

## THE EIBG CLIMATE BANK ROADMAP 2021-25

Stakeholder engagement webinars

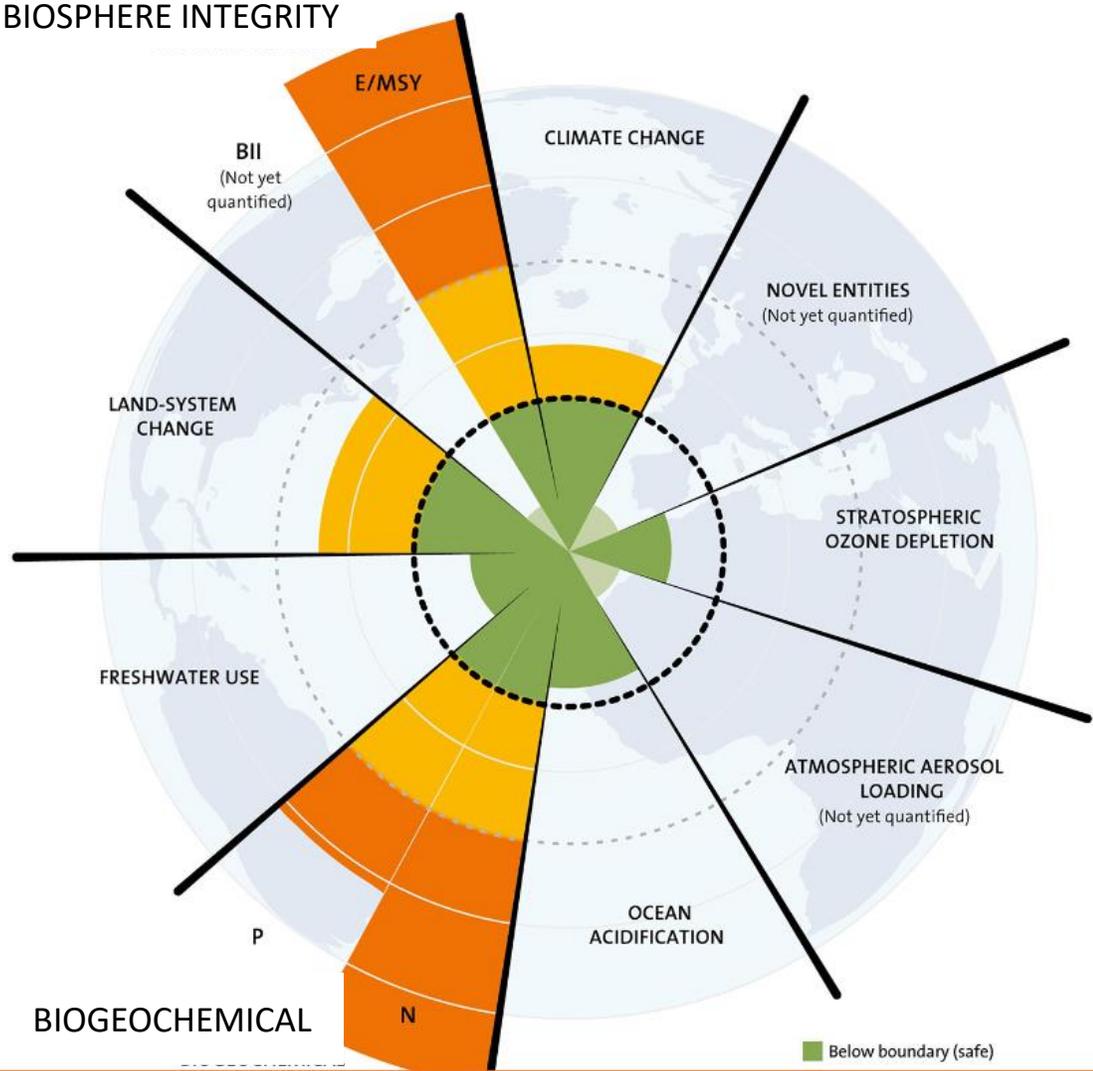
23<sup>rd</sup> and 26<sup>th</sup> March 2020

### Webinar 4: Increasing environmental sustainability investments and leaving no one behind

Introduction:

Nancy Saich, Chief Climate Change Expert, EIB  
Adina Relicovschi, Head of Environmental Policy, EIB  
Yasmine Pagni, Head of Social Policy, EIB

# Planetary Emergency – A closer look at our planetary boundaries



Stockholm Resilience Centre,  
Stockholm University:  
<https://www.stockholmresilience.org/research/research-news/2015-01-15-planetary-boundaries---an-update.html>

