

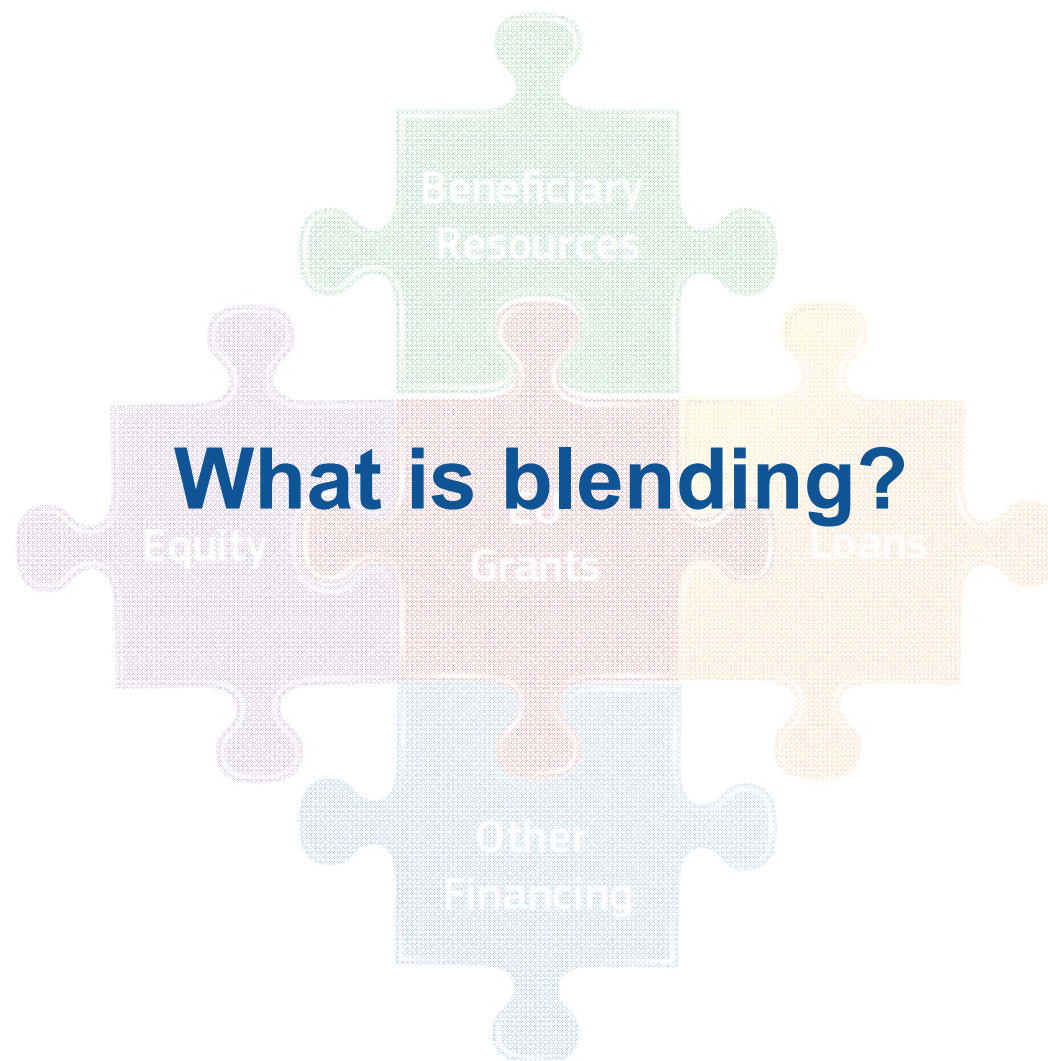


# **BLENDING**

**A powerful tool of  
climate action in EU  
partner countries**



European  
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***Blending is the combination of EU grants with loans or equity from public and private financiers.***

Instrument for achieving EU external policy objectives.  
Complementary to other aid modalities.

