

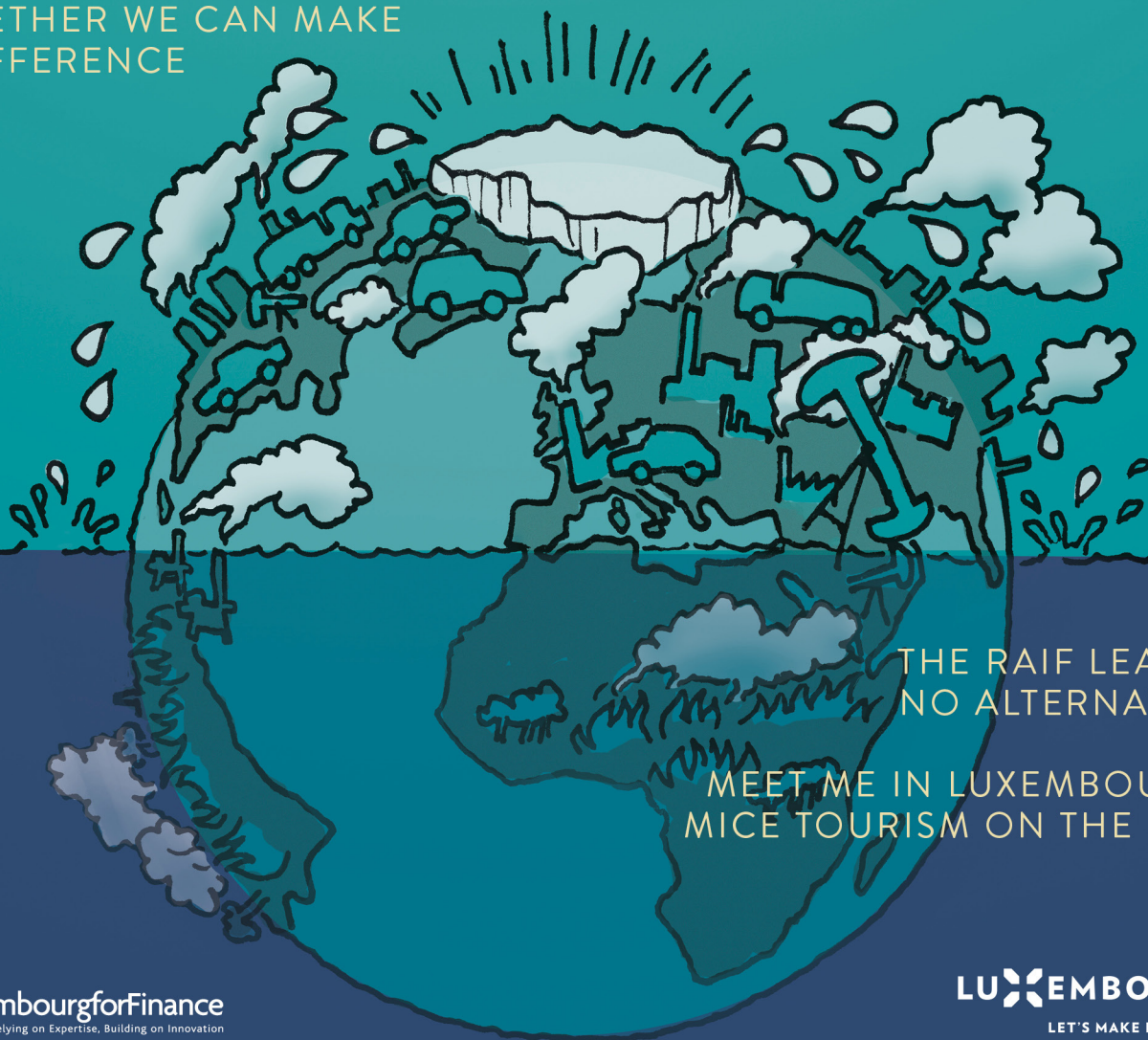
DECEMBER 2016

LEO

THE FINANCIAL CENTRE'S MAG

CLIMATE FINANCE

TOGETHER WE CAN MAKE
A DIFFERENCE



THE RAIF LEAVES
NO ALTERNATIVE

MEET ME IN LUXEMBOURG:
MICE TOURISM ON THE RISE

It gives me great pleasure to introduce you to this new edition of our LEO magazine featuring a special report on the important role the financial industry plays in the global fight to combat climate change, and showcasing how an international financial centre like Luxembourg can really make a difference in this context.

While the reality and the extent of the problem the planet faces has been accepted by all nations since last year's COP21 meeting in Paris, the means to fight it may take different shapes and forms and include obviously a financial dimension. Indeed as the articles of this magazine explain, financing all the necessary projects will go far beyond the means available to governments and will require private money to be invested as well. Not only will this be necessary, it will make good business sense as it will be directed towards investments for the future.

This then brings the financial industry in general and financial centres in particular to the fore. They have a particular role to play to help structure these investments, develop new products and connect investors with climate finance projects. Luxembourg takes great pride in the pioneering role it has taken in this particular area since 2007 when it listed the first ever green bond. Aware of its responsibility as an international centre for green finance, whether in green

securities listings or environment and climate-related funds, Luxembourg is committed to continue leading and showing the way. It has done so in recent months by launching initiatives such as a climate finance platform in partnership with the EIB, the world's first green securities exchange, or a fund label dedicated to climate finance. And it will continue to innovate with the imminent launch of a green bond label and, the next step of building an accelerator dedicated to helping innovative climate funds to grow and reach international investors.

You will also find articles in this magazine on other areas where Luxembourg can boast innovation.

One of these focuses on the latest addition to Luxembourg's well known toolbox of investment vehicles: the Reserved Alternative Investment Fund or RAIF, which only a few months after its launch, is seeing strong client demand. The other relates to financial technology where Luxembourg is making steady progress as demonstrated by our story on a project to apply block-

chain's distributed ledger technology in the investment fund industry.

Finally, we highlight in the last article Luxembourg's role as an up-and-coming destination for conventions and meeting tourism. Given its state-of-the-art infrastructure in this area Luxembourg is rapidly climbing the ladder in this very demanding segment of the tourism industry.

Let me take this opportunity to wish all of you and your loved ones all the best for the festive season and the new year.



NICOLAS MACKEL,
CEO, LUXEMBOURG
FOR FINANCE



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GET IN TOUCH ON TWITTER - @LUXFINANCE

NASIR ZUBAIRI APPOINTED CEO OF THE LUXEMBOURG HOUSE OF FINANCIAL TECHNOLOGY (LHOFT)



“I am excited to be working with the stakeholders in the Luxembourg community to progress FinTech innovation. Luxembourg has great potential for FinTech thanks to its concentration of knowledge, resources and firms, its accessibility, its welcoming business environment and its robust, consultative, regulatory environment.”

TOP 10

Luxembourg ranks in the top 10 countries for attracting and sustaining talent in the latest IMD World Talent Ranking 2016. The country is particularly well positioned in indicators such as its pupil-teacher ratio for primary education (1st), remuneration in services professions (4th), international experience (5th) and language skills (5th).

M&G LOOKS TO LUXEMBOURG AFTER BREXIT VOTE

M&G Investments, a leading international asset manager, announced that it plans to build a new investment division in Luxembourg to hold on to its mainland European investors after Britain's vote to leave the EU.

2 NEW CHINESE BANKS FOR LUXEMBOURG

TWO CHINESE BANKS, CHINA EVERBRIGHT BANK AND SHANGHAI PUDONG DEVELOPMENT BANK, HAVE CONFIRMED THEIR INTENTION TO SET UP A PRESENCE IN LUXEMBOURG IN ORDER TO SERVE THE EUROPEAN MARKET. IF APPROVED BY THE CHINESE AND LUXEMBOURG REGULATORS, THIS WOULD BRING THE TOTAL NUMBER OF CHINESE BANKS IN LUXEMBOURG TO EIGHT.

