



## EIB, European Commission to explore EU climate finance initiative

***European Climate Action Commissioner Connie Hedegaard and European Investment Bank (EIB) President Philippe Maystadt agreed on Monday to explore a joint climate finance initiative for developing countries as part of the European Union commitment made at the UN climate conference in Copenhagen last December. During talks at EIB headquarters in Luxembourg, they also welcomed a political agreement reached in mobilising finance for carbon capture and storage (CCS) and innovative renewable energy technologies in the EU through the NER 300 initiative.***

Commissioner Hedegaard said: "Adequate finance is crucial to agreeing and implementing an international agreement limiting global warming to 2 °C. The EU has set one of the most ambitious emission reduction targets in the world. Financial institutions such as the EIB, together with the private sector, will play a key role in helping the EU deliver on its emission commitments as well as on mobilising the financial flows needed for mitigation and adaptation to climate change in developing countries."

EIB Vice President Simon Brooks, who is responsible for environmental protection issues, said: "We think a EU climate action finance platform would give visibility to the commitments made by the European Union in Copenhagen last year. The idea is to combine European Commission and Member States' grants with financing from the EIB and other European financial institutions to meet the different challenges posed by adaptation and mitigation in the most efficient way."

The European Commission and EIB Group are already cooperating in the implementation of the Global Energy Efficiency and Renewable Energy Fund (GEEREF). Launched in 2008, GEEREF has already provided finance to renewable energy funds in Southern Africa and Asia.

The EIB last year lent nearly EUR 17 billion in support of Europe's climate goals, including for renewable energy projects in Egypt, Kenya, Turkey and Vanuatu, among other countries. EIB expects its lending outside the European Union this year to support some EUR 2.5 billion of investments in renewables and will consider further developing its portfolio of carbon funds with other financial institutions.

The European Commission proposed in April increasing the ceiling on EIB financing outside the EU by EUR 2 billion in the period 2011-13 and dedicating this extra lending to the fight against climate change. EU finance ministers last week gave provisional support to the proposal, pending a first reading in the European Parliament.

The European Commission and EIB are currently finalising an inter-institutional agreement on the implementation of the NER 300 initiative, under which 300 million emission allowances from the New Entrants Reserve of the EU Emissions Trading System will be sold to raise funding for demonstration projects involving CCS and innovative renewable energy technologies. The agreement will be published once final.

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