

Stakeholder engagement on the EIB Group's Climate Bank Roadmap 2021-2025: Turning ambition into reality

Key questions

To structure and guide this engagement, the EIB Group is proposing several key questions, which are built around four topics:

- Aligning the EIB Group's activities with the goals and principles of the Paris Agreement;
- Increasing environmental sustainability investments and leaving no one behind;
- Leveraging private-sector finance and promoting financial innovation; and
- Measuring the long-term effect of the EIB Group's operations.

The topics and the key questions highlight the crucial issues that the EIB would like feedback on.

The development of the Climate Bank Roadmap 2021-2025 will be an iterative process.

Stakeholder contributions will inform this process over two key periods:

- Comments received by **24 April 2020** will inform the EIB's internal discussions and the presentation that will be made at the second stakeholder event at the end of May;
- Contributions received between 25 April 2020 and **12 June 2020** will inform the final stages of the internal discussions, before the Climate Bank Roadmap 2021-2025 is submitted to the EIB's governing bodies.

The questions should preferably be completed directly online, via the SmartSurvey available [here](#) or can be emailed to cbr2025@eib.org.

All contributions will be published on the EIB's website.

ABOUT YOU

First name:

Vasilka

Surname:

Lalevska

Function:

Head of EU Affairs

Organisation name:

NFU – Nordic Financial Unions

Country:

Sweden

Email address:

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Type of organisation:

- Individual
- Large enterprise
- Micro, small or medium-sized enterprise (i.e. enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million).
- Financial institution
- Non-governmental organisation
- Trade/business/professional associations
- Public authorities (e.g. EU institutions, agencies and bodies, national/regional governments, local/municipal, chambers of commerce)
- Consultancy (e.g. professional consultancies, law firms)
- Research/think tanks (e.g. universities, research institutes)
- Other

Please specify:

Organization representing eight financial trade unions from the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden).

ABOUT YOU (cont.)

How did you hear about this engagement exercise?

- EIB email
- EIB social media
- EIB website
- Press
- Colleague
- Other

Please specify:

- By submitting my contribution to this transparent stakeholder engagement process, I consent:
 - to the publication of my contribution on the EIB's [website](#);
 - to the use of my personal data solely for the purpose of the EIB's internal processing of my contribution and for contacting me in relation to this stakeholder engagement. This does not entail the publication of my first name, surname and function in connection with my contribution (see below).

I give consent to the publication of my first name, surname and function in connection with my contribution.

Yes

No

TOPIC 1 – PARIS ALIGNMENT

Support for low-carbon development

The EIB Group will continue to support projects motivated by a wide range of public policy goals. Building on the EIB's Energy Lending Policy, the EIB Group will need to make sure that, going forward, that all its projects will be aligned with the temperature goals of the Paris Agreement and will be consistent with the transition to low-carbon development pathways.

In addition, in this context and given the limited resources it has at its disposal, the EIB Group will need to make choices in terms of the type of investments it wants to prioritise.

1. Outside of the energy sector, what type of financing and advisory activities should the EIB Group prioritise to most effectively support the transition to low-carbon development?

The EIB Group's decision to both increase the level of ambition in its sustainability efforts and to gradually reduce its support to projects relying on fossil fuels is indeed a good step forward. To ensure better channelization of efforts, we find that it is important to maintain synergy between the work of different stakeholders and a connecting point between various initiatives.

On the financing end, connecting the EIB Group's vision with the Agenda 2030 and its capacities with the already identified sectors and activities through, for example, the EU Taxonomy could provide a good way forward and potentially accelerate the efforts to low-carbon development.

On the advisory end, using its vast expertise, the EIB Group could help in shaping educational initiatives for financial institutions and various stakeholders to receive training and capacity development on sustainability-related topics. Given the project-orientation, education on both ESG framework and disclosure requirements would be beneficial.

Support for climate-resilient development

The Paris Agreement also requires that financial flows support climate-resilient development. Going forward, the EIB Group aims to help strengthen climate resilience in and through the projects it supports.

2. What type of financing and advisory activities should the EIB Group prioritise to support climate-resilient development?

Please kindly consult our answer to question 2.

TOPIC 1 – PARIS ALIGNMENT (cont.)

Support for clients' decarbonisation and climate resilience strategies

As the EU Climate Bank, the EIB Group wants to support its public and private sector clients to align their activities with the goals of the Paris Agreement, by helping them develop and implement 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 (both acute and chronic) associated with climate change?

The EIB Group should adopt a more dynamic approach and long-term view in supporting its clients in their transition efforts, especially considering the elements of just transition pledged in both the Paris Agreement and the recent European Green Deal.

An essential part of the decarbonization and climate resilience strategies, particularly in situations of high risk, needs to be the impact of these climate/environmental efforts on the social factors and labour rights. However, making sure that the social factors are only in function/service to the climate/environmental ones would be insufficient and will not provide good grounds for assessing the long-term impact. Instead, deeper integration between the climate/environmental efforts and the social ones is needed, which should be enforced through strong governance.

Any strategy that aims to make headway to sustainability need to shed light on the positive/negative impact that investment decisions would have on the local community as a whole and integrate that knowledge as a stand-alone factor in decision-making. After all, committing to a low-carbon and climate-resilient pathway should not be a justification for worsening labour rights, local employment or negative social outcomes. Sustainability, including environmental, needs to have people at its core.

4. What type of advisory support is most needed to help clients and promoters become Paris aligned?

Achieving Paris-alignment should be a holistic process that takes into account climate/environmental concerns and just transition objectives, while integrating social factors into project development and strategy-making.