LUXEMBOURG TO DEVELOP A NATIONAL BLOCKCHAIN INFRASTRUCTURE

PRIME MINISTER XAVIER BETTEL ANNOUNCED THE LAUNCH OF THE INFRACHAIN INITIATIVE TO PREPARE THE LUXEMBOURG ECOSYSTEM FOR BLOCKCHAIN TECHNOLOGY. FIVE PUBLIC AND PRIVATE PARTNERS SIGNED A MEMORANDUM OF UNDERSTANDING TO BEGIN WORK IMMEDIATELY ON A NATIONAL BLOCKCHAIN INFRASTRUCTURE PROJECT.



ALAIN KINSCH,
COUNTRY MANAGING PARTNER,
EY LUXEMBOURG

THE RAIF LEAVES NO ALTERNATIVE

LUXEMBOURG LAUNCHED THE RESERVED ALTERNATIVE INVESTMENT FUND (RAIF) IN JULY, A GAME-CHANGING INNOVATION IN THE TOOLBOX THAT HAS ALREADY BECOME A FIRM FAVOURITE WITH INTERNATIONAL INVESTORS. THIS IMMEDIATE SUCCESS HAS SHOWN THAT THE RAIF LEAVES ASSET MANAGEMENT GROUPS NO ALTERNATIVE BUT TO CONSIDER LUXEMBOURG WHEN FULLY DEVELOPING THEIR FUND SERVICE PLATFORMS.

FIVE MONTHS ON, WE TAKE A LOOK AT WHAT MAKES THE RAIF SO DIFFERENT FROM OTHER FUNDS.

THE ORIGINS OF RAIF

Traditionally, Luxembourg's fund management industry was modelled on product regulation, meaning that all of the country's investment funds were subject to the authorisation and on-going supervision of Luxembourg's financial regulator, the CSSF.

However, with the introduction of the Alternative Investment Fund Managers Directive (AIFMD), this is no longer the case with regulation now focusing on fund managers rather than their products. This has led to the development of the RAIF, which is regulated by the asset manager and can be passported across the EU.

"The RAIF was created following discussions among practitioners," says Jacques Elvinger, Partner and Head of Investment Funds at Elvinger Hoss Prussen. "In the aftermath of the financial crisis, we realised that the AIFMD would bring important change in Europe and the regulation of the managers on top of the fund product would lead to double-layer regulation, which is not always required."

"Although the RAIF is not supervised by the CSSF, it is very much regulated via the AIFMD and RAIF laws," he adds. "Also the fund manager, depository, administrator, domiciliary agents are all subject to supervision. They need to make sure that they provide their services in line with the law."

Because the RAIF was created in Luxembourg and is subject to local regulations, the central administration and registered offices of the funds must be based in the country, explains Freddy Brausch, Partner in the Investment group at Linklaters.

"One must be mindful of the overall Luxembourg legal environment to properly deal with the RAIF, especially when the structure is set up from abroad," he adds.

THE NEED FOR SPEED

One of the major attractions of the RAIF is the speed in which new funds can be launched, says Alain Kinsch, Country Managing Partner at EY Luxembourg.

"The RAIF is a game-changer because certain structuring features such as segregated compartments are available."

ALAIN KINSCH

“Don’t fall into the trap of putting a Ferrari in the hands of a newly licensed driver that might crash in the first curve.”

FREDDY BRAUSCH

“As soon as the manager has a license, the RAIF can be launched without having to go through the CSSF process every time,” he adds. “Especially private equity, real estate and hedge fund managers often have small structures and the fact that they don’t have to invest extra time and resources on regulatory processes at the level of the fund is of course a significant advantage. The RAIF helps them to gain time and save costs. As soon as they are approved and have obtained their license, they can proceed very quickly with each product launch.”

Also Mr Elvinger says that the RAIF provides asset managers with the visibility they need to market the funds effectively and inform investors when they will go live.

“Especially in areas like private equity, asset managers prepare documents that need to be approved by the prospective investors,” he adds. “Very often these investors will suggest changes to the documents. In the case of a Specialised Investment Fund (SIF), the fund manager would need to go back to the CSSF, return to the investors, and again to the CSSF with further amendments, which can take a lot of time. The RAIF is much more time efficient. Once the structure exists and you create a new sub-fund or make other changes to the RAIF, you don’t need to go back each time to the CSSF.”

CANNIBALISATION?

RAIF benefits from the same structural flexibility and tax regime as the SIF and Investment company in Risk Capital (SICAR), yet it is not supervised by the CSSF.

“The RAIF is a game-changer because certain structuring features such as segregated com-

partments are available,” says Mr Kinsch. “It allows us to reach out to clients that would otherwise not have come to Luxembourg.”

“The RAIF is the perfect vehicle for doing segregated managed accounts, which are currently very much in demand. For instance, pension funds often want their own product, instead of investing in a fund with other investors. They want the asset manager to create a separate product according to their specific criteria. In case of a traditional fund, it would not make sense to do this for one investor only.”

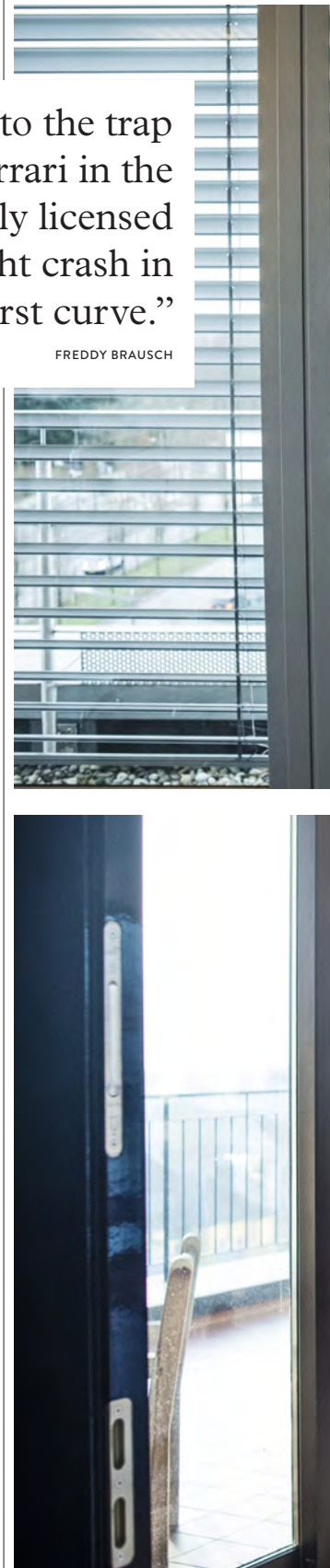
But does this spell the end of the SIF regime? Mr Brausch does not think so and believes that institutions such as sovereign wealth funds and insurers may still want the additional security the older fund models bring.

“If you are a sovereign wealth fund, you do not have a ‘legal’ obligation but rather a ‘moral’ obligation to invest in a regulated product. This allows the manager to show that all necessary precautions were taken and to minimise their own responsibility,” he explains.

FULL PLATFORM

Luxembourg has always been able to strike the right balance between offering a solid structuring framework and keeping innovation at a steady pace.

“Recently, we have noticed that asset management groups are developing a full platform in Luxembourg,” says Mr Elvinger. “A lot of investors were used to invest in offshore structures such as Cayman but in the last years there is a clear preference for European institutional investors to invest in a European vehicle.”





FREDDY BRAUSCH,
PARTNER IN THE INVESTMENT GROUP,
LINKLATERS

Mr Brausch adds: “Luxembourg offers a number of structuring features that are not necessarily available elsewhere and that can be used for the RAIF, such as share classes, umbrella structures, compartments, etc.”

Mr Kinsch agrees. “Compared to other jurisdictions, Luxembourg has taken a more holistic approach. The RAIF is a piece that makes the puzzle complete. Given the high demand for the RAIF, we are currently looking into the compilation of statistics.”

BEWARE INEXPERIENCED DRIVERS

The RAIF can be useful for wealth managers and family offices because it allows them to make flexible transactions.

