

# Sweden: European backing for Northvolt's battery gigafactory



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- EIB supports Northvolt's gigafactory for lithium-ion battery cells in Skellefteå, Sweden, with backing from the Investment Plan for Europe.
- EIB financing of \$350 million follows the successful financing of Northvolt's demo line in 2018, which the EIB supported with a €52 million loan.

The European Investment Bank (EIB) has signed a \$350 million loan agreement to support the financing of Europe's first home-grown gigafactory for lithium-ion battery cells, *Northvolt Ett*, in Sweden. The financing is supported by the [European Fund for Strategic Investments \(EFSI\)](#), the main pillar of the [Investment Plan for Europe](#). In 2018, the EIB also supported the establishment of the demonstration line *Northvolt Labs*, which produced its first battery cells in late 2019, and which paved the way for Europe's first home-grown gigafactory.

The new gigafactory is currently under construction in Skellefteå in northern Sweden – a region home to a prominent raw material and mining cluster, which has a long history of process manufacturing and recycling. Noting the region's clean power base, building the factory in northern Sweden will enable Northvolt to utilise 100% renewable energy within its production processes.

EIB Vice-President **Andrew McDowell**, noted: *"Since the creation of the European Battery Alliance in 2018, the EIB has stepped up its support for the battery value chain to order to help build Europe's strategic autonomy in a*

*technology that is key to its competitiveness and low carbon future. I believe that EIB financing support for Northvolt has been a textbook example of how our financial and technical due diligence can help crowd in private investors to visionary projects.”*

European Commissioner Vice-President in charge of the European Battery Alliance, **Maroš Šefčovič**, said: *“The EIB and the Commission are strategic partners under the EU Battery Alliance, working closely with the industry and Member States to put Europe on a firm path towards global leadership in this strategic sector. Northvolt has been among our frontrunners, set to build Europe’s first home-grown Gigafactory for lithium-ion battery cells, with a minimal carbon footprint. By supporting this state-of-the-art project, we also confirm our resolve to boost Europe’s resilience and strategic autonomy in key industries and technologies.”*

*Northvolt Ett* will serve as Northvolt’s primary production site, hosting active material preparation, cell assembly, recycling and auxiliaries. Ramping up to full capacity, *Northvolt Ett* will produce 16 GWh of battery capacity per year in its initial phase, to be scaled up at a later stage to potentially 40 GWh. Northvolt’s batteries are designed to be used in automotive, grid storage, and industrial and portable applications.

**Peter Carlsson**, Co-founder and CEO of Northvolt, said: *“The EIB has played a key role in making this project possible from the very beginning. We are tremendously grateful for the support we have received from them and the European Union. Europe needs to build its own supply chain for large-scale battery manufacturing and the EIB is a true cornerstone of that process.”*

**Northvolt** is a European supplier of sustainable, high-quality battery cells and systems. Founded to enable the European transition to a decarbonised future, the company has made swift progress on its mission to deliver the world’s greenest lithium-ion battery with a minimal CO<sub>2</sub> footprint. Among Northvolt’s industrial partners and customers are ABB, BMW Group, Scania, Siemens, Vattenfall, Vestas and the Volkswagen Group. For more information visit [northvolt.com](https://northvolt.com)

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**[Spain: EIB and Municipality of Madrid promote the city’s first social impact bond, putting Madrid at the forefront of social policy](#)**



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- The aim of this project is to improve assistance for vulnerable people and help them overcome their situation by innovating in the procurement of social services.
- The agreement, supported by the Investment Plan for Europe, will assess the feasibility of social impact bonds to finance measures aimed at reducing homelessness.
- The Municipality will only bear the cost of the project if it is successful.

The European Investment Advisory Hub, funded by the European Commission and the European Investment Bank (EIB), will advise the Municipality of Madrid on the implementation of innovative financing and procurement methodologies aimed at improving the effectiveness of services for vulnerable people residing in temporary accommodation. The agreement, the first of this kind within the context of the [Advisory Platform for Social Outcomes Contracting](#), was signed today in Madrid by EIB Vice-President Emma Navarro and Deputy Mayor of Madrid Begoña Villacís.

Through this agreement, EIB experts will provide the Municipality of Madrid with a comprehensive feasibility study on the launch of a social impact bond, an innovative financing solution aimed at enabling vulnerable groups residing in temporary accommodation to become independent and leave these facilities faster. This would allow a greater number of vulnerable people to access such accommodation. The procurement of service providers would be carried out through social outcomes contracting methodologies, where the Municipality is only required to pay for the services if the objectives are achieved, hence

delivering real impact on the ground through innovative financing instruments.