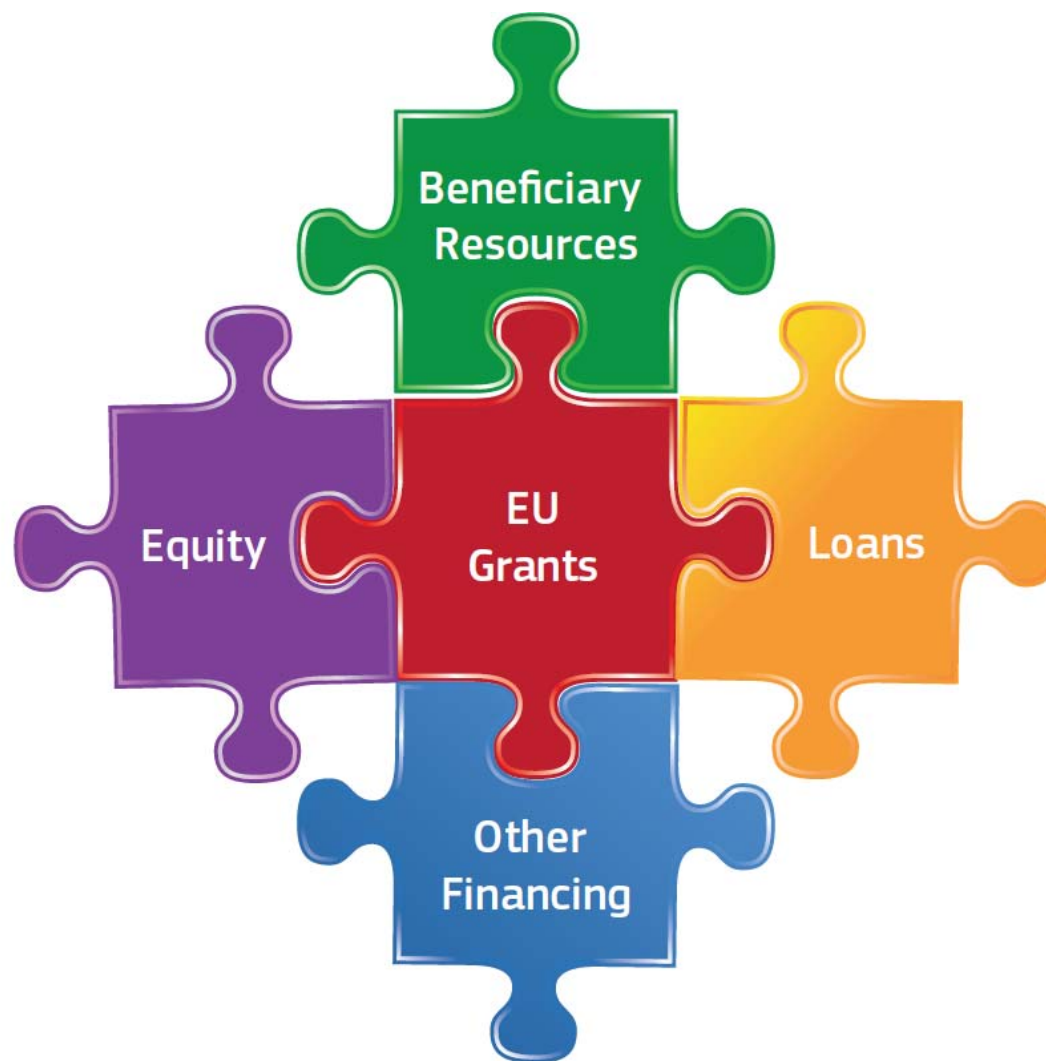
Following relevant regional, national and overarching policy priorities.