However, Mr Brausch warns that the client needs to be well advised. He says the RAIF should never be used without doing the necessary checks and stresses that it is always the client who will ultimately bear the risk.

“Yes, the RAIF has possible uses in complex structuring, but not in all cases. For the client’s best interest, the provider has to do his job properly. Don’t fall into the trap of putting a Ferrari in the hands of a newly licensed driver who might crash in the first curve,” he concludes.

LR

FOR MORE INFORMATION CHECK
OUT THE LUXEMBOURG FOR FINANCE
WEBSITE:

- FACTSHEET: HOW TO SET UP A RAIF
- BROCHURE: WEALTH MANAGEMENT



JACQUES ELVINGER,
PARTNER AND HEAD OF
INVESTMENT FUNDS
ELVINGER HOSS PRUSSEN

“I think that any financial industry that involves many actors, that is highly regulated may benefit from Blockchain integration.”

PIERRE GERARD

Investigating the potential benefits of Blockchain to the fund industry

SCORECHAIN, A LUXEMBOURG START-UP WHICH PROVIDES BUSINESS INTELLIGENCE AND BIG DATA FOR BLOCKCHAIN TECHNOLOGIES HAS SET UP A NEW BLOCKCHAIN CONSORTIUM COMPRISING TEN KEY PLAYERS OF THE LUXEMBOURG FUND INDUSTRY. THE AIM IS TO EXPLORE THE POTENTIAL OF BLOCKCHAIN TECHNOLOGY TO IMPROVE EFFICIENCY AND CREATE NEW BUSINESS OPPORTUNITIES IN THE ASSET MANAGEMENT INDUSTRY.

PIERRE GERARD,
CEO, SCORECHAIN

LFF: IN WHAT WAY COULD BLOCKCHAIN TECHNOLOGY BE TRANSFORMATIVE FOR THE FUND INDUSTRY? IS IT A GAME CHANGER?

PG: I think that any financial industry that involves many actors, that is highly regulated may benefit from Blockchain integration. The fund industry in particular, because it requires a high volume of transactions of different types (cash, shares), the management of ledgers, settlement processes and control from auditors and regulators. The promise of the Blockchain is to simplify all these processes. But it's not just about improving the efficiency; it's also to open new opportunities and to rethink part of the value chain. One of the objectives of Fundchain is to identify the first processes that could be managed with a Distributed Ledger Technology. The key challenge will be digital identity (the KYC process) and how you link the current banking system with distributed ledger where assets are digital.

LFF: THERE HAVE BEEN MANY PROJECTS LIKE FUNDCHAIN ACROSS THE GLOBE TO EVALUATE THE POTENTIAL BLOCKCHAIN IMPACT ON DIFFERENT SECTORS. WHAT IS SO UNIQUE ABOUT YOUR INITIATIVE IN LUXEMBOURG?

PG: You're right, and it's really important to have projects involving many actors because the Blockchain needs a network effect, and

as it is a new way to organise business relationships with your partners, we need to work together. Scorechain is also in contact with other initiatives and is part of the "Initiative de place" of the *Caisse des Dépôts* in Paris. What is very interesting in Fundchain is that we focus on asset management – we are one of the first to work on this subject – and we have gathered ten key actors in this industry in Luxembourg, which is the second largest fund centre in the world. We have also decided to release the first proof of concepts before the end of the year.

“What is very interesting in Fundchain is that we focus on asset management – we are one of the first to work on this subject – and we have gathered ten key actors in this industry in Luxembourg.”

LFF: WHAT ARE THE KEY AIMS, OBJECTIVES AND TIMETABLE FOR FUNDCHAIN?

The first objective is to confirm that Blockchain is important for the fund industry but also to identify the time to mar-

ket and which actions should be considered. We want Fundchain to be a leader of this change, and the stakeholders of the projects want to be in the first wave but also to take a competitive advantage in the market. The first mover advantage is very important in a disruption process.

LFF: WHO ARE YOUR PARTNERS IN LUXEMBOURG AND HOW ARE THEY CONTRIBUTING TO THIS PROCESS?

PG: We have already 11 participants, nine “pure players” from the industry (BIL, BNP Paribas, CACEIS, European Fund Administration, HSBC, ING Luxembourg,

“In Luxembourg, it is easy to connect with key decision makers and business leaders, which really helps us to keep momentum so we can keep our first mover advantage.”

PIERRE GERARD

Pictet, RBC Investor & Treasury Services, Société Générale Bank & Trust), PwC and SnT, University of Luxembourg. We have to discuss how we could integrate newcomers in 2017. We have organised several pieces of training, workshops and even a two-day hackathon with 80 participants with business and technical teams.

As a result, we have already a prototype running on Ethereum and have fascinating feedback. We are working directly with the participant's technical teams, so we are already studying how these new developments will integrate into their infrastructure.

To create an actual network effect we need partners from all industry and we are planning a discussion with the financial regulator and also the government. In Luxembourg, it is easy to connect with key decision makers and business leaders, which really helps us to keep momentum so we can keep our first mover advantage.

LFF: LOOKING AHEAD TO 2020, WHAT ROLE WILL BLOCKCHAIN PLAY IN THE FUND INDUSTRY?

PG: I think that we'll see the first Blockchain application in many sectors and certainly

in the fund industry. I am not expecting a big bang but a continuous migration of processes that will be managed with DLT. The question is how long will it take? What part of the industry will be really impacted? I have no crystal ball!

LFF: WHAT ADVANTAGES DOES LUXEMBOURG HAVE IN TERMS OF CREATING A VIBRANT FINTECH INFRASTRUCTURE?

PG: The “Digital Luxembourg” strategy is a key driver for the Fundchain initiative, and we are also very confident that thanks to our work at Scorechain but also with our 11 partners we will be recognised as an important project that can play a huge role in the Fintech sector in Luxembourg. In addition, the initiative to create a trusted Blockchain infrastructure, which was recently announced by the Prime Minister, should be seen as an opportunity for Fundchain. We are very interested in this development as it could work as an accelerator for all Blockchain projects. We are very happy to see the government involvement in the development of a Blockchain ecosystem. On a wider scale, the next step is to see how synergies could be created between Scorechain and Infrachain.

GM

FOR MORE INFORMATION, CHECK OUT THE WEBSITE WWW.FUNDCHAIN.LU

WATCH OUR LATEST ANIMATION
ON CLIMATE FINANCE AND OTHER
VIDEOS ON HOW BEST TO DELIVER
ON CLIMATE CHANGE



CLIMATE FINANCE

CLIMATE CHANGE IS ONE OF THE GREATEST GLOBAL CHALLENGES OF OUR TIME. DELIVERING ON THE PARIS AGREEMENT, REQUIRES COUNTRIES TO IMPLEMENT THEIR NATIONAL CLIMATE PLANS, AS WELL AS INCREASE THEIR AMBITION OVER TIME. ACHIEVING BOTH OF THESE GOALS REQUIRES A KEY ITEM—FINANCE. PUBLIC SOURCES OF FINANCE ALONE WILL NOT BE ABLE TO PROVIDE THE NECESSARY FINANCING. THE PRIVATE SECTOR MUST LEVERAGE INVESTMENT AND TAKE ON THE CLIMATE CHANGE CHALLENGE.

LEADING PLAYERS IN THE WORLD OF CLIMATE FINANCE SHARE THEIR VIEWS ON THE TASK AHEAD AND DISCUSS THEIR INNOVATIVE WORK TO FINANCE A WIDE RANGE OF IMPORTANT ACTIVITIES TO COMBAT CLIMATE CHANGE.



ARNAUD GILLIN,
PARTNER, CO-FOUNDER,
INNPACT



AT THE CUTTING EDGE OF INTERNATIONAL CLIMATE FINANCE

LEADING FIGURES FROM THE CLIMATE FINANCE ACTION TASK FORCE, WHICH BRINGS TOGETHER THE LUXEMBOURG GOVERNMENT AND INDUSTRY, DISCUSS HOW THEY PLAN TO MAKE A CREDIBLE CONTRIBUTION TO THE INTERNATIONAL FIGHT AGAINST CLIMATE CHANGE WHILE AT THE SAME TIME POSITIONING LUXEMBOURG AS AN INTERNATIONAL CENTRE FOR CLIMATE FINANCE.