This contracting and financing methodology ensures transparency and better control over the results, as it is necessary to establish a system of metrics upfront, to measure the extent to which the objectives have been achieved. This will ensure that public policies are effective and efficient, as the administration will only pursue projects that have demonstrated their ability to produce results within the agreed budget.

The agreement has been signed in the context of the Investment Plan for Europe, which enables the EU bank to support projects that present particular value added owing to their nature or structure.

**EIB Vice-President Emma Navarro, who is responsible for the EIB's operations in Spain,** said: *"We are delighted to be supporting the Municipality of Madrid by advising it on this project which will have such an important social impact. The EIB Group and the European Investment Advisory Hub have extensive experience in the development of innovative financing instruments designed to support the effective delivery of social services, such as social impact bonds. We are pleased to be able to share this knowledge with the Municipality of Madrid to help it improve vulnerable people's living conditions."*

**European Commission Executive Vice-President, Valdis Dombrovskis,** said: *"The Investment Plan's Advisory Hub has proven to be a key tool in getting investment projects off the ground. Thanks to the technical assistance it provides, the Municipality of Madrid will be able to give homeless people the helping hand they need to access new opportunities and change their situation. The European Commission is proud to support this social project which has the potential to make an enormous difference to the lives of many."*

**Deputy Mayor of Madrid Begoña Villacís** said: *"The social impact bond puts Madrid at the forefront of social policy, as it will enable us to carry out innovative projects with very little risk. Social entrepreneurs looking to transform our cities know that they can count on the Municipality's support to pilot their projects. This is a very promising form of public-private cooperation, and it is a great triumph for us to be able to count on the backing of the EIB, which we thank for its commitment to our city."*

The support will be provided under the Advisory Platform for Social Outcomes Contracting created in early 2020 and funded by the Advisory Hub. The platform aims to support the development and use of social outcomes contracting methodologies (supported, for example, by social impact bonds and other innovative financing options) as a strategic and operational tool to address social inclusion issues and thus contribute to improving people's welfare across the EU.

The [European Investment Advisory Hub](#) is a partnership between the European Investment Bank Group and the European Commission under the Investment Plan for Europe. The Advisory Hub is designed to act as a single access point to various types of advisory and technical assistance services. It supports the



identification, preparation and development of investment projects across the EU. Its advisers work directly with project promoters to prepare a tailor-made advisory package to support investment projects.

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## [ESMA submits opinion to European Parliament on 2018 discharge process](#)

ESMA submitted an [Opinion](#) on the European Parliament's (EP) observations made in the 2018 discharge process. The Opinion sheds light on concrete actions taken by ESMA, including in relation to supervisory fees for credit ratings agencies and trade repositories, establishing the Proportionality Committee, on investigating dividend arbitrage trading schemes.

In its Opinion, ESMA welcomes the decision of the EP to grant ESMA's Executive Director discharge in respect of the implementation of ESMA's budget for the financial year 2018.

The most recent revision of the ESMA Regulation, under the European Supervisory Authorities (ESAs) review, introduced Article 64(11) requiring ESMA to provide "a reasoned opinion on the position of the European Parliament and on any other observations made by the European Parliament provided in the discharge procedure".

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## [ESMA updates transparency opinions for 3rd country venues](#)

Following the publication of the opinion and the list of third-country venues in June 2020, ESMA has received requests from market participants to assess more venues against the criteria set out in the opinion. The review is now finalised and ESMA is publishing:

- an updated [annex](#) to the opinion related to post-trade transparency, with the list of venues with a positive or partially positive assessment; and
- additional [guidance](#) on the implementation of the list of TCTV venues.

For market participants to automatically process the list of venues included in the annex of both the opinion on transparency and the opinion on position limits, ESMA published them in csv format.

The relevant links related to the opinions and their annexes are now available on a dedicated [webpage](#).

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## **Uganda: 1.4 million Ugandans to access reliable and affordable energy under new EIB – ENGIE initiative**



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- **Scaling up off-grid solar power model for transforming rural energy access across Africa**
- **EIB financing to overcome barriers to 80% of Ugandans without access to electricity**
- **Local currency financing to accelerate PAYGO solution for affordable green energy**

Millions of people, small holders and entrepreneurs in remote villages across Uganda are set to access reliable and cheap electricity for the first time under a new off-grid solar scheme agreed between ENGIE, through its Solar Home System company Fenix International and the European Investment Bank, one

of the world's largest financiers of renewable energy.