# 2020-30: the critical decade for our lives and our jobs

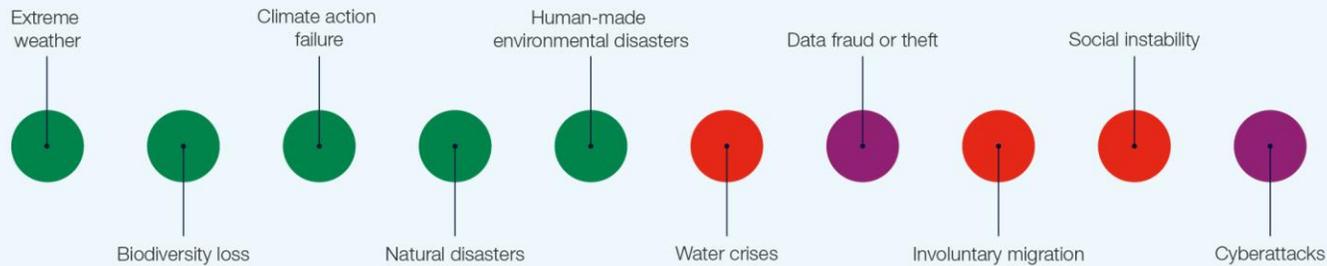
WEF Global Risks Report January 2020 – «For the first time in the survey's 10-year outlook, the top five global risks in terms of likelihood are all environmental»

