



Mobilizing Climate Finance for Development

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Outline

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- ▶ Shedding light on → **Climate Finance, method, figures & Mobilisation**
- ▶ Illustrating → **playing field & partners**
- ▶ Providing → **examples**
- ▶ **Future outlook** → for mobilizing climate finance for development



1. Setting the scene



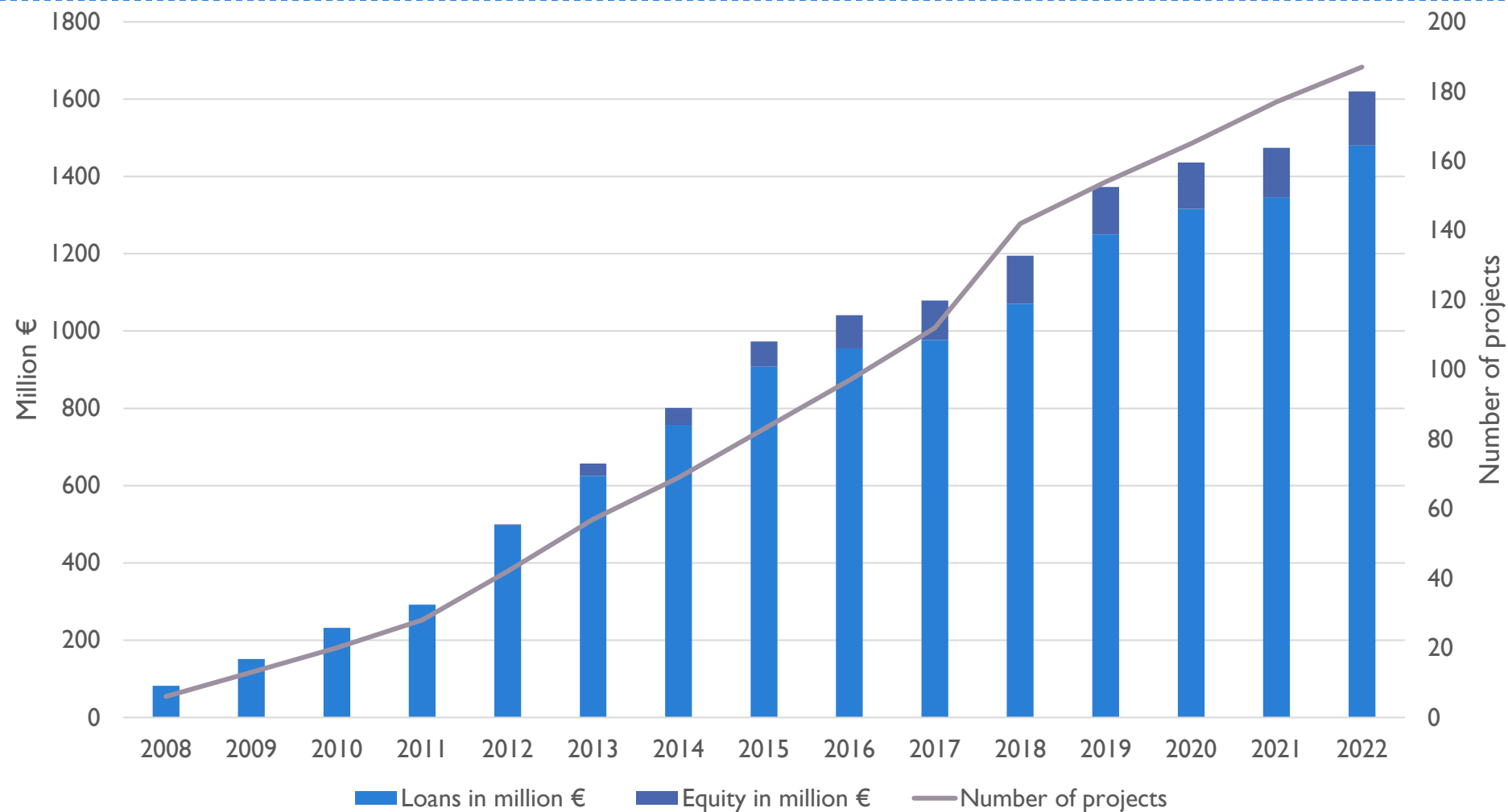
OeEB at a glance

OeEB at a glance

- Founded in March 2008 in Vienna
- Mandated by the Austrian Government as the official Development Bank of Austria
- 100 % private - wholly owned subsidiary of Austria's ECA (OeKB)
- Finances investments of private companies in developing countries & emerging markets

