays Capital research & EIB as of February 2008



2007 Key lending figures in EUR (per operational priority)

❖ Economic and social cohesion in the enlarged EU	25.1 bn
❖ Innovative and knowledge-based European economy	10.2 bn
❖ Environmental protection	14.6 bn
of which outside the EU-25	1.6 bn
❖ Trans-European Networks	9.8 bn
❖ Small and medium-sized enterprises in the EU	5.0 bn
❖ Support for EU development and cooperation policies	6.4 bn

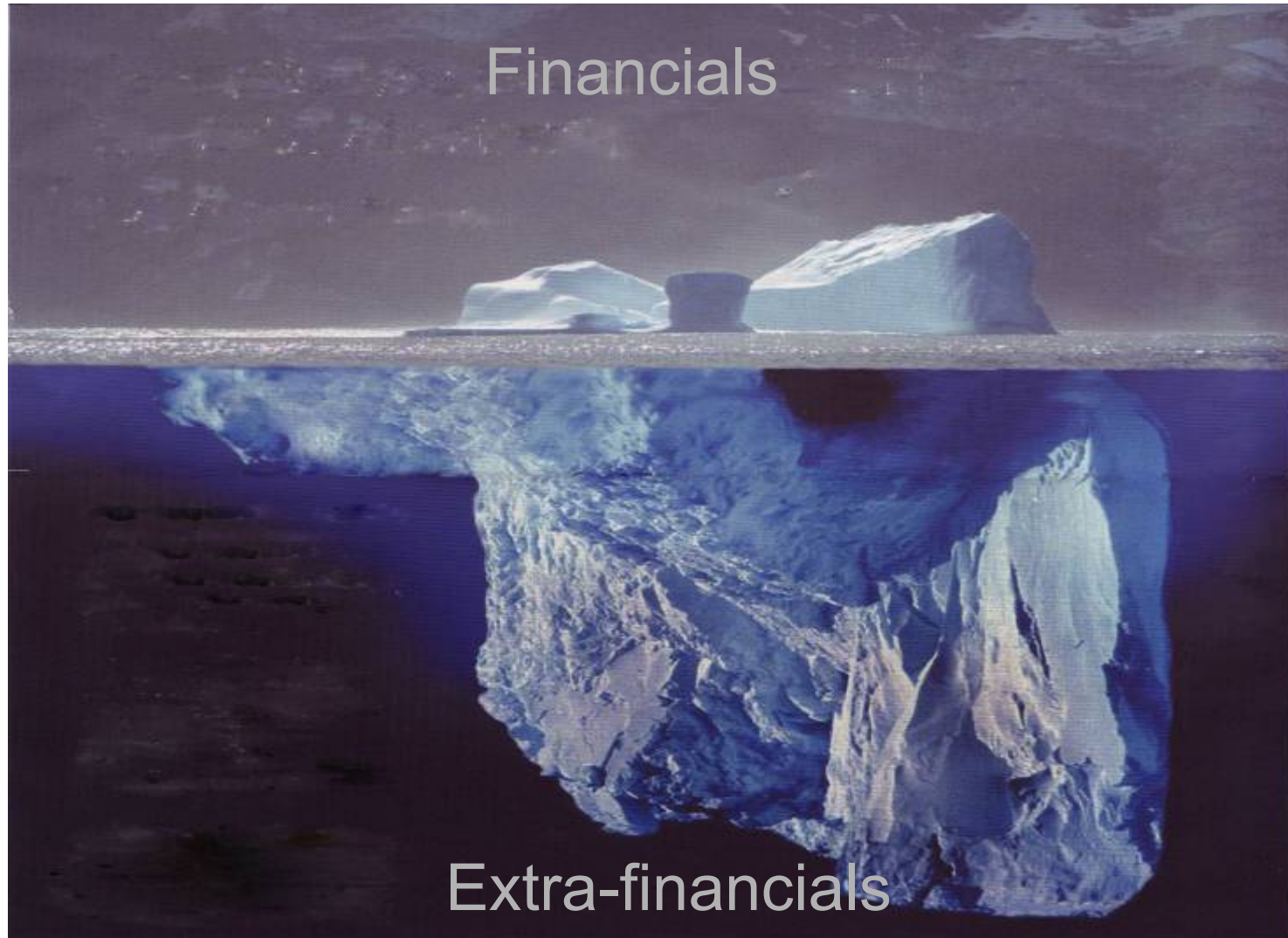
Environmental lending 2007





European Investment Bank (EIB)

