



THE EIBG CLIMATE BANK ROADMAP 2021-25 Stakeholder engagement webinars 23rd and 26th March 2020

Webinar 1: Aligning the EIB Group's activities with the goals and principles of the Paris Agreement

Introduction:

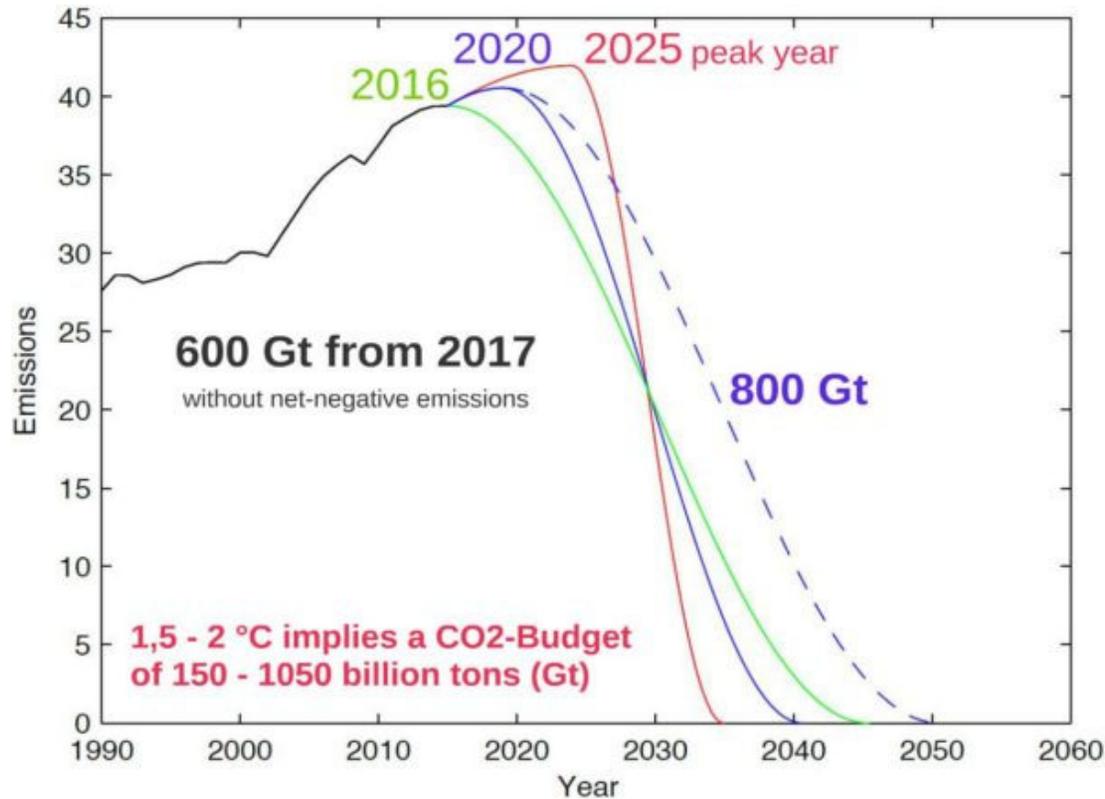
Nancy Saich, Chief Climate Change Expert, EIB

EIB Climate Action: a brief history of climate mainstreaming



- Efforts to mitigate/adapt to climate change have long been a policy priority
- **Global target that more than 25% of total EIB lending goes towards Climate Action – currently at 32% for 2019**
- EIB assesses, reports and is externally audited on the GHG emissions - **carbon footprint - of its investment projects**
- EIB is **carbon neutral** – offsetting its own residual emissions
- In 2015 - EIB Board approved the **EIB Climate Strategy**
- **At Paris, MDBs pledged to increase climate finance, and launched the Principles for Mainstreaming Climate Action**
- This was a solid position on climate mainstreaming in 2015 **But we are no longer in 2015**
- **The IPCC 2019 reports highlight the 1.5°C temperature goal**
- **UNEP Gap study: 50% GHG emissions drop needed by 2030**
- **WEF 2020: climate and environment are top 5 global risks, and extreme weather events increase in Europe and globally.**

2020-30: why is this the critical decade?