Key Figures	2022
New commitments (Financing & Equity)	EUR 304 million
Committed Portfolio (Financing & Equity)	EUR 1.62 billion
Total assets	EUR 1.348 billion
Operating profit	EUR 6.7 million
Profit for the year	EUR 3.65 million
Staff	73
Standard & Poor's Rating	AA+

Committed portfolio 2022: EUR 1.62 billion

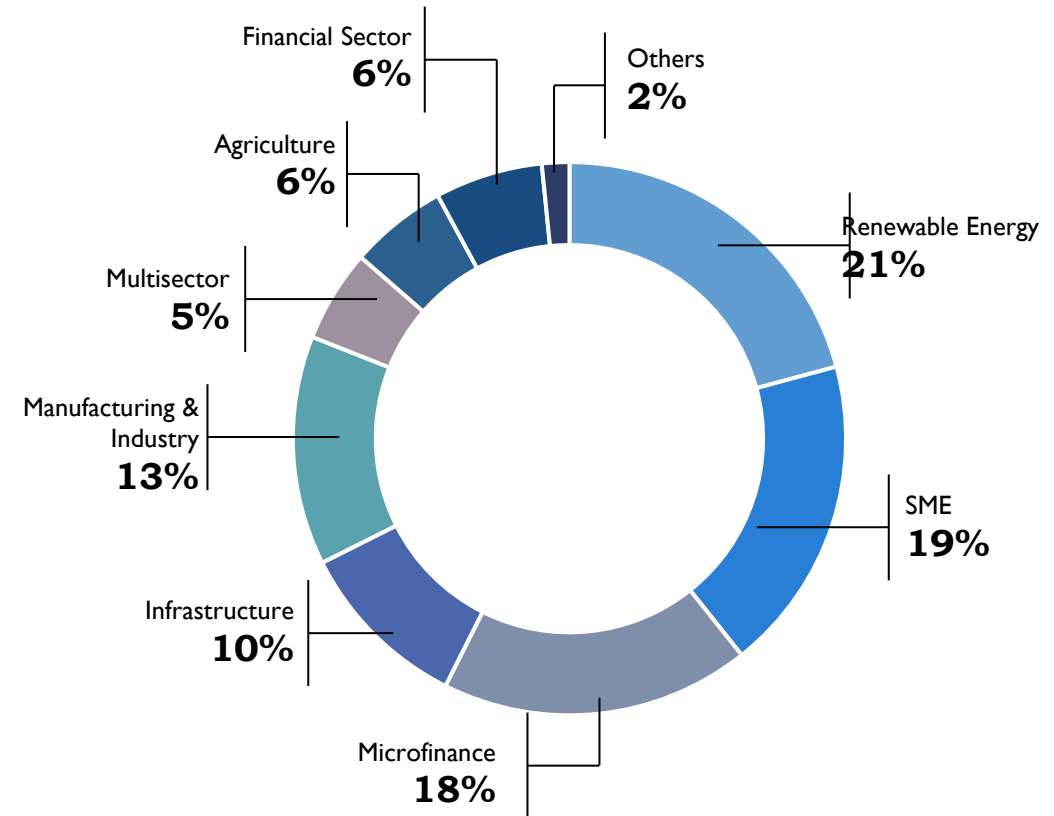
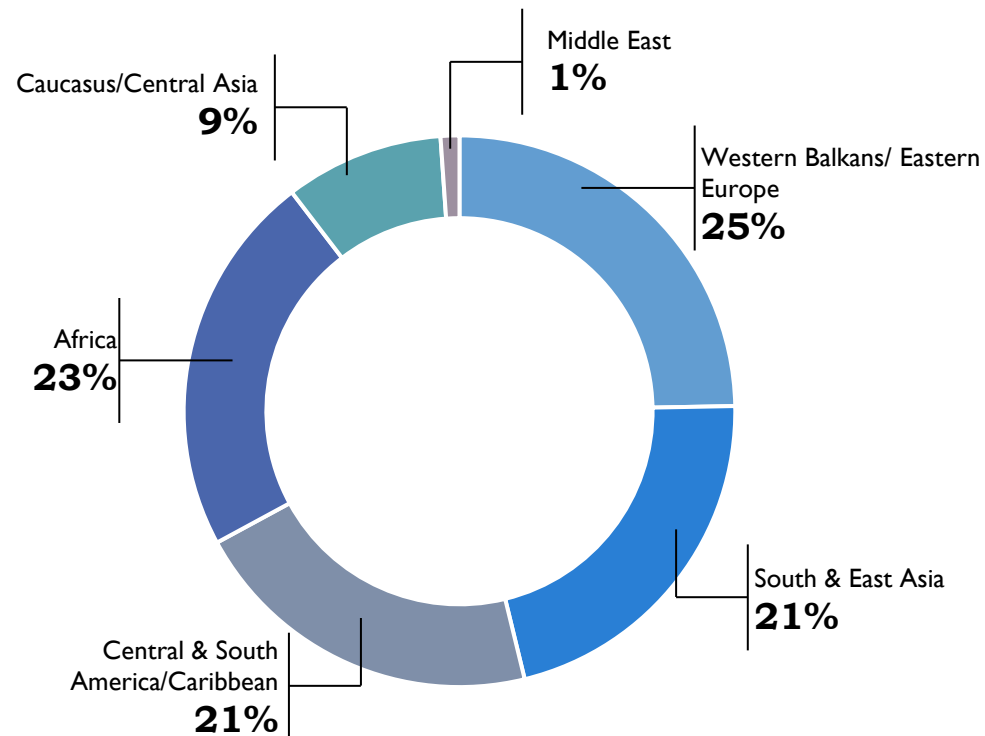