“What we see post-COP21 is that the bulk of activity, the focus of all our partners in development finance institutions is on climate finance.”

ARNAUD GILLIN

nnpact is a Luxembourg-based consulting company which helps impact finance project developers to find the right financing structure. The firm has set up 14 funds in Luxembourg from the concept design to the actual inception of the investment vehicles.

“We tell our clients, tell us what your investment strategy is, the type of investors you target and we will design and implement for you the best structure that fits your strategy,” explains founding partner Arnaud Gillin. *“Most of the time it's about setting up an investment fund, so our clients are public institutions like the EIB, the World Bank or KfW (the German Development Bank), so relatively large actors in the industry of impact finance, but also foundations, not-for-profits and private and institutional investors, as well as pension funds. Our role is to accompany them in all the different steps you need to go through sequentially when you design a fund.”*

IMPACT INVESTING FOR CLIMATE SOLUTIONS

Two out of three impact funds in Europe are Luxembourg funds. These finance funds need to not only have a financial return but have an environmental or social impact. *"We started with microfinance, then renewable energy and energy efficiency, and now we support different types of climate funds,"* explains Gillin who is currently working with the United Nations on a fund which will invest in the rehabilitation of degraded land.

"There are about two billion hectares worldwide of degraded land that you cannot use to produce anything due to desertification, aggressive agriculture, or deforestation. Every year another 12 million hectares is added. The idea of this fund is to put back this land into productive status and promote sustainable land use practices. This investment strategy contributes to what we call the sustainable development goals."

CLIMATE FINANCE IS FLOWING BUT IT IS NOT ENOUGH

The rehabilitation of degraded land is one of the goals for sustainable development (SDGs) adopted by the UN last year. The aim is to reach land degradation neutrality by 2030.

"What we see post-COP21, post the SDGs, is that the bulk of activity, the focus of all our partners in development finance institutions is on climate finance. Climate finance doesn't mean only renewable energy, but it's a whole broad range of sectors from energy efficiency to water management or climate change adaptation. We see a lot of these projects coming to

us and a lot of actors in this space. They know how to invest, but what they don't know is how to set up the vehicle to channel the money from the various contributors, and that's where Luxembourg comes in."

BREAKING NEW GROUND IN THE FIGHT AGAINST CLIMATE CHANGE

Innpact is part of Luxembourg's Climate Finance Task Force (CFTF) which since early 2015 has been working on the development and implementation of Luxembourg's Climate Finance Strategy, pursuing the double objective of making a meaningful contribution to the international fight against climate change and establishing Luxembourg as an international centre for climate finance. At the forefront of this initiative is Marc Bichler, Luxembourg's Climate Change Ambassador, who promoted the country's efforts at COP21.

"We have to turn to the private sector and leverage investment to take on the climate change challenge," explains Bichler. *"If you have on the one side the political will of being very active in the fight against climate change and the other hand you have a thriving financial centre with all the professional expertise and experience readily available, it would be remiss not to act on it and try to combine these two aspects for the greater good and make a meaningful contribution to the financing of the action against global climate change."*

MOVING FORWARD ON CLIMATE CHANGE


The concrete steps that the government of Luxembourg is making are of a non-financial and financial nature. On

the financial side, 120 million EUR have been earmarked as a contribution to the international fight against climate change, 35 million EUR of which will go, between 2014 and 2020, to the UN's Green Climate Fund. On the non-financial side the CFTF is working to set the right framework, as well as to bring about new initiatives under the Luxembourg Climate Finance Strategy.

"Public budgets will not do the trick, so we have to turn to private investors and to do so we need the right financial instruments. We have worked with the CFTF over the last 18 months to address the legal and regulatory framework and to bring about new strategic partnerships with the European Investment Bank for example, resulting in a Memorandum of Understanding on a Luxembourg-EIB Joint Climate Finance Platform. The Luxembourg Stock Exchange is also the world leader for the listing of green bonds, and the recent launch of the Luxembourg Green Exchange will provide a very solid base for green securities through high quality standards, aiming at transparency and at substance information for emitters and investors," adds Bichler.

THE CHALLENGE OF "SHIFTING THE TRILLIONS"

To live up to the COP21 commitment to keep global warming well below 2°C, trillions of dollars are needed in order to invest in high-impact projects in emerging markets, in developing countries, but also in Western countries for climate action projects. The bottleneck the CFTF has identified is the lack of viable projects structured in the right manner for impact investors.

A full-page portrait of Marc Bichler, a middle-aged man with light brown hair, wearing a dark navy suit, white shirt, and a patterned tie. He is standing with his arms crossed in front of a building with large stone columns and dark-framed windows. The lighting is bright, casting shadows on the wall behind him.

“We have to turn to the private sector and leverage investment to take up the challenge of climate finance.”

MARC BICHLER

MARC BICHLER,
LUXEMBOURG AMBASSADOR
FOR CLIMATE CHANGE

“We need to find and nurture the future fund managers who are specialised in this new sector, and we also need to address fundraising challenges they face”, points out Arnaud Gillin. “There is money waiting to be invested in climate funds, but the requirements are very strict. For example, a pension fund will only invest in a fund that is 200 to 300 million EUR in size, but when you start your first fund, you start at 20 or 30 million EUR. The third challenge is that all these project initiators face a lot of regulatory issues when they want to set up a fund. They don’t understand the Alternative Investment Fund Managers Directive (AIFMD) or the Foreign Account Tax Compliance Act (FATCA) or the Markets in Financial Instruments Directive (MIFID). So what we are envisaging is we need more of these actors in the middle, and that is why the government in Luxembourg intends to establish an accelerator to create the future big players in climate finance.”

PIONEERING CLIMATE FINANCE FUND ACCELERATOR

The proposal of a Climate Finance Accelerator is part and parcel of the Luxembourg Climate Finance Strategy. It speaks to the need of innovation alongside the efforts to consolidate existing expertise and know-how and guarantee quality control of climate investments. The Accelerator is meant to attract new innovative and climate savvy fund managers to Luxembourg. Marc Bichler explains: *“We want to create the champions in this emerging field and each year a number of fund managers can apply, and receive a support package which will allow them to navigate the crucial launch period of their climate related investment fund.”*

AN IDEAL ENVIRONMENT FOR CLIMATE FINANCE

The Luxembourg Climate Finance ecosystem is a complex network of intertwined elements that not only reinforce each other but also jointly strengthen the system as a whole. Luxembourg funds have proven to be an effective way of promoting private and public partnership structures and are currently used in various forms to leverage public money into financially sustainable social and environment impact investments. The Luxembourg Microfinance and Development Fund (LMDF) is a social impact fund which aims to reduce poverty by investing in organisations which encourage entrepreneurship among the poorest. The government-supported fund started small with less than one million EUR of assets under management, but within seven years, it has grown to 30 million EUR. Kaspar Wansleben is Managing Director of LMDF and a member of the CCFT.

LEVERAGING PUBLIC AND PRIVATE FINANCING

“Two years ago we started to think about climate finance very hard, mainly because we are quite often working in countries who have specific needs for adaptation due to high vulnerabilities. We all know we need to do something, but between the global discourse and reality on the ground, we have a huge disconnect, and that is where we came in and developed our fund concept around forestry and climate in tropical forests. The fund tries to address this



A full-page photograph of Kaspar Wansleben, a man with dark hair, wearing a grey suit, white shirt, and blue patterned tie. He is sitting on a dark wooden park bench with his legs crossed at the ankles. A blue textured jacket is draped over the back of the bench to his left. The background consists of lush green trees and foliage, suggesting a park setting. The ground in front of the bench is paved with grey cobblestones and scattered with fallen yellow leaves.

