

Dr Werner Hoyer,  
President of the European Investment Bank

**How to channel private capital towards sustainable  
investments**

Opening Statement at Session 3  
High Level Event on Sustainable Finance  
Brussels, 21 March 2019

(13 mins)

---

**Check Against Delivery**  
**Seul le texte prononcé fait foi**  
**Es gilt das gesprochene Wort**

Ladies and Gentlemen,

Colleagues and friends,

It is a great pleasure to open this session on channelling private capital into sustainable finance on a global scale.

I remain convinced that investing in Europe's future is best served by making our economies greener, more resilient and more inclusive. This is an opportunity to not only mitigate our environmental footprint but also strengthen Europe's competitiveness.

EIB is committed to doing what we can to help Europe meet this challenge.

And, as the EU climate bank, and the largest single multilateral financier of climate action projects worldwide, we are committed to helping deliver on the Paris Agreement.

In doing so, we aim to mobilising private finance to support climate mitigation and adaptation.

Indeed, we have pledged to provide USD 100 billion for climate action projects in the five year period to 2020. This is expected to mobilise around USD 250 billion in climate investment. And we are delivering!

We operate both inside and outside the Union, supporting climate as well as environmental objectives across all sectors of our activities – financing private and public promoters with sound, sustainable investment projects.

Here our job is to nudge private finance towards the public good. In some instances, we move beyond nudging towards market-making, in particular when it comes to capital markets instruments. As the pioneer of the green bond market, we understand well the potential value of this instrument.

We issued the first green bond, our Climate Awareness Bond in July 2007, and have now issued around EUR 24 billion in green bonds in 11 currencies.

The market for Green Bonds has broken the USD 500 billion mark.

But, this progress needs to be set against the scale of the global bond market of around USD 100 trillion.

We can – and we must– to do better!

Indeed, the journey that we at EIB embarked upon in 2007 seems relevant for the global capital markets today. It started with focussing on Climate and Green Finance and defining them properly. It then extended to mainstreaming sustainability objectives with good environmental governance and strong standards.

And finally – it took us to where we want to go together, which is aligning ALL our activities with the goals of the Paris Agreement and with the other elements of the sustainability agenda.

Indeed – ladies and gentlemen, over the years we have developed a very robust Climate Finance tracking system, based on harmonised definitions with other MDBs.

With this system, we not only report on our Climate Finance activities but we also identify Climate Change Mitigation investments that are eligible for Green Bonds – our Climate Awareness Bonds, or “CABs”.

We laid out the steps to be taken for credible Green Bonds issuance:

- The identification of the policy objectives that we wanted to support;
- the clear definition of what types of projects would be financed (in our case Renewable Energy and Energy Efficiency), and
- the provision of transparent reporting to our investors.

These steps are now the gold standard embodied in the Green Bond Principles.

By the way – I am delighted to see Alessandro Profumo in the next panel. When he was CEO of Unicredit in 2007, he supported EIB in the issuance of our very first CABs.

I am happy to say that EIB's approach to Green Finance is fully in line with the draft Regulation on the establishment of a framework to facilitate sustainable investment in the EU.

Now, let me turn to the important work being done under the EU Action Plan on Sustainable Finance. We fully support its objectives to increase financing for sustainable activities and to strive for greater transparency in this area.

EIB is a proud contributor to the Technical Expert Groups (TEG) for the development of the EU taxonomy for environmentally sustainable economic activities, which started with the twin objectives of climate change mitigation and adaptation. Mr Nathan Fabian of UNPRI, the rapporteur of this group, is on our next panel and he can speak much more on this topic.

We are proud to help ensure that standard setting is aligned with operational and market needs.

And we are committed to help strengthen a taxonomy that allows for transparency and comparability across jurisdictions and regions, without imposing identical eligibility criteria.

Indeed – this is the basis on which EIB’s comparative work with the Chinese Green Finance Committee has been carried out and presented to the High Level Expert Group, in support of EIB’s technical proposals one-and-a-half years ago.

Let there be no doubt: Clear sustainability definitions are key to further enable the acceleration of sustainable finance. They can create more opportunities for agnostic investors to come into the market.

The efforts currently being undertaken by the EU are being watched worldwide. This work aims to define mitigation and adaptation activities in a way that is appropriate both in developed and in developing countries – with very different pathways to a low-carbon future.

That is a very challenging task – but it must be done!

Ladies and gentlemen, partners,

We cannot prioritise climate action and channel finance towards it, until we can identify what it is, and what it is not. We will have to undertake the same for all sustainability objectives.

And as challenging as it is, carefully defining what Green finance means is NOT enough. We need to turn to the huge scale of capital that is not flowing into Climate or Green finance.

This still constitutes the bulk of financial flows. Their impact on sustainability clearly need to become much clearer.

When the Presidents of MDBs came together in 2015 in Paris to support the negotiations on the United Nations Framework Convention on Climate Change, I emphasized the importance of not only focusing on Climate Finance, but also looking at the rest of our finance.

There is little point in doing great climate work with one hand if we then finance something that undermines it with the other hand!

Indeed the EU Action Plan aims to increase clarity and transparency on this. It insists on accountability and disclosure of climate impact, and on reporting of the climate risks of “non-climate” financing.

At EIB we are making a real effort in this area.

In February, we launched our Climate Risk Management system for all new operations, and we have put in place a Task Force assessing climate-related risks in our portfolio.

Dear friends,

I do not need to inform the participants here today of the pressing need for action. The IPCC made it clear that we have just over a decade to turn the tide on Green House Gas emissions and environmental degradation.

We are putting our infrastructure, our food supplies, our health, our natural resources and our way of life at risk. And we are potentially creating an unmanageable climate situation for the next generation.

We have seen schoolchildren the world over take to the streets—marching for action.

We need to make sure their voices are heard!

And we must make sure the rights and welfare of everyone are not forgotten.

For this, we need to proactively support areas where jobs are currently dependent on high emitting industries, where new low-carbon jobs are needed. In doing so, we will support a just transition for high carbon regions and communities.

In the same vein, there is a need for additional support to poorer countries that need to develop their infrastructure base, so that they do so along a more sustainable, lower-carbon and climate resilient pathway.

The EIB and other IFIs cannot – of course – turn the tide on sustainability efforts by themselves. But we have the essential task to build the conditions and design the instruments that pave the way for other investors to increase their support for the sustainability agenda.

We are here today because we are all aiming at the same objective and because we have to get there as-soon-as-possible!

If we do not, the consequences are grave. Look no further than the oceans and heed the warning bells that are ringing. The oceans have been protecting us by absorbing heat, acidity and plastic waste – but we have pushed them to the limit.

This is a Blue Planet and we need to realise how much we depend on our oceans.

That is why I am asking my teams to step up not just our alignment with the goals of the Paris Agreement, but also our support for Biodiversity and Oceans more specifically.

I am glad to say that EIB is driving forward a number of key Oceans initiatives – such as the Clean Oceans Initiative with our colleagues at KfW and AfD - and we have more planned. We will scale up these activities significantly and help drive this debate and initiative forward with concrete operations.

Ladies and gentlemen,

Before I hand over to the next panel, let me just make an offer – EIB is a global Climate Bank, a global Green Bank, and a global Oceans Bank – but we need to do more! And we can only do more in partnership. We are here to work with all of you to take this agenda forward.

Let us build a strong coalition for action. And let us use this coalition so that next generation will say that in 2019 we turned the tide on Climate Change and sustainable development.

I am keen to hear from you about how we can join forces, and leverage EIB knowledge and financing to help tackle the greatest of all challenges faced by the global community.

Thank you!