

## EXPLORING AN EIB APPROACH TO JUST TRANSITION GLOBALLY COP27 statement

### Background

Mitigating climate change and adapting to its accelerating impacts will require social and economic transitions of an unprecedented scale and speed. While some sectors of the economy could see significant growth, others will have to undergo extensive structural change, or even be phased out altogether, with attendant consequences for workers and others depending on these sectors for their livelihoods. Thus, it must be ensured that people can prosper in the transition to the global low-carbon and climate-resilient economy. The Paris Agreement acknowledges this need by citing, “the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities,”<sup>1</sup> alongside the issues of environmental integrity and climate justice.

The European Investment Bank recognises that supporting a just transition requires comprehensive and complementary interventions by different stakeholders. At the UN Secretary General’s Climate Action Summit in 2019, multilateral development banks, including the EIB, jointly committed to supporting a just transition on a global level, and subsequently agreed on a set of Just Transition High-Level Principles.<sup>2</sup> These principles frame the just transition as one that aims to deliver on climate objectives while also addressing the socioeconomic challenges resulting from decarbonisation in the most affected sectors and places, with the transition to a net-zero economy increasing opportunities for sustainable, inclusive and resilient livelihoods for everyone involved.

The EIB has made ensuring a just transition for all one of the four overarching objectives of its Climate Bank Roadmap. Seeking to ensure that no people or places are left behind in the European Union’s transition to low-carbon and climate-resilient economies and societies, the EIB board adopted a comprehensive approach<sup>3</sup> in support of the Just Transition Mechanism of the European Union<sup>4</sup> in December 2021.

EIB Global, the Bank’s new, dedicated development arm, was established in January 2022 with the aim of enhancing the impact of the EIB’s activities beyond the European Union, in line with the overarching ambitions and objectives of the Climate Bank Roadmap. The situation in emerging markets and lower-income countries requires a holistic approach to a just transition, together with the acceleration of climate action and pursuit of the Sustainable Development Goals.

As in the European Union, addressing the impact of climate mitigation policies on workforces and the broader shift away from carbon-intensive industries is key. However, at a global level, it is also important to recognise that many people in emerging and developing economies are particularly

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<sup>1</sup> The Paris Agreement also commits the parties, when taking action to address climate change, to “respect, promote and consider their respective obligations on human rights, the right to health, the rights of indigenous peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity.” [See Preamble of the Paris Agreement \(UNFCCC, 2015\).](#)

<sup>2</sup> [MDB Just Transition High-Level Principles \(AfDB, ADB, AIIB, CEB, EBRD, EIB, IDB, IsDB and NDB, 2019\).](#)

<sup>3</sup> [Supporting the Just Transition Mechanism – Comprehensive proposal of the EIB Group \(EIB, 2022\).](#)

<sup>4</sup> [The Just Transition Mechanism: making sure no one is left behind \(European Commission, 2019\).](#)

vulnerable to the physical impacts of climate change, despite having contributed the least to its causes. This means that just transition approaches must go hand-in-hand with support for climate change adaptation and resilience building, applied in a socially inclusive, gender-responsive and fair manner.

### **Developing the EIB's just transition and just resilience approach across the world**

The EIB is currently developing its comprehensive approach to supporting a just transition beyond the European Union. The approach will enable EIB Global to help partner countries, clients and organisations to pursue a just transition more effectively, while also providing broader support for climate action and environmental sustainability.

The EIB is looking to take a comprehensive just transition approach aiming to promote:

- a) A **just transition** focusing on addressing the socioeconomic impact of mitigation-related policies, including through Just Energy Transition Partnerships (JETP).
- b) **Just resilience** focusing on addressing the socioeconomic impact of climate change and adaptation-related policies and responses.