KASPAR WANSLEBEN,
MANAGING DIRECTOR,
LUXEMBOURG MICROFINANCE
AND DEVELOPMENT FUND

“We are in a competitive situation as we are pushing hard to innovate and be an international climate finance centre.”

KASPAR WANSLEBEN

disconnect, and we have worked a lot at the international level on structuring this fund.”

LMDF presented the Forestry and Climate Change Sub-Fund concept during COP21 in Paris last year. It invests in the sustainable management of tropical secondary and degraded forests, generating ecological, economic and social value added including a reduction in greenhouse gas emissions from forestation and climate change mitigation through increased storage.

“We are in a competitive situation as we are pushing hard to innovate and become the climate finance capital in Europe.” adds Kaspar Wansleben. “I think it helps to look at it from two sides. Firstly, it’s a business opportunity. It will bring actors and different competencies and diversity to the Luxembourg financial centre, and on the other hand, it’s a moral obligation and global responsibility. I think it comes back to Luxembourg’s virtues, which is a very pragmatic approach to concrete things, which allows the private sector to find their place to excel in this, and to build a supporting role around that.”

GM



JULIE BECKER,
MEMBER OF THE EXECUTIVE COMMITTEE,
LUXEMBOURG STOCK EXCHANGE

WATCH HOW THE LUXEMBOURG
GREEN EXCHANGE UNLOCKS
GREEN CAPITAL:



Taking forward global climate action

LUXEMBOURG HAS AN IMPRESSIVE TRACK RECORD IN CLIMATE FINANCE TOOLS. GREEN LISTINGS ON THE LUXEMBOURG GREEN EXCHANGE REPRESENT THE HIGHEST NUMBER ON OFFER GLOBALLY. LUXFLAG, THE LUXEMBOURG FINANCE LABELLING AGENCY, OFFERS A CLIMATE FINANCE LABEL TO REASSURE INVESTORS THAT THEIR INVESTMENT WILL CONTRIBUTE TO THE FIGHT AGAINST CLIMATE CHANGE. LUXEMBOURG HAS ALSO LAUNCHED A PIONEERING CLIMATE FINANCE PLATFORM IN COLLABORATION WITH THE EUROPEAN INVESTMENT BANK TO MOBILISE FUNDING FOR PROJECTS THAT WILL HELP MANAGE CLIMATE RISKS.

“The LuxSE aims to become the main centre for sustainable finance in Europe, and it is playing a role in shaping the future of green finance.”

JULIE BECKER

In 2007, the European Investment Bank, headquartered in Luxembourg, launched the first ever green bond, branded Climate Awareness Bond, and listed it on the Luxembourg Stock Exchange (LuxSE). Now, with more than a hundred green bonds listed, in 19 currencies by 21 issuers, LuxSE has set up the world's first platform for environmentally friendly securities. The Luxembourg Green Exchange (LGX), launched in September, already lists green bonds worth over 53 billion USD. The set-up of LGX marks the first time that a stock exchange requires green securities to adhere to strict eligibility criteria.

GREEN BONDS FLOURISH IN THE WAKE OF COP21

“It is a really important step not only for us, but for the whole green finance-focused ecosystem. The green market is growing rapidly, and so is the need for transparency and certainty of the character of green projects. There are no regulatory requirements for green investments in terms of reporting standards on the use of proceeds. That is why both investors and issu-

ers have welcomed our initiative very warmly,” says Julie Becker, Member of the Executive Committee of LuxSE.

New issuance of green securities has taken off since COP21 as the agreement reached there set us towards limiting global warming to below 2 degrees. 2016 was also another record year for labelled green bonds. As estimated by the Climate Bonds Initiative, 2016 total issuance to date of 75.3 billion USD, is close to doubling the 2015 issuance.

“As interest in green bonds grows, the LGX platform provides a dedicated environment where issuers of green securities can market their instruments, communicate on their environmental strategy, and publish information relating to the use of proceeds and their relevant impact on the environment, both at the start and during the lifetime of a security. At the same time, the platform caters to environmentally conscious investors by providing full and unrestricted access to a list of securities that are 100% green,” adds Julie Becker.

“Climate finance is a new sector, and we start from the other end, by asking what we need to do to solve the problem of climate change.”

CHRISTOPHER KNOWLES

SETTING STRICT STANDARDS FOR GREEN SECURITIES

LGX is the first platform that makes industry best practices for green securities a mandatory entry requirement. It is also the only exchange that requires issuers to commit to ex-post reporting after issuance and throughout its life cycle.

“Luxembourg aims to become the European capital for sustainable finance; as a highly engaged exchange, we are already playing an important role in shaping the future of green finance,” adds Julie Becker.

LGX collects, scrutinises and displays all green-related non-regulatory documentation so that investors can access all available information relating to a security listed on LGX. LuxSE is already working on expanding LGX to go well beyond green bonds and also display other types of green securities, like social and sustainable bonds, ESG funds and ETFs.

UNLOCKING GREEN CAPITAL

“Luxembourg aims to become the European capital for sustainable finance; as a highly en-



CHRISTOPHER KNOWLES,
HEAD OF CLIMATE CHANGE &
ENVIRONMENT DIVISION,
EUROPEAN INVESTMENT BANK

gaged exchange, we are already playing an important role in shaping the future of green finance,” adds Julie Becker. Ten years after EIB pioneered and opened the market, it has issued almost 14 billion euro worth of green bonds and is now the world’s biggest player in the green bond market.

“Climate finance is a new sector, and we start from the other end, by asking what we need to do to solve the problem of climate change,” explains Christopher Knowles, Head of the Climate Change & Environment Division at the EIB. *“We then marry this with a more profit oriented approach, what can we now solve with the private sector to alleviate the problem.”*

MOBILISING PRIVATE SECTOR FINANCE

Shortly before the start of COP22 in November, the EIB and the Luxembourg government signed a Memorandum of Understanding, on a joint Climate Finance Platform. The MoU includes a 30 million EUR financial contribution over three years by the Luxembourg Government to the EIB, to be invested in a highly innovative investment funds registered in Luxembourg for maximum impact in the fight against climate change.

“We specifically focus on mobilising private sector money to come on alongside us, but when



MARTIN BERG,
INVESTMENT OFFICER, CLIMATE
CHANGE & ENVIRONMENT DIVISION,
EUROPEAN INVESTMENT BANK

“It is welcome, this ability of the Luxembourg government to come in in a flexible way because it is always like that in Luxembourg. It’s a very pragmatic administration.”

MARTIN BERG

you are addressing some of the biggest challenges, with the highest risks, you need to help mitigate those risks. You need to do that by blending some public tax payers money with our money so as to make the private sector money flow,” points out Christopher Knowles.

During COP22, in Marrakech, the cooperation between Luxembourg and the EIB was lauded as an example of effective mobilisation of additional climate financing. *“It is welcome, this ability of the Luxembourg government to come in in a flexible way because it is always like that in Luxembourg. It’s a very pragmatic administration and we hope it will be a demonstration for other governments to come in and join in,”* adds Martin Berg, Investment officer in the Environmental Funds and Climate Finance Policy Unit at the EIB.

COP22 : FROM AGREEMENT TO IMPLEMENTATION

The Luxembourg government has a priority list of countries, which focuses on high impact investment in some of the least developed countries. The EIB has also identified several investment funds that might be eligible to benefit from financial support from the platform and workshops will be held in the new year to advance the selection process.

“We think most of this Luxembourgish money will go into fund vehicles which are very useful instruments to tackle climate change. They have the advantage that you can be quite specialised,” adds Christopher Knowles. *“For example, the Land Degradation and Neutrality Fund, which is in the process of being set up and is supported by the UN-CCD (the UN agency established to combat desertification). The LDN global fund is looking at how to transform degraded land into economic use. The fund needs to attract private money and some first loss funding, and that is potentially where the Luxembourg government could step in.”*

“The Climate Change Label is helping us to get the message through that our fund is entirely about investing into companies which are environmental companies.”