figures as of 31/12/2022

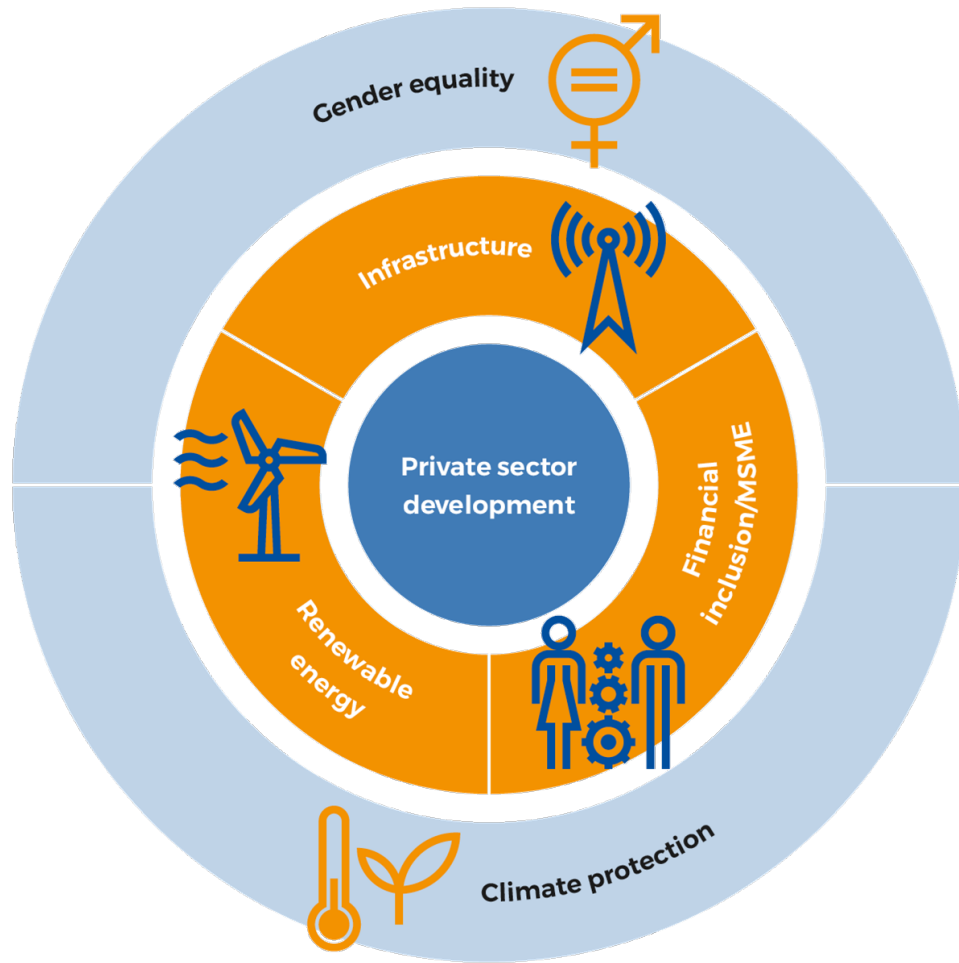
Portfolio by region & sector

Loans and equity participations

EUR 1.62 bn as of December 31, 2022



Our strategic focus



- Through our investments, we contribute to strengthening the **private sector** in developing and emerging countries.
- In doing so, we focus on the following sectors:
 - **Renewable Energy,**
 - **Micro, small and medium-sized enterprises (MSME) / financial inclusion and**
 - **Infrastructure.**
- In all our projects, we particularly emphasize two cross-sector issues: contributing to **climate protection** and increasing **Gender Equality** in developing and emerging countries.

Our contribution to achieving the SDGs

The Sustainable Development Goals (SDGs) serve as the central point of reference for our strategic positioning.



3. Shedding light on

Climate Finance, Method, Figures & Mobilisation

Accelerating climate investments

With several **weather extremes, devastating human and natural systems** around the globe, the year 2022 showed the **increasing negative effects of climate change** and warned of tougher consequences yet to come. Amidst the several crises the world has been facing in recent years, **tackling climate change remains an urgent priority.**

- ▶ **Developing countries**, who themselves have contributed the least to climate change, are **hit particularly hard** by it. A report published at COP27 estimates that developing countries need to secure an **additional USD 1 trillion per year in external financing by 2030** to meet the projected investment needs to cut emissions, boost resilience, deal with damage from climate change and restore nature and land.
