

PRESS RELEASE

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EIB and AllianzGI support climate action projects in emerging and developing countries

- New strategy with a target size of EUR 500 million.
- Investment criteria based on EU taxonomy for sustainable activities.
- Impact investing initiative for Africa, Asia, Latin America and the Middle East.

The European Investment Bank (EIB) and Allianz Global Investors (AllianzGI), one of the world's leading active investment managers, today launched the Emerging Market Climate Action strategy (EMCA) in a public-private partnership, with the Governments of Germany and Luxembourg, the Nordic Development Fund, Allianz, Folksam and EIB being anchor investors.

EMCA will invest in climate-focused investment funds and projects active in emerging markets and developing countries. Its focus will be on climate mitigation, climate adaptation, and access to electricity.

With a target size of €500 million, the strategy aspires to become a European flagship impact investing initiative, mobilising substantial amounts of private capital to get climate action projects off the ground in Africa, Asia, Latin America and the Middle East. EMCA investments are expected to support a significant amount of new clean energy capacity globally.

EMCA targets specialized investment funds that could support projects like onshore windfarms and solar photovoltaic plants or small and medium sized hydropower plants. It could also support energy efficiency projects in housing or industry, or projects bringing environmental or resource efficiency benefits. To help emerging and developing countries to adapt to the impacts of climate change, the fund could also finance projects that support cities and their public transport systems to become more resilient against floods or heat.

Alok Sharma, President of COP26 in Glasgow said: "As world leaders meet in Glasgow, this is a pivotal time for the planet. That's why I am delighted to see the joint efforts spearheaded by the European Investment Bank and Allianz Group to enhance support for developing countries and help mobilise green finance to meet the Paris Agreement goals."

EIB Vice-President Ambroise Fayolle added: "Supporting climate projects in emerging and developing countries is the key to meeting the Paris climate goals and to boosting economic activity on the ground. As the EU climate bank, we have a long experience with innovative financial instruments that mobilise private capital at scale. I am delighted that we are announcing this new milestone with Allianz Group today. This sends an important signal to the COP26 conference about the power of public-private partnerships to bridge the climate finance gap."

Tobias Pross, CEO of AllianzGI added: "The COVID-19 pandemic has revealed some profound inequalities. In developing countries, the pandemic is thought to have magnified the existing funding shortfall needed to meet the UN's Sustainable Development Goals by 2030. Many investors have become increasingly aware of the role their capital can and should play in addressing these imbalances. Impact investing can help to combine the twin goals of "doing good" and "earning a return" in a single investment."

What the investors say

Folksam

Ylva Wessén, President and CEO of Folksam:

“When countries meet at COP26 climate finance is a key topic on the agenda. We are proud to support climate projects in developing countries and emerging markets as anchor investor in this innovative blended finance impact investing initiative. While our customers’ pension savings are invested to grow, they also contribute to climate mitigation and adaptation in Africa, Asia, Latin America and the Middle East. This is one of many steps to reach Folksam’s goal to cut greenhouse gases from our portfolios by 29 percent by 2025 and to reach net-zero by 2050, the common goal of all 60 members of the Net-Zero Asset Owner Alliance.”



The Luxembourg Minister for the Environment, Climate and Sustainable Development, Carole Dieschbourg:

“Luxembourg and the EIB have created an innovative new model to channel private investments. This addresses climate and social challenges and promotes new ways to provide financing for the climate and environmental emergency. I am very pleased that EMCA is joining this journey here in Glasgow at COP26, where finance plays a key role in delivering on the Paris Agreement commitments”.



Karin Isaksson, Managing Director of Nordic Development Fund:

“In order to meet the targets of the Paris Agreement, transformational climate actions are needed. A key component in this is to create highly catalytic financing structures. Through a blended finance structure, EMCA mobilises capital to activities that are typically challenging for institutional investors. NDF is delighted to see this investment materialize as a collaborative effort, through a demonstration of a strong and value adding partnership. NDF sees this investment as particularly timely now that COVID-19 has refocused priorities and caused investors and governments alike to pay closer attention to the climate change agenda. As many countries look to rebuild their economies in the wake of the pandemic, we must now have a major emphasis on “building back better” through a green recovery. This is therefore a critical moment for investment like the EMCA.”

State Secretary Jochen Flasbarth, German Federal Ministry of the Environment, Nature Conservation and Nuclear Safety (BMU):

“Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development remains a major task – especially in developing and emerging economies. The EMCAF is an innovative example of a public-private partnership that aims to shift financial flows towards more climate-friendly investments, thus contributing to the achievement of the Paris climate goals.”

As EMCA's investment advisor, the EIB is responsible for market analysis, the identification and appraisal of investments, including their environmental and social aspects. AllianzGI will act as the Alternative Investment Fund Manager (AIFM) responsible for the management and decision-making of the vehicle. EMCA complies with the new EU taxonomy and is accredited as an Official Development Assistance vehicle with the OECD. Its investors will receive transparent impact reporting, including key performance indicators such as renewable electricity produced and CO2 emissions avoided.

EMCA is a layered instrument combining public and private investors. Alongside EIB, Allianz and Folksam, further partners have already committed to investing in the fund: KfW on behalf of the German Federal Ministry of the Environment, Nature Conservation and Nuclear Safety (BMU), the European Investment Bank on behalf of the Government of Luxembourg and the Nordic Development Fund (NDF). The EIB has committed €50 million, Allianz Group companies up to €200 million and Folksam Group another €150 million. BMU has committed € 25 million, the NDF and the Government of Luxembourg each € 15 million. The EIB manages the investment in the junior tranche funded by the Government of Luxembourg through the Luxembourg-EIB Climate Finance Platform (LCFP).

Background information

The European Investment Bank

The European Investment Bank (EIB) is the long-term lending institution of the European Union and is owned by the EU Member States. It makes long-term finance available for sound investment in order to contribute towards EU policy goals both in Europe and beyond. The European Investment Bank is active in around 160 countries and is the world's largest multilateral lender for climate action projects. The EIB Group has recently adopted its Climate Bank Roadmap to deliver on its ambitious agenda to support EUR 1 trillion of climate action and environmental sustainability investments in the decade to 2030 and to deliver more than 50% of EIB finance for climate action and environmental sustainability by 2025. Also, as part of the Roadmap, from the start of 2021, all new EIB Group operations will be aligned with the goals and principles of the Paris Agreement.

Allianz Global Investors

Allianz Global Investors is a leading active asset manager with over 690 investment professionals in 24 offices worldwide and managing EUR 633 billion in assets for individuals, families and institutions. AllianzGI is fully committed to supporting the transition to a more sustainable future, and aims to be a global shaper of sustainable investing. This truly complimentary partnership will allow us to leverage joint relationships with effective coverage in emerging and developing countries, cement our sustainability shaping position, and offer our clients new investment opportunities. Climate change is one of our planet's most pressing challenges and our priority as a global firm is to position our portfolios on a path towards climate transition and a greener, more sustainable future.

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