EU grant can take different forms:

- Investment grant & interest rate subsidy - reducing the initial investment and overall project cost for the partner country
- Technical assistance - ensuring the quality, efficiency and sustainability of the project
- Risk capital (i.e. equity & quasi-equity) - attracting additional financing
- Guarantees - unlocking financing for development by reducing risk



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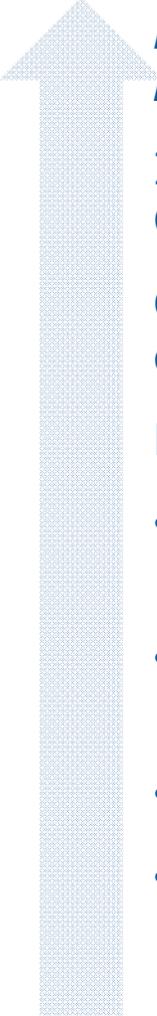




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# Why blending?





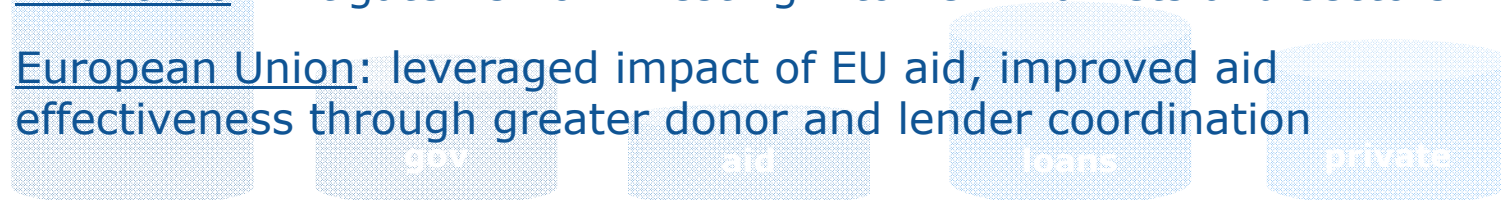
***Blending is an important vehicle for leveraging additional resources and increasing the impact of EU aid.***

Investment needs in EU partner countries are substantial. Government and donor funds are not sufficient to cover these needs.

Countries need to attract additional public and private financing to drive economic growth as a basis for poverty reduction.

Blending offers various benefits to different stakeholders:

- Beneficiary governments: sustainable and affordable way to tap into additional financing for national development priorities
- Final beneficiaries: increased access to public services, infrastructure and credit to increase socio-economic development
- Financiers: mitigate risk of investing into new markets and sectors
- European Union: leveraged impact of EU aid, improved aid effectiveness through greater donor and lender coordination