- ▶ **Article 2.1.c** of the Paris Climate Agreement specifies term **climate mainstreaming**, i.e. all inter/national financing flows must be consistent with the objective of limiting global warming to a maximum of 2/1.5°C and thus contribute to development with low emissions of greenhouse gases.
 - ▶ Incl. commitment needed to support technologies which emit as little CO₂ as possible as part of projects which do not explicitly target climate protection.

Tracking Climate Finance

- ▶ Basis: OECD DAC **Rio Markers for Climate Handbook**
- ✓ **Rio-Marker** mark implementation of **Rio-Conventions**
- ✓ Convention Fight against Climate Change (**UNFCCC**) → **2 marker relevant**
 - ❖ **ADP** Adaptation to changes against climate change (= **ADAPTATION**)
 - ❖ **FCC** Reduction of emission (= **MITIGATION**)
- ▶ **Financial contribution** in line with rationale of UNFCCC → Marker 1 or 2 (count as 100% or 50%)
- ▶ **Comittment based approach**
- ▶ Prj in Renewable Energies relate to **SDG 7** affordable and clean energy and **SDG 13** climate protection

- ▶ OeEB has anchored **climate protection as a cross-sector focus** in all its investments and aims to invest an average of **40% of new business in climate-related projects**.
- ▶ **Possible trade-offs** between the goal of contributing to **economic growth and taking measures to combat climate change (SDG 13)**.

