



## Information session – EIB support to municipalities

January 2023



# EIB AT A GLANCE

Largest multilateral lender and borrower in the world

- We raise our funds on the international capital markets
- We pass on favourable borrowing conditions to clients

Over **€1.5 trillion** invested since 1958

- More than **14,400 projects** in over **160 countries**
- Crowding-in bank: **€ 4.8 trillion** overall investment mobilised

Headquartered in Luxembourg

- Around **3,800 staff**: In addition to finance professionals, we have engineers, economists and socio-environmental experts
- **54 offices** around the world

# EIB's climate finance track record

One of the largest multilateral providers of climate finance

1<sup>st</sup> issuer of a green bond in 2007 (CAB)

Largest multilateral issuer of green bonds

Climate finance target since 2010

Climate finance commitment of USD 100bn in 2016-20

Carbon price in project appraisal for over 20 years

Climate financing subject to external audits

Only MDB reporting absolute and relative carbon footprint of projects

# With a strong focus on green activities, the Bank is financing projects across various sectors



€**20.7** billion

Innovation, digital and Human capital



€**15.4** billion

Sustainable energy and natural resources



€**45** billion

SMEs and Mid-cap finance



€**13.8** billion

Sustainable cities and regions

- The EIB is a bank focused on **delivering projects contributing to four strategic Public Policy goals (PPGs)** whilst maintaining a substantial green orientation in its activities
- **PPGs** are ranging from innovation, digital and human capital to sustainable energy and natural resources including as well sustainable cities and regions and **support to SMEs and Mid-caps**.
- Projects must be **bankable** as well as aligned with the **Paris Agreement** to be **eligible** for EIB financing.
- In line with **its climate commitments**, the Bank is further **advancing its green agenda** by increasing continuously its financing towards **operations contributing to climate action and environmentally sustainable (i.e. green) objectives**.