TOP 10 RISKS OVER THE NEXT 10 YEARS

## Long-Term Risk Outlook: Likelihood



### Global Shapers

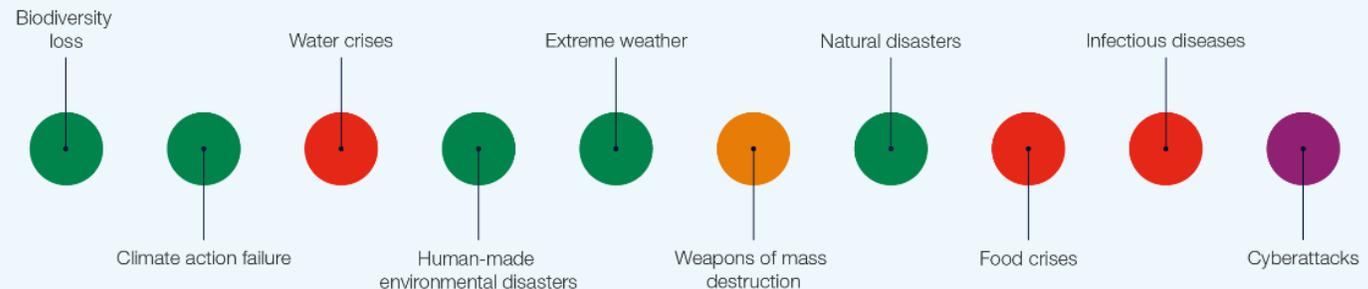


TOP 10 RISKS OVER THE NEXT 10 YEARS

## Long-Term Risk Outlook: Impact

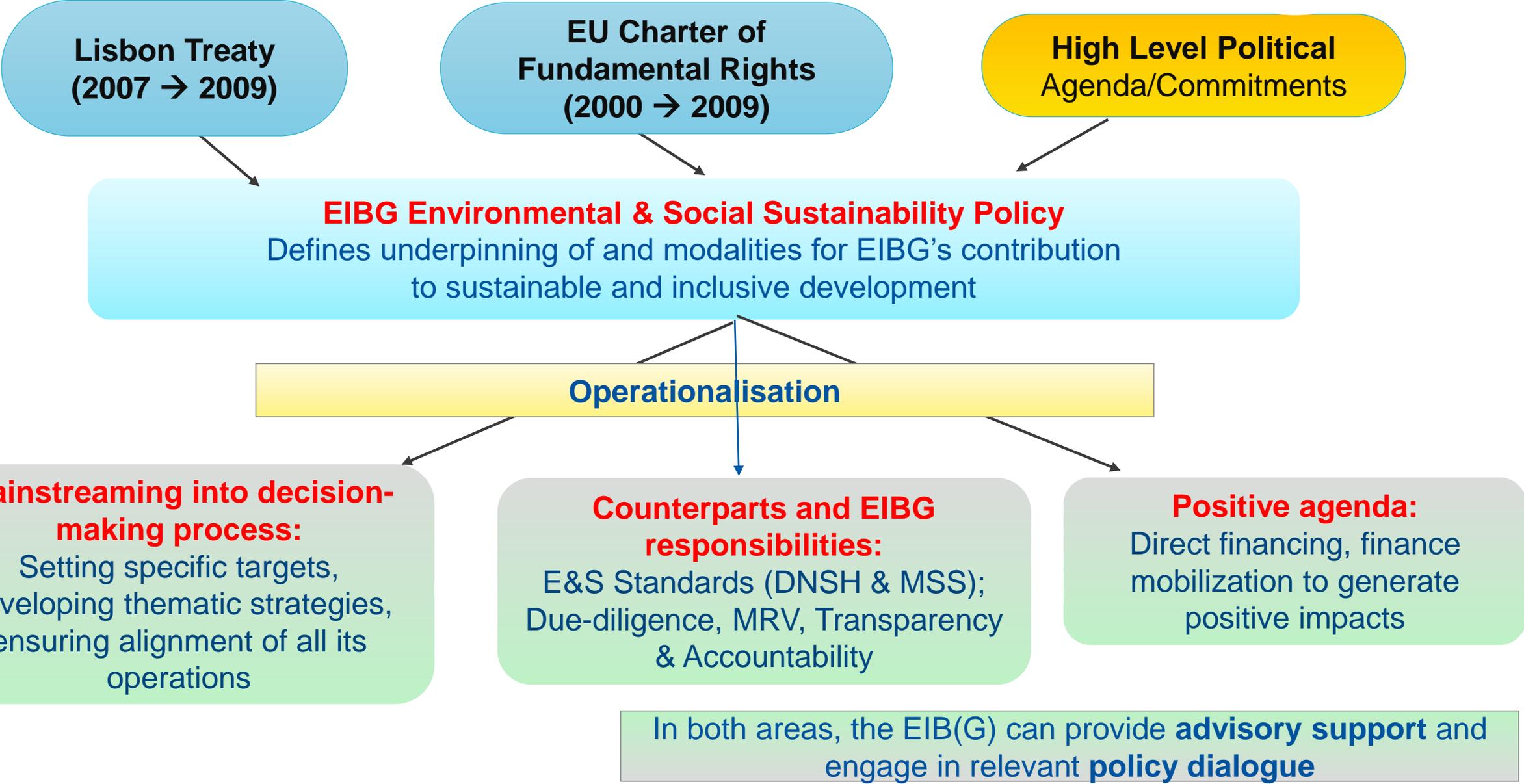


### Global Shapers



.. And in **impact** terms  
**Biodiversity loss** is the  
greatest risk

# EIB(G) response: E&S Sustainability Framework



Lisbon Treaty  
(2007 → 2009)

EU Charter of  
Fundamental Rights  
(2000 → 2009)

High Level Political  
Agenda/Commitments

**EIBG Environmental & Social Sustainability Policy**  
Defines underpinning of and modalities for EIBG's contribution to sustainable and inclusive development

**Operationalisation**

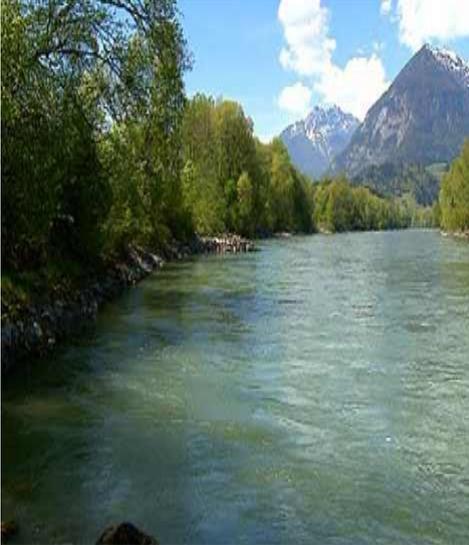
**Mainstreaming into decision-making process:**  
Setting specific targets, developing thematic strategies, ensuring alignment of all its operations

**Counterparts and EIBG responsibilities:**  
E&S Standards (DNSH & MSS); Due-diligence, MRV, Transparency & Accountability