Corporate Responsibility



- [Multilateral Carbon Credit Fund \(MCCF\)](#)
 - [Carbon Fund for Europe \(CFE\)](#)
 - [EIB/KfW Carbon Purchase Programme](#)
 - [Post 2012 Carbon Fund](#)
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- Development of carbon markets;
 - EU Member States, companies and other institutions to meet their carbon emissions obligations;
 - Kyoto Protocol's Clean Development Mechanism (CDM) and Joint Implementation (JI);
 - EU's Emission Trading Scheme (EU ETS); and
 - Environmentally beneficial projects.



THE MULTILATERAL CARBON CREDIT FUND (MCCF)



- To help EBRD and EIB shareholders, as well as other parties, to meet their mandatory or voluntary greenhouse gas emission reduction targets.
- To increase investment flows in low-carbon and clean technologies
- EUR 190 million from six countries and six companies
- Investment period 2006-2008 Delivery period 2008-2013 (2014)
- Purchase carbon credits from projects financed by EIB or EBRD
- In 29 countries in transition, of which 8 are EU Member States.
- Projects/ Industrial energy efficiency, power plant and district heating renovation, renewable energy (including biomass, wind and mini-hydro) and landfill gas capture and use.



The Carbon Fund for Europe (CFE)

- ❖ Set up with the World Bank
- ❖ EUR 50 million commitment from four governments and one company.
- ❖ Emphasis is on CDM projects,
- ❖ Verified Emission Rights (VERs), prior to CDM Board approval.
- ❖ to help European countries and companies in the EU ETS meet their Kyoto and Kyoto-derived commitments and obligations.
- ❖ Any carbon credits compatible with the Kyoto Protocol requirements.



The EIB/KfW Carbon Purchase Programme



- EUR 100m provided equally by EIB and KfW
- Minimum contribution of EUR 500,000
- Low cost of participation due to standardised procedures
- Smaller participations accommodated through intermediaries
- Projects sourced partly from EIB and KfW pipelines
- All projects eligible with exclusion criteria defined by Kyoto Protocol or EU ETS
- All projects must fulfil internationally accepted environmental standards



The Post 2012 Carbon Fund



- First in the market – post Kyoto
- EUR 125m
- Patient and catalytic public sector funds
- Longer term time perspective
- Supports the development of environmentally beneficial projects



EIB - addressing climate change mitigation

- **Climate Change Mitigation**
 - Finance up to 75% of projects
 - Longer maturities & extended capital grace
 - No geographical limitation or aggregate cap

- **Climate Change Technical Assistance Facility (CCTAF)**
 - A € 5 million TA
 - Carbon crediting activities of projects expected to be financed by the EIB
 - Conditional funding –reimbursable on successful registration of carbon credits meeting requirements of Kyoto Protocol



Key Aspects of EIB Bio-diversity/Eco-systems equity Fund Concept

- Overall objective: demonstrate investments in the sector can be financially sustainable
- Targeted Companies: companies whose activities are associated with 'high rates of biodiversity'
- Example Sectors
 - Companies - agriculture, sustainable forestry, non-timber forest products, fisheries and aquaculture, ecotourism.
 - Land-based assets – biocarbon, payments for watershed protection, biodiversity offsets
- Target of EUR50m (subject to market study findings)
- European focus, enterprises and land-based assets
- Associated technical assistance facility



For more information...



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