# The EIB's Climate commitment as the EU Climate Bank since 2019



EIB Group  
Climate Bank Roadmap  
2021-2025

November 2020

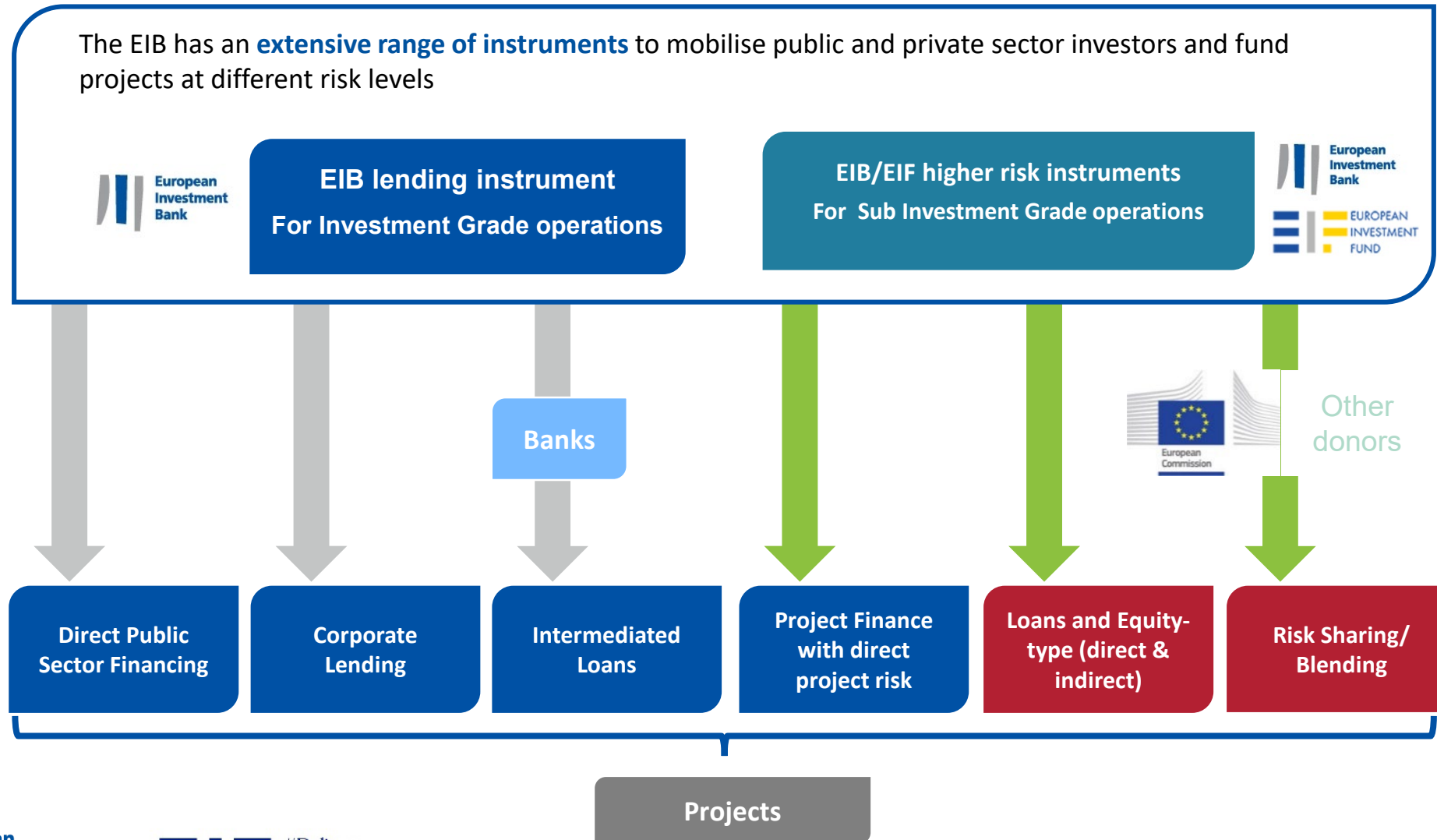


## EIB Group's climate and environmental sustainability objectives

1. The EIB will increase investment in climate action and environmental sustainability to more than **50 %** of annual lending by **2025** and beyond;
2. The EIB Group will support **€1 trillion** of green finance over the critical decade **2021 to 2030**;
3. Align all new EIB Group activities with the Paris Agreement from **2021**.