In developing its approach to a just transition for mitigation, the EIB will seek to:

- (i) Supporting projects addressing the economic, social and environmental challenges related to the closure of fossil fuel plants before the end of their operational lifetimes, or the termination of activities related to the extraction, transportation, transformation or burning of fossil fuels, in line with agreed common multilateral development bank principles for climate mitigation finance tracking.<sup>5</sup>
- (ii) Considering support for a broad range of projects in regions that currently combine carbon-intensive modes of production with socioeconomic fragility, and are therefore at risk of being left behind in a decarbonising world economy.

In exploring its approach to just resilience, the EIB is considering two main dimensions:

- (i) *Addressing differential physical impacts of climate change.* This covers the exposure and vulnerability of people to climate hazards that differ locally, regionally, nationally and globally, as well as within communities and by a range of socio-economic factors, and/or
- (ii) *Addressing differential and procedural aspects of adaptation policies and responses to climate impacts.* This concerns people and groups with different abilities to tailor and shape adaptation responses, and whether they are likely to benefit or be negatively affected by adaptation measures.

Under such an approach, the EIB would seek to support adaptation actions explicitly addressing the needs of the population groups that are most vulnerable to the impact of climate change or adaptation policies and/or the areas<sup>6</sup> that are most vulnerable to physical climate change impacts.

### **EIB support for the just transition and just resilience**

While developing its approach to a just transition beyond the European Union, EIB Global consider options for expanding the range of products and instruments that it can deploy to support a just

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<sup>5</sup> [Common principles for climate mitigation finance tracking](#) (October 2021).

<sup>6</sup> Such as, but not limited to, Least Developed Countries (LDCs), Small Island Developing States (SIDS) and countries experiencing conflict or fragility.

transition and just resilience across the world, in line with the dimensions outlined above. EIB Global will therefore seek to:

**1) Step up support for activities contributing to just transition and diversification** targeting those populations most affected by the low-carbon transition to more sustainable development pathways, including:

- Building on and further supporting EIB and Team Europe initiatives for a just transition of coal-based energy production in the Western Balkans and Southeast Europe.<sup>7</sup>
- Operationalising its support in the context of the Just Energy Transition Partnerships (as part of the EU offer) or similar initiatives in countries and regions where the acceleration of decarbonisation efforts is of critical importance.
- Building up on and expanding its existing strategic partnership with the Rockefeller Foundation on the Global Energy Alliance for People and Planet (GEAPP) beyond decentralised energy access to also include the just energy transition.

**2) Advance just resilience through EIB Global's lending and blending activities.** EIB Global will invest in just resilience projects that enhance the resilience of the people and areas most vulnerable to climate change. Under its adaptation strategy, the EIB has already increased the threshold of the total financing it can provide for adaptation objectives including just resilience projects. It is also:

- Exploring ways of potentially making its European Climate Advisory Platform (ADAPT) available to clients in Africa and across the world, including a specific focus on just resilience and the areas and people most affected by climate change.
- Advancing just resilience projects combining technical assistance and blended finance. For example, as part of a project to implement climate-resilient water supply systems in a low-income, small island developing state, EIB Global will provide technical support for developing a connection strategy and subsidy mechanism to ensure access to drinking water for vulnerable households and women. EIB Global has increased its planned financing share for this project, which comes in addition to an EU grant.
- Forming catalytic partnerships for just resilience, such as a forthcoming initiative with the International Fund for Agricultural Development (IFAD) that aims to support the adaptive capacity and resilience of smallholder farmers and women in rural areas around the world, and support for the Green Arab Transition Facility Partnership, led by the United Nations Development Programme (UNDP) and aimed at promoting a green, just and inclusive transition in the most water-scarce and food import-dependent region in the world.

As the EIB continues to develop its approach to a just transition across the world over the next six months, it welcomes further exchanges and interactions with partners on the opportunities and challenges for multilateral development banks in supporting and fostering a just transition and just resilience across the world.

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<sup>7</sup> [Coal regions in the Western Balkans and Ukraine \(europa.eu\)](https://europa.eu).