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# Operations 2007-2013

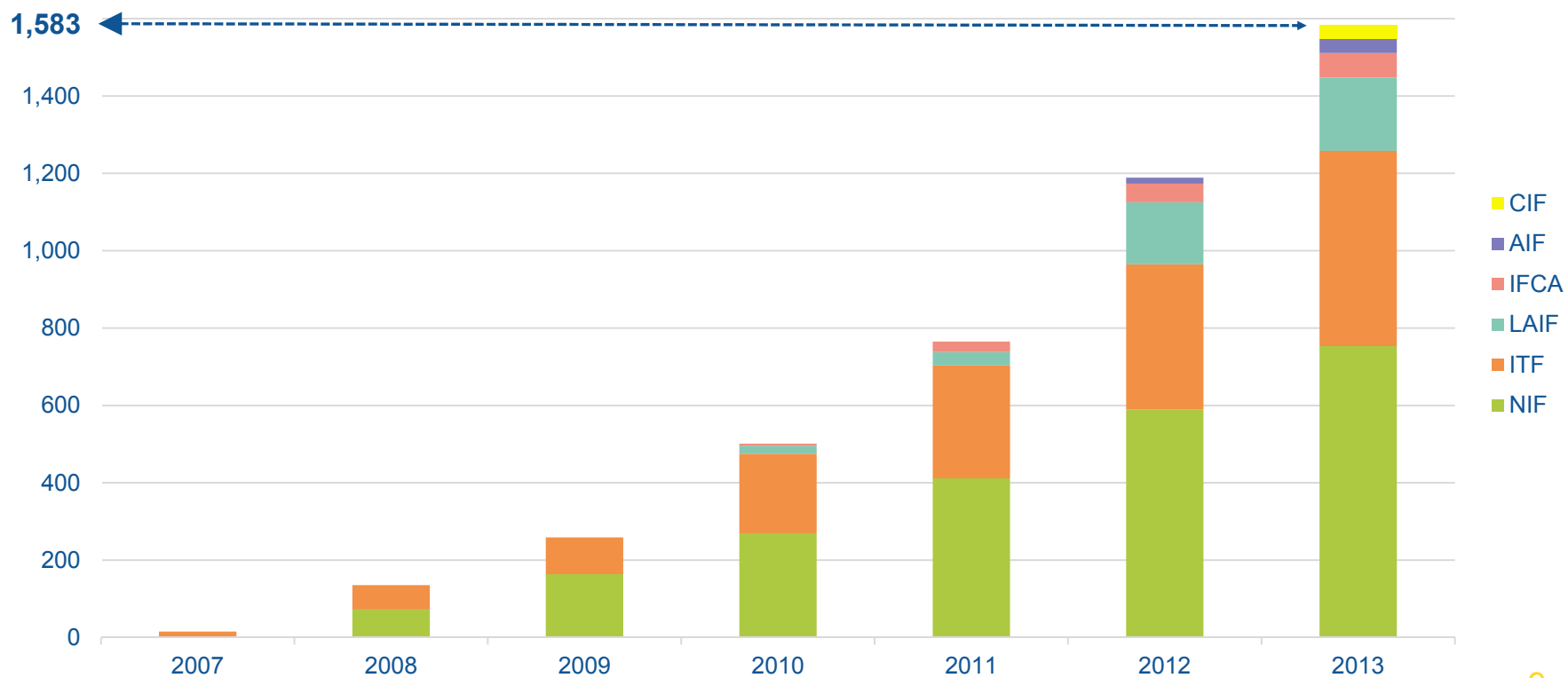