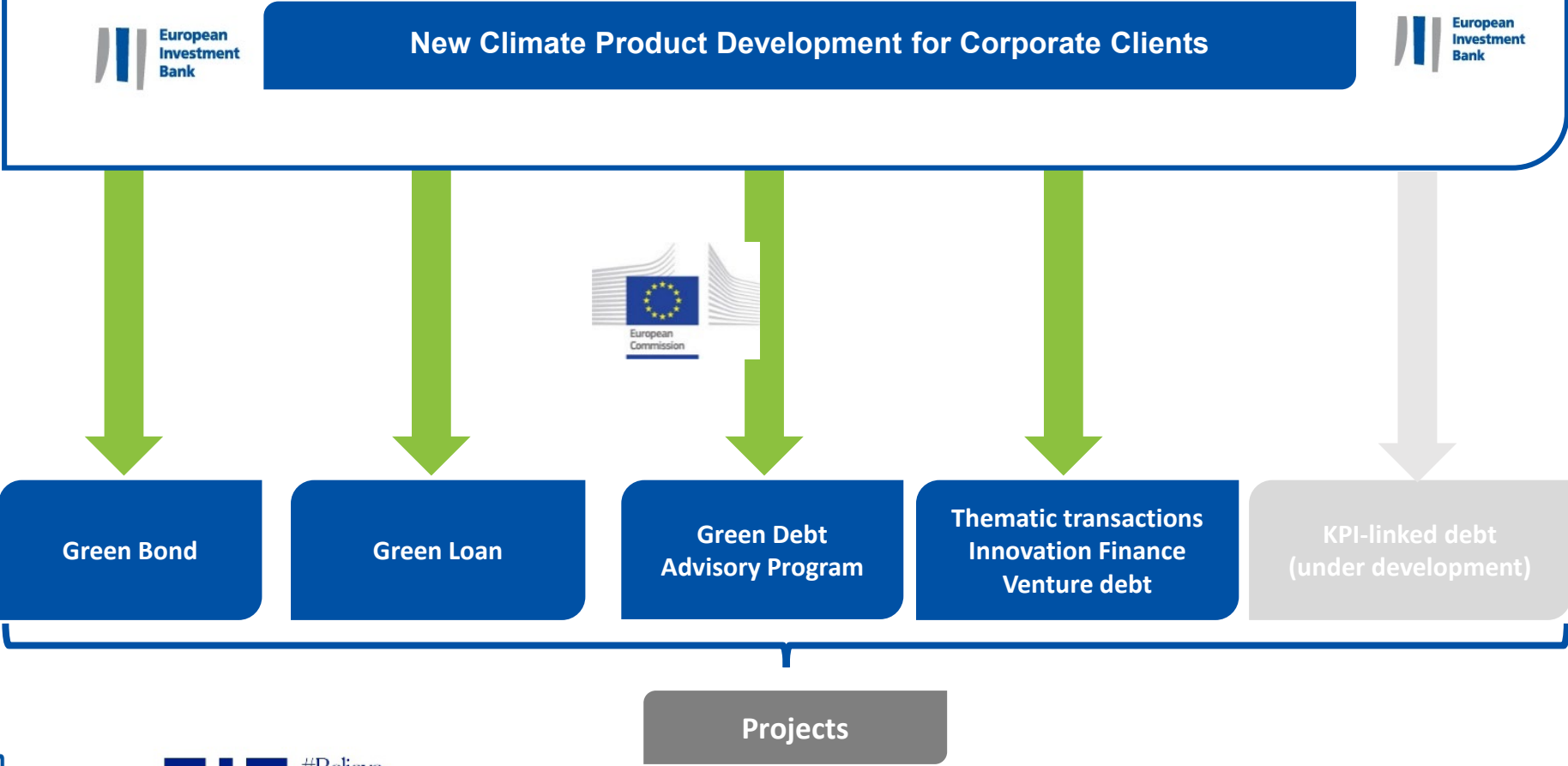
Source: [The EIB Group Climate Bank Roadmap, November 2020.](#)

# Overview of EIB Group products



# Strengthening the financial product offer

The EIB has an **extensive range of instruments** to mobilise public and private sector investors and fund projects at different risk levels. Given the breadth and scale of the EIB Group's EU climate bank ambition, the EIB Group is **further enhancing its product offering** in order to generate increasing volumes of green funding.



# Bank's support to green cities

## Tackling the urban challenges identified in the EU

### Key challenges

- ▶ Addressing Green Deal priorities:
  - ▶ Climate neutrality by 2050
  - ▶ Improving digitalisation
  - ▶ Recovering from the Covid crisis
  - ▶ “Leaving no one behind”
- ▶ Significant investment gaps persist with barriers in terms of:
  - ▶ Funding,
  - ▶ Regulatory challenges
  - ▶ Technical capacity to execute projects