**Positive agenda:**  
Direct financing, finance mobilization to generate positive impacts

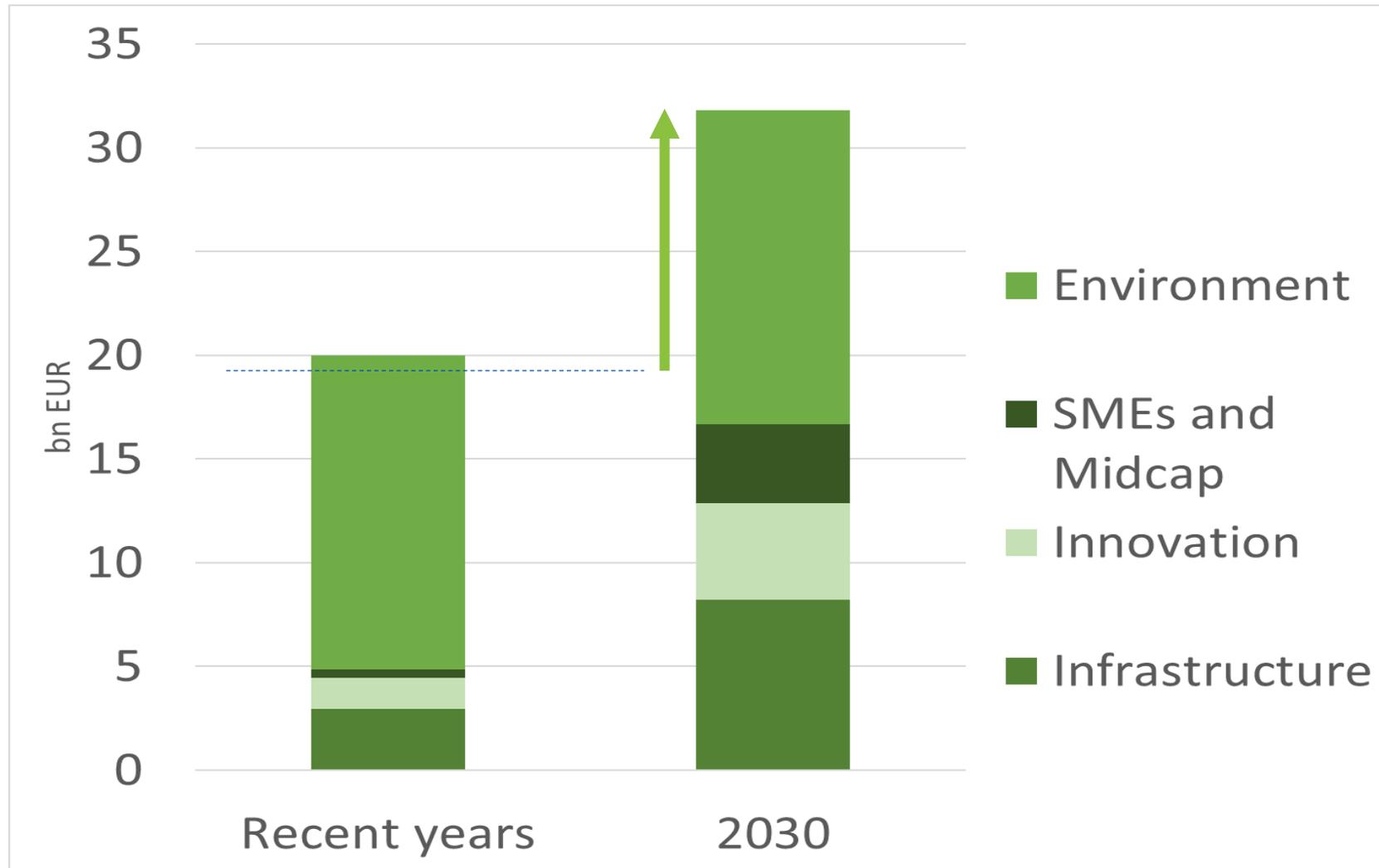
In both areas, the EIB(G) can provide **advisory support** and engage in relevant **policy dialogue**

# Post 2020 Environmental Sustainability Objective



- **EIB's current Environment Public Policy Goal** has been structured to reflect the objectives of the EU Environmental Action Programmes – it **also reflects the key environmental sustainability objectives of the EU Taxonomy**;
- In 2019, environmental sustainability investment under our Environmental Public Policy Goal, contributed more than **EUR 2 billion of environmental financing in addition to our climate finance**;
- From 2021, EIB will be adding environmental sustainability to the climate action target, to capture investments with substantial contribution to all environmental objectives, and will report annually on climate action and environmental sustainability;
- The environmental sustainability finance definitions **will be refined as the EU taxonomy is developed for the different environmental objectives**.

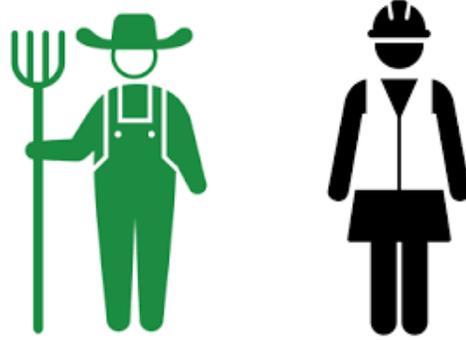
# Support more green within infrastructure, innovation and SMEs



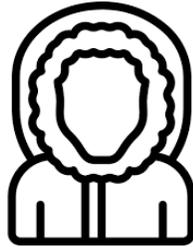
# The social dimensions of climate change