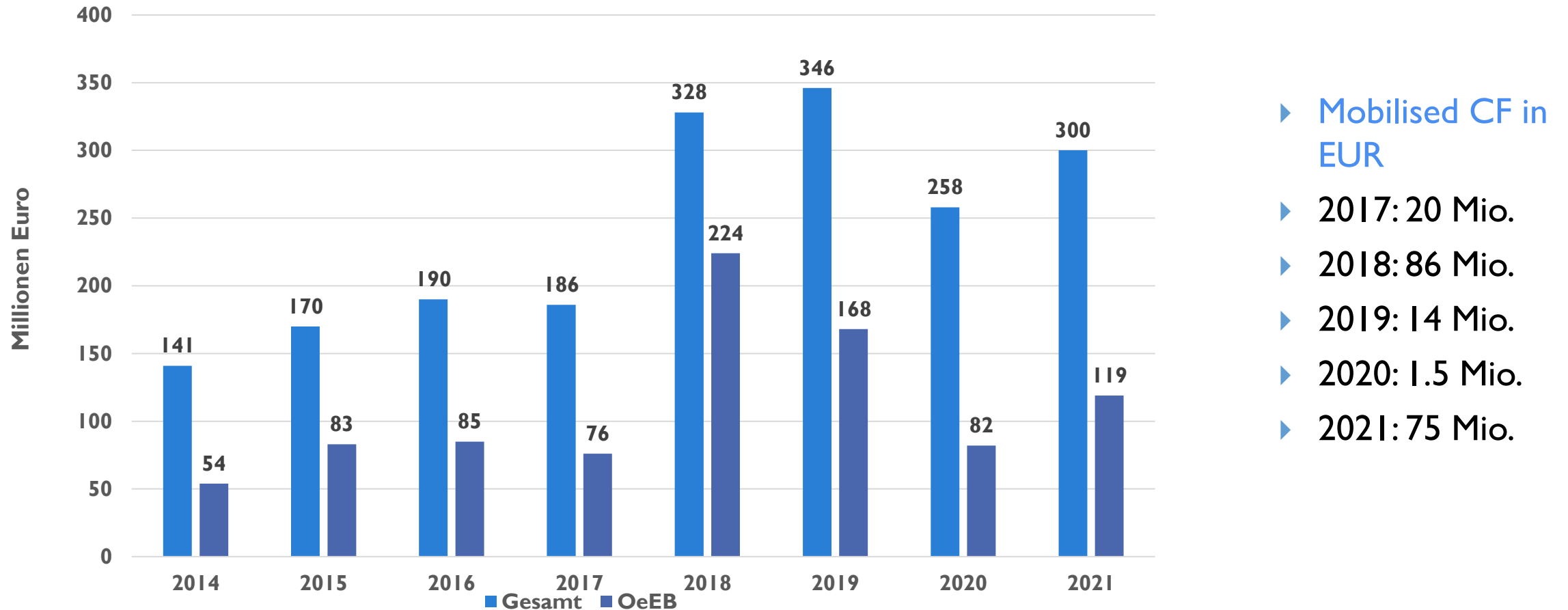
MITIGATION

- ▶ It contributes to the objective of **stabilisation of greenhouse gas (GHG) concentrations** in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system by **promoting efforts to reduce or limit GHG emissions or to enhance GHG sequestration.**

ADAPTATION

- ▶ It intends to **reduce the vulnerability of human or natural systems to the current and expected impacts of climate change**, by maintaining or increasing resilience, through increased ability to adapt to, or absorb, climate change stresses, shocks and variability and/or by helping reduce exposure to them. (incl. activities such as information and knowledge generation, capacity development, planning and the implementation of climate change adaptation actions.)

AT contribution to Internationale Climate Finance



- ▶ Mobilised CF in EUR
- ▶ 2017: 20 Mio.
- ▶ 2018: 86 Mio.
- ▶ 2019: 14 Mio.
- ▶ 2020: 1.5 Mio.
- ▶ 2021: 75 Mio.