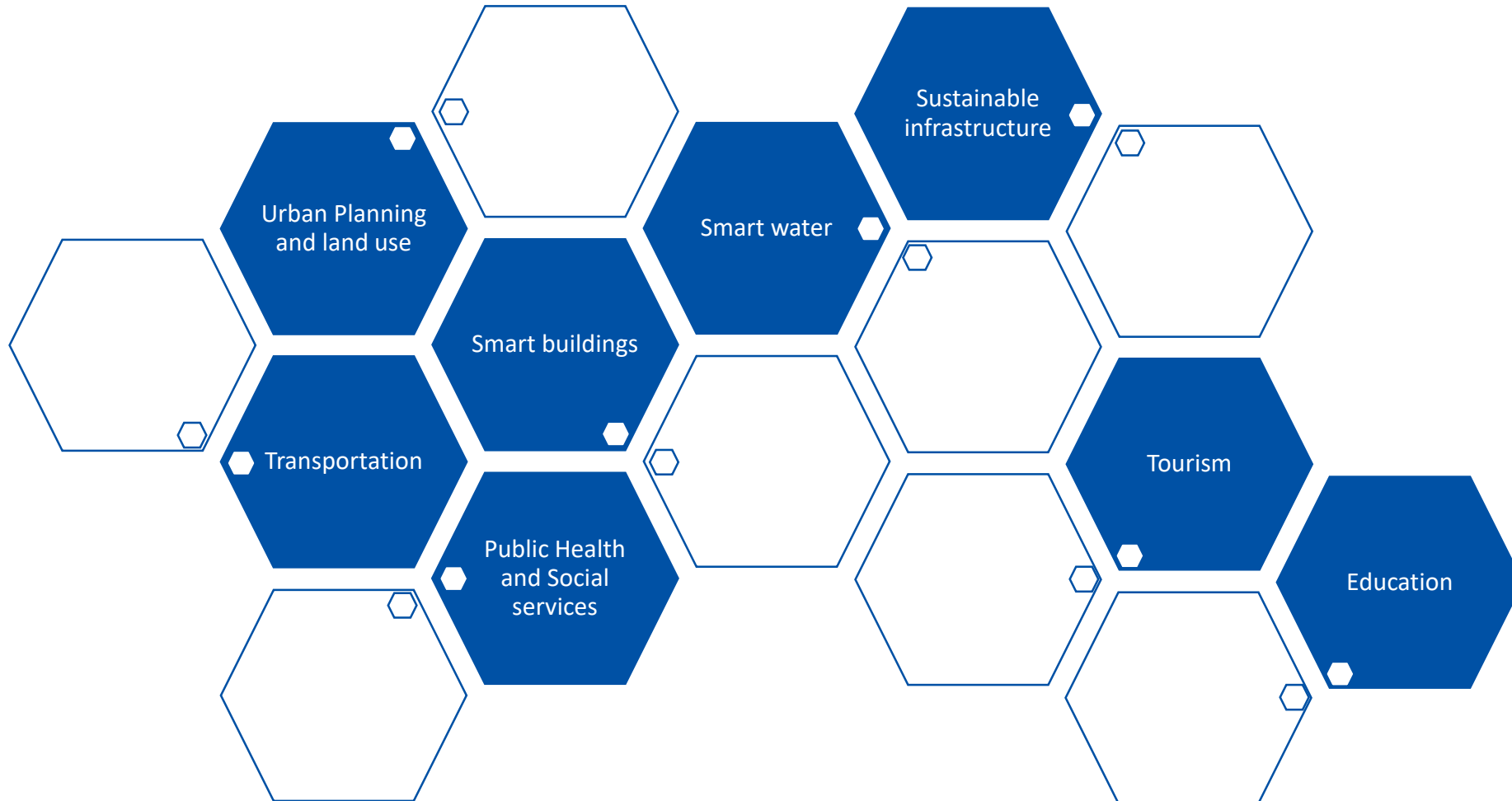
### Opportunities

- ▶ Critical role of local authorities in
  - ▶ Planning and implementing transformation and recovery
- ▶ Green investment from EU municipalities is picking up in key areas...
  - ▶ Energy efficient building refurbishment,
  - ▶ Sustainable transport systems
  - ▶ Improvements to digitalisation
- ▶ ... together with growing focus on social investment in:
  - ▶ Health,
  - ▶ Education,
  - ▶ affordable housing (COVID-19 and risk of poverty or social exclusion for over 92 million European people).