Place of living



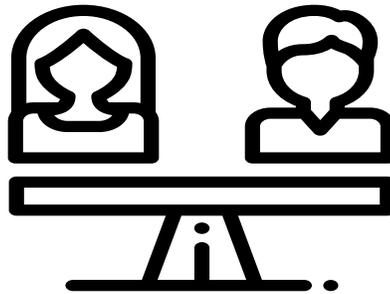
Source of income +  
Wealthy or Poor



Indigenous People



Young and Old

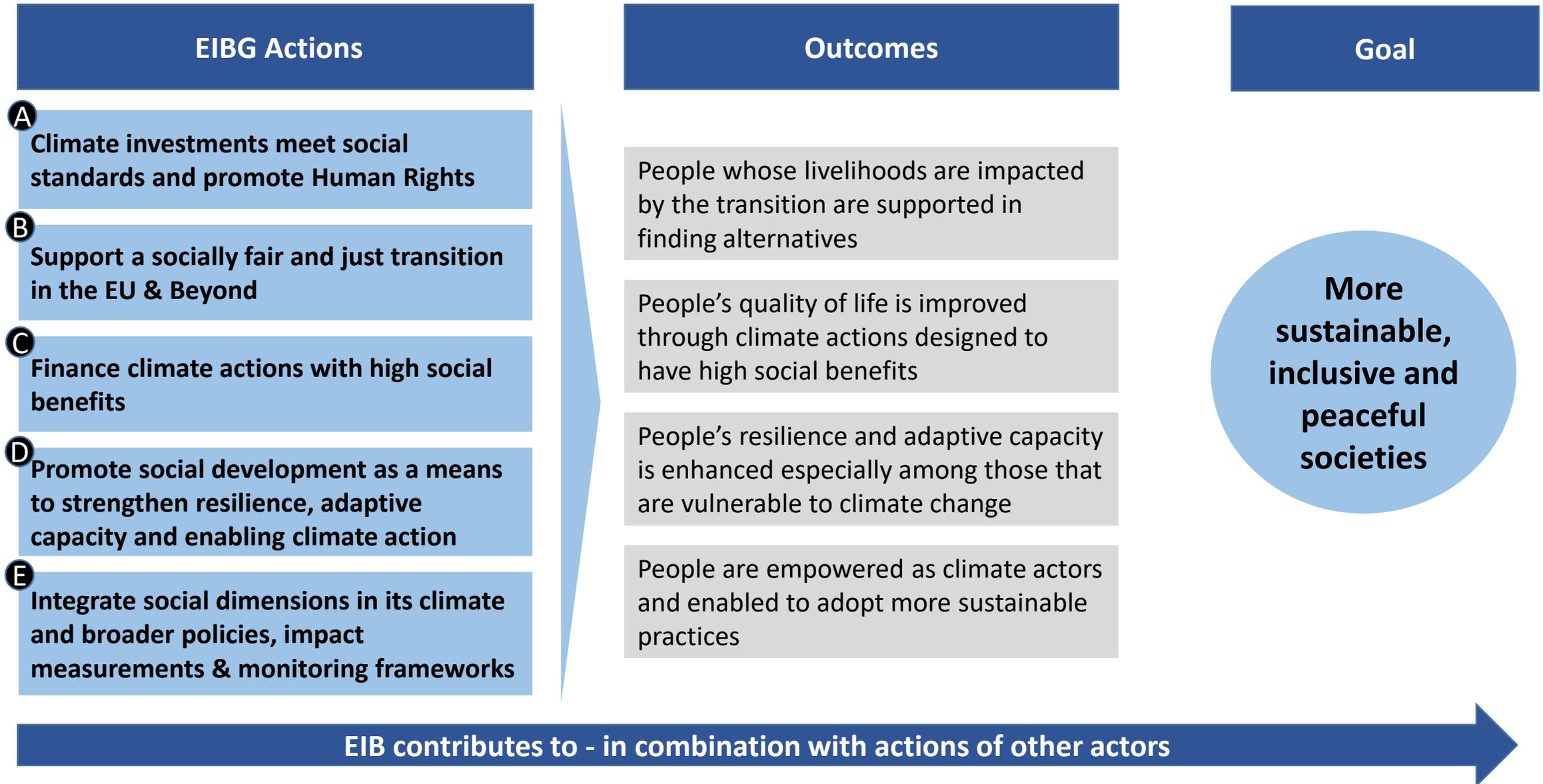


Women and Men

- Limiting warming to 1.5 degrees could reduce the number of people exposed to climate risks and vulnerable to poverty by between **62 and 457 million people worldwide**
- Depending on how climate mitigation and adaptation projects are designed and carried out, they may have synergies or trade-offs with social development

Source: IPCC

# Social development as a key element of EIBG holistic approach



# Just Transition entails multiple transitions

- ▶ Environmental transition
- ▶ Socioeconomic transition
- ▶ Infrastructure transition
- ▶ Energy transition

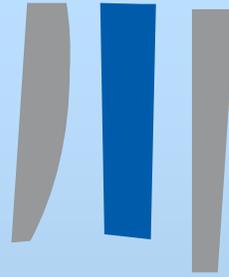


Wider regional  
development  
dimension

# There are many other topics to discuss today.

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

- **In which types of projects that EIB can pursue do you think there are likely to be natural synergies for environmental sustainability and climate action?**
- **In which cases do you think there might be potential trade-offs? How can they be best reconciled?**
- **Which type of climate action and environmental sustainability projects that EIB can pursue are likely to have strong economic and social benefits (e.g. social inclusion, gender equality, poverty reduction, economic resilience, conflict prevention, indigenous people's rights)?**
- **Who are the partners/promoters in the market specifically targeting multiple social, environment and/or climate impacts that we can work with?**
- **Which type of social investments can be catalytic to strengthen resilience and promote climate action?**
- **What are the core elements of a Just Transition, both inside and outside EU, and what can the EIB Group contribute to make it a success?**



**European  
Investment  
Bank**

*The EU bank*



**EUROPEAN  
INVESTMENT  
FUND**



More information at: [www.eib.org](http://www.eib.org)  
[info@eib.org](mailto:info@eib.org)

**Thank you!**

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## Project examples – promoting synergies



### Ecoenterprise Fund III

Investments in women owned pro-biodiversity businesses in forest and agriculture sector.