Graphic (Sources: Stefan Rahmstorf/Global Carbon Project
<http://GO.NATURE.COM/2RCPCRU>)

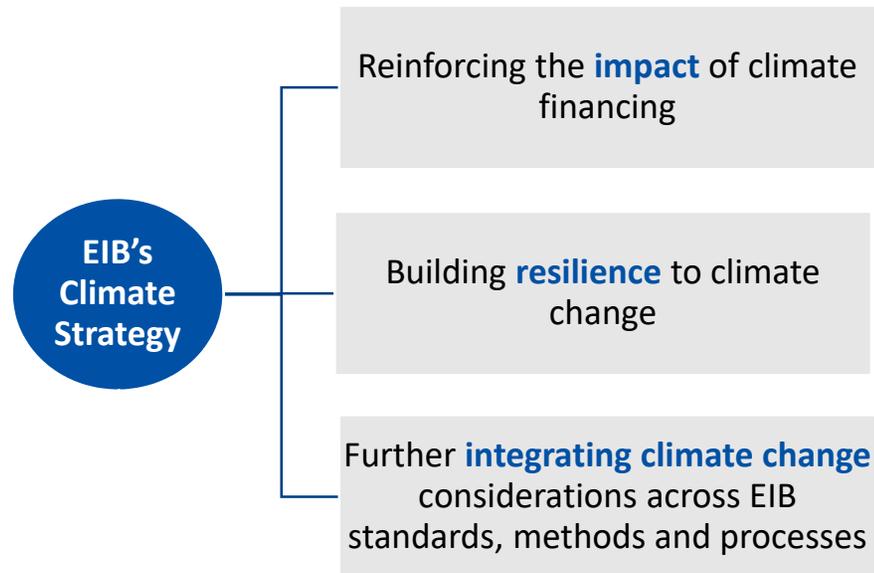
Risk of continuing to act too slowly: delay requires faster technology shifts; more money; and creates higher risks of an UNJUST transition for people affected, and “failure through success” (Mark Carney), where capital moves away from emitting sectors so fast it causes economic crises.

EIBG is now acting with ambition and urgency to address the critical decade

Reviewing our 2015 Climate Strategy

EIB's 2015 Climate Strategy focuses on three key-areas. A **mid-term review (MTR) in 2019** has highlighted additional actions and accelerated work that is needed.

The Strategy lays out the fundamentals, but Paris alignment of our activities by end 2020 requires detailed work to set the right standards in place.



Our reflections from our MTR suggest that some of the areas where new work could be required to support Paris-alignment are:

Just Transition; understanding the resilience implications of pathways facilitated by EIB investments; climate innovation approach; providing advice to public and private sectors on climate action; developing a reporting approach on Paris-alignment; ensuring staff have knowledge and incentives to support Paris-alignment; ensuring Treasury activities are consistent with Paris

Paris alignment of our activities is not optional:

The Paris Agreement sets an important goal of making “**finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development**”.

In 2017 at the One Planet Summit, together with other MDBs, and the International Development Finance Club, EIB committed to aligning its financial flows with the Paris Agreement. No specific time was set but the climate change clock was ticking faster...

In 2018 the MDBs reaffirmed their joint action and in New York in September 2018, EIB President said he was “confident that all EIB activities would be aligned by the end of 2020”.

We are now in 2020, and there is no time left for further delay.