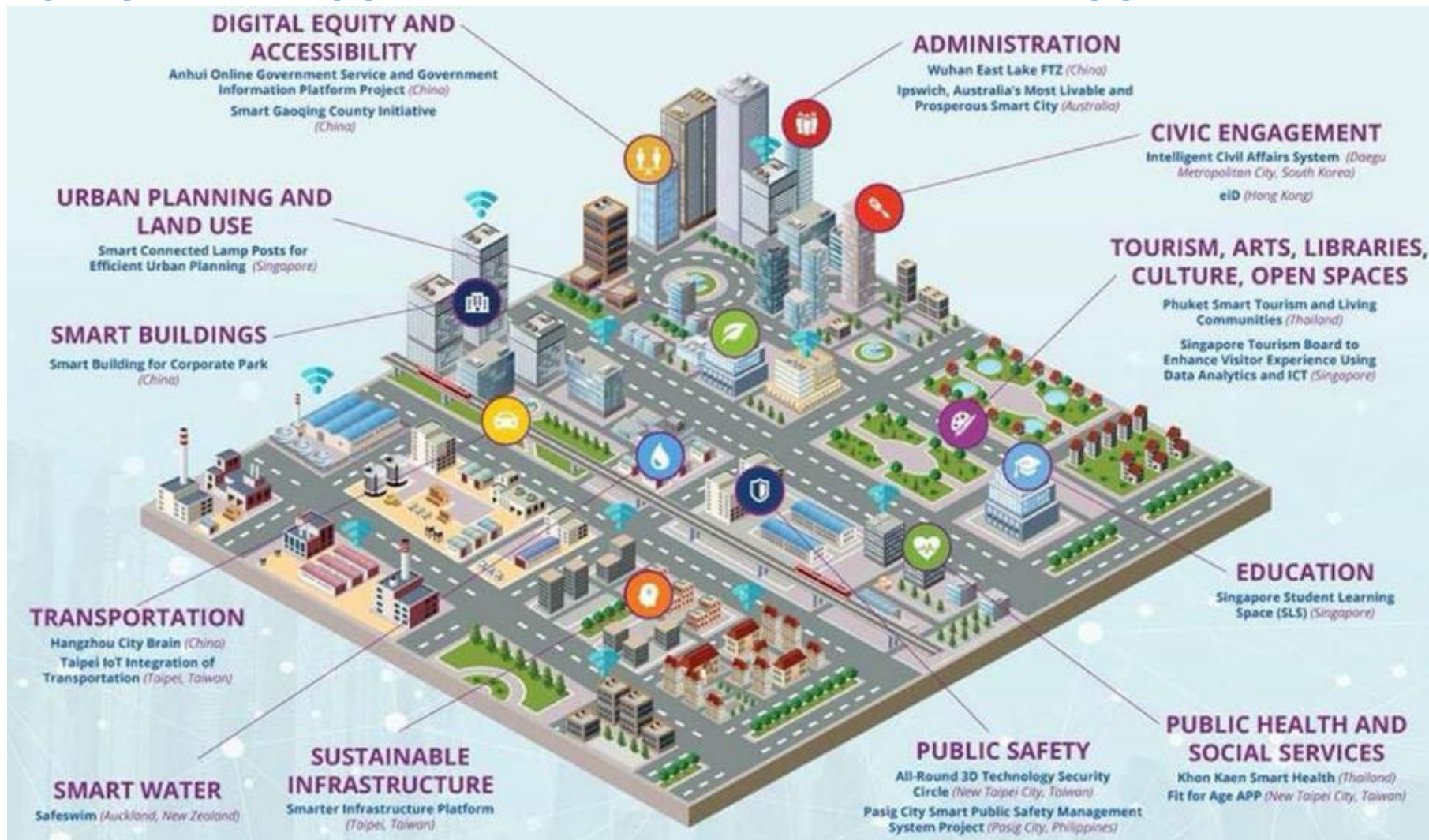
# Bank's support to green cities

Beyond the project – Support to cities takes a holistic approach



# Bank's support to green cities

## Beyond the project – Support to cities takes a holistic approach



# EIB lending features of key importance to municipalities

## A comprehensive offering combined with targeted support

### ▶ Key features of EIB lending appealing to municipalities

- ▶ Long tenor
- ▶ Grace period
- ▶ Advisory support
- ▶ Co-financing with EC structural funds (generally provided in the form of grants)

### ▶ Mandatory appraisal assessments as part of the Bank's project due diligence:

- ▶ Financial, economic, social and technical appraisal
- ▶ Environmental assessments
- ▶ Know Your Customer (KYC/AML assessment)