* preliminary figures

3. Illustrating

playing field & partners

Our project requirements

- ▶ A potential project shall
 - ▶ be located in a developing country (according to OECD DAC-list)
 - ▶ be predominately in the private sector (PPP possible)
 - ▶ be commercially self-supporting (profitable)
 - ▶ demonstrate positive development effects for the host country (e.g. creation of jobs, investments in renewable energy, resource efficiency...)
 - ▶ fulfil international best practice environmental & social standards
- ▶ OeEB is not tied to Austrian investments and/or supplies and services – however, takes into consideration Austrian foreign policy and foreign economic interests

Our Services

IF | Investment Finance

- ▶ Long-term loans
- ▶ Risk participations
- ▶ Credit lines for financial institutions with a specific loan purpose

EP | Equity Participations

- ▶ Equity participations in private equity funds or companies
- ▶ Shareholding amounts to a maximum of 25%

BAS | Business Advisory Services

- ▶ Non-refundable funds
- ▶ Measures to enhance developmental impact of OeEB-financed projects

AAIF | African-Austrian SME Facility

- ▶ Supports primarily EU SMEs in setting up companies or implementing projects in Africa
- ▶ Equity & mezzanine capital, technical assistance

European Development Finance Institutions (EDFI)

A group of **15 bilateral institutions**, operating in **Developing Countries** and **Emerging Markets**, mandated by their gvts to **foster growth in sustainable businesses** → help reduce poverty → contribute to SDGs → by promoting economically, environmentally and socially sustainable development through investing in profitable Private Sector enterprises.

The Electrification Financing Initiative (ElectriFI) is a **blending facility** funded by the EU, managed by the EDFI Management Company. ElectriFI aims to **unlock, accelerate and leverage private sector investment** to **improve access to affordable, reliable, sustainable and modern energy** in developing countries.

EDFI ElectriFI aims to **accelerate the development of businesses providing access to clean energy** to hundreds of millions of people by 2030. ElectriFI's **unique business model** relies on EU funding so that it **can invest in local markets in poorer economies** and fragile situations. By combining TA and risk capital, EDFI ElectriFI can take greater risks.

EDFI ElectriFI's activities **de-risk investments and allow private investors and development finance institutions** to deploy capital that they could not have invested otherwise.

A collaborative approach to building markets through partnerships and enable mobilisation

The facility is funded by the [European Union](#), Power Africa, Sweden and Italy. Total size: EUR 253 Mio.

The Interact Climate Change Facility

- ▶ ICCF finances renewable energy and energy efficiency projects in the private sector in developing countries and emerging economies.
- ▶ ICCF seeks to **promote the use of renewable energy and clean technologies** as well as **energy efficiency** by providing long-term financing. By expanding **access to clean, reliable and affordable electricity**, where the demand for electricity is often larger than supply, to boost economic growth, to create new jobs and promote a more equitable distribution of income.
- ▶ ICCF also aims to **act as a catalyst to attract additional financing**, especially in the **energy sector** in developing countries. ICCF is an **innovative co-investment facility capable of mobilising** significant amounts of long-term funding for RE and EE projects.
- ▶ ICCF contributed to **reducing carbon emissions** by almost **two million per year** and installing 1.147MW of additional renewable energy capacity. Beyond its financing operations to fight climate change, ICCF enables its members to **share their practices and tools**.
- ▶ Since 2011: 35 projects at a value of €478 mio.