KARINE HIRN

LUXFLAG LAUNCHES NEW CLIMATE CHANGE LABEL

Luxembourg is continuing to push internationally for more information and transparency on climate finance, and its initiatives are gaining traction with the investment community. In September, the Luxembourg Finance Labelling agency (LuxFLAG) launched a pioneering Climate Finance Label, to provide a quality indicator for investors in funds serving mitigation and adaptation activities addressing the effects of climate change. East Capital, an asset manager, dedicated to emerging and frontier markets is one of the first to have applied for the new label for its East Capital China Environmental Fund.

“Everyone ought to be concerned about the environment, and everyone is wondering what solutions are available,” points out Karine Hirn, a partner of East Capital and CEO of East Capital Asia Ltd, based in Hong Kong. “Transparency is essential to understanding who benefits from climate financing, and how investors’ money is being used. There are some funds which invest into what we call being part of the problem, at the same time as being part of the solution. For instance, funds might invest into utilities which have one part of the business producing renewable energy, but the biggest part depending on fossil fuel, so you think you are part of the solution, but you are indirectly a big part of the problem.”



KARINE HIRN,
PARTNER, EAST CAPITAL

IDENTIFYING FUNDS FINANCING CLIMATE CHANGE

To receive approval to use the new label, East Capital must demonstrate that at least 75% of the fund is invested in activities that mitigate or adapt to climate change. LuxFLAG uses an external audit firm to review the process to reinforce the labelling procedure.

"We have been investing in emerging and frontier markets for soon twenty years. We have from the start considered Environmental, Social and Governance (ESG) risks and opportunities with a focus on governance because we think it's one of the most important features to protect your rights as a shareholder on these markets," says Hirn. "We now have also a thematic environment strategy for China that looks to gain exposure to companies that contribute to providing solutions to the huge environmental challenges in China and globally. The Climate Change Label will help us to get the message through that our fund is entirely about investing into companies which are environmental companies. Investors see this as a credible flag which they associate with accredited green funds. We hope the same levels of criteria needed for this label become a universal standard."

SUSTAINABLE DEVELOPMENT SOLUTIONS TO ENVIRONMENTAL CHALLENGES

East Capital was founded in Stockholm in 1997 and today manages 2.5 billion EUR in public and private equity funds, as well as real estate funds and segregated accounts. Besides its existing range of Swedish funds, East Capital decided in 2007 to launch Luxembourg-domiciled funds in order to better tap international markets. In Luxembourg, East Capital has established a UCTIS man-

agement company and Alternative Investment Fund Manager (AIFM).

Going back to the China Environment strategy, Hirn comments: *"Everyone is aware that China is facing enormous environmental challenges and they are very broad. Take air quality; in most cities the Chinese population is very often breathing in air which is worse than what is allowed in a lounge for smokers in an airport. The society is very aware of the problems and so is the government which has launched a war on pollution. On a yearly basis, China's environmental spending is the size of Denmark's GDP! Many Chinese companies have emerged as innovative leaders in clean-tech and show very attractive growth profiles. We are also investing in renewable energy, both utilities and equipment makers, clean transportation such as electric vehicles and EV batteries, water and waste management, so it's a very broad investment space."*

China has ambitious goals to peak CO2 emissions by 2030 at the latest, lower the carbon intensity of GDP by 60%–65% below 2005 levels by 2030, and to generate 20% of its electricity from non-fossil sources by 2020. Karine Hirn believes that given these targets, China can be a ripe proving ground for making green finance a reality.

"Climate change risks create strong business potential for the companies that are active in this field, and it translates into very attractive stock market opportunities. Chinese environmental companies represent a third of the world cleantech investment universe. Many of them are listed onshore in Shanghai and Shenzhen, the so-called 'A shares' markets, which are opening up to foreign investors. Climate finance is evolving fast, investment products dedicated to the theme will multiply and some of them might be difficult to understand for fund investors."

"The fact that Luxembourg is saying that we are going to go for it and have this green finance ambition is very important because it has an impact on other global financial centres."

KARINE HIRN

MAKING SURE CLIMATE MONEY GETS WHERE IT'S NEEDED

The LuxFLAG Climate Change Label aims to address this lack of transparency, and Luxembourg will continue to play an important role in climate finance, not only at a European level but globally.

"The fact that Luxembourg is saying that we are going to go for it and have this green finance ambition is very important because it has an impact on other global financial centres," adds Hirn. "I think that as far away as in Hong Kong, which is lagging behind regarding green finance, seeing what is happening in Luxembourg could hopefully be a very interesting source of inspiration."

GM

GREEN BONDS: CREATING A BOOM IN INFRASTRUCTURE TO REBUILD THE PLANET

SEAN KIDNEY, CEO OF THE CLIMATE BONDS INITIATIVE, AN INTERNATIONAL NGO WORKING TO MOBILISE DEBT CAPITAL MARKETS FOR CLIMATE SOLUTIONS HAS PLAYED A PIVOTAL ROLE IN HELPING PROMOTE GREEN BONDS AND PUSHING FORWARD THE AGENDA ON ENVIRONMENTAL FINANCE. HE IS ALSO CONSULTANT (GREEN BONDS) TO THE UNITED NATIONS SECRETARY GENERAL AND IS WORKING WITH CHINA'S CENTRAL BANK ON HOW TO GROW GREEN BONDS IN CHINA.

LFF: THE LATEST CLIMATE SCIENCE TELLS US THAT THE WINDOW TO HALT THE DRAMATIC CHANGES THAT THREATEN OUR PLANET IS SHORTER THAN PREVIOUSLY ANTICIPATED. WHAT CAN BE DONE TO STOP CLIMATE CHANGE AND MITIGATE ITS EFFECTS?

SK: If you read the climate science, the nature of the storm unfolding before us is unbelievable. It's terrifying. We are now heading for somewhere between four and seven degrees Celsius warming, according to the International Energy Agency – a conservative body. A world that is seven degrees warmer is not a livable world so we will see a collapse of civilisation as we know it.

But what is also important to understand is that we have the extraordinary gift of a key to the secret door to this cavern that we are stuck in. It is a gift that nearly everything we have to do in the short term is investible and can be turned into an investment, and at exactly at the point in history where we have a world awash with surplus capital looking for investment, more than ever before in the history of mankind.

“If you read the climate science, the nature of the storm unfolding before us is unbelievable. It's terrifying.”

SEAN KIDNEY



SEAN KIDNEY,
CEO,
CLIMATE BONDS INITIATIVE

“The Luxembourg Green Exchange is a place to find your bonds, it’s a market access centre if you like, but to work at scale we need more product.”

It is about creating a boom in infrastructure, building and rebuilding the planet at precisely the time when the capital is there looking for yield. That’s an incredible opportunity, so what I am saying is, finance is utterly central.

LFF: WHAT IS THE MOST IMPORTANT THING LUXEMBOURG CAN DO?

SK: We need to quickly deploy finance to this extraordinary threat to our economy and our future. Luxembourg happens to be one of the global centres of finance, and it does more business with the rest of the world around it than it does by itself, so as Luxembourg starts to act, it can have a ripple effect around the rest of the world.

Luxembourg needs to mobilise its financial sector to become activist enablers and to push for a rapid transition to green finance, as well as a low carbon economy and climate resilience, that would be incredible.

LFF: WHAT ABOUT LUXEMBOURG INITIATIVES, LIKE LUXEMBOURG GREEN EXCHANGE (LGX), THE WORLD'S FIRST GREEN SECURITIES EXCHANGE?

SK: The Luxembourg Stock Exchange is one of our partners, and I am excited because what we need is every financial actor to start building in enabling tools, and they have done it. They have launched a Green Exchange, that will trade nothing but green

securities, and they have established accompanying clear, high-quality indicators to help ensure that bonds go to investments that are relevant to the climate change transition that we have got to achieve, and they are actively promoting the new exchange in the community.

LFF: WHAT MORE DOES LUXEMBOURG NEED TO DO?