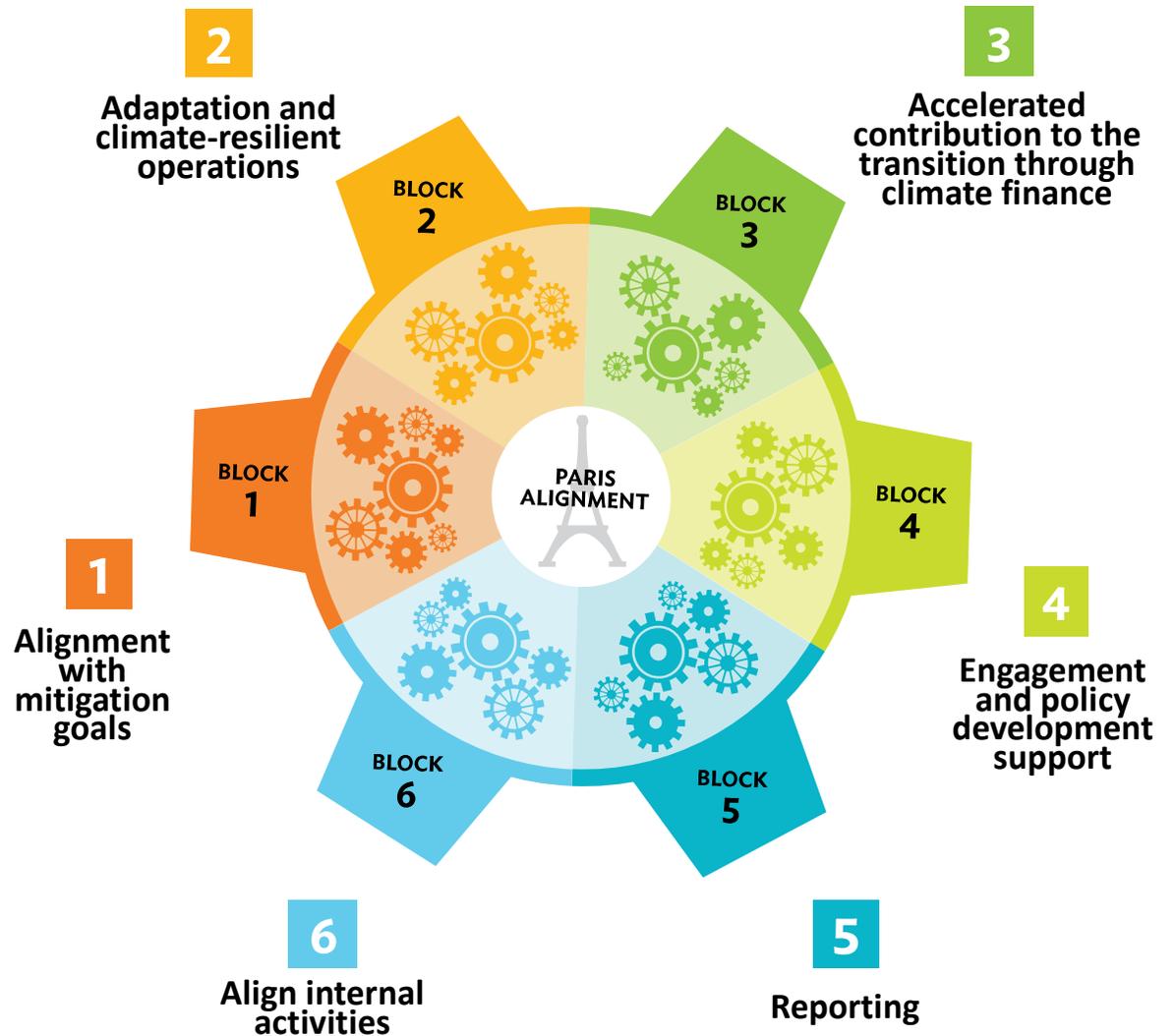
The EIBG, as the EU Climate Bank, is working closely with other MDBs and is also laying out its own **Climate Bank Roadmap 2021-25**, supporting EU climate policy, the EU Green Deal and targeting the 1.5°C temperature limit in 2018

Paris alignment is about all finance flows.