In addition to the EIB expertise in helping clients and promoters advance their climate/environmental objectives, the EIB could help into ensuring that proper (minimum) human and labour rights safeguards are put in place. Adhering to these safeguards would then be a pre-condition for deeming any project or strategy as sustainable and aligned with the EIB values and priorities.

This approach would additionally provide for synergies with the work of the EIB and the ongoing work on sustainable finance on EU level.

Paris alignment in the context of developing countries

With respect to Paris alignment, the role of the EIB Group as the EU Climate Bank also applies in the context of developing countries, in particular in Least Developed Countries and Small Island Developing States.

In fact, the EIB Group intends to play a leading role in extending the principles and objectives of the EU Green Deal beyond the borders of the EU.

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?

One of the main challenges in addressing sustainability in a holistic manner is the impact on local communities. To speak about sustainable finance, in the understanding of NFU means to pursue an orientation to holistically use the ESG approach in making people and community-centered decisions, and to tailor all societal aspects to meet the present and future needs of citizens in a flexible, inclusive and self-sufficient way. This is why a simple extension of a policy and its objectives could be insufficient in addressing local challenges and concerns, but rather a more tailored approach is needed.

Additionally, some promoters/clients might be part of wider, multinational operations with activities in and out of the EU. This imposes an even bigger need to ensure that tailored

approach and guidance in the form of safeguards and measures are put in place, thus ensuring a uniformed accountability mechanism.

TOPIC 2 – INTEGRATED APPROACH ON CLIMATE ACTION AND ENVIRONMENTAL SUSTAINABILITY, INCLUDING ON SOCIAL ASPECTS

Increasing environmental sustainability investments

By adopting new ambitious targets, the EIB also intends to increase the share of EIB's financing dedicated to environmental sustainability distinct from climate action (e.g. water quality, circular economy, pollution prevention and biodiversity).

6. In which types of projects are there likely to be natural synergies for environmental sustainability and climate action? In which cases might there be potential trade-offs?

N/A

Leaving no one behind

The transition to low-carbon and climate-resilient pathways will have significant socio-economic implications, in particular for clients and communities highly exposed to the transition and physical risks associated with this transition.

Recognising this challenge, the EIB Group intends to leverage synergies between climate action and sustainable development to ensure a socially-fair transition, particularly for vulnerable groups.¹

7. Which type of climate action and environmental sustainability projects are likely to have strong social benefits?

¹ It should be noted that the European Commission (EC) is running a public consultation on its legislative proposals related to the EU Green Deal, including on the Just Transition Mechanism. The consultation on a just and socially-fair transition, as part of the EIB Group Climate Bank Roadmap 2021-2025, does not pre-empt the outcome of the EC's wider public consultation on this topic.

NFU would like to emphasize the need to look beyond possible synergies between climate action and sustainable development as a sole way of addressing the socio-economic impact. Looking at synergies only is insufficient, and it further implies that the social impact is put in service/function to the environmental one instead of being looked at on an equal basis. Protecting and advancing our environment and planet is paramount, however it needs a strong social base.

We therefore propose that the scope for addressing the impact of the transition is widened and seen beyond this equation.

Firstly, while acknowledging that possible synergies between projects on climate action and social factors might exist, there needs to be a uniformed understanding of those synergies and a way to develop standardized means to measure impact and intervene should those synergies prove not to have effect.

Secondly, even when there is no synergy, a climate/environmental action will likely have an impact to a local community. Transparency about that impact and safeguards to ensure minimum human and labour rights need to be an integral part and a condition behind any climate/environmental action.

Lastly, given the long-term scope of these actions, it would be a step forward to further explore sustainable development by looking at its social and governance aspects as stand-alone questions.

TOPIC 3 – SUSTAINABLE FINANCE

Leveraging private-sector finance and promoting financial innovation

The EIB Group has a strong track record in terms of “crowding in” other sources of finance, particularly from the private sector, for climate action and environmental sustainability investments.

However, going forward, the EIB intends to increase this leveraging effect to attract public and private-sector financing and to promote financial innovation for such investments.

8. What new types of financing instruments should the EIB Group seek to develop to have a high catalytic effect on other sources of public and private sector finance?

N/A

TOPIC 4 – IMPACT MEASUREMENT

Measuring the long-term effect of EIB's operations

The EIB Group would like to enhance the assessment of the long-term effect of its operations, including the environmental and social benefits.

9. How can the impact of climate action and environmental sustainability activities be best measured?

The impact measurement should be part of a dynamic framework that the EIB could develop as part of its Roadmap process, where both the impact of particular project and initiatives, as well as the overall impact of the Initiative as such can be addressed, including the transition support to partners/promoters. This would invoke that the EIB sets more granular, short-term breakdowns of its goals and commitments in connection to its climate/environmental actions, but also to its social safeguards and governance criteria.

For further details on our views, we kindly enclose the NFU Policy Paper 'Making Headway to Sustainable Finance', available [here](#).

We also welcome the Stakeholder Engagement process through which the EIB gathers input for the development of the Roadmap. We encourage that the approach continues, and additionally suggest to compose a stakeholder group (ongoing or ad-hoc) that would be able to provide expert advice and grass-root perspective to the EIB on particular questions stemming from the Roadmap, as well as to participate in mid-term reviews and the development of future strategies.



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10. How should the EIB Group tackle the measurement of impact when investing indirectly through financial intermediaries?

N/A

END