Engages with portfolio companies to hire women at all levels and invest in their well-being



### Bangalore Metro

33% of the job opportunities reserved for women with targeted interventions for women to be trained as conductors

Crèche facilities for employee children, gender responsive scheduling and safe spaces

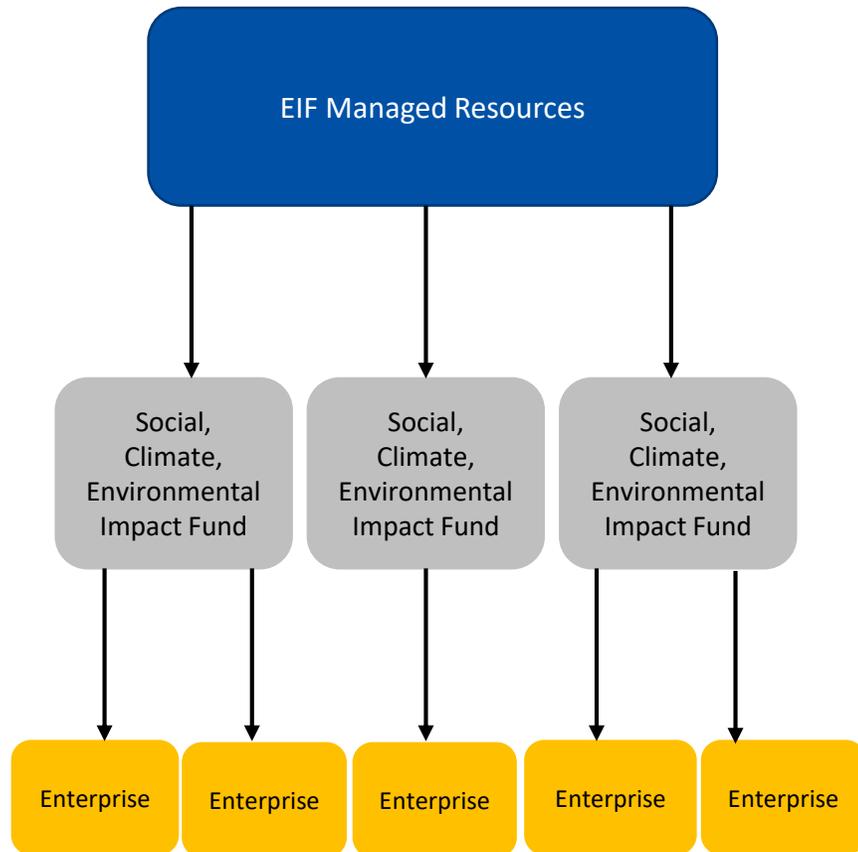
Women only carriages to lower the risk of sexual harassment.



### Kenya D-Light

Off-grid renewable energy solutions in Kenya with pay-as-you-go scheme improving lighting at home and enabling women entrepreneurs to keep businesses open and

# Example 1: EIF Impact Performance Methodology for Thematic Impact Funds



## 1. Fund Manager Commitment

The fund manager commits to define, measure and report on the impact achieved by its underlying portfolio companies.

## 2. Joint definition of impact indicators

Portfolio companies, in coordination with the fund manager, are asked to define from 1 to 5 impact indicators and set pre-investment target values for each of these impact indicators to be achieved within a certain timeframe.

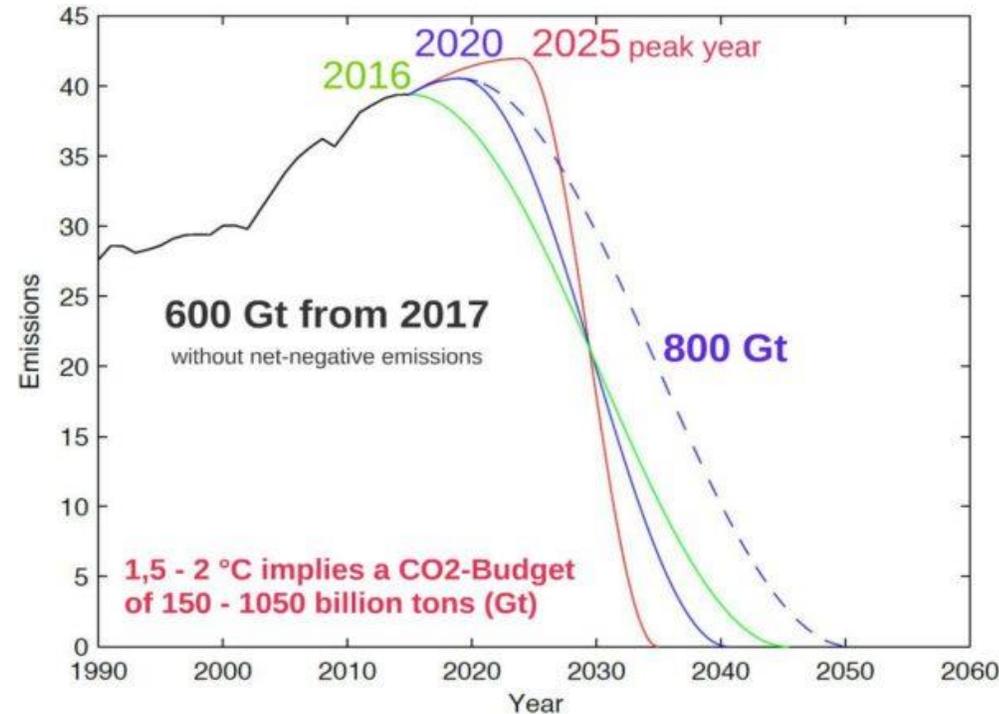
## 3. Disclosure of indicators, targets and achievement

Fund managers disclose impact indicators and pre-investment target values to their investors and calculate on a regular basis (at least once a year) the impact multiple, defined as the comparison between pre-investment target and realised value.

