

EU member states approve EIB Group Climate Bank Roadmap 2021-2025



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On Wednesday, the European Investment Bank (EIB) Board of Directors, composed of representatives from the EU member states, approved the Climate Bank Roadmap (CBR) that sets out in detail how the EIB Group aims to support the objectives of the European Green Deal and sustainable development outside the European Union.

The Climate Bank Roadmap comes at the end of a stakeholder engagement that included two major events in March and June and more than 200 written submissions to the Bank.

The existing EIB Climate Strategy was announced at the Paris Climate Conference in 2015. The EIB Board of Directors approved an update of the strategy, to align it with the 1.5 degree temperature goal. Together with the CBR, this will guide the Bank's activities in the next 5 years.

“2021-2030 is the critical decade to mobilise the trillions of investment that are required to limit global warming to 1.5 degree, and protect the environment and biodiversity. As requested by the European Council and the EU member states, I am proud to announce that the EIB Group has achieved an important milestone in its transformation to become Europe's fully fledged climate bank.” said EIB Vice President Ambroise Fayolle responsible for climate action and environment. He added: “The unanimous decision by our shareholders sends an encouraging signal about Europe's capacity to deliver on climate action and environmental sustainability. The EIB builds upon a very strong track record. It has been Europe's main instrument in financing climate action for years, and we are on track to deliver on our commitment to invest \$100 billion between 2016 and 2020. Now the EIB Group will be the first Multilateral Development

Bank to be Paris aligned. The Climate Bank Roadmap ensures that the EIB Group will make a decisive contribution to a green recovery from the COVID-19 crisis, supporting the objectives of the European Green Deal, including a Just Transition for regions that depend on carbon intensive industries, and, globally, by supporting sustainable development activities through all the projects we finance. Cooperation is key and we look forward to working with partners around the world. I want to thank our shareholders for the constructive cooperation, my colleagues at the EIB Group for their hard work, and the hundreds of stakeholders that participated in the development of the Climate Bank Roadmap.”

In November 2019, the EIB Board of Directors agreed a new energy lending policy and confirmed the EIB’s increased ambition in climate action and environmental sustainability. By the end of this decade, the EIB Group aims to support at least €1 trillion in climate action and environmental sustainability investments. The EIB Group commits to align all its activities with the goals and principles of the Paris Agreement by the end of 2020. In addition, the EIB committed to raising its annual financing for climate action and environmental sustainability to more than 50% of our business volumes by 2025, up from just over 30% today. As part of its new Energy Lending Policy, the EIB stopped financing new energy projects reliant on unabated fossil fuels in November 2019. The last remaining projects grandfathered under the previous EIB Energy Policy must complete their ongoing EIB approvals by end 2021.

The EIB Group Climate Bank Roadmap operationalises last year`s commitments and focuses on four key areas:

- 1) Accelerating the transition: The Climate Bank Roadmap sets out support in the focus areas outlined in the European Green Deal, from building greater resilience to climate change through to protecting nature. This will be used to strengthen the dialogue with EU member states, as well as developing and emerging countries, and to shape business development and product innovation. The EIB Group is well placed to support the entire spectrum of technological innovation: from seed capital for very early-stage development through to

senior debt for mature technologies. In 2021, the EIB will come forward with an Adaptation Plan (in support of the forthcoming EU Adaptation Strategy), and a new Transport Lending Policy (in response to new European Commission smarter, more sustainable transport strategy).

2) Ensuring a Just Transition for all: Supporting cohesion was one of the founding principles of the EIB when it was established in 1958. It continues to be a core priority – and hence the EIB Group will seek to ensure that no people or places are left behind along the transition pathway. The Just Transition Mechanism is the cornerstone of the EU response to this challenge. The EIB Group will play a central role within the Mechanism, supporting to varying degrees each of its three main pillars. The EIB will come forward with a detailed Just Transition plan in 2021, once the EU Just Transition Mechanism is agreed. Globally, the EIB is reinforcing its efforts around key themes that lie at the heart of social development, environmental sustainability and climate action: gender equality and conflict, fragility and migration.

3) Supporting Paris-aligned operations: the CBR puts the concept of alignment to the goals and principles of the Paris agreement into operation for the EIB Group. Clear criteria are presented for sectors, and interpreted and applied within the context of all EIB Group products. Examples of specific investments that the EIB Group will no longer support include projects expanding agricultural activity into high carbon stock areas, airport capacity expansions, and new conventional energy intensive plants. In addition, in the context of assessing the economic case for investment, the Bank will use a revised and increased shadow cost of carbon. This forms an integral part of an enhanced economic test towards new road projects. The EIB Group will come forward with detailed guidelines to cover counterparty alignment. This is expected in the course of 2021.

4) Building strategic coherence and accountability: The EIB Group approach will be based on three cross-cutting aspects: (1) policy, to set out how climate-related activities fit within the wider context of sustainable finance and overall environmental and social sustainability – including alignment

with the EU Taxonomy; (2) transparency, accountability and quality assurance; and (3) institutional support to the EIB Group's activities. In 2021, the EIB will consult on its EIB Group Environmental and Social Sustainability framework and the EIB Environmental and Social Standards.

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