4. Providing

examples

Solar Assets Maldives Pvt. Ltd

[OeEB signed a credit line to finance solar photovoltaic projects in the Maldives \(oe-eb.at\)](http://oe-eb.at)

- ▶ OeEB signed a long-term credit line to Solar Assets Maldives Pvt. Ltd
- ▶ The energy supply of the Maldives is currently still largely based on fossil fuels (especially diesel generators). More than 90% of the electricity is generated by fossil fuels which is not only harmful to the environment but also to human health.
- ▶ Swimsol, the Austrian renewable energy company and sponsor in this financing, has developed a floating solar solution for the coastal tropics.
- ▶ OeEB's funds will be used to expand Swimsol's solar asset portfolio in the Maldives.
- ▶ OeEB financing: USD 7 million



Begej Water WWTP (Serbia)

[Begej Water WWTP \(oe-eb.at\)](http://oe-eb.at)

- ▶ OeEB provided funds for the planning, development, construction and commissioning of a new sewage treatment plant with a final capacity of up to 25,000 m³ per day in the city of Zrenjanin.
- ▶ This project will treat/purify all the sewage from the city of Zrenjanin to an irrigation quality level and transfer the liquid part to the Begej river. The exiting treated water is suitable for agriculture.
- ▶ OeEB financing: EUR 24,8 million



Solar Energy Transformation Fund („SET“)

[OeEB finances off-grid solar solutions in Sub-Saharan Africa \(oe-eb.at\)](http://oe-eb.at)

- ▶ Around one billion people have no access to energy supply, rural regions in Sub-Saharan Africa and South Asia in particular have major deficits
- ▶ SET finances companies along the entire value chain in the field of solar home systems, off-grid solar systems and income generating assets.
- ▶ The majority of the fund's resources will be invested in Africa
- ▶ The aim of the fund is to finance off-grid solar systems in order to improve energy supply and reduce CO2 emissions
- ▶ Financing:
 - ▶ Total: USD 70 million
 - ▶ OeEB financing: USD 7.5 million



Wind farm Bogoslovec (North Macedonia)

[OeEB co-finances first private wind park in North Macedonia \(oe-e-b.at\)](https://www.oe-e-b.at)

- ▶ Northern Macedonia's energy supply is largely based on coal, and the country depends on electricity imports to meet its electricity demand
- ▶ In order to strengthen the country's energy independence and supply stability, the government is focusing on RE
- ▶ Together with Erste Group and local banks, OeEB co-finances the construction of the country's first private wind farm near the village of Bogoslovec
- ▶ Once complete, the eight wind turbines are expected to generate enough green electricity to supply over 15,000 households, resulting in 80,000 tons of avoided CO₂ emissions annually
- ▶ OeEB financing: EUR 10.04 million



Lendable Fintech Credit Fund I

[Lendable MSME Fintech Credit Fund \(oe-eb.at\)](http://oe-eb.at)

- ▶ OeEB provides funds for the Lendable Fintech Credit Fund I.
- ▶ The fund focuses on fintech companies providing credit and payment solutions for micro-enterprises and SMEs.
- ▶ OeEB's funds are used to finance micro, small and medium-sized enterprises that have little or no access to financial services.
- ▶ OeEB financing: USD 10 million





5. Future outlook



mobilizing climate finance for development

Partnerships for the Goals

- ▶ The 17 **SDGs** have reached their **halfway** mark between their launch in 2015 and finish line in 2030.
- ▶ **Overlapping worldwide crises** have dramatically slowed or even **reversed progress**. With an annual financing **gap** estimated at **USD 4 trillion**.
- ▶ The **availability of resources is decreasing**. In order to get back on track and deliver meaningful progress for people and the planet by 2030, urgent action is needed. No source of financing on its own will be sufficient.
- ▶ → **Mobilizing private finance** for sustainable development, as targeted in SDG 17, therefore **remains critical**.
- ▶ **Development Finance** Institutions play a **crucial role** in mobilizing private investors.
- ▶ Figures on OeEB's achievement in mobilizing private capital for joint investment projects vary substantially between EUR 7.64M and EUR 134.34M

Mobilising through Partnership for Climate Finance

- ▶ Austria's new [international climate finance strategy](#) is envisaged to **include a chapter on mobilisation**
- ▶ [OECD Report on Mobilised Private Finance](#)
- ▶ [How to boost international private climate finance](#)
- ▶ Proactive activities for **liaising with private investors**, offering **preparatory activities** for increasing the incentive for their involvement and to jointly develop and implement projects remain vital and seem to prove effective.



Thank you
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