## 4. Link financial incentives to impact performance

The financial performance incentive of the fund manager (carried interest) is subsequently subject to the impact performance of the fund in addition to its financial performance.

## 2020-30: the critical decade for our Climate and our Environment (the planet will be still there)



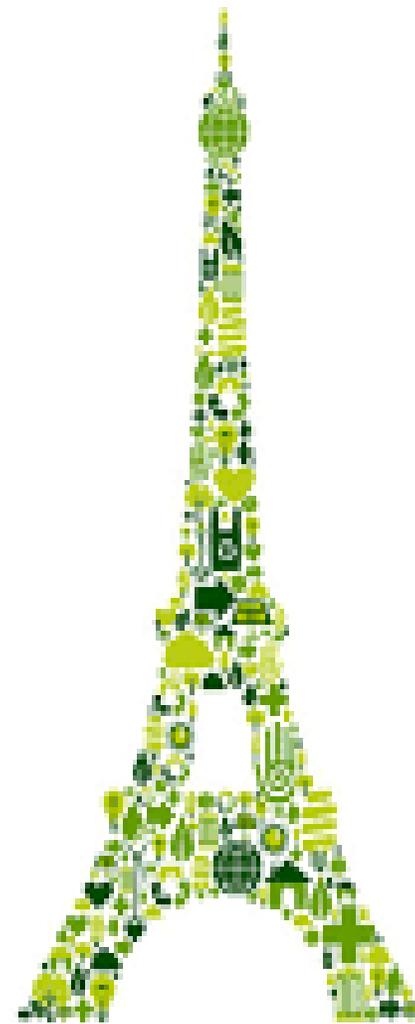
Graphic (Sources: Stefan  
Rahmstorf/Global Carbon  
Project  
<http://GO.NATURE.COM/2RC>  
[PCR.U](http://PCR.U)

If we continue to delay reducing GHG emissions, we make it harder to achieve 1.5 degrees temperature target – with **massive impacts on people and nature** (ref **IPCC 1.5°C reports**).

More delay requires even faster GHG reductions (ref latest **UNEP GAP report**); technology shifts; more money; and creates **higher risks of an UNJUST transition for people affected**, as capital flies away from emitting sectors so fast it causes major job losses and economic crises.

# Sustainable development - at the core of the EIB Group's values

- **Agenda 2030 & the SDGs** calls for an **integrated approach** and recognizes that development must balance social, economic and environmental sustainability: **policy coherence**.
- **Paris Agreement** notes the importance of **ensuring the integrity** of all ecosystems, including oceans, and the protection of biodiversity. Climate Action needs to **respect, promote and consider** a range of human rights, including indigenous peoples, local communities, migrants, children, as well as gender equality rights.
- **EU Green Deal:** an commitment to put Europe firmly on a **new path** of sustainable and inclusive growth, by achieving its **environmental ambition** while recognizing that the transitions must be **just and inclusive**.
- **Sustainable Finance - EU Taxonomy:** calls for a shift of capital flows towards more sustainable activities that has to be underpinned by a **shared, holistic** understanding of the environmental sustainability of activities and investments: “do no significant harm” and “meeting social safeguards”



# EIB's new ambition for 2021-2030

## 3 targets:

- 1. A commitment to grow sustainable finance from billions to trillions.** By working with our public and private partners the EIB Group will aim to help unlock at least **EUR 1 trillion of investment by 2030**. This will include a marked increase in support for climate adaptation and resilience.
- 2. An increase in EIB's own financing for climate action and environmental sustainability (CA&ES).** EIB to be much bolder and aim for 50% for CA&ES by 2025.
- 3. A commitment to align all the EIB Group's financing activities with the principles and goals of the Paris agreement by the end of 2020.** This builds on our 2015 Climate Strategy, which committed us to mainstream climate change considerations in "everything we do".

## The EU Climate Bank

>50% "CA&ES" by 2025  
(EIB)

All activities are Paris aligned  
by end 2020  
(EIBG)

And to increase investments in environmental sustainability....