*"Access to affordable and clean energy is important to fight poverty, create jobs and empower women and girls. The European Investment Bank is pleased to agree new support for scaling up off-grid solar deployment in East Africa under this new partnership with ENGIE. Over a million people across Uganda will be able to access electricity for the first time that will power communications, provide light and make cooking easier. This scheme will also reduce use of kerosene, charcoal and candles to help families save money, reduce pollution and reduce the risk of accidents. Unlocking sustainable economic and social development through off-grid solar is key for Africa's future and the EIB is pleased to back this project in Uganda." said Ambroise Fayolle, European Investment Bank Vice President.*

*"At ENGIE, we see the massive potential of the off-grid electrification sector as a way to bridge energy gaps across Africa, faster and more affordably. Every day families across Africa are able to access electricity for the first time using off-grid solar technology provided by ENGIE Africa. Our new partnership with the European Investment Bank in Uganda will allow Fenix to provide ultra-affordable PAYGO systems to millions of people in villages across the country. This will provide access to clean solar power and financial empowerment. Providing access to energy in Africa is a huge undertaking but I firmly believe that universal access to energy is achievable in the foreseeable future, through smart investments in a combination of national grid extension, solar home systems and mini-grids. With our off-grid platform, we are industrializing and scaling up the development of a wide range of decentralized solutions, with a sustainable business model. As of now, ENGIE is providing decentralized electricity to more than 4.5 million people in 9 countries through solar home systems from both Fenix and ENGIE Mobisol, as well as mini-grids from ENGIE PowerCorner." said Yoven Mooroven, CEO of ENGIE Africa.*

The European Investment Bank has agreed to provide a USD 12.5 million loan to support the deployment of 240,000 high-quality solar home systems in Uganda by Fenix International, a subsidiary of ENGIE.

### **Solving the last mile challenge to provide power in remote communities across Uganda**

Only one in five Ugandans living in remote and rural communities has access to reliable electricity. By scaling up adoption of off-grid solar technology this new initiative will provide economic, social, education and health opportunities for families and entrepreneurs who cannot be connected to the national electricity network.

Customers will also be able to benefit from Fenix International's service centres that provide support in 30 languages across Uganda.

### **Supporting private sector growth and sustainable development in Uganda**

Following the new agreement between Fenix and the European Investment Bank households, entrepreneurs and small holders across Uganda will be able to

access electricity for mobile phones, solar lighting, refrigeration, radio and television. This will help farmers to sell produce, create new markets for traders and improve health.

Increased provision of reliable and affordable energy will create new opportunities for women and girls and reduce exposure to indoor pollution from current kerosene use.

“The European Union is committed to supporting sustainable economic and social development across Uganda. This new cooperation initiative between the European Investment Bank and Fenix International, a subsidiary of leading European energy company ENGIE, demonstrates the value-added of European engagement with Ugandan partners to advance the country’s development vision. Harnessing renewable energy through innovative off-grid solar technology, combined with productive uses of power in rural areas, is a direct demonstration of the European Union’s green deal for Africa, providing new opportunities for millions of Ugandans.” said Attilio Pacifici, European Union Ambassador to Uganda.

### **Unlocking financial empowerment and overcoming currency barriers**

Provision of a PAYGO model will allow families who would be unable to afford the upfront costs of solar home systems to repay the cost of equipment over years at less than USD 20 cents a day. The new European Investment Bank financing will also allow repayment of equipment purchased in US dollars in Ugandan shillings. Previously currency fluctuations hindered provision of affordable clean energy solutions to Ugandans without access to foreign currency.

“Providing hundreds of thousands of new solar home systems through the PAYGO model will allow our Ugandan team to transform communities across the country. We are proud to be the latest national off-grid power operation to be supported by the European Investment Bank and we will work tirelessly to illuminate homes and provide clean power until all of Uganda can access electricity.” said Daniel Willette, Managing Director Uganda (Fenix)

Customers will also benefit from cheaper costs and easier repayment through use of mobile banking. This will also provide other financial products and allow customers to expand existing equipment as needed.

### **Building on the EIB’s renewable energy track record in Uganda and across Africa**

Over the last decade the European Investment Bank has provided more than EUR 5.4 billion for clean energy investment across Africa.

In recent years the European Investment Bank has been a leading financial for the Bujagali hydropower project in Uganda, the Lake Turkana Wind Farm, Olkaria Geothermal plant and the Radiant and Eldosol solar schemes, as well as financing last mile connections in Kenya. The EIB is also supporting studies to harness hydropower to transform clean energy in Burundi and the Great Lakes region.



**ENGIE** is the largest independent electricity producer in the world, and one of the major players in natural gas and energy services. The Group has more than 50 years of experience on the African continent and has the unique ability to implement integrated solutions all along the energy value chain, from centralized electricity production to off-grid solutions (solar home systems, mini-grids) and energy services. **ENGIE Africa** employs nearly 4,000 people, and has 3.15 GW of power generation capacity in operation or construction. It is a leader in the decentralized energy market, providing clean energy to more than 4.5 million people through domestic solar installations and local microgrids.