SK: What Luxembourg is doing is fantastic. I am very keen to see the government’s long-term plans around green investment, and green infrastructure which I hear is very good. I am very keen to see the steps the government might make to encourage local industry to get more out of the sector. The China banking regulatory commission, for example, has a set of guidelines for banks in China to develop green products as part of their license to operate. Luxembourg could go that far, so it has an opportunity to become a global centre of “green finance.” But it needs to move fast partly because there is overseas competition and partly because the challenge needs to be addressed quickly.

LFF: WHAT ABOUT NEW INTERNATIONAL INITIATIVES?

SK: I am thrilled that two of the big rating agencies, Standards and Poor and Moody’s have released a green rating tool as a discussion paper. I am also thrilled that many of the big institutional investors have made massive commitments to grow their climate-related investments within the regulatory settings they have. They have to do it in a certain way, but they are keen to push it like the insurance industry which has agreed to multiply by ten by 2020 its climate-related investments and

“Luxembourg will benefit by a rapid global shift to green finance, but more importantly to a low carbon and climate resilient economy.”

report to the UN Secretary-General every year accordingly. Now for them to make it work, they need financial centres like Luxembourg to provide what I am going to call “enabling infrastructure”. We are going to have to get the whole industry shifting.

LFF: WHAT IS THE BIGGEST CHALLENGE FOR CLIMATE FINANCE?

SK: We need deal flow because investors are hunting for climate finance products and cannot find them. The LGX is a place to find your bonds, it’s an market access centre if you like, but to work at scale we need more product. It’s like you are in a supermarket and hunting for tins of tuna, but there are no tins of tuna, or at least only a few very big tins of tuna coming out from the European Investment Bank.

“The big job now is to promote the issuance of green bonds, to get the policy makers and issuers moving together.”

The big task now is to promote the issuance of green bonds, to get policy makers and issuers moving together. What underlies that is we need to bring green infrastructure plans forward. It’s the European Commission and the member states within the EU that need to take an increased leadership role here. Within Europe and internationally, especially in emerging economies.

We need to build more railways, to refurbish water systems, green up urban infrastructure, reduce energy use and reduce waste and methane.

LFF: WHAT ABOUT THE FUTURE ROLE FOR LUXEMBOURG AS A CENTRE FOR CLIMATE FINANCE?

SK: Luxembourg will benefit by a rapid global shift to green finance, but more importantly to a low carbon and climate resilient economy that will create products that can be “green financed”, and products that Luxembourg trades. We need to think global, work local, but remember our future is together.

Taking a lead in establishing “enabling infrastructure” is where Luxembourg can make a serious contribution on climate finance. Investment will not come on the scale we need without nations moving on their strengths. That includes the expertise and vision to build a global green trading centre in the heart of Europe. We need to work together to stop massive increases in emissions we continue to experience, which means responding in a myriad of ways to the climate crises which we are going to start experiencing more frequently. Luxembourg is responding.

GM

WHAT YOU NEED TO KNOW:

GREEN BONDS ARE DEBT INSTRUMENTS THAT HAVE BEEN ISSUED TO FUND PROJECTS THAT HAVE POSITIVE ENVIRONMENTAL OR CLIMATE BENEFITS.

100 TRILLION USD BOND MARKET

THE CLIMATE BONDS INITIATIVE IS THE ONLY ORGANISATION IN THE WORLD WORKING SOLELY ON MOBILISING THE 100 TRILLION USD BOND MARKET FOR CLIMATE CHANGE SOLUTIONS.

IN 2007

THE LUXEMBOURG STOCK EXCHANGE BECAME THE FIRST STOCK EXCHANGE IN THE WORLD TO LIST A GREEN BOND.

OVER 54 BILLION USD

LUXEMBOURG GREEN EXCHANGE NOW LISTS 106 GREEN BONDS WORTH OVER 54 BILLION USD.

WATCH WHY THE LUXEMBOURG GREEN EXCHANGE IS THE WORLD’S FIRST AND ONLY EXCHANGE FOR GREEN SECURITIES



THE DOMICILE OF CHOICE FOR SOCIALLY RESPONSIBLE AND IMPACT INVESTMENTS

37%

Luxembourg has the leading European market share of funds with environment strategies.



55%+

of assets in microfinance investment vehicles (MIVs) worldwide are in Luxembourg domiciled funds.



67%

of AuM in European impact funds are domiciled in Luxembourg.

INTERNATIONAL HOME OF GREEN SECURITIES

- The Luxembourg Stock Exchange is the global bond listing leader
- In 2007, LuxSE listed the world's first Green Bond, issued by the European Investment Bank
- The recently launched Luxembourg Green Exchange (LGX) is the first platform dedicated to green securities with enhanced transparency and reporting standards

LUXEMBOURG FUNDS ACCOUNT FOR:

69%

of AuM in renewable
energy funds in Europe



69%

of AuM in water
funds in Europe



63%

of AuM in remaining ecological
investment strategies in Europe



Source: KPMG Responsible
Investing Fund Survey, LuxFlag

GLOBAL LEADER IN GREEN BONDS

Source: Bloomberg, as of 4 October 2016

LUXSE
ALL OTHER
EXCHANGES*
TOTAL

NO. OF
LISTINGS

AMOUNT
ISSUED

113

USD 56,2bn

179

USD 56,8bn

292

USD 113,0bn

*(incl. London, Stockholm, Paris, Oslo, Dublin, among others)

38.7%

Luxembourg accounts
for more than 1/3 of
the world's green bond
listings





PATRICK HOFFNUNG, CEO OF
THE EUROPEAN CONVENTION
CENTRE LUXEMBOURG AND
CHAIRMAN OF CLUSTER MICE
LUXEMBOURG

MEET ME IN LUXEMBOURG: MICE TOURISM ON THE RISE

FOR THE FOURTH CONSECUTIVE YEAR, THE TOURISM SECTOR IN LUXEMBOURG HAS DELIVERED STRONG GROWTH. THIS PERFORMANCE HAS BEEN SUPPORTED BY THE RECENT RISE OF MICE TOURISM (MEETINGS, INCENTIVE TRAVELS, CONFERENCES AND EXHIBITIONS) IN THE GRAND DUCHY.

LFF SPOKE WITH THE HEADS OF LUXEMBOURG FOR TOURISM, CLUSTER MICE LUXEMBOURG AND TWO OF THE LARGEST VENUES IN LUXEMBOURG CITY ABOUT THE UNIQUE SELLING POINTS LUXEMBOURG OFFERS AS A MICE DESTINATION.

BRINGING EVERYBODY TO THE TABLE

"The need to bring Luxembourg-based MICE players under one roof had been in the air for a while," says Jean-Michel Collignon, CEO of Luxexpo - a privately held company founded in 1953 and serving as one of the national venues for events. Once awareness was raised at the political level about the growth potential and strategic nature of MICE, the Ministry of the Economy and Luxembourg for Tourism launched the Cluster MICE Luxembourg (CML), a collaborative platform gathering the major stakeholders of the industry.

"Tourism benefits a wide range of industries: retail, transport, hospitality etc. We felt the need to capitalise on that, thus the creation of the Cluster," explains Romain Weber, chairman of Luxembourg for Tourism (LFT). Indeed, tourism contributed to 7.2% of total employment in 2015, accounting for almost 18,000 jobs. And MICE tourism, though still accounting for a small share of the activity, is on the rise.

According to Patrick Hoffnung, General Manager of the "European Convention Centre Luxembourg" and chairman of the Cluster MICE, *"CML's launch was a necessary first step to develop a quality MICE offer for the country."*

PUTTING LUXEMBOURG ON THE MAP

Luxembourg has often been nicknamed "the best kept secret in Europe". This somewhat applies to the Grand Duchy's notoriety as a MICE destination, as it was until recently often overlooked by the professional conference organisers (PCOs), the destination management companies (DMCs), as well as leading corporate businesses and associations. It suffered in comparison with other European cities like Paris, London or Frankfurt. General Director of Luxembourg for Tourism Anne Hoffmann agrees: *"Luxembourg was not so well-known internationally, aside from professionals of the financial sector."*

Today, the financial sector whose expertise is recognised worldwide, undeniably contributes to the country's MICE industry. Indeed, the high quality of services provided by financial professionals draws international clients to Luxembourg and makes it an attractive destination for MICE events centred on finance. Hence, having this strategic industry as a flagship has helped Luxembourg in making itself known to the rest of the world.