# Just Transition: wider regional dimension

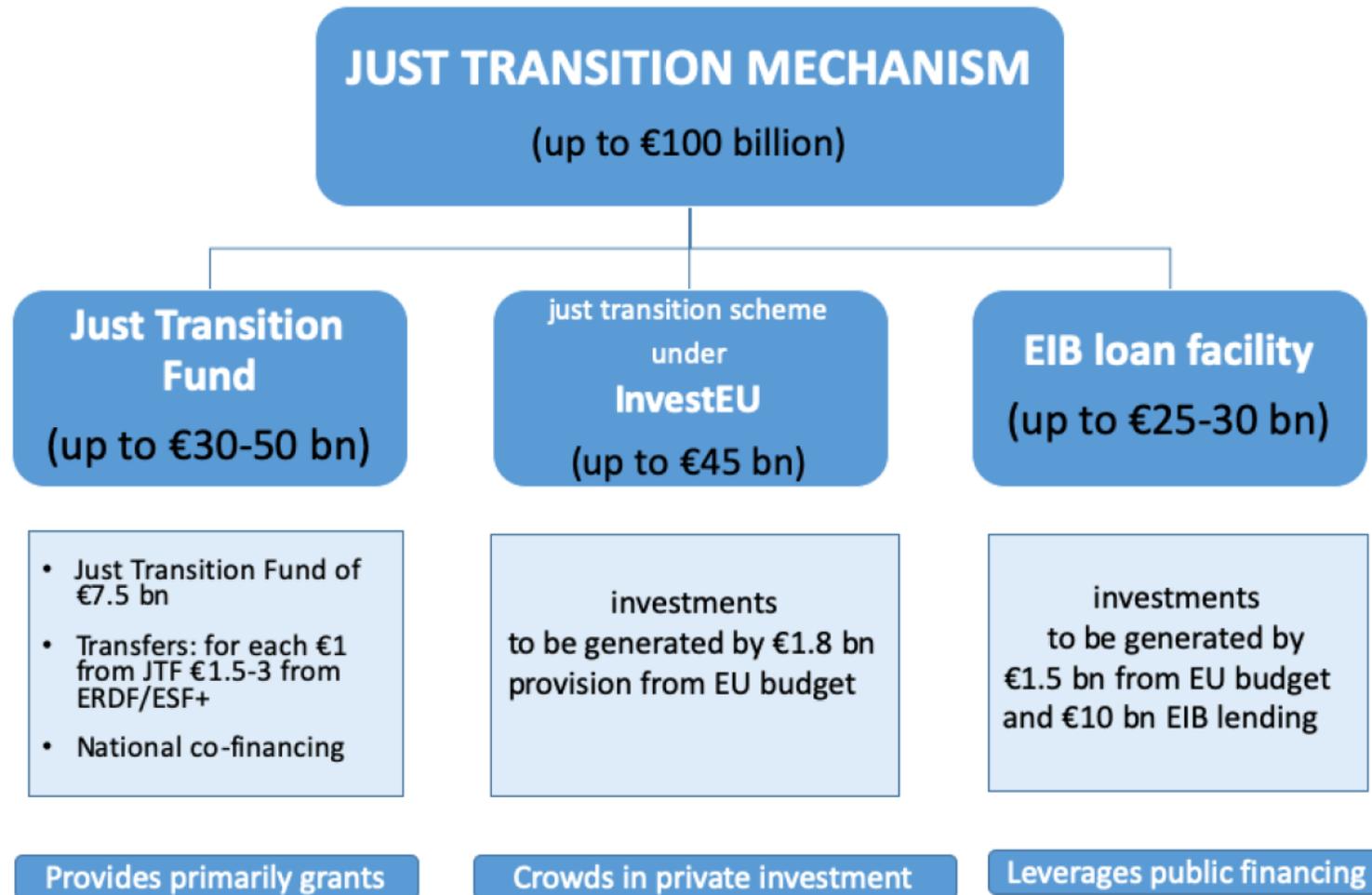
Addressing affected regions' challenges:

- **Place-specific and multi-sector:** address specific economic, social and environmental challenges in vulnerable communities
- **Plan-led:** need a Just Transition Masterplan that coordinates the sectoral needs under a sound governance structure
- Build on **existing strengths**
- Avoid pitfalls of historic transition experiences

The EIB response will:

- Be Paris-aligned & in line with new EIB Energy Lending Policy
- Build on experiences in the affected regions supporting economic diversification/restructuring

# The 3 pillars of the Just Transition Mechanism (JTM)



Data source: [European Commission](#), 2020.

## Examples from past EIB operations

- Multi-sector Framework Loans:
  - Long track record in (Upper) Silesia, several loans to Katowice
  - Recently loans with towns of Legnica, Zabrze, Czestochowa and Walbrzych (urban revitalization)
  - Co-financing of EU funds in Castilla-y-Leon, Moravskoslesko in support of restructuring & diversification
- EIB in large environmental remediation projects:
  - Rehabilitation of brownfield areas in East Germany (Braunkohlesanierung Lausitz)
  - Renaturation of the Emscher river (Ruhr area, DE), one of Europe's largest environment remediation projects restoring an entire river and its surroundings

## Just Transition: Summing up

- Just transition = multiple transitions
- Successful transition: place-specific, plan-led, multi-faceted, building on existing strengths, learning from earlier transitions elsewhere
- EIB will support all 3 pillars of the JTM through lending, blending and advising
- EIB has track-record in remediation and revitalisation projects