# Blending facilities operational in all regions



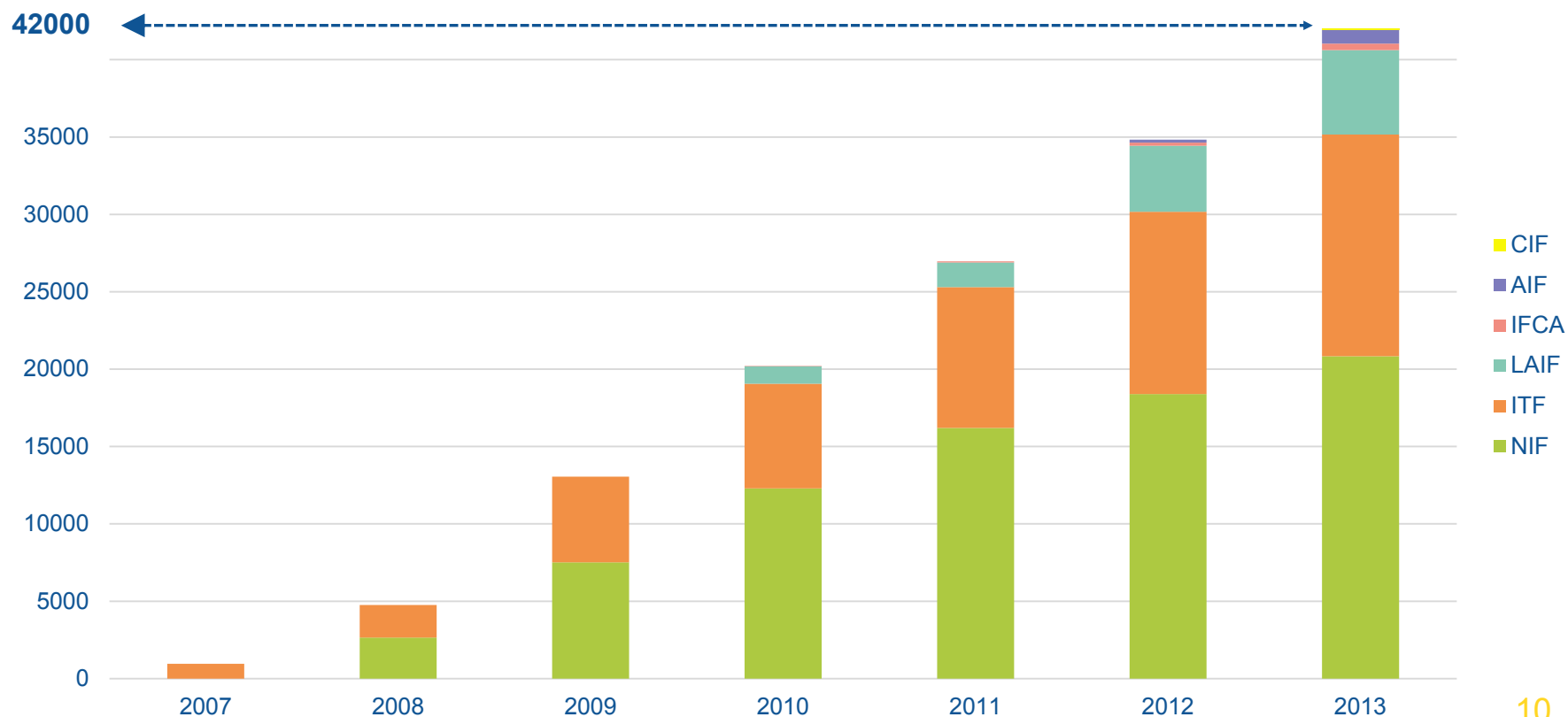
# Annual grant approvals

(in € million, cumulative)