Instrument	Key Features
Investment Loans	<ul style="list-style-type: none"><li>• <b>Direct loan</b> for a <b>specific investment project or programme</b></li><li>• Project cost usually &gt; <b>EUR 50m</b></li><li>• All investment components appraised up front</li></ul>
Framework Loans	<ul style="list-style-type: none"><li>• <b>Loan to a city or regional government</b> usually &gt; <b>EUR 100m</b></li><li>• Finances a 3-5 year investment programme</li><li>• <b>Multi-sector investments</b> meeting defined criteria but not finally prepared at time of signing the loan</li></ul>
Intermediated Loans	<ul style="list-style-type: none"><li>• <b>Implemented through a Financial Intermediary (FI)</b> based on financing criteria agreed with EIB</li><li>• Option for <b>financing smaller municipalities</b></li></ul>
Funds & Financial Instruments	<ul style="list-style-type: none"><li>• Investment into <b>urban development, infrastructure or brownfield funds</b></li><li>• <b>Equity and risk-sharing</b> instruments</li><li>• <b>Combination</b> of financial instruments and grants</li></ul>

# Crucial role of advisory services

## Bank's operations can benefit from bespoke advisory support

- ▶ **Advisory support can play a crucial role in supporting municipalities** in the development and implementation of **multi-sectoral urban investment programs**
- ▶ **In partnership with the EC**, the Bank has at his disposal **several specialized programs offering technical assistance** to promoters
- ▶ **JASPERS program** (Joint Assistance to Support Projects in European Regions) is a key partner in **sustainable urban investment**
  - ▶ JASPERS provides support to **municipal or regional administrations, municipal enterprises and associations, managing authorities or intermediate bodies** responsible for urban investment at national or regional level.
  - ▶ It supports projects in **all areas across a city's investment programme** as well as for the **elaboration of the Sustainable Urban Development Strategies** which underpin them
  - ▶ Assignments are **unique & consulted with DG REGIO** Desks
  - ▶ Support is provided **free to beneficiaries** and is funded by the EU and the EIB

# Selected examples of urban development projects financed

## Athens Resilient City, Integrated Development and Natural Capital – Greece

- ▶ **Project cost:** EUR 190 m – EIB loan Amount: EUR 50 m
- ▶ **Project:** Supporting the implementation of the Athens Resilience Strategy 2030 and its Integrated Territorial Investment programme.
- ▶ **Contrib. to Climate Action & Environ. Sustainability:** 100 %. Multi-sectoral investment programme financed with FLs targeting:
  - ▶ Increases in renewable energy and energy efficiency (e.g. public buildings upgrade)
  - ▶ Critical improvements in green and blue infrastructure (e.g. open spaces and green areas),
  - ▶ Sustainable mobility (e.g. cycling infrastructure, pedestrian areas) and
  - ▶ Waste management (e.g. recycling schemes).
- ▶ **EIB role:** Besides EIB's traditional role of long term financiers, EIB played a crucial advisory role in support of Climate Mitigation and Resilience to earthquakes in public buildings, as well as the implementation of Green and Blue Infrastructure in open spaces (NCFE).

## Clean buses Clermont Ferrand - COVID-19 Response – France

- ▶ **Project cost:** Total EUR 448 m – EIB loan Amount EUR 90 m
- ▶ **Project:** Supporting the short-medium term investment plan of the public transport company in Clermont-Ferrand (France) and future investments for a low-carbon public transport system
- ▶ **Contribution to Climate Action & Environmental Sustainability:** The project support a climate-friendly public transport network and includes:
  - ▶ the construction of two bus rapid transit lines with a fleet of 40 new zero-emission buses,
  - ▶ the renewal of the bus fleet (including hydrogen buses),
  - ▶ the creation of a new depot and maintenance centre, as well as a carbon-free energy generation and storage unit, and a restructured bus network.
- ▶ **EIB role:** EIB provides under a framework loan (FL) financing of the short-medium term multiannual investment plan of the Syndicat Mixte des Transports of Clermont (SMTC-AC) benefitting the Clermont metropolitan area.