EIB's internal strategy review contributed to the MDB approach

Six building blocks and principles jointly agreed by the MDBs as core areas for aligning with the Paris Agreement

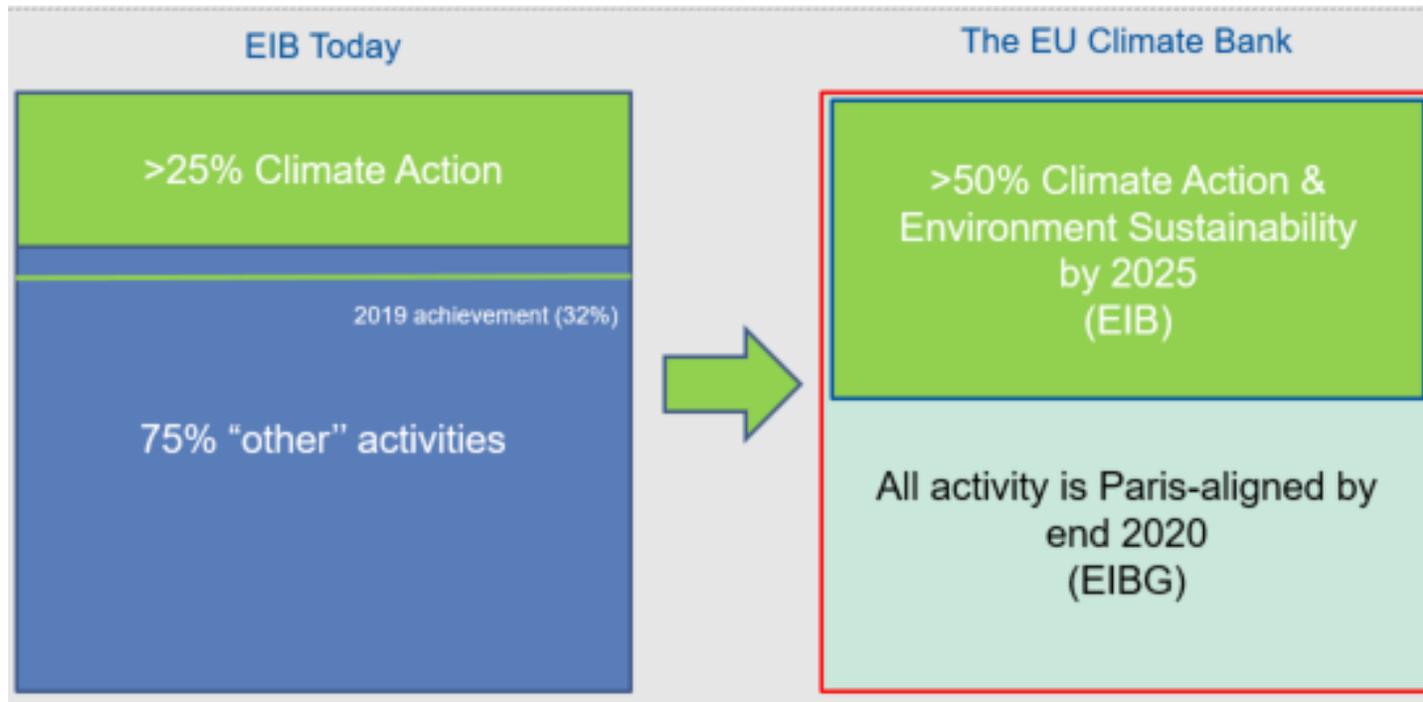
The MDB «Six Building Blocks» framework was launched at COP24 and progress on the joint work was shared at COP25.



Paris alignment of EIBG new operations:

The commitment: by the end of 2020, we will align our activities with the goals and principles of the Paris Agreement.

For new lending operations:



As a first step, EIB is phasing out energy projects that depend solely on unabated fossil fuels, as laid out in EIB's 2019 Energy Lending policy:

https://www.eib.org/attachments/strategies/eib_energy_lending_policy_en.pdf

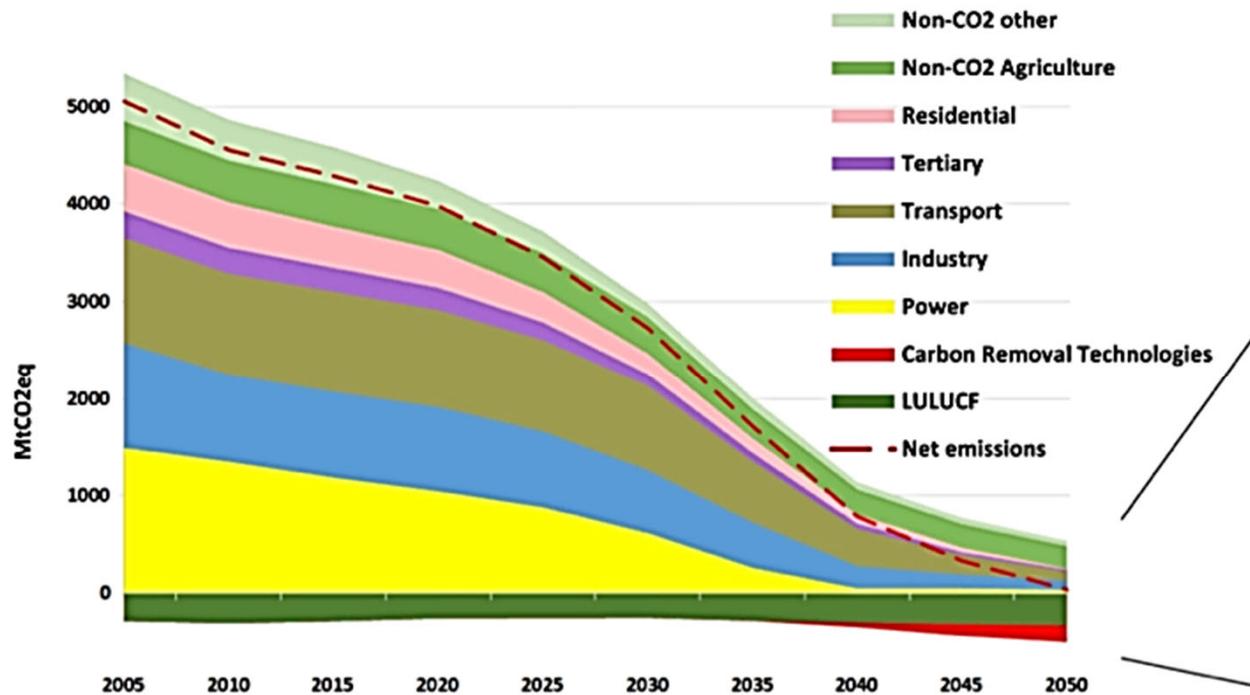
Paris alignment is not...



... both sides of the “sofa” need to

- be compatible with the 1.5 degrees temperature goal (Q: does the new side of the sofa take account of circular economy?);
- build in climate-resilience (Q: will the sofa function in more extreme heat?);
- support a Just Transition (Q: can sofa manufacturing create new jobs for those whose livelihoods are at risk from climate change?) ; and
- **as always - meet our robust environmental and social standards.**

EU long-term decarbonisation plan – *under review to address more ambitious 2030 targets*



Adaptation: Over the last two decades, direct EU climate-related losses amounted to an estimated approx EUR 300 billion. (adapted from EEA data)

Global estimates on the costs of adaptation suggest that the world may need to spend US\$ 280 - 500 billion per year by 2050 on adaptation. (UNEP Adaptation Gap report 2016)

Before moving to our discussions on Paris alignment, it is important to remember that we face a dual planetary emergency - we have another existential threat facing us....

Will natural capital solutions be available when we need them?



<https://www.ipbes.net/global-assessment-biodiversity-ecosystem-services>

This is not just a threat to nature – but to humans too – because amongst many other problems - we are destroying our food supply.

There are many other topics to discuss today.

We are here to listen! Here are some of our key questions:

Support for low-carbon and climate-resilient development

- 1. What type of financing and advisory activities should the EIB Group prioritise to most effectively support the transition to low-carbon development?**
- 2. What type of financing and advisory activities should the EIB Group prioritise to support climate-resilient development?**

Support for clients' decarbonisation and climate resilience strategies

- 3. How and to what extent should the EIB Group help its clients transition to a low-carbon and climate-resilient pathway, in particular those that are highly exposed to the transition and physical risks associated with climate change?**
- 4. What type of advisory support is most needed to help clients and promoters become Paris aligned?**

Paris alignment in the context of developing countries

- 5. Should a different approach towards Paris alignment be applied in the context of developing countries, in particular in Least Developed Countries and Small Island Developing States? If so, why and for which type of activities?**