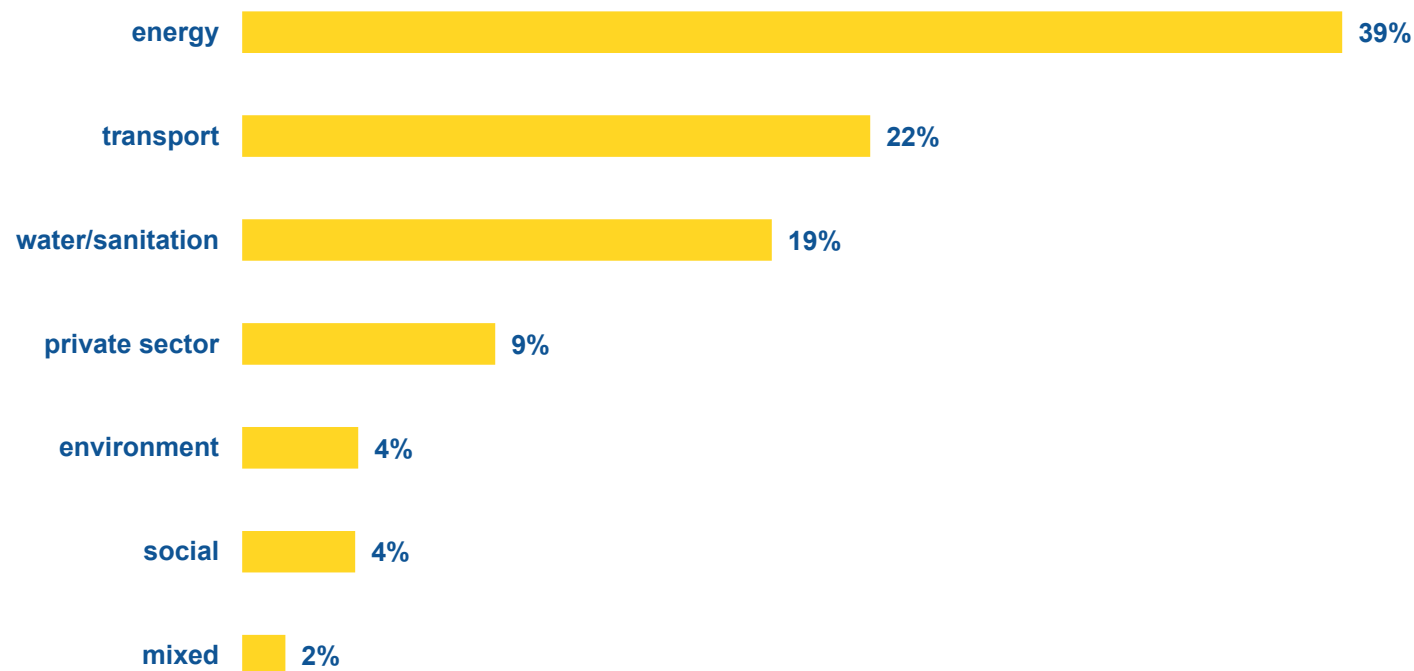


# Annual estimated investment volume

(in € million, cumulative)



# Grant approvals per sector (in %)





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# EU Climate action through blending



***Blending can crowd-in additional public and private financing for climate change action.***

Climate Change Windows in EU regional blending facilities were announced in November 2010 by Commissioners Piebalgs, Hedegaard and Füle.

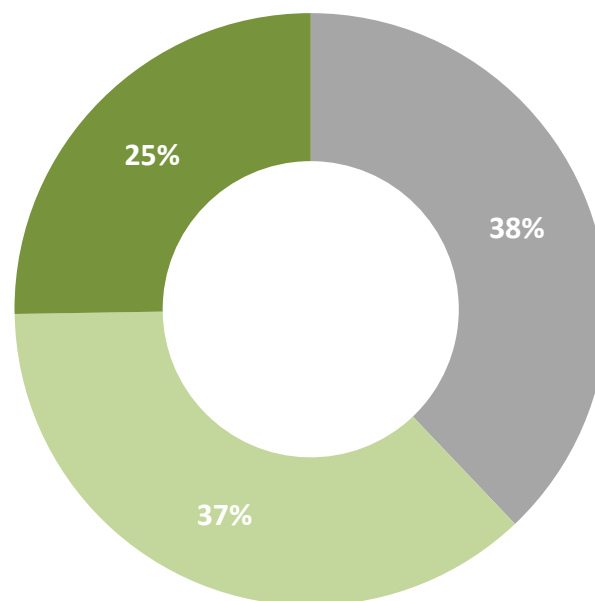
To scale up EU climate finance and ensure transparent tracking.

**About €1 billion** in EU grants has been committed to green projects estimated at **€25 billion**. That is **62%** of all EU grant commitments made since 2007.

Work ongoing in **EU Platform for Blending in External Cooperation** to further increase impact and visibility of EU climate action through blending.



## CCW allow tracking



- No rio marker
- Rio marker 1
- Rio marker 2

## **Ouarzazate solar power plant**

*Project example from Neighbourhood Investment Facility (NIF)*

Solar power plant with initial capacity of 125-160 MW in Morocco. Reduces dependence on energy imports and avoids the generation of at least 250000 tons of CO<sup>2</sup>.



Part of the Moroccan Solar Plan. If fully developed (2GW target capacity), the largest solar power plant in North Africa.

Independent power producer (IPP) to implement the project is determined by MASEN through competitive bidding.

NIF grant to bring down cost of electricity during initial stage.

Total project volume: approx. €807 million

Grant contribution: €30 million

Involved EFIs: EIB, AFD, KfW



**Thank you.**