EIB Board Seminar with Civil Society

Luxembourg, 4 February 2020

Boulevard Konrad Adenauer 98, 2950 Luxembourg
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REVIEW OF THE YEAR AND A LOOK AHEAD
We deliver impact where it is needed

1.1 m jobs supported during project implementation

1.7 million persons facing reduced risk of flooding

12 m persons benefiting from safe drinking water

12 m persons covered by improved health services

12 900 MW electricity generation capacity from renewable energy sources

6.9 m households to be powered with clean energy

733 m additional passenger trips on safer and cleaner transport

117 m subscribers with improved mobile services

10 m persons benefiting from safe drinking water

12 m persons covered by improved health services

6.9 m households to be powered with clean energy
THE EUROPEAN GREEN DEAL AND THE EU CLIMATE BANK

Addressing the critical decade ahead
Climate, Environment and Sustainable Finance: the right investments for the future

Dr Hans Bruyninckx | EIB Board Seminar | 4 February 2020

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Global context: unprecedented challenges, improved knowledge

1. IPCC report on global warming of 1.5°C
2. IPBES global report on biodiversity and ecosystem services
3. International Resource Panel global outlook 2019

- Urgent action needed
- Irreversibilities
- Tipping points
- Interconnected
SOER 2020: some successes but a discouraging outlook

1. Natural capital
- Past trends
  - Terrestrial protected areas
  - Marine protected areas
  - Ecosystem condition and services
  - Water ecosystems and wetlands
  - State of marine ecosystems and biodiversity
  - Air pollution and impacts on ecosystems
  - Chemical pollution and impacts on ecosystems
- Outlook to 2030

2. Low carbon and resource efficient economy
- Material resource efficiency
- Waste generation
- Energy efficiency
- Renewable energy sources
- Emissions of air pollutants
- Emissions of chemicals
- Sustainable use of the seas
- Air pollution and impacts on human health
- Concentrations of air pollutants
- Preservation of quiet areas
- Pollution pressures on water and links to human health
- Chemical pollution and risks to society
- Climate change adaptation strategies and plans

3. Health and wellbeing
- Climate change adaptation strategies and plans
Systemic change is disruptive: the ‘x-curve’

- Optimisation
- Destabilisation
- Acceleration
- Experimentation

- Enabling
- Speeding up
- Scaling up
- Conditions

- Institutionalisation
- Breakdown

- Stabilisation
- Phase out

Source: Loorbach et al.
Climate change: greenhouse gas (GHG) emissions

GHG emission trends and projections in the EU-28, 1990-2050

Million tonnes of CO₂ equivalent (MtCO₂e)
Investing in sustainability, not dead-end streets

High carbon economy

-20%

High cost of marginal efficiency gains, and risk of stranded assets

-40%

-50%

-55%

Low carbon economy

In future


Lock-in

European Environment Agency
Sustainable finance an integrated part of EU policy

**EU Sustainability Policies**

### Climate and Energy
- 2030 Climate and Energy Framework
- Energy Union Package
- EU Strategy on Adaptation to Climate Change

### Environment
- Natural Capital Management
  - Air
  - Water
  - Land
  - Biodiversity
- Circular Economy

### Investment and Growth
- Investment Plan for Europe (Fund for Strategic Investment (EFSI); InvestEU; EU Cohesion Policy funds)
- External Investment plan
- Horizon 2020

### Sustainable Finance
- Sustainable Finance within the Capital Markets Union

- Long-term strategy to reach carbon neutrality by 2050
  - EU Environmental Action Plan

**Sustainable Finance is one of the EU Sustainability Policy Pillars**
European Green Deal

- First **climate-neutral** continent
- **Biodiversity** Strategy 2030
- New **Circular Economy** Action Plan
- **Zero pollution** strategy
- **Farm to fork** strategy
- **Just transition**
- **Sustainable European Investment** Plan
- Future ready economy – new **industrial** strategy
The risky business of investing

- Risks to business
- Investments to mitigate risks
- Benefits from the right investments
Policy alignment and coherent investments

Example: climate mitigation vs air pollution

- **Synergies**: decarbonisation of transport also reduces air pollution
- **Trade-offs**: promoting diesel vehicles and biomass increases air pollution
Social vulnerability and just transitions

Exposure to PM$_{2.5}$ mapped against GDP per capita (2013-2014)

- GDP per capita
  - Very low (bottom 20%)
  - Low
  - Medium
  - High
  - Very high (top 20%)
  - No data

- Exposure to PM$_{2.5}$
  - Most polluted 20%
  - Outside coverage

Source: EEA, 2019, unequal exposures, unequal impacts
The window is closing: bold action is needed

1. **Implementation**: we should do things better

2. **Sustainability as guiding principle**: we should do things differently

3. **The right investments**: transformative initiatives; not marginal efficiency gains

4. **Fostering innovation**: throughout society
SUPPORTING DEVELOPMENT THROUGH QUALITY EMPLOYMENT
EIB Board Seminar with Civil Society
European Investment Bank

Mito Tsukamoto
Chief, Development and Investments, Employment Policy Department

Date: Tuesday / 04 / February / 2020
World Employment and Social Outlook: Trends 2020

- 188m Looking for jobs
- 120m Given up
- 165m Underemployed
Introduction

1. Projected lower economic growth and the lack of inclusiveness
   - Likely to impair ability of LICs to reduce poverty and improve working conditions

2. Major gaps in access to work
   - Rate of «total labour underutilization» is pronounced and greatly exceeds that of unemployment

3. Even when people have a job, there remain significant deficiencies in work quality
   - Decent work deficits are especially pronounced in the informal economy

4. Substantial inequalities prevail in the access to work and work quality
   - Segmentation among workers according to geographical location, sex and age

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*the objectives of full employment and raising the standard of living around the world are as essential as ever.*

- ILO/WESO 2020
Tracking working conditions

7 dimensions of job quality

- Physical environment
  - Posture-related
  - Ambient (vibration, noise, temperature)
  - Biological and chemical

- Social environment
  - Adverse social behaviour
  - Social support
  - Management quality

- Work intensity
  - Quantitative demands
  - Pace determinants and interdependency

- Skills and discretion
  - Cognitive dimension
  - Decision latitude
  - Organisational participation
  - Training

- Working time quality
  - Duration
  - Atypical working time
  - Working time arrangements
  - Flexibility

- Prospects
  - Employment status
  - Career prospects
  - Job security
  - Downsizing

- Earnings

ILO/Eurofound joint report, 2019
Good jobs aren’t created in a vacuum

- **Macro policy** (monetary, fiscal, credit)
- **Social protection**
- **Industrial policy**
- **Labour market institutions**

“Inclusive” public and private investments in infrastructure and “public goods” (economic, environmental, social benefits)
But just because it is not high skilled, doesn’t mean working conditions should be poor

*Retail Job Characteristics across Six Industrialized Countries, mid-2000s*

<table>
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<th>Country</th>
<th>Percentage that are low-wage (&lt;2/3 median)</th>
<th>Annual labour turnover (%)</th>
<th>Part-time workers (%)</th>
<th>Value-added per hour worked, 2005 euros, PPP</th>
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</tbody>
</table>

--Plus differences in leave/rest policies, scheduling, whether they can sit...
What are sustainable impact investments?

“Sustainable impact investments” is about employment-intensive investments aiming to better distribute wealth through decent jobs that are:

- inclusive, aiming to address inequalities,
- building local capacities using local technologies,
- producing useful and productive assets and services,
- which meet environmental and social standards.