And now, diversification is underway: *"Politicians and business executives are aware of the cross-sectorial need for more visibility and have*

"Luxembourg is now on the map of potential MICE destinations."

PATRICK HOFFNUNG

“As a new player in MICE, Luxembourg benefits from an exotic character that makes it attractive.”

ANNE HOFFMANN

coordinated efforts in that regard,” Hoffmann points out. Luxembourg for Tourism recently held the “Meet Luxembourg 2016” event at the initiative of the Cluster and welcomed more than 120 international decision-makers of PCOs, DMCs, corporate businesses and associations, “most of whom had never been to Luxembourg before,” she says. “With this initiative, we were able to show what our country is really all about.”

This recent focus on promotion is starting to show results: the number of MICE-related overnight stays has increased by 10 % in the past 3 years. During the same period, the ratio of foreign MICE clients at the European Convention Centre (ECCL) has risen from 10% to 25%, reaching the same share of international clients as the convention centres of other European MICE hubs. “We are now on the map of potential MICE destinations,” enthuses Hoffnung.

A LOT TO OFFER WITHIN CLOSE REACH

“It is true that Luxembourg was a bit of a latecomer to the MICE market, but this delay has a certain upside: it gives the destination an “exotic character” as a new player in MICE,” Hoffmann says. “A new destination seen as a credible alternative is always attractive,” agrees Hoffnung.

And Luxembourg does not lack arguments to back up this new, positive exposure: Luxembourg City is a European capital ranked as one of the safest cities in the world, with



ANNE HOFFMANN AND
ROMAIN WEBER, GENERAL DIRECTOR
AND CHAIRMAN OF LUXEMBOURG
FOR TOURISM

a central location in Europe and very good connections via train and airplane. The country's top-notch service providers - notably for transport, hospitality and IT facilities - allow clients to “spend their time on the essential and not on the event's logistics,” according to Hoffmann, and the multicultural and multilingual nature of the population enables foreign clients to be understood and feel at ease. Not to forget the very good mix of history and modernity, urban life and countryside activities.

But all of this wouldn't matter if Luxembourg didn't have the proper infrastructure to host quality MICE events. Fortunately, it does: the ECCL, regularly used as the venue for official EU summits, is a state-of-the-art facility with a capacity of 3,000 and “is considered one of the most beautiful convention centres in Europe,” mentions Hoffnung. In 2016, it welcomed more than 100 events and around 50,000 participants. Luxexpo has extensive experience in event hosting as well, with more than 100,000 visitors annually and around 100 events held each year. These

venues are also highly customisable and thus suitable for all clients' needs.

For Collignon, “it's the ease of reach of all these quality elements that makes Luxembourg the ideal destination for successful MICE events.” Indeed, the financial district “Kirchberg”, where the ECCL and Luxexpo are located, is only ten minutes away from the international airport, five minutes away from the city centre and the old town - listed as a UNESCO world heritage site -, and less than half an hour away from the medieval castles and Moselle vineyards of the countryside. Thus, “it is very easy to have a complete change of scenery during an event and that adds substantial value to it,” Hoffnung says.

In addition, this comprehensive quality offer comes at a relatively low cost, compared to other MICE destinations. “Good value for money is essential in MICE, especially in today's post-crisis period. And that's one of the advantages most frequently pointed out by our clients,” adds Hoffnung.

“Luxembourg is already an ideal destination for smart and green meetings.”

ROMAIN WEBER

GETTING READY TO WELCOME THE FUTURE AND THE WORLD

MICE tourism is all about human relations: connecting people with common or complementary interests in order to build lasting, meaningful relationships is at the core of MICE events. Once again, Luxembourg is well positioned in the matter: “*Clients who come here tell us we are a proud and welcoming country and they can feel our passion for bringing talented and interesting people together,*” reports Hoffnang, saying that “*a much appreciated specificity of Luxembourg is the proximity to decision-makers.*” Whether it is on the political side or from the private sector, it is indeed common to see top-level personalities and executives making themselves available at professional events.

Of course, there is still a lot to be done. “*Clients have become more demanding and we have to adapt our standards to theirs,*” Collignon says. Romain Weber agrees: “*With the Luxembourg Convention Bureau playing the role of a “one-stop-shop”, we’ll reach a milestone and be even more professional, which is essential in such a competitive environment.*” Hoffnang concurs: “*It’s like bidding for the Olympics, every detail matters.*”

Being smart in diversifying the MICE offer will also be key, according to Hoffmann: “*We are now focusing on growth potential sectors like ICT, logistics, research and sustainable development, as they constitute the “sectors of tomorrow.”*”

But Weber points out: “*Luxembourg’s leading position for high-speed Internet combined with the “human scale” of the country already makes it the ideal destination for smart and green meetings.*”

Ultimately, the Luxembourg MICE industry not only attracts clients from the neigh-

bouring countries of the Great Region, but also the rest of Europe and beyond. Hoffnang explains: “*We already have clients from China and North-America, and our recent involvement in bodies like the International Congress and Convention Association (ICCA) proves we are becoming a truly global MICE player.*”

“*We will keep our current client base,*” says Hoffmann, “*keep collecting the “low-hanging fruits” but gradually expand to bigger and more international events.*”

Aware of Luxembourg’s ideal location at the heart of Europe, its first-class infrastructure and the strong growth of MICE tourism, industry professionals now contemplate the future with ambition, looking to build on the country’s numerous unique selling points as a conference destination to keep attracting new clients from all over the world.

VP

“In Luxembourg, all the elements for a successful MICE event are very easy to reach.”

JEAN-MICHEL COLLIGNON



JEAN-MICHEL COLLIGNON,
CEO,
LUXEXPO

UPCOMING EVENTS

2017

16-17.01



10TH ASIAN FINANCIAL FORUM

The Asian Financial Forum 2017 will take place in Hong Kong on 16 and 17 January 2017 bringing together some of the most influential members of the global financial and business community to discuss developments and trends in the dynamic markets of Asia.

Luxembourg for Finance will be present at the Asian Financial Forum 2017 with a booth.

2017

25-26.01

PARIS FINTECH FORUM

Luxembourg for Finance will have a speaking slot and the Luxembourg House of Financial Technology (LHoFT) will be present with a booth at the Paris Fintech Forum to be held on 25 and 26 January 2017 at Palais Brongniart.

Paris Fintech Forum brings together 2000 participants, around 160 CEO's and C-levels from banks, insurance, telco, regulators and FinTech companies from all continents. Over 120 Fintechs from all over the world will be represented in panels, interviews and in more than 100 pitches.

BY SCANNING THE
QR CODE BELOW,
VIEW THE FULL
EVENTS PROGRAMME.



2017

13.02

LUXEMBOURG AND DUBAI: PARTNERS IN GLOBAL FINANCE

Luxembourg for Finance will travel to Dubai (UAE) with a delegation headed by HRH Crown Prince Guillaume accompanied by HRH Crown Princess Stéphanie and led by HE Pierre Gramegna, Minister of Finance of the Grand Duchy of Luxembourg.

Join us for the seminar which will take place from 16:00 to 18:30 at the Hotel Ritz-Carlton, DIFC. Topics covered range from fund industry developments in the GCC and Europe to wealth management solutions for GCC investors. More details can be found on our website.



Coming soon

2017

01.03

FINTECHSTAGE LUXEMBOURG

Following the success of the first edition of FinTechStage Luxembourg held last February, Luxembourg for Finance is pleased to announce the second edition, which will be held on Wednesday, 1 March 2017 at the Cercle Cité in Luxembourg.

The conference is once more a partnership with FinTechStage and Digital Letzebuerg and will address key topics in the area of financial technology including artificial intelligence and trends in financing innovation.

IMPRESSUM

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